BROADWIND ENERGY, INC.

FORM 8-K/A
(Amended Current report filing)

Filed 01/04/08 for the Period Ending 10/19/07

Address	3240 S. CENTRAL AVENUE CICERO, IL 60804
Telephone	708-780-4800
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Symbol	BWEN
SIC Code	3360 - Nonferrous Foundries (castings)
Industry	Misc. Capital Goods
Sector	Capital Goods
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

Current Report Pursuant to Section 13 or 15(d)
Of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 19, 2007**

TOWER TECH HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction of Incorporation)

0-31313 (Commission File Number)	**88-0409160** (IRS Employer Identification No.)

101 South 16 th Street, P.O. Box 1957
Manitowoc, Wisconsin 54221-1957
(Address of Principal Executive Offices) (Zip Code)

(920) 684-5531
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Current Report on Form 8-K/A is filed as an amendment to the Current Report on Form 8-K dated October 19, 2007, filed by Tower Tech Holdings Inc. (the "Company") with the Securities and Exchange Commission on October 24, 2007 (the "Closing 8-K"), announcing the completion of its acquisition of all of the outstanding stock of Brad Foote Gear Works, Inc., an Illinois-based manufacturer of gearing systems for the wind turbine, oil and gas and energy-related industries ("Brad Foote"). The information previously reported in the Closing 8-K is hereby incorporated by reference into this Form 8-K/A. This Form 8-K/A amends Item 9.01 of the Original 8-K to provide financial statements and pro forma financial statements related to the Brad Foote acquisition within 71 calendar days after October 19, 2007 pursuant to Items 9.01(a)(4) and 9.01(b)(2).

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

The following financial statements are included in this Current Report on Form 8-K/A:

(a) Financial Statements of Business Acquired.

1. Audited Financial Statements of Brad Foote Gear Works, Inc. for the years ended December 31, 2006, December 31, 2005 and December 31, 2004, attached as Exhibit 99.1 to this Current Report on Form 8-K/A.

2. Unaudited Consolidated Condensed Financial Statements of Brad Foote Gear Works, Inc. as of September 30, 2007 and for the nine months ended September 30, 2007 and September 30, 2006, attached as Exhibit 99.2 to this Current Report on Form 8-K/A.

(b) Pro Forma Financial Information.

1. Unaudited Combined Condensed Pro Forma Income Statement for the fiscal year ended December 31, 2006 and Unaudited Combined Condensed Pro Forma Financial Statements as of and for the nine months ended September 30, 2007, attached as Exhibit 99.3 to this Current Report on Form 8-K.

(c) Shell Company Transactions.

Not Applicable.

(d) Exhibits.

2.1 Stock Purchase Agreement dated August 22, 2007 among the Company, Brad Foote Gear Works, Inc. and the shareholders of Brad Foote Gear Works, Inc. — incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed August 24, 2007

99.1 Audited Financial Statements of Brad Foote Gear Works, Inc. for the years ended December 31, 2006, December 31, 2005 and December 31, 2004

99.2 Unaudited Consolidated Condensed Financial Statements of Brad Foote Gear Works, Inc. as of September 30, 2007 and for the nine months ended September 30, 2007 and September 30, 2006

99.3 Unaudited Combined Condensed Pro Forma Income Statements for the fiscal year ended December 31, 2006 and Unaudited Combined Condensed Pro Forma Financial Statements as of and for the nine months ended September 30, 2007

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 4, 2008

TOWER TECH HOLDINGS INC.

/s/ Steven A. Huntington

Steven A. Huntington
Chief Financial Officer

EXHIBIT INDEX

Tower Tech Holdings Inc.
Form 8-K Current Report

Exhibit Number	Description
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99.2	Unaudited Consolidated Condensed Financial Statements of Brad Foote Gear Works, Inc. as of September 30, 2007 and for the nine months ended September 30, 2007 and September 30, 2006
99.3	Unaudited Combined Condensed Pro Forma Income Statements for the fiscal year ended December 31, 2006 and Unaudited Combined Condensed Pro Forma Financial Statements as of and for the nine months ended September 30, 2007

Exhibit 99.1

BRAD FOOTE GEAR WORKS, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2006, 2005 AND 2004

TOGETHER WITH AUDITORS' REPORT

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS OF
BRAD FOOTE GEAR WORKS, INC.

We have audited the statements of financial condition of BRAD FOOTE GEAR WORKS, INC. (an Illinois S Corporation) as of December 31, 2006, 2005 and 2004 and the related statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BRAD FOOTE GEAR WORKS, INC. as of December 31, 2006, 2005 and 2004 and the results of its operations, shareholders' equity and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ Pasquesi Sheppard LLC
Pasquesi Sheppard LLC

October 16, 2007

BRAD FOOTE GEAR WORKS, INC.

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2006, 2005 AND 2004

ASSETS

	2006	2005	2004
CURRENT ASSETS:			
Accounts receivable (net of allowance for doubtful accounts of $1,030,000 in 2006, $1,075,000 in 2005 and $260,000 in 2004)	$ 8,715,535	$ 6,226,119	$ 3,965,232
Inventory	13,064,078	6,542,089	5,492,336
Prepaid expenses	355,734	331,148	88,038
Deposits	54,514	—	—
Total current assets	22,189,861	13,099,356	9,545,606
PROPERTY AND EQUIPMENT, at cost:			
Land and buildings	498,574	450,548	373,304
Machinery and equipment	29,701,706	18,104,142	16,036,712
	30,200,280	18,554,690	16,410,016
Less — Accumulated depreciation	11,617,082	9,515,201	7,895,966
Property and equipment, net	18,583,198	9,039,489	8,514,050
Total assets	$ 40,773,059	$ 22,138,845	$ 18,059,656

The accompanying notes are an integral part of these financial statements.

BRAD FOOTE GEAR WORKS, INC.

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2006, 2005 AND 2004

LIABILITIES AND SHAREHOLDERS' EQUITY

	2006	2005	2004
CURRENT LIABILITIES:			
Checks drawn in excess of bank balance	$ 5,129,374	$ 2,101,224	$ 1,157,547
Lines of credit	3,325,000	1,225,000	1,975,000
Current portion of notes payable	2,782,492	1,667,938	1,559,185
Current portion of capital lease obligations	65,490	55,003	52,097
Accounts payable	5,765,221	3,429,146	2,485,937
Accrued payroll and related items	2,699,854	446,639	389,815
Commissions payable	315,055	305,714	199,318
Other accrued expenses	350,246	320,609	239,800
Interest rate swaps	133,059	—	—
Deferred revenue	530,180	231,891	387,950
Total current liabilities	21,095,971	9,783,164	8,446,649
LONG-TERM DEBT:			
Notes payable, less current portion shown above	12,557,482	6,042,409	6,213,108
Capital lease obligation, less current portion shown above	128,118	151,372	206,375
Total long-term debt	12,685,600	6,193,781	6,419,483
SHAREHOLDERS' EQUITY:			
Common stock no par value; 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000	1,000
Additional paid-in capital	499,000	499,000	499,000
Retained earnings –	6,624,547	5,661,900	2,693,524
Accumulated other comprehensive loss	(133,059)	—	—
Total shareholders' equity	6,991,488	6,161,900	3,193,524
Total liabilities and shareholders' equity	$ 40,773,059	$ 22,138,845	$ 18,059,656

The accompanying notes are an integral part of these financial statements.

BRAD FOOTE GEAR WORKS, INC.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	2006	2005	2004
NET SALES	$ 60,185,545	$ 41,496,629	$ 25,349,723
COST OF GOODS SOLD	43,415,769	29,967,415	18,582,063
Gross profit	16,769,776	11,529,214	6,767,660
SELLING AND ADMINISTRATIVE EXPENSES	11,752,282	7,860,065	6,307,996
Income from operations	5,017,494	3,669,149	459,664
OTHER INCOME (EXPENSE):			
Interest expense	(883,439)	(531,673)	(270,793)
Gain from sale of fixed assets	2,468	30,900	16,743
Total other income (expense)	(880,971)	(500,773)	(254,050)
Net income	4,136,523	3,168,376	205,614
OTHER COMPREHENSIVE LOSS	(133,059)	—	—
Comprehensive income	$ 4,003,464	$ 3,168,376	$ 205,614

The accompanying notes are an integral part of these financial statements.

BRAD FOOTE GEAR WORKS, INC,

STATEMENT OF SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	COMMON STOCK	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE LOSS	TOTAL SHAREHOLDERS' EQUITY
BALANCE DECEMBER 31, 2003	$ 500,000	$ 2,493,511	$ —	$ 2,993,511
Net income	—	205,614	—	205,614
Dividends paid	—	(5,601)	—	(5,601)
BALANCE DECEMBER 31, 2004	500,000	2,693,524	—	3,193,524
Net income	—	3,168,376	—	3,168,376
Dividends paid	—	(200,000)	—	(200,000)
BALANCE DECEMBER 31, 2005	500,000	5,661,900	—	6,161,900
Net income	—	4,136,523	—	4,136,523
Dividends paid	—	(3,173,876)	—	(3,173,876)
Change in other comprehensive loss	—	—	(133,059)	(133,059)
BALANCE DECEMBER 31, 2006	$ 500,000	$ 6,624,547	$ (133,059)	$ 6,991,488

The accompanying notes are an integral part of these financial statements.

BRAD FOOTE GEAR WORKS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004

	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 4,136,523	$ 3,168,376	$ 205,614
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	2,149,111	1,638,301	1,504,984
Gain on disposal of assets	(2,468)	(30,900)	(16,743)
Impact on cash from changes in			
Accounts receivable	(2,489,416)	(2,260,887)	310,169
Inventory	(6,521,989)	(1,049,753)	(3,450,064)
Prepaid assets	(24,586)	(243,110)	94,757
Deposits	(54,514)	—	—
Accounts payable	2,336,075	943,209	724,382
Accrued liabilities	2,292,193	244,029	171,155
Deferred revenue	298,289	(156,059)	306,306
Net cash provided by (used in) operating activities	2,119,218	2,253,206	(149,440)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(11,771,290)	(2,163,740)	(3,406,153)
Proceeds from disposal of assets	123,767	30,900	16,743
Net cash used in investing activities	(11,647,523)	(2,132,840)	(3,389,410)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Checks issued in excess of bank balance	3,028,150	943,677	451,587
Dividends paid	(3,173,876)	(200,000)	(5,601)
Net proceeds from lines of credit	2,100,000	(750,000)	1,050,000
Proceeds from notes payable	7,899,333	629,103	3,308,552
Payments on notes payable	(269,706)	(691,049)	(1,239,702)
Payments on capital lease obligations	(55,596)	(52,097)	(25,986)
Net cash provided by (used in) financing activities	9,528,305	(120,366)	3,538,850
Net increase (decrease) in cash and cash equivalents	—	—	—
CASH AT BEGINNING OF YEAR	—	—	—
CASH AT END OF YEAR	$ —	$ —	$ —
OTHER SUPPLEMENTARY INFORMATION			
CASH PAID DURING THE YEAR FOR:			
Interest	$ 893,504	$ 508,244	$ 258,450
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Equipment purchased under capital lease obligations	$ 42,829	$ —	$ 284,458
Equipment purchased under installment notes payable	$ —	$ —	$ 138,164
Change in value of interest rate swaps	$ 133,059	$ —	$ —

The accompanying notes are an integral part of these financial statements.

(1) NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business -

Brad Foote Gear Works, Inc. (the Company) is incorporated under the laws of the State of Illinois. The Company is engaged in the business of manufacturing large industrial transmission gears. The Company's principal customers are the in the wind energy, petroleum production, mining, and other heavy manufacturing industries. The gears are manufactured to meet customers' engineering specifications. The Company has operating facilities in Cicero, Illinois and Pittsburgh, Pennsylvania.

Revenue Recognition -

The Company recognizes revenue when persuasive evidence of an arrangement exists, transfer of title has occurred, the selling price is fixed and determinable, and collectiblity is reasonably assured. This generally occurs upon shipment to the customer. Customer deposits are deferred and recognized as revenue when earned.

Comprehensive Income -

Comprehensive income (loss) includes net income (loss) and items defined as other comprehensive income (loss). Items defined as other comprehensive income (loss) include items such as foreign currency translation adjustments and unrealized gains and losses on certain marketable securities. The Company's only adjustments to comprehensive income relate to the interest rate swaps described in Note 4.

Cash and Cash Equivalents -

As part of the Company's cash management program, checks are issued to vendors prior to the transfer of funds from its bank line of credit to its demand deposit accounts. Amounts for these checks drawn in excess of the Company's financial statement cash account balance are presented as a current liability on the financial statements. For purposes of the statements of cash flows, the Company considers any highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Their carrying value approximates fair market value.

Fair Value of Financial Instruments -

The carrying value of cash, accounts receivable and accounts payable are a reasonable estimate of their fair market value due to the short-term nature of these instruments.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and trade receivables. The Company maintains its cash in

bank deposit accounts which, at times, exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company's cash accounts are not exposed to any significant credit risk.

The Company grants credit to customers based on an evaluation of their financial condition. The Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. Losses from credit sales are provided for in the financial statements and have been within management's expectations.

Accounts Receivable -

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, as well as current economic conditions. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The Company deems accounts past due based upon their contractual terms and interest is not charged on accounts past due.

Inventories -

Inventories are stated at the lower of first-in, first-out cost or market. Market value encompasses consideration of all business factors including price, contract terms and usefulness.

Property and Equipment -

Property and equipment are stated at cost. Depreciation and amortization are calculated over the estimated useful lives of the assets using accelerated and straight-line methods. The estimated useful lives used are as follows:

Asset Description	Asset Life
Buildings and improvements	40 years
Machinery and equipment	5 -10 years
Computer software	3 - 5 years

Property and equipment not placed into service totaled $3,620,814, $841,718 and $719,175 for the years ended December 31, 2006, 2005 and 2004, respectively. Accordingly, no depreciation expense is recorded on this property and equipment until placed in service.

Long-lived Assets -

The Company periodically evaluates the carrying value of long-lived assets to be held and used, including but not limited to, capital assets and intangible assets, when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner except that fair values are reduced for the cost to dispose.

Product Warranty Liability -

The Company warrants its products against certain defects based on contract terms. Generally, the products are warranted to be free from defects in material and workmanship for a period of eighteen months from date of shipment or one year in service by the customer. At December 31, 2006, 2005 and 2004 the Company's estimated product warranty liability based on historical activity was $105,000, $32,000 and $35,000, respectively.

Income Taxes -

The Company has elected to be treated as an S Corporation under the Internal Revenue Code. Accordingly, there is no provision for income taxes since such taxes are the liability of the individual shareholders.

Segment Reporting -

The Company operates and manages the business under one reporting segment.

Use of Estimates -

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Effect of Recently Issued Accounting Pronouncements -

In July 2006, Financial Accounting Standards Board (FASB) issued Interpretation No. 48, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES - AN INTERPRETATION OF FASB STATEMENT NO. 109 (FIN 48). FIN 48 clarifies the accounting treatment (recognition and measurement) for an income tax position taken in a tax return and recognized in a company's financial statements. The new standard also contains guidance on "derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition". The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. Management has determined that the adoption of FIN 48 will not have an impact on Company's financial position or results of operations because it has S status.

In September 2006, the U.S. Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 108, CONSIDERING THE EFFECTS OF PRIOR YEAR MISSTATEMENTS WHEN QUANTIFYING MISSTATEMENTS IN YEAR FINANCIAL STATEMENTS (SAB 108). This SAB addresses diversity in practice of quantifying financial statement misstatements. It establishes an approach that requires quantification of financial misstatements based on the effects of the misstatements on each of the company's financial statements and the related financial statement disclosures. The SAB is effective for financial statements issued for fiscal years ending after November 15, 2006. The adoption of SAB 108 did not have an impact on financial position or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, FAIR VALUE MEASUREMENTS (SEAS No. 157). This standard clarifies the principle that fair value should be based on the assumptions that market participants would use when pricing an asset or liability. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. This standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is currently evaluating the impact of this statement but
believes the adoption of SEAS No. 157 will not have a material impact on the Company's financial position or results of operations.

(2) INVENTORIES :

Inventories consisted of the following at December 31:

	2006	2005	2004
Raw materials	$ 5,589,802	$ 1,396,342	$ 1,014,054
Work-in-process	6,741,319	4,666,670	4,083,486
Finished goods	732,957	479,077	394,796
	$ 13,064,078	$ 6,542,089	$ 5,492,336

In addition to the raw material amounts above, the Company includes materials purchased for specific customer orders in work-in-process immediately upon their receipt. Finished goods consist of components purchased from third parties as well as sub-assembly components manufactured by the Company that will be used to produce final customer products.

(3) DEBT:

Outstanding term debt consisted of the following at December 31:

	2006	2005	2004
Note payable to financial institution, interest at prime minus one percent (6.25% at December 31, 2005) with principal of $49,861 and interest paid monthly. The note payable is secured by substantially all the assets of the Company and was converted from a line of credit in April 2005. Refinanced into a new note payable during 2006.	$ —	$ 2,642,647	$ 2,362,573
Note payable to financial institution, interest at prime minus one percent, (6.25% at December 31, 2005) with principal of $101,613 and interest paid monthly, secured by substantially all assets of the Company, maturing on April 1, 2009. Refinanced into a new note payable during 2006.	—	4,059,635	5,278,992
Equipment line of credit payable to financial institution refinanced into a new note payable in 2006, interest at prime minus one percent (6.25% at December 31, 2005). The note is secured by substantially all assets of the Company.	—	902,155	—
Note payable to financial institution, interest at prime minus one percent (7.25% at December 31, 2006) with principal of $131,656 and interest paid monthly. The note is secured by substantially all the assets of the Company.	6,451,122	—	—
Equipment line of credit payable to financial institution converted to term note in 2007, interest at prime minus one percent (7.25% at December 31, 2006) with principal of $146,822 and interest paid monthly. The note is secured by substantially all the assets of the Company.	8,809,325	—	—
Other notes payable	79,527	105,910	130,728
	15,339,974	7,710,347	7,772,293
Less — Current maturities	(2,782,492)	(1,667,938)	(1,559,185)
	$ 12,557,482	$ 6,042,409	$ 6,213,108

Future minimum principal payments for the above notes payable subsequent to December 31, 2006 are as follows:

2007	$ 2,782,492
2008	3,371,554
2009	3,363,388
2010	3,341,732
2011	1,893,520
2012	587,288
	$ 15,339,974

The Company also has a $5,000,000 short-term line of credit with a financial institution (increased from a credit limit of $3,500,000 in 2005 and 2004). It bears an interest rate of the prime rate minus one percent (7.25%, 6.25% and 4.25% at December 31, 2006, 2005 and 2004, respectively). The line of credit is renewable annually and expired on April 29, 2007. Upon its expiration, the line of credit was renewed through June 30, 2008 and increased to $7,000,000. The Company had balances outstanding of $3,325,000, $1,225,000 and $1,975,000 against this line of credit at December 31, 2006, 2005 and 2004 respectively. The maximum and average balances outstanding and the weighted average interest rates under this line of credit were as follows:

	2006	2005	2004
Maximum balance	$ 3,325,000	$ 2,825,000	$ 2,030,000
Average balance	$ 1,372,846	$ 1,881,250	$ 1,170,249
Weighted average interest rate	7.15%	5.11%	3.47%

During 2005, the Company entered into a $1,500,000 non-revolving machinery and equipment line of credit with a financial institution, bearing interest at prime minus one percent (6.25% at December 31, 2005). The line of credit agreement expired on April 29, 2006 and was converted

to a term note payable as provided for in the agreement. The amount outstanding on the equipment line of credit at December 31, 2005 was $902,155.

During 2006, the Company entered into an $11,000,000 non-revolving machinery and equipment line of credit with a financial institution. It bears interest at the prime rate minus one percent (7.25% at December 31, 2006). This line of credit expired on April 29, 2007. The amount outstanding on the equipment line of credit at December 31, 2006 of $8,809,325, plus additional line of credit borrowings of $2,190,675 in 2007, were converted into an $11,000,000 term note payable and is included in the outstanding term debt table above.

During 2007, the Company entered into a new $9,000,000 non-revolving machinery and equipment line of credit with a financial institution. It bears interest at the prime rate minus one percent. This line of credit expires on June 30, 2008.

The above lines of credit are secured by substantially all the assets of the Company.

The line of credit agreements require that certain financial covenants be met by the Company. The Company was in violation of various covenants in various years. All violations have been waived by the financial institution as of October 16, 2007.

(4) INTEREST RATE SWAPS:

The Company entered into two pay fixed interest rate swaps in 2006 for the purpose of hedging its variable interest rate debt. As a result of entering into the interest rate swaps, the Company has mitigated its exposure to interest rate fluctuations. These instruments are stated at fair market values in the accompanying financial statements as determined by means of a third party valuation.

The first swap instrument was entered into on February 2006 and terminates in January 2011. Under the terms of the interest rate swap, the Company makes payments based upon a fixed rate of 8.15%. The second swap instrument was entered into on October 2006 and terminates in April 2012. Under the terms of the interest rate swap, the Company makes payments based upon a fixed rate of 8.40%.

Other comprehensive loss on the statements of operations is comprised of the change in value of the interest rate swaps for the year.

(5) LEASES:

Capital Leases -

The Company leases equipment from a financing company under capital leases. The economic substance of the lease is that the Company is financing the acquisition of the assets through the leases, and accordingly, it is recorded in the Company's assets and

liabilities. Amortization of the capital leases has been included in depreciation expense. The following is an analysis of the leased assets included in property and equipment as of December 31:

	2006	2005	2004
Machinery and equipment	$327,286	$284,457	$284,457
Less — Accumulated depreciation	168,168	113,087	44,538
	$159,118	$171,370	$239,919

The following is a schedule by years of future minimum payments required under the leases together with their present value as of December 31, 2006:

2007	$ 75,183
2008	75,183
2009	42,718
2010	10,253
2011	9,400
Total minimum lease payments	212,737
Less Amount representing interest	19,129
	193,608
Present value of minimum lease payments	(65,490)
	$ 128,118

Operating Leases -

The Company leases two buildings under a lease agreement which expired in June 2006. One building is located in Cicero, Illinois and serves as the Company's principal offices and a manufacturing facility. The second building is located in Pittsburgh, Pennsylvania and serves as a manufacturing facility. The lease agreement for the two buildings contains an option whereas at May 2006, the Company may either extend the lease agreement through June 2008 or purchase the buildings at the greater of the stated option price contained in the agreement or the fair market value as of June 2006. Subsequent to May 2006 the lease continued on a month to month basis until the sale of the buildings discussed below.

As discussed further in Note 8, the buildings were purchased by related parties of the Company. The Company has executed new leases with the related parties which commenced upon the purchase of the buildings in August and October 2007 and conclude after 96 months.

In January 2006, the Company entered into a lease agreement for a facility to be used to store raw materials which expired in March 2007 and was not renewed.

In August 2006, the Company entered into a lease agreement for a second building in Cicero, Illinois to be used as a manufacturing facility. The lease agreement, which was subsequently amended in January 2007, expires in June 2017. The agreement calls for predetermined base rent rates with annual increases and variable monthly charges for real estate taxes and operating expenses. The lease offers an option to renew for an additional 60 month term.

The total building lease expense was $404,134, $170,500 and $164,500 for the years ended December 31, 2006, 2005 and 2004, respectively.

The Company has numerous operating leases for vehicles which expire at various times from February 2006 through October 2010. The expense incurred under these leases for the years ended December 31, 2006, 2005 and 2004 was approximately $74,000, $76,000 and $79,000, respectively.

At December 31, 2006, approximate future minimum rental payments required are as follows:

	Facilities	Autos	Total
2007	$ 589,507	$ 83,399	$ 672,906
2008	833,622	55,693	889,315
2009	859,372	18,207	877,579
2010	885,598	11,250	896,848
2011	912,320	—	912,320
2012 and thereafter	4,799,293	—	4,799,293
Total minimum rental payments	$ 8,879,712	$ 168,549	$ 9,048,261

(6) DEFINED CONTRIBUTION PENSION PLAN:

The Company maintains a defined contribution pension plan, qualified under the internal Revenue Code, which covers substantially all of its employees. While it has no current intention to do so, the plan may be terminated at any time at the Company's discretion.

The Company's contribution to the plan is discretionary. During the years ended December 31, 2006, 2005 and 2004, the Company made contributions of approximately $137,000, $103,000 and $89,000, respectively, to this plan. The plan has a provision which provides for voluntary pre-tax compensation deferral by plan participants.

(7) CUSTOMER CONCENTRATIONS:

Customers whose sales and year end accounts receivable accounted for 10% or more of the Company's net sales and net accounts receivable, respectively are as follows for the years ended December 31:

	2006	2005	2004
Net sales:			
Number of customers	2	3	2
Percent of total sales	44%	45%	24%
Net accounts receivable:			
Number of customers	3	4	3
Percent of total sales	58%	69%	44%

(8) RELATED PARTY TRANSACTIONS:

As discussed in Note 5, the Company leased two buildings from a third party under a lease agreement which expired in June 2006. In August and October 2007, two limited liability companies (LLC's) owned by the spouse of the majority owner of the Company purchased the buildings. The buildings were purchased by the LLC's for a total of approximately $2,400,000 and the LLC's and the Company executed new leases for the buildings.

(9) CONTINGENCIES:

The Company is subject to legal proceedings in the normal course of business. Management believes any such proceedings will not have a material adverse effect on the Company's financial statements.

(10) SUBSEQUENT EVENTS:

On August 22, 2007, the Company and its shareholders entered into a Stock Purchase Agreement (the Agreement) with Tower Tech Holdings Inc. (Tower Tech). Under this Agreement, Tower Tech has agreed to purchase all of the outstanding capital stock of the Company. In addition, Tower Tech will also acquire the two buildings that are currently leased as discussed in Note 8.

The purchase price for the Company's stock consists of cash and stock of Tower Tech. The cash portion of the purchase price is approximately $64 million plus an amount equal to the tax cost of the Company's shareholders making an election under Section 338(h)(10) of the Internal Revenue Code. The stock portion of the purchase price is fixed at 16,036,450 shares of Tower Tech common shares, which was calculated based on a price per share of $4.00, which represented a discount to the market price as of the signing date of the Agreement. Because the number of shares to be issued at closing has been fixed, the stock portion of the purchase price will reflect the market value of the shares issued at closing. In connection with the acquisition of the Company, the Tower Tech will also assume approximately $22 million of the Company's senior debt. Completion of the acquisition is subject to customary closing conditions.

Exhibit 99.2

BRAD FOOTE GEAR WORKS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
September 30,
ASSETS

	2007	2006
CURRENT ASSETS:		
Cash	—	—
Accounts receivable (net of allowance for doubtful accounts)	$ 8,971,293	$ 6,635,703
Inventory	12,308,877	10,630,643
Other current assets	1,007,729	357,534
Total current assets	22,287,899	17,623,880
PROPERTY AND EQUIPMENT, at cost:		
Land and buildings	2,898,574	450,548
Machinery and equipment	38,352,848	23,212,883
	41,251,422	23,663,431
Less — Accumulated depreciation	13,864,029	11,136,370
Net property and equipment	27,387,393	12,527,061
	$ 49,675,292	$ 30,150,941

LIABILITIES AND SHAREHOLDERS' EQUITY

	2007	2006
CURRENT LIABILITIES:		
Checks written in excess of bank balance	$ 5,657,116	$ 5,018,113
Note payable-line of credit	5,581,683	2,225,000
Trade accounts payable	6,198,470	3,468,126
Accrued liabilities:		
Wages and related expenses	944,804	756,195
Other	684,174	1,117,998
Current portion of long term notes payable	3,224,289	2,446,869
Total current liabilities	22,290,536	15,032,301
LONG-TERM DEBT:		
Interest rate swap	233,897	39,273
Notes payable	18,687,412	10,069,301
Total long-term debt	18,921,309	10,108,574
SHAREHOLDERS' EQUITY:		
Common stock no par value; 100,000 shares authorized; 1,000 shares issued and outstanding	1,000	1,000
Additional paid-in capital	824,000	499,000
Other comprehensive loss	(233,897)	(39,273)
Retained earnings	7,872,344	4,549,339
Total shareholders' equity	8,463,447	5,010,066
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 49,675,292	$ 30,150,941

BRAD FOOTE GEAR WORKS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
Nine-Months Ended September 30, 2006 and 2007

	2007	2006
Operating Activities		
Net Income	$ 2,993,854	$ 1,937,439
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	2,246,947	1,621,169
Changes in operating assets and liabilities:		
Accounts receivable	(255,758)	(409,584)
Inventory	755,201	(4,088,554)
Other current assets	(597,481)	(26,386)
Accounts payable	125,421	38,980
Accrued liabilities	(2,331,847)	569,340
Net cash provided by operating activities	2,936,337	(357,596)
Investing Activities		
Capital Expenditures	(11,051,142)	(5,108,741)
Net cash used in investing activities	(11,051,142)	(5,108,741)
Financing Activities		
Checks written in excess of bank balance	527,742	2,916,889
Payments on notes payable	(2,101,569)	(1,256,474)
Proceeds from notes payable	8,706,949	5,855,922
Proceeds from credit line	2,256,683	1,000,000
Contributions from shareholder	325,000	—
Distribution paid	(1,600,000)	(3,050,000)
Net cash provided by financing activities	8,114,805	5,466,337
Cash		
Net change	—	—
Beginning of period	—	—
End of period	$ —	$ —

BRAD FOOTE GEAR WORKS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME
Nine-Months Ended September 30, 2006 and 2007

	2007	2006
NET SALES	$ 56,568,197	$ 40,626,883
COST OF GOODS SOLD	43,736,777	31,986,499
Gross profit	12,831,420	8,640,384
SELLING AND ADMINISTRATIVE EXPENSES	8,759,992	6,127,507
Income from operations	4,071,428	2,512,877
OTHER INCOME (EXPENSE):		
Interest expense	(1,077,574)	(575,438)
Total other income (expense)	(1,077,574)	(575,438)
Net income	$ 2,993,854	$ 1,937,439

BRAD FOOTE GEAR WORKS, INC.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)
September 30, 2007 and 2006

Nature of Business

Brad Foote Gear Works, Inc. (the Company) is incorporated under the laws of the State of Illinois. The Company is engaged in the business of manufacturing large industrial transmission gears. The Company's principal customers are in the wind energy, petroleum production, mining and other heavy manufacturing industries. The gears are manufactured to meet customers' engineering specifications. The Company has operating facilities in Cicero, Illinois and Pittsburgh, Pennsylvania.

Basis of Presentation

The accompanying unaudited consolidated financial information has been prepared by in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of this financial information have been included. Financial results for the interim nine-month period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007.

Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, transfer of title has occurred, the selling price is fixed and determinable, and collectiblity is reasonably assured. This generally occurs upon shipment to the customer. Customer deposits are deferred and recognized as revenue when earned.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a regular basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history, as well as current economic conditions. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. The Company deems accounts past due based upon their contractual terms, and interest is not charged on accounts past due.

Inventories

Inventories are stated at the lower of first-in, first-out cost or market. Market value encompasses consideration of all business factors including price, contract terms and usefulness.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are calculated over the estimated useful lives of the assets using accelerated and straight-line methods. The estimated useful lives used are as follows:

Asset Description	Asset Life
Buildings and improvements	40 years
Machinery and equipment	5 - 10 years
Computer software	3 - 5 years

Income Taxes

The Company has elected to be treated as an S Corporation under the Internal Revenue Code. Accordingly, there is no provision for income taxes since such taxes are the liability of the individual shareholders.

Operating Leases

The Company leased two buildings under lease agreements which expired in June 2006. One building is located in Cicero, Illinois and serves as the Company's principal offices and a manufacturing facility. The second building is located in Pittsburgh, Pennsylvania and serves as a manufacturing facility. The lease agreement for the two buildings contains an option whereas at May 2006, the Company may either extend the lease agreement through June 2008 or purchase the buildings at the greater of the stated option price contained in the agreement or the fair market value as of June 2006. Subsequent to May 2006 the lease continued on a month to month basis until the sale of the buildings discussed below under the heading "Related Party Transactions".

As discussed below under the heading "Related Party Transactions", the buildings were purchased by related parties of the Company. The Company has executed new leases with the related parties which commenced upon the closing of the Stock Purchase Agreement among Tower Tech Holdings Inc., the Company and its stockholder buildings in August and October, 2007 and conclude after 96 months.

Related Party Transactions

These new leases also contain an option to extend the lease agreement for two successive sixty month periods on purchase the properties for a price set forth in the lease agreement.

Subsequent Events

On August 22, 2007, the Company and its stockholders entered into a Stock Purchase Agreement (the "Agreement") with Tower Tech Holdings Inc. (Tower Tech). Under this Agreement, Tower Tech agreed to purchase all of the outstanding capital stock of the Company. The acquisition was completed on October 19, 2007. The purchase price for the Company's stock consisted of cash and stock of Tower Tech. The cash portion of the purchase price was approximately $64 million plus an amount equal to the tax cost of the Company's shareholders making an election under Section 338(h)(10) of the Internal Revenue Code. The stock portion of the purchase price was fixed at 16,036,450 shares of Tower Tech common stock, which was calculated based on a price per share of $4.00, which represented a discount to the market price as of the signing date of the Agreement. In connection with the acquisition of Brad Foote, Tower Tech also assumed approximately $22 million of the Company's senior debt.

On December 13, 2007, the Company exercised its options to purchase the properties described above under the headings "Operating leases" and "Related Party Transactions." Signing of definitive purchase agreements for the acquisition of the properties is subject to completion of a final property inspection. The anticipated closing date of this transaction is January, 2008.

Variable Interest Entitites

In August 2007 a shareholder purchased land and a building which is being leased back to the Company. The land and building is being reported in the consolidated condensed financial statements under FASB Interpretation (FIN) 46(R), Consolidation of Variable Interest Entities.

Exhibit 99.3

TOWER TECH HOLDINGS INC.
INDEX TO (UNAUDITED) PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

TOWER TECH HOLDINGS INC.
(UNAUDITED) PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The accompanying (unaudited) pro forma combined financial statements present the historical financial information of Tower Tech Holdings Inc. (Tower Tech), as adjusted for the purchase of Brad Foote Gear Works, Inc. (Brad Foote). For financial reporting purposes, the business combination is to be accounted for with Tower Tech as the acquirer.

The accompanying pro forma combined balance sheet presents the historical financial information of Tower Tech as of September 30, 2007, as adjusted for the purchase of Brad Foote, accounted for as a business combination.

The accompanying pro forma combined statements of operations for the nine months ended September 30, 2007 and the year ended December 31, 2006, combines the historical financial information of Brad Foote for the nine months ended September 30, 2007 and the year ended December 31, 2006 with the historical information of Tower Tech for the nine months ended September 30, 2007 and the year ended December 31, 2006, respectively, as if the acquisition had occurred on January 1, 2006.

The pro forma combined financial statements have been prepared by management, based on the historical financial statements of Tower Tech and Brad Foote. These pro forma combined financial statements may not be indicative of the results that actually would have occurred if the combination had been in effect on the dates indicated or which may be obtained in the future. The pro forma combined financial statements should be read in conjunction with the historical financial statements of Tower Tech for the nine months ended September 30, 2007 and the year ended December 31, 2006, and with the historical financial statements of Brad Foote for the nine months ended September 30, 2007 and the year ended December 31, 2006, included elsewhere in this filing.

TOWER TECH HOLDINGS INC.
PRO FORMA COMBINED CONDENSED BALANCE SHEETS (UNAUDITED)
SEPTEMBER 30, 2007

	Brad Foote Gear Works, Inc.	Tower Tech Holdings Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
ASSETS					
CURRENT ASSETS					
Cash	$ —	$ 7,392,312	$ (63,762,904)	(1)	
			74,999,997	(1)	
			438,928	(6)	$ 19,068,333
Accounts receivable, net	8,971,293	1,855,607			10,826,900
Inventories	12,308,877	600,995	1,618,928	(1)	14,528,800
Prepaid expenses	—	190,170			190,170
Other current assets	1,007,729	2,188			1,009,917
Total current assets	22,287,899	10,041,272			45,624,120
Property and equipment					
Machinery and equipment	38,352,848	7,650,723	5,839,152	(1)	51,842,723
Office equipment	—	52,200			52,200
Leasehold improvements	2,898,574	779,915	(74,574)	(1)	3,603,915
	41,251,422	8,482,838			55,498,838
Less accumulated depreciation	13,864,029	956,327	(13,864,029)	(1)	956,327
Net property and equipment	27,387,393	7,526,511			54,542,511
Other assets					
Restricted cash	—	500,000			500,000
Bond issuance fees, net	—	3,053			3,053
Acquisition costs		611,378	(438,928)	(6)	172,450
Intangible assets	—	—	88,677,606	(1)	88,677,606
Goodwill	—	—	13,635,101	(1)	13,635,181
Total other assets	—	1,114,431			102,988,290
TOTAL ASSETS	$ 49,675,292	$ 18,682,214			$ 203,154,921
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	$ 3,224,289	$ 8,700			$ 3,232,989
Current maturities of capital lease obligations	—	110,000			110,000
Bank overdrafts	5,657,116	—			5,657,116
Line of credit	5,581,683	—			5,581,683
Accounts payable	6,198,470	2,006,747			8,205,217
Accounts payable - related party	—	3,081			3,081
Accrued liabilities	1,628,978	576,699	4,348,962	(1)	6,554,639
Customer deposits	—	1,716,813			1,716,813
Total current liabilities	22,290,536	4,422,040			31,061,538
LONG-TERM DEBT					
Deferred tax liabilities	—	—	—	(8)	—
Interest rate swap	233,897	—			233,897
Long-term debt less current maturities	18,687,412	359,296	24,999,997	(2)	44,046,705
Long-term capital lease obligations, less current maturities	—	625,902			625,902
Total long-term liabilities	18,921,309	985,198			44,906,504
TOTAL LIABILITIES	41,211,845	5,407,238			75,968,042
Commitments and contingencies					
STOCKHOLDERS' EQUITY					
Common stock	1,000	47,724	(1,000)	(1)	
			16,036	(1)	
			12,500	(2)	76,260
Additional paid in capital	824,000	18,493,448	(824,000)	(1)	
			64,129,764	(1)	
			49,987,500	(2)	132,610,712
Other comprehensive loss	(233,897)	—			(233,897)
Retained earnings (accumulated deficit)	7,872,344	(5,266,196)	(7,872,344)	(1)	(5,266,196)
Total stockholders' equity	8,463,447	13,274,976			127,186,879
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 49,675,292	$ 18,682,214			$ 203,154,921

See notes to the pro forma combined financial statements

TOWER TECH HOLDINGS INC.
PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE NINE-MONTHS ENDED SEPTEMBER 30, 2007

	Brad Foote Gear Works, Inc.	Tower Tech Holdings Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues	$ 56,568,197	$ 7,984,520			$ 64,552,717
Cost of revenue	43,736,777	4,888,010	624,189	(3)	49,248,976
Gross profit	12,831,420	3,096,510			15,303,741
Product development	—	2,063			2,063
General, selling and administrative expenses	8,759,992	1,903,532	6,167,571	(4)	16,831,095
Total operating expenses	8,759,992	1,905,595			16,833,158
Income (loss) from operations	4,071,428	1,190,915			(1,529,417)
Other income (expense)					
Interest income	—	275,156			275,156
Interest expense	(1,077,574)	(122,401)	(1,781,250)	(5)	(2,981,225)
Other income (expense), net	(1,077,574)	152,755			(2,706,069)
Income (loss) before taxes	2,993,854	1,343,670			(4,235,486)
Provision for income taxes	—	—	—	(8)	—
Net income (loss)	$ 2,993,854	$ 1,343,670			$ (4,235,486)
Loss per share					$ (0.06)
Weighted average shares outstanding:					
Basic and diluted					73,505,545

See notes to the pro forma combined financial statements

TOWER TECH HOLDINGS INC.
PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2006

	Brad Foote Gear Works, Inc.	Tower Tech Holdings Inc.	Pro Forma Adjustments	Notes	Pro Forma Combined
Revenues	$ 60,185,545	$ 4,022,854			$ 64,208,399
Cost of revenue	43,415,769	4,516,593	832,253	(3)	
	—	—	1,618,928	(7)	50,383,543
Gross profit (loss)	16,769,776	(493,739)			13,824,856
Product development	—	42,744			42,744
Merger transaction costs	—	250,025			250,025
General, selling and administrative expenses	11,749,814	1,534,019	8,223,428	(4)	21,507,261
Total operating expenses	11,749,814	1,826,788			21,800,030
Income (loss) from operations	5,019,962	(2,320,527)			(7,975,174)
Other income (expense)					
Realized loss on foreign currency transactions	—	(3,083)			(3,083)
Interest expense	(883,439)	(410,873)	(2,375,000)	(5)	(3,669,312)
Other expense, net	(883,439)	(413,956)			(3,672,395)
Income (loss) before taxes	4,136,523	(2,734,483)			(11,647,569)
Provision for income taxes	—	—	—	(8)	—
Net income (loss)	$ 4,136,523	$ (2,734,483)			$ (11,647,569)
Loss per share					$ (0.19)
Weighted average shares outstanding:					
Basic and diluted					62,307,768

See notes to the pro forma combined financial statements

TOWER TECH HOLDINGS INC.
NOTES TO THE PROFORMA COMBINED CONDENSED FINANCIAL STATEMENTS.
(UNAUDITED)

Note 1 - Basis of Presentation

The accompanying pro forma combined financial statements are presented to reflect the acquisition of Brad Foot Gear Works, Inc. by Tower Tech Holdings Inc., with the operations of Tower Tech Holdings Inc. being the continuing operations of the combined entities.

The accompanying pro forma combined balance sheet as of September 30, 2007 has been prepared to give effect to the acquisition of Brad Foote by Tower Tech as if the acquisition occurred on September 30, 2007. The historical financial statements prior to September 30, 2007 are those of Tower Tech Holdings Inc. The accompanying pro forma combined statement of operations combines the historical operations of Tower Tech Holdings Inc. for the nine months ended September 30, 2007 and year ended December 31, 2006, as if the acquisition had occurred on January 1, 2006.

Note 2 - Pro forma adjustments

The unaudited pro forma combined financial statements reflect the following pro forma adjustments:

(1) Tower Tech Holdings Inc. purchased 100% of the outstanding stock of Brad Foote Gear Works, Inc. for $131,818,738.

In accordance with SFAS 141, the purchase consideration of $131,818,738 and $438,928 of acquisition costs has been primarily allocated to the assets acquired and liabilities assumed, including identifiable intangible assets, based on their respective fair values at the date of acquisition. The fair values were determined using an independent third party appraisal firm. Such allocations resulted in goodwill of $13,635,181. These allocations are preliminary and are subject to final working capital adjustments and pending finalization of these allocations. The purchase consideration has been allocated as follows:

Inventory adjustment to FMV	$ 1,618,928
Property and equipment	47,016,000
Current assets	22,287,899
Trade name	19,330,000
Customer list	69,347,606
Goodwill	13,635,181
Other current liabilities	(19,066,247)
Long-term liabilities	(21,911,701)
Total purchase consideration	$ 132,257,666

The total purchase consideration was paid through a combination of cash and stock. The break down is as follows:

Cash	$ 63,323,976
Stock	64,145,800
Tax reimbursement to stockholders	4,348,962 *
	$ 131,818,738

* To be paid directly to seller's shareholders at a later date. Currently included in accrued liabilities.

(2) In order to finance the purchase price, Tower Tech completed a private placement of 12,500,000 shares of its unregistered common stock at $4.00 per share totaling $50,000,000 to the accredited investor Tontine Capital Partners, L.P. and certain of its affiliates. In addition, Tower Tech took out 9.5% convertible notes totaling approximately $25 million.

(3) As a result of the purchase, depreciation has been increased related to the step-up in basis of machinery and equipment

(4) As a result of the purchase, amortization has been calculated for the intangible assets using a life of 15 years for the trade name and 10 years for the customer list.

(5) As a result of the purchase, interest expense has been increased for the long-term notes to Tontine Capital Partners, L.P. and certain of its affiliates. See note (2).

(6) As a result of the purchase, prepaid acquisition costs that were included in the total purchase consideration have been eliminated.

(7) As a result of the purchase, inventory has been recorded at fair market value at the date of closing.

(8) As of December 31, 2006, Tower Tech Holdings Inc. had net operating losses of approximately $1,633,000 which will expire December 31, 2026. Due to these cumulative losses, a full valuation allowance was established. The Company will continue to have no provision for income taxes until such time that current income from operations exceed the net operating losses or provide enough evidence that the losses are probable of being used.