

BROADWIND ENERGY, INC.

Filed by
DRECOLL JOHN CAMERON

FORM SC 13D (Statement of Beneficial Ownership)

Filed 10/26/07

Address	3240 S. CENTRAL AVENUE CICERO, IL 60804
Telephone	708-780-4800
CIK	0001120370
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, D.C. 20549
SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No.)*

Tower Tech Holdings Inc.

(Name of Issuer)

Common Stock, \$.001 par value

(Title of Class of Securities)

891861 10 6

(CUSIP Number)

**Daniel Yarano, Esq.
Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 4000
Minneapolis, MN 55402
(612) 492-7000**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

October 19, 2007

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note : Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only)
John Cameron Drecoll

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Mr. Drecoll is a citizen of the United States.

7. Sole Voting Power
12,700,868

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power
0

9. Sole Dispositive Power
12,700,868

10. Shared Dispositive Power
0

11. Aggregate Amount Beneficially Owned by Each Reporting Person
12,700,868

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)
16.7%

14. Type of Reporting Person (See Instructions)
IN

Item 1. Security and Issuer

This Schedule 13D relates to the common stock, \$0.001 par value per share ("Common Stock"), of Tower Tech Holdings Inc., a corporation incorporated in Nevada (the "Company"). The address of the principal executive office of the Company is 101 South 16th Street, P.O. Box 1957, Manitowoc, Wisconsin 54221-1957.

Item 2. Identity and Background

- (a) This Statement is filed by John Cameron Drecoll (the "Reporting Person").
- (b) The business address of Mr. Drecoll is 1309 South Cicero Avenue, Cicero, Illinois 60804.
- (c) The principal occupation of Mr. Drecoll is serving as the Chief Executive Officer and a director of the Company.
- (d) The Reporting Person has not, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) During the last five years, the Reporting Person has not been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which he was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

The reporting person acquired 12,700,868 shares of Company Common Stock as consideration for his interest in Brad Foote Gear Works, Inc. ("Brad Foote Gear Works") pursuant to the Company's acquisition of all of the outstanding stock of Brad Foote Gear Works under a Stock Purchase Agreement that was signed on August 22, 2007, and closed on October 19, 2007 (the "Stock Purchase Agreement"). The total acquisition consideration paid by the Company to the Reporting Person and other former stockholders of Brad Foote Gear Works (together, the "Brad Foote Gear Works Sellers") consisted of (a) approximately \$64 million cash; and (b) 16,036,450 shares of Company Common Stock, of which 12,700,868 were issued to the Reporting Person. The Stock Purchase Agreement placed a value on the Company's Common Stock of \$4 per share, which represented a discount to its closing market price as of both the signing and closing dates. Of the shares issued to the Reporting Person under the Stock Purchase Agreement, 1,980,000 shares, valued at \$4.00 per share, are currently being held in escrow and are subject to forfeiture during the 18-month period following the date of the Stock Purchase Agreement to satisfy claims arising as a result of a breach of any of the representations and warranties or covenants in the Stock Purchase Agreement. The number of shares held in escrow will be subject to quarterly revaluation during the 18-month escrow period, in order to ensure that the value of the escrowed shares remains constant. The price per share for the purpose of calculating the value of the escrowed shares will be the average closing price of the Company's Common Stock for the 30 trading days immediately preceding the end of the applicable quarter.

Item 4. Purpose of Transaction

The Reporting Person acquired the shares of Common Stock for investment purposes. As described in Item 3 above, which is incorporated herein by reference, the Reporting Person acquired the shares of Common Stock as consideration for his interest in Brad Foote Gear Works. The Reporting Person may acquire additional securities of the Company or dispose of securities of the Company at any time and from time to time in the open market or otherwise. The Reporting Person reserves his right to change his plans or intentions and to take any and all actions that he may deem to be in his best interest.

In connection with the Stock Purchase Agreement, and as described in greater detail under Item 6 below, the Company agreed to appoint the Reporting Person to its Board of Directors and to name the Reporting Person as its chief executive officer upon closing of the Brad Foote Gear Works acquisition. In addition, as also described under Item 6 below, the Brad Foote Gear Works Sellers, including the Reporting Person, have entered into a proxy agreement with certain other stockholders of the Company, namely Tontine Capital Partners, L.P. and Tontine Capital Overseas Master Fund, L.P. (together, "Tontine"), which entities acquired shares of Common Stock from the Company and certain of its stockholders in private placements and private transactions that occurred in March 2007, August 2007 and October 2007. The proxy agreement among the Brad Foote Gear Works Sellers and Tontine provides that Tontine and its affiliates will vote their shares of Common Stock in favor of the Reporting Person for so long as the Brad Foote Gear Works Sellers collectively own at least 15% of the Common Stock of the Company, and that the Brad Foote Gear Works Sellers will vote their shares in favor of Tontine's Board designees for so long as Tontine and its affiliates collectively own a percentage of Common Stock of the Company that entitles Tontine, pursuant to its agreements with the Company, to designate at least one member of the Company's Board.

Under the terms of the Stock Purchase Agreement, the closing of the acquisition of Brad Foote Gear Works was subject to certain conditions, including, among others, that at the closing, the parties to the Stock Purchase Agreement would execute and deliver a

Registration Rights Agreement as described in Item 6, and that prior to closing the Company would enlarge the number of authorized directors for its Board, in order to facilitate the appointment of the Reporting Person to the Board. The Company has effected an amendment to its Bylaws to increase its authorized number of directors in accordance with this condition.

As of the date of this statement, the Reporting Person, except as set forth in this statement and consistent with the Reporting Person's position with the Company, has no plans or proposals which would result in: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act; or (j) any action similar to any of those actions enumerated above.

Item 5. Interest in Securities of the Issuer

- (a) Aggregate number of shares beneficially owned: 12,700,868. Percentage: 16.7%. The percentage used herein and in the rest of Item 5 are calculated based upon 76,260,914 shares of Common Stock issued and outstanding as of the date of this statement (which consists of 47,724,464 shares of Common Stock issued and outstanding as of August 22, 2007 (as reflected in Section 5.12 of the Stock Purchase Agreement), plus an aggregate of 16,036,450 shares issued to the Brad Foote Gear Works Sellers, including the Reporting Person, as partial consideration for the Company's acquisition of Brad Foote Gear Works, plus 12,500,000 shares issued by the Company to Tontine and its affiliates in connection with its financing of the Company's acquisition of Brad Foote Gear Works (as reflected in Item 2.01 of the Company's Current Report on Form 8-K filed October 24, 2007), but does not include shares of Common Stock issuable to Tontine and its affiliates pursuant to senior subordinated convertible promissory notes issued to such entities in connection with Tontine's financing of the Company's acquisition of Brad Foote Gear Works (as reflected in Item 2.01 of the Company's Current Report on Form 8-K filed October 24, 2007). Of the 12,700,868 shares issued to the Reporting Person under the Stock Purchase Agreement, 1,980,000 shares, valued at \$4.00 per share, are currently being held in escrow and are subject to forfeiture during the 18-month period following the date of the Stock Purchase Agreement to satisfy claims arising as a result of a breach of any of the representations and warranties or covenants in the Stock Purchase Agreement. The number of shares held in escrow will be subject to quarterly revaluation during the 18-month escrow period, in order to ensure that the value of the escrowed shares remains constant.
- (b)
1. Sole power to vote or direct vote: 12,700,868
 2. Shared power to vote or direct vote: -0-
 3. Sole power to dispose or direct the disposition: 12,700,868, subject to the conditions and potential forfeiture of the escrowed shares, as described above in Item 5(a)
 4. Shared power to dispose or direct the disposition: -0-
- (c) During the sixty-day period preceding the filing of this Schedule 13D, the Reporting Person did not have any transactions in shares of the Company's Common Stock.
- (d) No other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, shares of Common Stock beneficially owned by the Reporting Person.
- (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

A. Stock Purchase Agreement

On August 22, 2007, the Reporting Person, the other former stockholders of Brad Foote Gear Works and the Company entered into the Stock Purchase Agreement, pursuant to which the Company agreed to purchase all of the outstanding shares of Brad Foote Gear Works. The acquisition closed on October 19, 2007. The consideration paid by the Company for the outstanding shares of Brad Foote Gear Works consisted of 16,036,450 shares of Company Common Stock at a per share price of \$4.00, which represented a discount to the market price at both signing and closing for the acquisition, and approximately \$64 million cash, plus an amount equal to the tax cost to the Brad Foote Gear Works Sellers of making an election under Section 338(h)(10) of the Internal Revenue Code. A portion of the stock and cash will be held in escrow for an eighteen month escrow period. The Reporting Person owned approximately 80% of the outstanding stock of Brad Foote Gear Works prior to the acquisition and received a pro rata portion of cash and stock consideration from the Company pursuant to the Stock Purchase Agreement.

Upon closing of the acquisition, the Company appointed the Reporting Person to the positions of chief executive officer and director of the Company, as provided in the Stock Purchase Agreement. The terms of the Reporting Person's employment with the Company are set forth in the Employment Agreement filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed October 24, 2007, and are incorporated herein by reference. Due to his position as chief executive officer and director of the Company, the Reporting Person may be eligible to participate in the Company's various compensation plans, including the Company's 2007 Equity Incentive Plan; however, the Reporting Person has not received, and does not currently have agreements with the Company that entitle him to receive, equity grants in connection with his service as an officer or director of the Company.

Under the terms of the Stock Purchase Agreement, the closing of the acquisition of Brad Foote Gear Works was subject to certain conditions, including, among others, that at the closing, the parties to the Stock Purchase Agreement would execute and deliver a Registration Rights Agreement as described below in Item 6.B., and that prior to closing the Company would enlarge the number of authorized directors for its Board, in order to facilitate the appointment of the Reporting Person to the Board. The Company has effected an amendment to its Bylaws to increase its authorized number of directors in accordance with this condition. The Stock Purchase Agreement also contains standard representations and warranties, as well as other customary terms and conditions.

B. Registration Rights Agreement

On October 19, 2007, the Company entered into a Registration Rights Agreement with the Brad Foote Gear Works Sellers, including the Reporting Person (the "Registration Rights Agreement"). The Registration Rights Agreement grants to the Brad Foote Gear Works Sellers (and their qualifying transferees) certain demand and "piggyback" registration rights with respect to the shares of Tower Tech Common Stock issued to them under the Stock Purchase Agreement. The registration rights granted under the Registration Rights Agreement terminate as to a stockholder when the securities held by such person have: (i) been effectively registered and disposed of in accordance with a registration statement; (ii) been sold to the public pursuant to Rule 144; or (iii) are eligible for resale under Rule 144(k).

C. Escrow Agreement

As described in Item 4 above, the shares of Common Stock issued under the Stock Purchase Agreement to the Brad Foote Gear Works Sellers are subject to the terms of an Escrow Agreement. Of the shares issued to the Reporting Person under the Stock Purchase Agreement, 1,980,000 shares, valued at \$4.00 per share, are currently being held in escrow and are subject to forfeiture during the 18-month period following the date of the Stock Purchase Agreement to satisfy claims arising as a result of a breach of any of the representations and warranties or covenants in the Stock Purchase Agreement. The number of shares held in escrow will be subject to quarterly revaluation during the 18-month escrow period, in order to ensure that the value of the escrowed shares remains constant. The price per share for the purpose of calculating the value of the escrowed shares will be the average closing price of the Company's Common Stock for the 30 trading days immediately preceding the end of the applicable quarter.

D. Proxy Agreement

As described in Item 4 above, the Reporting Person's term of service as a director is subject to a proxy agreement among the Brad Foote Gear Works Sellers, including the Reporting Person, and Tontine. The proxy agreement provides that Tontine and its affiliates will vote their shares of Common Stock in favor of the Reporting Person for so long as the Brad Foote Gear Works Sellers collectively own at least 15% of the Common Stock of the Company, and that the Brad Foote Gear Works Sellers will vote their shares in favor of Tontine's Board designees for so long as Tontine and its affiliates collectively own a percentage of Common Stock of the Company that entitles Tontine, pursuant to its agreements with the Company, to designate at least one member of the Company's Board. The proxy agreement is filed as an exhibit to this Schedule 13D.

The foregoing summaries of the Stock Purchase Agreement, Registration Rights Agreement, Escrow Agreement and Proxy Agreement do not purport to be complete and are qualified in their entirety by reference to Exhibits 1 through 4 below, which are incorporated herein by reference.

Except as described herein, the Reporting Person does not have any contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any securities of the Company, including but not limited to the transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or losses, or the giving or withholding of proxies.

Item 7. Material to Be Filed as Exhibits

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 10.1 to the Company's Current Report on Form 8-K filed August 24, 2007).
2. Registration Rights Agreement dated October 19, 2007, among the Company, J. Cameron Drecoll, Pat Rosmonowski, Dennis Palmer and Noel Davis (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed October 19, 2007).
3. Escrow Agreement dated October 19, 2007, among the Company, Brad Foote Gear Works, Inc. and the shareholders of

Brad Foote Gear Works, Inc.

4. Proxy Agreement dated August 22, 2007, among Tontine Capital Partners, L.P., Tontine Capital Overseas Master Fund, L.P., J. Cameron Drecoll, Patrick Rosmonowski, Dennis Palmer and Noel Davis.

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

October 26, 2007

/s/ John Cameron Drecoll

John Cameron Drecoll

#4268083

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is made as of October 19, 2007, by and among (i) Tower Tech Holdings Inc., a Nevada corporation (“Buyer”), (ii) the shareholders of Brad Foote Gear Works, Inc., an Illinois corporation (the “Company”) identified on the signature page to this Agreement (each, a “Seller” and, collectively, the “Sellers”) and (iii) Wells Fargo Bank, National Association, as escrow agent (the “Escrow Agent”). Capitalized terms used and not otherwise defined herein shall have the meanings accorded to such terms under the Purchase Agreement referred to below.

WHEREAS, Buyer, Sellers and the Company have entered into a Stock Purchase Agreement dated as of August 22, 2007 (the “Purchase Agreement”).

WHEREAS, pursuant to the Purchase Agreement, the Buyer shall deposit with the Escrow Agent an aggregate of (i) \$5,000,000 in immediately available funds (together with Interest accrued on such amount, the “Cash Escrow Amount”) and (ii) 2,500,000 shares of Buyer Common Stock (the “Escrow Shares”), having a value of \$10,000,000 based on the Price Per Share determination at Closing without the application of the .80 multiplier described in the Purchase Agreement, in order to provide a source of funds for satisfaction of amounts owing from the Sellers to Buyer or any Buyer Indemnified Person pursuant to Article 11 of the Purchase Agreement;

WHEREAS, the execution and delivery of this Agreement is a condition to the consummation of the transactions contemplated by the Purchase Agreement; and

WHEREAS, Section 12.5 of the Purchase Agreement provides for the Sellers’ appointment of J. Cameron Drecoll as their representative (the “Sellers’ Representative”), with permission and authority to act, direct, and provide notices and responses on behalf of the Sellers, and to receive the Sellers’ payments as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual and dependent promises hereinafter set forth, the parties hereto agree as follows:

1. Escrow Fund.

(a) Simultaneously with the execution of this Agreement, pursuant to Section 2.3(c) of the Purchase Agreement:

(i) Buyer shall have deposited \$5,000,000 in immediately available funds with the Escrow Agent; and

(ii) Buyer shall provide its transfer agent with instructions to deliver to the Escrow Agent, as soon as reasonably practicable following the Closing, certificates representing the Escrow Shares in the amounts and made out to the parties set forth on Exhibit A, together with three (3) stock powers executed in blank for each certificate;

in each case, to be held and disbursed subject to the terms and conditions of this Agreement and the Purchase Agreement.

(b) The Escrow Agent shall acknowledge receipt of the Cash Escrow Amount and the Escrow Shares and agrees to hold the Cash Escrow Amount and the Escrow Shares together with any and all interest, income, dividends and gains (collectively, “Interest”) accrued thereon (the Cash Escrow Amount, the Escrow Shares and the Interest collectively, the “Escrow Fund”), in a separate and distinct account in the name of Brad Foote Gear Works Escrow (the “Escrow Account”), subject to the terms and conditions of this Agreement. The Escrow Fund will be available to satisfy any indemnification obligations of the Sellers to Buyer or Buyer Indemnified Persons under Article 11 of the Purchase Agreement. The Escrow Agent shall not distribute or release all or any portion of the Escrow Fund except in accordance with the express terms and conditions of this Agreement. As used herein, the term “Cash Escrow Amount” shall include any Interest accrued thereon plus any cash dividends distributed with respect to the Escrow Shares.

(c) Except as the Buyer and the Sellers’ Representative may from time to time jointly instruct the Escrow Agent in writing, the Cash Escrow Amount shall be invested in a Wells Fargo Bank Money Market Deposit Account (a “MMDA”) until distribution of the entire Escrow Fund. Buyer and Sellers understand that the amounts on deposit in the MMDA are insured, subject to the applicable rules of the Federal Deposit Insurance Corporation (the “FDIC”), in the basic FDIC insurance amount of \$100,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$100,000. Buyer and Sellers understand that deposits in the MMDA are not secured. Buyer and Seller understand that they have full power to direct investments of the Escrow Fund and that they may change direction of investment at any time and that such investment instruction shall continue in effect until revoked or modified by joint written notice of Buyer and Sellers’ Representative to the Escrow Agent. Subject to the provisions of this Agreement, the Escrow Agent is authorized to liquidate in accordance with its customary procedures any portion of the Escrow Fund consisting of investments to provide for payments required to be made under this Agreement. In addition, with respect to any moneys held in the Escrow Fund:

(i) Buyer and Sellers recognize and agree that the Escrow Agent will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Escrow Account or the purchase, sale, retention or other disposition of any permitted investment.

(ii) Interest and other earnings on permitted investments shall be added to the Escrow Account. Any loss or expense incurred as a result of an investment will be borne by the Escrow Account. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Agreement.

(iii) The Escrow Agent is hereby authorized to execute purchases and sales of permitted investments through the facilities of its own trading or capital markets operations or those of any affiliated entity. The Escrow Agent shall send statements to Buyer and the Sellers’ Representative on a monthly basis reflecting activity in the Escrow Account for the preceding month. Although the Buyer, on the one hand, and each of the

Sellers, on the other hand, recognize that they may obtain a broker confirmation or written statement containing comparable information at no additional cost, the Buyer, on the one hand, and each of the Sellers, on the other hand, hereby agree that confirmations of permitted investments are not required to be issued by the Escrow Agent for each month in which a monthly statement is rendered. No statement need be rendered for the Escrow Account if no activity occurred for such month.

(iv) Buyer, on the one hand, and each of the Sellers, on the other hand, acknowledge and agree that the delivery of the Escrow Fund is subject to the sale and final settlement of permitted investments. Proceeds of a sale of permitted investments will be delivered on the business day on which the appropriate instructions are delivered to the Escrow Agent if received prior to the deadline for same day sale of such permitted investments. If such instructions are received after the applicable deadline, proceeds will be delivered on the next succeeding business day.

(d) Within ten (10) days after the end of each calendar quarter prior to the Distribution Date (the “Determination Date”), Buyer and Sellers’ Representative shall make a determination as to the aggregate fair market value (the “Fair Market Value”) of the Escrow Shares based on the Per Share Price as of the end of such calendar quarter (as opposed to the Closing Date provided for in the Purchase Agreement for the valuation of the Buyer Common Stock portion of the Escrow Amount), without the application of the .80 multiplier or the minimum or maximum price limitations described in the Purchase Agreement. In the event that the Fair Market Value of the Escrow Shares as of the Determination Date, together with the Cash Escrow Amount less any accrued Interest as of such date is less than the Threshold Amount (as defined below), Sellers shall deposit with the Escrow Agent within five (5) business days of the Determination Date an additional number of shares of Buyer’s Common Stock such that the aggregate Fair Market Value of the Escrow Shares as of the Determination Date, together with the Cash Escrow Amount less any accrued Interest, equals the Threshold Amount. In the event that the Fair Market Value of the Escrow Shares as of the Determination Date, together with the Cash Escrow Amount less any accrued Interest as of such date is greater than the Threshold Amount, upon joint written notice of the Buyer and Sellers’ Representative to the Escrow Agent delivered within five (5) business days of the Determination Date, the Escrow Agent shall cause to be distributed to the Sellers’ Representative, for further distribution to the Sellers in proportion to the percentages listed on the attached Exhibit A, such number of Escrow Shares so that, after giving effect to the distribution, the Fair Market Value of the Escrow Shares, together with the Cash Escrow Amount less any accrued Interest equals the Threshold Amount. For purposes of this Agreement, “Threshold Amount” shall mean \$15,000,000, less the aggregate amount of indemnification claims paid from the Escrow Account prior to any determination of Fair Market Value hereunder. By way of example and for illustrative purposes only, in the event that, as of a Determination Date (i) there have been no distributions from the Escrow Fund and (ii) the Fair Market Value of the Escrow Shares is \$9,000,000, Sellers would be required to deposit with the Escrow Agent \$1,000,000 in additional shares of Buyer’s Common Stock based on the Per Share Price as of such Determination Date. If, as of a Determination Date (i) there have been no distributions from the Escrow Fund, (ii) the Cash Escrow Amount has increased to \$5,100,000 as a result of accrued Interest and (iii) the Fair Market Value of the Escrow Shares is \$11,000,000, the Escrow Agent shall release to the Sellers’ Representative, for further distribution to the Sellers as they shall have agreed among themselves, \$1,000,000 in Escrow Shares based on the Per Share Price as of such Determination Date.

2. Escrow Shares .

(a) Rights of Sellers in Escrow Shares:

(i) The Sellers shall, during the term of this Agreement, be entitled to all rights afforded to stockholders of Buyer, including the right to vote their respective Escrow Shares. The Escrow Agent shall forward any proxy materials received to the respective Sellers.

(ii) Prior to the Distribution Date (as that term is defined below), (A) all dividends payable in cash with respect to the Escrow Shares shall be paid to the Escrow Agent to be held in escrow or distributed to Sellers, as the case may be, in accordance with the terms hereof and (B) all dividends payable in Buyer's Common Stock with respect to the Escrow Shares shall be delivered to the Escrow Agent to be held in escrow or distributed to Sellers, as the case may be, in accordance with the terms hereof.

(b) Prior to the Distribution Date (i) no sale, transfer or other disposition by Sellers may be made of any of the Escrow Shares (other than Escrow Shares distributed to the Sellers pursuant to Section 1(d)), and (ii) no Seller shall pledge or grant a security interest in the Escrow Shares (other than Escrow Shares distributed to the Sellers pursuant to Section 1(d)) or grant a security interest in their rights under this Agreement; and (iii) Sellers shall have the unrestricted right to substitute cash for any portion of the Escrow Shares based on the Per Share Price at which time the Escrow Shares with respect to which cash has been substituted shall be released to Sellers Representative for distribution to the Sellers, provided that the Escrow Amount shall not be less than the Threshold Amount as a result of any such substitution.

(c) Any release or distribution of Escrow Shares shall be made by mailing the stock certificates deposited with the Escrow Agent to the Buyer's transfer agent, whose name, address and phone number will be provided in writing to the Escrow Agent on the date hereof. The Escrow Agent shall execute such endorsements, stock powers or other documents sufficient to enable the Buyer's transfer agent to re-issue any stock certificates as required to effect any distribution or release to Sellers or Buyer hereunder. If any Escrow Shares remain available after such distribution or release, the Buyer will cause the transfer agent to issue stock certificates to the Escrow Agent for the remaining balance of the Escrow Shares to remain in the Escrow Fund until distributed or released pursuant to this Agreement. No fraction of an Escrow Share shall be distributed, and each fractional share thereof shall be rounded up or down to the nearest whole number.

3. Claims and Escrow Fund . The purpose of the Escrow Fund is to provide a source of funds for the payment, and the procedures for the payment from such funds, of any amounts which may become payable to Buyer or any Buyer Indemnified Person pursuant to Article 11 of the Purchase Agreement prior to the Distribution Date. The procedure for such payments to the Buyer (on behalf of all Buyer Indemnified Persons) shall be as follows:

(a) Prior to the Distribution Date, if from time to time the Buyer determines that it is entitled to a payment pursuant to Article 11 of the Purchase Agreement, it may request payment from the Escrow Fund by giving written notice of its claim (a "Claim Notice") at the same time and in the same manner to the Escrow Agent and the Sellers' Representative (in each case in accordance with the provisions of Section 8 below), describing in such notice the nature of the claim and the amount thereof (which amount set forth in each Claim Notice is referred to herein as a "Claimed Amount"); provided, however, the Escrow Agent shall have no duty or

obligation to verify the provision in the Purchase Agreement provided in such Claim Notice, the amount of such Claimed Amount or the Buyer's rights under such provision.

(b) Sellers's Representative shall provide any written objection to a Claim Notice by the Buyer within thirty (30) calendar days after receipt by the Escrow Agent and Sellers' Representative of the Claim Notice (the "Objection Period"). If there is no objection to the Claim Notice, Buyer shall, within thirty (30) calendar days after expiration of the Objection Period provide instruction to the Escrow Agent, with copy to the Seller's Representative, as to whether the Claimed Amount shall be satisfied from the Cash Escrow Amount, the Escrow Shares or both (the "Fund Disbursement Notice"). The Fund Disbursement Notice shall specify the number of Escrow Shares, if any, to be applied against such Claimed Amount (which determination shall be based upon the Fair Market Value of such Escrow Shares as of the date of such Fund Disbursement Notice. The Escrow Agent shall on the next banking day after receipt of the Fund Disbursement Notice distribute to the Buyer from the Escrow Fund such Claimed Amount up to the amount of the Escrow Fund then outstanding in accordance with the Fund Disbursement Notice. If such disbursement involves the distribution of Escrow Shares, the Escrow Agent shall begin the process of disbursing the Escrow Shares to the transfer agent for re-registration and disbursement to the Buyer on the banking day following the receipt of the Fund Disbursement Notice. If the Sellers' Representative fails to respond to the Claim Notice within thirty (30) calendar days of his receipt of the Claim Notice, the Claimed Amount will be deemed accepted and will be distributed from the Escrow Fund, from the Cash Escrow Amount first and then, if required, from the Escrow Shares. Notwithstanding anything herein to the contrary, with respect to any Claim Notice delivered to the Escrow Agent prior to the six month anniversary of this Agreement and with respect to which it has been finally determined (without any further right of appeal) that the Claimed Amount is due and payable on or prior to the six month anniversary of this Agreement, in no event shall the Escrow Agent be required or permitted to make any disbursement to Buyer of Escrow Shares from the Escrow Fund prior to the day next succeeding the six month anniversary of this Agreement to satisfy all or any portion of said Claimed Amount.

(c) If within the Objection Period referred to in Section 3(b) above the Escrow Agent and Buyer shall have received from Sellers' Representative a written objection to a Claim Notice (a copy of which shall in each case be sent to the Buyer in accordance with the provisions of Section 8 below), then such claim for indemnity shall be deemed to be an "Open Claim" and the Escrow Agent shall reserve within the Escrow Fund an amount equal to the amount of the Open Claim (which amount for each Open Claim is referred to herein as a "Claim Reserve").

(d) The amount constituting the Claim Reserve for each Open Claim shall be paid by the Escrow Agent from the Escrow Fund only in accordance with (i) a written notification executed by the Buyer and Sellers' Representative (a "Joint Instruction") or (ii) a final non-appealable order of a court of competent jurisdiction (a "Final Determination"). Any court order shall be accompanied by a certification by the presenting party to the effect that the order is final and non-appealable and from a court of competent jurisdiction. The Escrow Agent shall act on such court order and certification without further question.

4. Payments from Escrow Fund. The Escrow Agent shall hold the Escrow Fund in escrow in accordance with this Agreement and shall make payments from the Escrow Fund only as follows:

(a) Payments from the Cash Escrow Amount or release of the Escrow Shares to Buyer shall be made to the Buyer for claims made by the Buyer Indemnified Persons when, and to the extent, authorized under Section 3 above.

(b) On the date which is five (5) business days following the date that is the eighteen (18) month anniversary of this Agreement (the "Distribution Date"), the Escrow Fund minus, without duplication, (i) the aggregate amount of Claim Reserves for Open Claims in existence as of the Distribution Date, (ii) the aggregate amount of Claimed Amounts in existence as of the Distribution Date that have arisen pursuant to Claim Notices delivered within thirty (30) calendar days prior to the Distribution Date that have not yet become Open Claims or been paid and (iii) the aggregate amount of funds and/or Escrow Shares released from the Escrow Fund prior to the Distribution Date to pay indemnification claims of Buyer under Article 11 of the Purchase Agreement, shall be distributed to the Sellers' Representative in proportion to the percentages listed on the attached Exhibit A.

(c) After the Distribution Date, if a Joint Instruction or Final Determination is made for any Open Claim, then the amount payable to the Buyer under the Joint Instruction or Final Determination, as the case may be, shall be paid to the Buyer from the Claim Reserve for such Open Claim, and the balance of such Claim Reserve, if any, shall be paid to the Sellers' Representative for further distribution to the Sellers as they shall have agreed among themselves.

5. Duties of Escrow Agent.

(a) Notwithstanding any provision to the contrary, the Escrow Agent is obligated only to perform the duties specifically set forth in this Agreement, which shall be deemed purely ministerial in nature. Under no circumstances will the Escrow Agent be deemed to be a fiduciary to any party or any other person under this Agreement.

(b) The Escrow Agent shall not be liable, except for its own gross negligence or willful misconduct and, except with respect to claims based upon such gross negligence or willful misconduct that are successfully asserted against the Escrow Agent, the Buyer and Sellers shall jointly and severally indemnify and hold harmless the Escrow Agent (and any successor Escrow Agent) from and against any and all losses, liabilities, claims, actions, damages and expenses, including reasonable attorneys' fees and disbursements, arising out of and in connection with this Agreement. Without limiting the foregoing, the Escrow Agent shall in no event be liable in connection with its investment or reinvestment of any cash held by it hereunder, in accordance with the terms hereof, including, without limitation, any liability for any delays (not resulting from its gross negligence or willful misconduct) in the investment or reinvestment of the Escrow Fund, or any loss of interest incident to any such delays. The obligations of the Buyer and Sellers to the Escrow Agent under this paragraph shall survive the termination of this Agreement and the resignation or removal of the Escrow Agent.

(c) The Escrow Agent shall be entitled to rely upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. The Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that the person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions

hereof has been duly authorized to do so. The Escrow Agent may conclusively presume that the undersigned representative of any party hereto which is an entity other than a natural person has full power and authority to instruct the Escrow Agent on behalf of that party unless written notice to the contrary is delivered to the Escrow Agent. The Escrow Agent acknowledges that, although certain of the Sellers will be officers of Buyer, no Seller shall execute any notice or other document hereunder on behalf of Buyer. Concurrently herewith, the Buyer shall execute an authorized signers form in the form of Exhibit B to indicate those persons permitted to sign on its behalf.

(d) The Escrow Agent may act pursuant to the advice of counsel with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice. If the Escrow Agent becomes involved in litigation on account of this Agreement, it shall have the right to retain counsel and shall have a first lien on the property deposited hereunder for any and all costs, attorneys' fees, charges, disbursements, and expenses in connection with such litigation; and shall be entitled to reimburse itself therefor out of the property deposited hereunder, and if it shall be unable to reimburse itself from the property deposited hereunder, Buyer and Sellers jointly and severally agree to pay to the Escrow Agent on demand its reasonable charges, counsel and attorneys' fees, disbursements, and expenses in connection with such litigation.

(e) Other than as otherwise specifically provided herein, the Escrow Agent does not have any interest in the Escrow Fund deposited hereunder but is serving as escrow holder only and having only possession thereof.

(f) The Escrow Agent makes no representation as to the validity, value, genuineness or the collectibility of any security or other document or instrument held by or delivered to it.

(g) The Escrow Agent shall not be called upon to advise any party as to the wisdom in selling or retaining or taking or refraining from any action with respect to any securities or other property deposited hereunder.

(h) The Escrow Agent (and any successor escrow agent) may at any time resign as such by delivering the Escrow Fund to any successor escrow agent jointly designated by the Buyer and the Sellers' Representative in writing, or to any court of competent jurisdiction, whereupon the Escrow Agent shall be discharged of and from any and all further obligations arising in connection with this Agreement. The resignation of the Escrow Agent will take effect on the earlier of (i) the appointment of a successor (including a court of competent jurisdiction) or (ii) the day which is thirty (30) days after the date of delivery of its written notice of resignation to the Buyer and Sellers' Representative. If at that time the Escrow Agent has not received a designation of a successor Escrow Agent, the Escrow Agent's sole responsibility after that time shall be to retain and safeguard the Escrow Fund until receipt of a designation of successor Escrow Agent or a Joint Instruction or Final Determination. Alternatively, the Escrow Agent may, in its sole discretion, petition a court of competent jurisdiction for the appointment of a successor escrow agent, and such court's decision shall be binding on the Buyer and Sellers.

(i) In the event of any disagreement between or involving the other parties hereto resulting in adverse claims or demands being made in connection with the Escrow Fund or in the

event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent shall be entitled to retain the Escrow Fund until the Escrow Agent shall have (i) received a Final Determination directing delivery of the Escrow Fund; (ii) received a Joint Instruction directing delivery of the Escrow Fund, in which event the Escrow Agent shall disburse the Escrow Fund in accordance with such Final Determination or Joint Instruction, or (iii) filed an interpleader action in any court of competent jurisdiction, and upon the filing thereof, the Escrow Agent shall be relieved of all liability as to the Escrow Fund and shall be entitled to recover attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action. The Escrow Agent shall be entitled to act on any such agreement, court order, or arbitration decision without further question, inquiry, or consent.

(j) The Buyer, on the one hand, and the Sellers, on the other hand, shall pay the Escrow Agent compensation as listed on Exhibit C hereto for the services to be rendered by the Escrow Agent hereunder and agree to reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by the Escrow Agent in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel). Any such compensation and reimbursement to which the Escrow Agent is entitled pursuant hereto shall be borne fifty percent (50%) by the Buyer and fifty percent (50%) by the Sellers. The Escrow Agent shall be entitled and is hereby granted the right to set off and deduct any unpaid fees, non-reimbursed expenses and unsatisfied indemnification rights from amounts on deposit in the Escrow Fund.

(k) In the event that any escrow property shall be attached, garnished, or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the property deposited under this Agreement, or any part thereof, the Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all writs, orders or decrees so entered or issued, which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction, and in the event that the Escrow Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the parties hereto or to any other person, firm or corporation, by reason of such compliance notwithstanding such writ, order or decree be subsequently reversed, modified annulled, set aside or vacated.

(l) Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or in part, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become the successor escrow agent hereunder and vested with all of the title to the whole property or trust estate and all of the trusts, powers, immunities, privileges, protections and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(m) No provision of this Agreement shall require the Escrow Agent to risk or advance its own funds or otherwise incur any financial liability or potential financial liability in the performance of its duties or the exercise of its rights hereunder.

6. Limited Responsibility .

(a) This Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. No implied duties or obligations shall be read into this agreement against the Escrow Agent. The Escrow Agent shall not be bound by the provisions of any agreement among the other parties hereto except this Agreement. Buyer and Sellers agree that the Escrow Agent does not assume any responsibility for the failure of the Buyer, on the one hand, and each of the Sellers, on the other hand to perform in accordance with the Purchase Agreement or this Agreement.

(b) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY (i) DAMAGES OR EXPENSES ARISING OUT OF THE SERVICES PROVIDED HEREUNDER, OTHER THAN DAMAGES WHICH HAVE BEEN FINALLY ADJUDICATED TO HAVE DIRECTLY RESULTED FROM THE ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR (ii) SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

7. Income .

(a) The parties hereto hereby acknowledge that, for federal and state income tax purposes, any interest, earnings and other income earned on, or derived from, the Escrow Fund (the "Income") shall be income of the Sellers. The Escrow Agent shall be under no obligation to invest any monies held hereunder until it has received a Form W-9 or W-8, as applicable, from the Sellers, regardless of whether such party is exempt from reporting or withholding requirements under the Internal Revenue Code of 1986, as amended. Each Seller agrees to provide the Escrow Agent with such executed Form W-9 or W-8, as applicable on the date hereof.

(b) The parties hereto understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Fund.

(c) The Escrow Agent shall be responsible for reporting any Income earned to the Internal Revenue Service in proportion to the percentages listed on the attached Exhibit A. Any tax returns required to be prepared and filed with respect to Income earned will be prepared and filed by the Sellers, and the Escrow Agent shall have no responsibility for the preparation and/or filing of any tax return with respect to any such Income. Any taxes payable on Income earned from the investment of any sums held hereunder shall be paid by the Sellers whether or not the income was distributed by the Escrow Agent during any particular year and to the extent required under provisions of the Code.

(d) Notwithstanding anything to the contrary contained herein, within 10 days after the end of each calendar quarter and immediately prior to any distribution on the Distribution Date and any other date on which a distribution is made from the Escrow Fund after the Distribution Date (each such date a "Period End Date"), the Escrow Agent shall distribute and each Seller shall be entitled to receive distributions from the Escrow Fund in the aggregate

amount equal to (A) the amount of Income allocable to such Seller with respect to that period multiplied by (B) 45% (the “ Tax Distribution ”). For purposes of calculating the Tax Distribution, (1) the first period shall begin on the date hereof and end on the next Period End Date and (2) each other period shall begin on the day after the previous Period End Date and end on the next Period End Date. The Escrow Agent shall have no obligation to pay any taxes or estimated taxes.

8. Notices. Any notices, demands or other communication required to be sent or given hereunder by any of the parties hereto shall in every case be in writing and shall be deemed properly served if (a) delivered personally to the recipient, or (b) sent to the recipient by reputable express courier service (charges paid) or mailed to the recipient by registered or certified mail, return receipt requested and postage paid. Date of service of such notice shall be (x) the date such notice is personally delivered, (y) three (3) days after the date of mailing if sent by certified or registered mail, or (z) one (1) day after date of delivery to the overnight courier if sent by overnight courier. Such notices, demands and other communications shall be sent to the addresses indicated below or such other address or to the attention of such other person as the recipient has indicated by prior written notice to the sending party in accordance with this Section 8 :

Notices to Sellers :

c/o J. Cameron Drecoll
1309 South Cicero Ave.
Cicero, IL 60804-3939
Facsimile No.:(708) 298-1012

with a copy to:

DLA Piper US LLP
203 North LaSalle Street, Suite 1900
Chicago, Illinois 60601
Attention: Stephen A. Landsman

Notices to Buyer :

Tower Tech Holdings, Inc.
980 Maritime Drive
Suite 6
Manitowoc, Wisconsin 60611
Attention: Steve Huntington

with a copy to:

Fredrikson & Byron, P.A.
200 South Sixth Street, Suite 400
Minneapolis, Minnesota 55402
Attention: John Wurm

Notices to Escrow Agent:

Wells Fargo Bank, National Association
Corporate, Municipal, and Escrow Solutions
MAC N9311-115
625 Marquette Avenue, 11th Floor
Minneapolis, MN 55479
Attention: Thomas H. Caruth

9. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which, when taken together, will be deemed to constitute one and the same agreement.

10. Severability. The parties hereto agree that (a) the provisions of this Agreement shall be severable in the event that for any reason whatsoever the provisions hereof were invalid, void or otherwise unenforceable, (b) such invalid, void or otherwise unenforceable provisions shall be automatically replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable and (c) the remaining provisions shall remain enforceable to the fullest extent permitted by law.

11. Section Headings. The headings of sections in this Agreement are provided for convenience only and will not affect its construction or interpretation.

12. Banking Days. If any date on which the Escrow Agent is required to make an investment or a delivery pursuant to the provisions hereof is not a banking day, then the Escrow Agent shall make such investment or delivery on the next succeeding banking day.

13. No Waiver. The rights and remedies of the parties to this Agreement are cumulative and not alternative. Neither the failure nor any delay by any party in exercising any right, power, or privilege under this Agreement or the documents referred to in this Agreement will operate as a waiver of such right, power, or privilege, and no single or partial exercise of any such right, power, or privilege will preclude any other or further exercise of such right, power, or privilege or the exercise of any other right, power, or privilege.

14. Exclusive Agreement and Modification. This Agreement supersedes all prior agreements among the parties hereto (other than the documents referred to in this Agreement as they apply to the Buyer and Sellers) with respect to its subject matter and constitutes (along with the documents referred to in this Agreement as they apply to the Buyer and Sellers) a complete and exclusive statement of the terms of the agreement between the parties hereto with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by the Buyer, the Sellers and the Escrow Agent.

15. Governing Law. This Agreement will be governed by and construed in accordance with the domestic laws of the State of Wisconsin, without giving effect to any choice of law or conflict provision or rule (whether of the State of Wisconsin or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Wisconsin to be applied.

16. Parties in Interest. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns. The Seller, the Representative and the Escrow Agent acknowledge and agree that the Buyer may assign all or any portion of its rights hereunder, without the prior written consent of the Sellers' Representative or the Escrow Agent, as security to any bank or other financial institution providing financing to the Buyer. The foregoing notwithstanding, no assignment of the interests of any of the parties hereunder shall be binding on the Escrow Agent unless and until notice of such assignment shall be filed with and acknowledged by the Escrow Agent.

17. Execution by the Escrow Agent. The execution and delivery of this Agreement by the Escrow Agent shall constitute a receipt for the Escrow Fund. The foregoing notwithstanding, no assignment of the interests of any of the parties hereunder shall be binding on the Escrow Agent unless and until notice of such assignment shall be filed with and acknowledged by the Escrow Agent.

18. Termination. This Agreement shall terminate when the entire Escrow Fund has been distributed in accordance with Sections 3 and 4 of this Agreement.

19. Confirmation of Appointment of Representative. Each of the Sellers hereby reconfirm the appointment of the Sellers' Representative pursuant to Section 12.5 of the Purchase Agreement, to act in their name, place and stead with respect to this Agreement.

* * * * *

above. IN WITNESS WHEREOF, the parties hereto have executed and delivered this Escrow Agreement as of the date first written

BUYER:

TOWER TECH HOLDINGS INC.

By: /s/ Steven A. Huntington

Name: Steven A. Huntington

Title: Chief Financial Officer

SELLERS:

/s/ J. CAMERON DRECOLL

J. CAMERON DRECOLL

/s/ PATRICK ROSMONOWSKI

PATRICK ROSMONOWSKI

/s/ DENNIS PALMER

DENNIS PALMER

/s/ NOEL DAVIS

NOEL DAVIS

ESCROW AGENT:

**WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent**

By: /s/ Thomas H. Caruth

Name: Thomas H. Caruth

Title: Vice President

Exhibit A

<u>Name and Address of Seller</u>	<u>Ownership Percentage</u>	<u>Number of Escrow Shares</u>
J. Cameron Drecoll 741 Chesterfield Naperville, IL 60540	79.2%	1,980,000
Patrick Rosmonowski 671 Willow Drive Carol Stream, IL 60188	9.9%	247,500
Dennis Palmer 865 East 22nd Street, Unit 220B Lombard, IL 60148	9.9%	247,500
Noel Davis 13775 Magic Stallion Drive Carmel, IN 46032	1.0%	25,000

Exhibit B

CERTIFICATE AS TO AUTHORIZED SIGNATURES

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Tower Tech Holdings, Inc. and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B is attached, on behalf of Buyer.

Name / Title	Specimen Signature
Steven A. Huntington Name	Signature
Chief Financial Officer Title	
Name	Signature
Title	
Name	Signature
Title	
Name	Signature
Title	

Exhibit C

SCHEDULE OF ESCROW AGENT FEES

Acceptance Fee :

\$4,000.00

The Acceptance Fee includes review of all related documents and accepting the appointment of Escrow Agent on behalf of Wells Fargo Bank, National Association. The fee also includes setting up the required account(s) and accounting records, document filing, and coordinating the receipt of funds/assets for deposit to the Escrow Account. The Acceptance Fee is due at the time of closing and covers the life of the escrow.

Wells Fargo's bid is based on the following assumptions:

- Number of escrow accounts to be established: One (1);
- Term: Anticipate eighteen months;
- Investment in the Wells Fargo Money Market Deposit Account on Exhibit A

Out-of Pocket Expenses :

Billed at Cost

This includes fees billed by any outside contractors that are engaged including for example: attorneys, accountants, managers, appraisers, etc., and also includes charges incurred for printing, publishing, postage, and special delivery expenses.

August 22, 2007

To the Shareholders of Brad Foote Gear Works, Inc.

Dear Sirs,

This letter is being provided to you for purposes of inducing each of you to execute and deliver that certain Stock Purchase Agreement dated as of August 22, 2007 by and among you and Tower Tech Holdings, Inc., a Nevada corporation (the "Buyer") (the "SPA") and to consummate the transaction contemplated by the SPA whereby all of the issued and outstanding shares of capital stock of Brad Foote Gear Works, Inc., an Illinois corporation, shall be sold by you to the Buyer (the "Transaction"). Any capitalized terms used in this letter and not defined herein shall have the meaning ascribed to them under the SPA.

As confirmation of our inducement for you to enter into and consummate the Transaction under the SPA, each of Tontine Capital Partners, L.P. ("Tontine") and Tontine Capital Overseas Master Fund, L.P. ("TCOMF") hereby agrees that as long as J. Cameron Drecoll ("Cam") is an officer of Buyer, and thereafter as long as the Sellers, in the aggregate, own at least fifteen percent (15%) of the issued and outstanding shares of common capital stock of Buyer, each of Tontine and TCOMF shall vote and cause each of its Affiliates who are shareholders of Buyer to vote, the shares of capital stock of Buyer owned by Tontine, TCOMF or such Affiliate in favor of the election of Cam as a Director of Buyer, and if he shall be unwilling or incapable of acting, in favor of the nominee designated by Seller's Representative.

In consideration of the foregoing and in consideration of the agreement of Tontine and TCOMF to provide financing to Buyer in connection with the Transaction, each of the Sellers agrees that as long as Tontine and TCOMF or their Affiliates have the right to appoint one or more Directors to Buyer's board pursuant to that certain Securities Purchase Agreement dated March 1, 2007 among Tontine, TCOMF and Buyer and that certain Securities Purchase Agreement dated August 22, 2007 among Tontine, TCOMF and Buyer, each of the Sellers shall vote and cause each of his Affiliates who are shareholders of Buyer to vote, the shares of capital stock of Buyer owned by him or such Affiliate in favor of the election of the designees of Tontine, TCOMF or their Affiliates as a Directors of Buyer.

[*Signature pages follow*]

Very truly yours,

TONTINE CAPITAL PARTNERS, L.P.

By: Tontine Capital Management, LLC, its general partner

By: /s/ Jeffrey L. Gendell
Jeffrey L. Gendell, as managing member

TONTINE CAPITAL OVERSEAS MASTER FUND, L.P.

By: Tontine Capital Overseas GP, L.L.C., its general partner

By: /s/ Jeffrey L. Gendell
Jeffrey L. Gendell, as managing member

[*Additional signature page follows*]

Agreed upon this 22nd day of August, 2007

SELLERS:

/s/ J. Cameron Drecoll
J. Cameron Drecoll

/s/ Patrick Rosmonowski
Patrick Rosmonowski

/s/ Dennis Palmer
Dennis Palmer

/s/ Noel Davis
Noel Davis