BROADWIND ENERGY, INC.

FORM 10-Q
(Quarterly Report)

Filed 04/30/15 for the Period Ending 03/31/15

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

FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0 0 1 -3 4278

BROADWIND ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**88-0409160**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3240 S. Central Avenue , Cicero, IL 60804
(Address of principal executive offices)

(708) 780-4800
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding twelve months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☐	Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☐

Number of shares of registrant’s common stock, par value $0.001, outstanding as of April 23, 2015 : 14,926,857 .

BROADWIND ENERGY, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATIO N

Item 1. Financial Statement s

BROADWIND ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET S
(in thousands, except share and per share data)

	March 31, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 150	$ 12,149
Short-term investments	—	8,024
Restricted cash	83	83
Accounts receivable, net of allowance for doubtful accounts of $83 and $82 as of March 31, 2015 and December 31, 2014, respectively	21,841	20,012
Inventories, net	45,855	34,921
Prepaid expenses and other current assets	1,614	1,815
Assets held for sale	700	738
Total current assets	70,243	77,742
Property and equipment, net	61,400	62,952
Intangible assets, net	5,348	5,459
Other assets	436	464
TOTAL ASSETS	$ 137,427	$ 146,617
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of credit and notes payable	$ 1,238	$ —
Current maturities of long-term debt	64	268
Current portions of capital lease obligations	667	766
Accounts payable	22,182	18,461
Accrued liabilities	7,875	9,553
Customer deposits	15,894	22,619
Total current liabilities	47,920	51,667
LONG-TERM LIABILITIES:		
Long-term debt, net of current maturities	2,612	2,650
Long-term capital lease obligations, net of current portions	285	427
Other	2,990	3,493
Total long-term liabilities	5,887	6,570
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.001 par value; 30,000,000 shares authorized; 14,907,552 and 14,844,307 shares issued and outstanding as of March 31, 2015, and December 31, 2014, respectively	15	15
Treasury stock, at cost, 273,937 shares at March 31, 2015 and December 31, 2014, respectively	(1,842)	(1,842)
Additional paid-in capital	377,440	377,185
Accumulated deficit	(291,993)	(286,978)
Total stockholders' equity	83,620	88,380
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 137,427	$ 146,617

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

BROADWIND ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATION S
(UNAUDITED)
(in thousands, except per share data)

	Three Months Ended March 31,	
	2015	**2014**
Revenues	$51,051	$58,800
Cost of sales	50,312	53,438
Restructuring	—	269
Gross profit	739	5,093
OPERATING EXPENSES:		
Selling, general and administrative	5,606	5,917
Intangible amortization	111	111
Restructuring	—	60
Total operating expenses	5,717	6,088
Operating loss	(4,978)	(995)
OTHER INCOME (EXPENSE), net:		
Interest expense, net	(172)	(160)
Other, net	212	136
Total other income (expense), net	40	(24)
Net loss from continuing operations before provision for income taxes	(4,938)	(1,019)
Provision for income taxes	77	24
NET LOSS	$(5,015)	$(1,043)
NET LOSS PER COMMON SHARE—BASIC AND DILUTED:		
Net Loss	$ (0.34)	$ (0.07)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING—Basic and diluted	14,597	14,659

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

BROADWIND ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUIT Y
(UNAUDITED)
(in thousands, except share data)

	Common Stock		Treasury Stock		Additional		
	Shares Issued	Issued Amount	Shares	Issued Amount	Paid-in Capital	Accumulated Deficit	Total
BALANCE, December 31, 2013	14,627,990	$ 15	—	—	$ 376,125	$ (280,810)	$95,330
Stock issued for restricted stock	196,208	—	—	—	—	—	—
Stock issued under stock option plans	2,863	—	—	—	9	—	9
Stock issued under defined contribution 401(k) retirement savings plan	17,246	—	—	—	163	—	163
Stock repurchases under repurchase program	—	—	(273,937)	(1,842)	—	—	(1,842)
Share-based compensation	—	—	—	—	888	—	888
Net loss	—	—	—	—	—	(6,168)	(6,168)
BALANCE, December 31, 2014	14,844,307	$ 15	(273,937)	$(1,842)	$ 377,185	$ (286,978)	$88,380
Stock issued for restricted stock	63,245	—	—	—	—	—	—
Share-based compensation	—	—	—	—	255	—	255
Net loss	—	—	—	—	—	(5,015)	(5,015)
BALANCE, March 31, 2015	14,907,552	$ 15	(273,937)	$(1,842)	$ 377,440	$ (291,993)	$83,620

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

BROADWIND ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW S
(UNAUDITED)
(in thousands)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,015)	$ (1,043)
Adjustments to reconcile net cash used in operating activities:		
Depreciation and amortization expense	2,578	3,114
Impairment charges	38	—
Stock-based compensation	255	223
Allowance for doubtful accounts	—	42
Common stock issued under defined contribution 401(k) plan	—	163
Loss on disposal of assets	—	5
Changes in operating assets and liabilities:		
Accounts receivable	(1,829)	(4,947)
Inventories	(10,934)	(1,980)
Prepaid expenses and other current assets	102	457
Accounts payable	3,644	(2,672)
Accrued liabilities	(1,678)	(788)
Customer deposits	(6,727)	(4,266)
Other non-current assets and liabilities	(472)	(425)
Net cash used in operating activities	(20,038)	(12,117)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available for sale securities	(1,884)	(2,543)
Sales of available for sale securities	5,083	1,890
Maturities of available for sale securities	4,825	—
Purchases of property and equipment	(840)	(2,200)
Proceeds from disposals of property and equipment	—	45
Net cash provided by (used in) investing activities	7,184	(2,808)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on lines of credit and notes payable	(17,304)	(164)
Proceeds from lines of credit and notes payable	18,400	—
Principal payments on capital leases	(241)	(246)
Net cash provided by (used in) financing activities	855	(410)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,999)	(15,335)
CASH AND CASH EQUIVALENTS, beginning of the period	12,149	24,936
CASH AND CASH EQUIVALENTS, end of the period	$ 150	$ 9,601
Supplemental cash flow information:		
Interest paid	$ 102	$ 143
Income taxes paid	$ 1	$ 2
Non-cash investing and financing activities:		
Issuance of restricted stock grants	$ 225	$ 138

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

BROADWIND ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENT S
(UNAUDITED)
(In thousands, except share and per share data)

NOTE 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the financial statements do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for the twelve months ending December 31, 2015. The December 31, 2014 condensed consolidated balance sheet was derived from audited financial statements, but does not include all disclosures required by GAAP. This financial information should be read in conjunction with the condensed consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

The unaudited condensed consolidated financial statements presented herein include the accounts of Broadwind Energy, Inc. and its wholly-owned subsidiaries Broadwind Towers, Inc. (“Broadwind Towers”), Brad Foote Gear Works, Inc. (“Brad Foote”) and Broadwind Services, LLC (“Broadwind Services”) (collectively, “Subsidiaries”). All intercompany transactions and balances have been eliminated.

There have been no material changes in the Company’s significant accounting policies during the three months ended March 31, 2015 as compared to the significant accounting policies described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

Company Description

As used in this Quarterly Report on Form 10-Q, the terms “we,” “us,” “our,” “Broadwind,” and the “Company” refer to Broadwind Energy, Inc., a Delaware corporation headquartered in Cicero, Illinois, and the Subsidiaries.

Broadwind provides technologically advanced high-value products and services to energy, mining and infrastructure sector customers, primarily in the United States (the “U.S.”). The Company’s most significant presence is within the U.S. wind energy industry; although it has diversified into other industrial markets in order to improve its capacity utilization and reduce its exposure to uncertainty related to favorable governmental policies currently supporting the U.S. wind energy industry. For the first three months of 2015, 77% of the Company’s revenue was derived from sales associated with new wind turbine installations.

The Company’s product and service portfolio provides its wind energy customers, including wind turbine manufacturers, wind farm developers and wind farm operators, with access to a broad array of component and service offerings. Outside of the wind energy market, the Company provides precision gearing and specialty weldments to a broad range of industrial customers for oil and gas, mining and other industrial applications.

Liquidity

The Company meets its short term liquidity needs through its available cash balances and through a $20,000 secured credit facility with AloStar Bank of Commerce (“AloStar”), which was established on August 23, 2012 (the “Credit Facility”). The Company is in discussions to extend or implement a new facility in anticipation of the expiration of the Credit Facility on August 23, 2015. Under the terms of the Credit Facility, AloStar will advance funds when requested up to the level of the Company’s borrowing base, which consists of approximately 85% of eligible receivables and approximately 50% of eligible inventory. Under this borrowing structure, borrowings are continuous and all cash receipts are automatically applied to the outstanding borrowed balance. The Company uses the Credit Facility from time to time to fund temporary increases in working capital, and believes the Credit Facility, together with the operating cash generated by the business, is sufficient to meet all cash obligations. As of March 31, 2015, cash and cash equivalents and short-term investments totaled $150 , a decrease of $20,023 from December 31, 2014, and $1,238 was outstanding under the Credit Facility. The Company had the ability to borrow up to $15,733 under the Credit Facility and was in compliance with all applicable covenants. The significant reduction in cash was due in part to sharply higher steel plate and finished goods inventories, and is believed to be temporary. Towers Abilene raw material inventory at March 31, 2015 was $5,973 higher than at March 31, 2014. The higher towers raw material inventory is due mainly to lower tower sales reflecting the residual effects of production issues in the Abilene, Texas tower production facility. The Abilene tower facility produced 18 fewer towers than in the prior year period. The slower production occurred mainly in January and February, and by March the facility was performing near its targeted production rate. The higher towers finished goods inventory was due to production re-sequencing necessitated by supply shortages caused by labor slowdowns at West Coast ports. The slowdowns required the production of certain towers ahead of schedule where materials were already on hand, so as not to lose scarce production slots and maintain capacity. The West Coast port slowdown is now resolved. The Company has firm orders to sell these finished goods later in 2015, which are expected to generate approximately $5,000 in revenue.

Total debt and capital lease obligations at March 31, 2015 totaled $4,866 and the Company is obligated to make principal payments under the outstanding debt totaling $1,302 over the next twelve months. Since its inception, the Company has continuously incurred operating losses. The Company anticipates that current cash resources, amounts available under the Credit Facility, and cash to be generated from operations will be adequate to meet the Company’s liquidity needs for at least the next twelve months. If assumptions regarding the Company’s production, sales and subsequent collections from several of the Company’s large customers, as well as customer advances and revenues generated from new customer orders, are materially inconsistent with management’s expectations, the Company may in the future encounter cash flow and liquidity issues. If the Company’s operational performance deteriorates significantly, it may be unable to comply with existing financial covenants, and could lose access to the Credit Facility. This could limit the Company’s operational flexibility or require a delay in making planned investments. Any additional equity financing, if available, may be dilutive to stockholders, and additional debt financing, if available, will likely require new financial covenants or impose other restrictions on the Company. While the Company believes that it will continue to have sufficient cash available to operate its businesses and to meet its financial obligations and debt covenants, there can be no assurances that its operations will generate sufficient cash, or that credit facilities will be available in an amount sufficient to enable the Company to meet these financial obligations.

Please refer to Note 16, “Restructuring” of these condensed consolidated financial statements for a discussion of the restructuring plan which the Company initiated in the third quarter of 2011. The Company incurred a total of approximately $13,700 of net costs to implement this restructuring plan. Since the restructuring activities are substantially complete, the Company believes this no longer represents a material use of financial resources.

NOTE 2 — EARNINGS PER SHARE

The following table presents a reconciliation of basic and diluted earnings per share for the three months ended March 31, 2015 and 2014, as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Basic earnings per share calculation:		
Net loss	$ (5,015)	$ (1,043)
Weighted average number of common shares outstanding	14,597,319	14,659,448
Basic net loss per share	$ (0.34)	$ (0.07)
Diluted earnings per share calculation:		
Net loss	$ (5,015)	$ (1,043)
Weighted average number of common shares outstanding	14,597,319	14,659,448
Common stock equivalents:		
Stock options and non-vested stock awards	—	—
Weighted average number of common shares outstanding	14,597,319	14,659,448
Diluted net loss per share	$ (0.34)	$ (0.07)

NOTE 3 — CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents typically comprise cash balances and readily marketable investments with original maturities of three months or less, such as money market funds, short-term government bonds, Treasury bills, marketable securities and commercial paper. Marketable investments with original maturities between three and twelve months are recorded as short-term investments. The Company's treasury policy is to invest excess cash in money market funds or other investments, which are generally of a short-term duration based upon operating requirements. Income earned on these investments is recorded to interest income in the Company's condensed consolidated statements of operations. As of March 31, 2015 and December 31, 2014, cash and cash equivalents totaled $150 and $12,149, respectively, and short-term investments totaled $0 and $8,024, respectively. The components of cash and cash equivalents and short-term investments as of March 31, 2015 and December 31, 2014 are summarized as follows:

	March 31, 2015	December 31, 2014
Cash and cash equivalents:		
Cash	$ 140	$ 8,744
Money market funds	10	877
Municipal bonds	—	2,528
Total cash and cash equivalents	150	12,149
Short-term investments (available-for-sale):		
Municipal bonds	—	8,024
Total cash and cash equivalents and short-term investments	150	20,173

The significant decrease in cash and cash equivalents and short-term investments is primarily attributable to the need to fund increased net losses and increased net working capital, primarily to purchase inventory. See Note 4, "Inventories" of these consolidated financial statements related to the inventory activities that caused the need to utilize the cash.

NOTE 4 — INVENTORIES

The components of inventories as of March 31, 2015 and December 31, 2014 are summarized as follows:

	March 31, 2015	December 31, 2014
Raw materials	$ 27,670	$ 21,385
Work-in-process	9,110	9,565
Finished goods	12,649	6,769
	49,429	37,719
Less: Reserve for excess and obsolete inventory	(3,574)	(2,798)
Net inventories	$ 45,855	$ 34,921

The significant increase in inventory is primarily attributable to the Towers and Weldments segment where inventories have risen $10,394 since December 31, 2014. The sharp rise in raw materials reflects unusually high levels of steel plate at the Company's Abilene, Texas tower plant, where production difficulties encountered in late 2014 and extending into early 2015 reduced the rate of material consumption; those difficulties have been resolved. The significant rise in finished goods inventories was caused by production resequencing in the Company's Manitowoc, Wisconsin tower plant caused by supply shortages triggered by the west coast port labor slowdowns; therefore, the Company completed towers orders ahead of schedule to utilize the available production slots. The completed towers are for firm orders that are scheduled for delivery later in 2015.

The increase in the reserve for excess and obsolete inventory was caused by the decision to exit the market for servicing older-generation kilowatt and community wind turbines and consolidate the Company’s repair activities into a single shop within the Services segment.

NOTE 5 — INTANGIBLE ASSETS

Intangible assets represent the fair value assigned to definite-lived assets such as trade names and customer relationships as part of the Company's acquisition of Brad Foote completed during 2007. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from 10 to 20 years. The Company tests intangible assets for impairment when events or circumstances indicate that the carrying value of these assets may not be recoverable. During the first quarter of 2015, the Company identified triggering events associated with Brad Foote's current period operating loss combined with its history of continued operating losses. As a result, the Company evaluated the recoverability of certain of its identifiable intangible assets. Based upon the Company's assessment, the recoverable amount was in excess of the carrying amount of the intangible assets, and no impairment to these assets was indicated as of March 31, 2015.

As of March 31, 2015 and December 31, 2014, the cost basis, accumulated amortization and net book value of intangible assets were as follows:

	March 31, 2015				December 31, 2014			
	Cost Basis	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period	Cost Basis	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period
Intangible assets:								
Customer relationships	$ 3,979	$ (3,650)	$ 329	7.2	$ 3,979	$ (3,639)	$ 340	7.2
Trade names	7,999	(2,980)	5,019	20.0	7,999	(2,880)	5,119	20.0
Intangible assets	$11,978	$ (6,630)	$5,348	15.8	$11,978	$ (6,519)	$5,459	15.8

As of March 31, 2015, estimated future amortization expense is as follows:

2015	$ 333
2016	444
2017	444
2018	444
2019	444
2020 and thereafter	3,239
Total	$ 5,348

NOTE 6 — ACCRUED LIABILITIES

Accrued liabilities as of March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015	December 31, 2014
Accrued payroll and benefits	$ 3,277	$ 3,316
Accrued property taxes	218	86
Income taxes payable	292	198
Accrued professional fees	214	126
Accrued warranty liability	736	1,198
Accrued regulatory settlement	1,012	2,066
Accrued environmental reserve	513	513
Accrued self-insurance reserve	1,362	1,411
Accrued other	251	639
Total accrued liabilities	$ 7,875	$ 9,553

The accrued regulatory settlement includes $500 for the current portion of the environmental settlement recorded in 2013 and $512 related to the settlement with the U.S. Securities and Exchange Commission ("SEC") recorded in 2014.

NOTE 7 — DEBT AND CREDIT AGREEMENTS

The Company's outstanding debt balances as of March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015	December 31, 2014
Line of credit	$ 1,238	$ —
Term loans and notes payable	2,676	2,918
Less: Current portion	(1,302)	(268)
Long-term debt, net of current maturities	$ 2,612	$ 2,650

Credit Facilities

AloStar Credit Facility

The Credit Facility is a secured three -year asset-based revolving credit facility, pursuant to which AloStar will advance funds when requested against a borrowing base consisting of approximately 85% of the face value of eligible accounts receivable of the Company and approximately 50% of the book value of eligible inventory of the Company. Borrowings under the Credit Facility bear interest at a per annum rate equal to the one month London Interbank Offered Rate plus a margin of 4.25% , with a minimum interest rate of 5.25% per annum. The Company must also pay an unused facility fee to AloStar equal to 0.50% per annum on the unused portion of the Credit Facility along with other standard fees.

The Loan and Security Agreement dated August 23, 2012 establishing the Credit Facility (the "Loan Agreement") contains customary representations and warranties. It also contains a requirement that the Company, on a consolidated basis, maintain a minimum monthly fixed charge coverage ratio and minimum monthly earnings before interest, taxes, depreciation, amortization, restructuring and share based payments ("Adjusted EBITDA"), along with other customary restrictive covenants, certain of which are subject to materiality thresholds, baskets and customary exceptions and qualifications.

The obligations under the Loan Agreement are secured by, subject to certain exclusions, (i) a first priority security interest in all of the accounts receivable, inventory, chattel paper, payment intangibles, cash and cash equivalents and other working capital assets and stock or other equity interests in the Subsidiaries, and (ii) a first priority security interest in all of Brad Foote's equipment.

The Company is in discussions to put in place a new credit facility in anticipation of the scheduled expiration of the Credit Facility on August 23, 2015. As of March 31, 2015, there was $1,238 in outstanding indebtedness under the Credit Facility, the Company had the ability to borrow up to $15,733 thereunder and the per annum interest rate was 5.25% . AloStar and the Company executed a Sixth Amendment to the Loan Agreement on March 27, 2015 to amend the financial covenant terms, and the Company was in compliance with all applicable covenants under the Loan Agreement as of March 31, 2015.

Other

Included in Long Term Debt, Net of Current Maturities is $2,600 associated with the New Markets Tax Credit transaction described further in Note 15, "New Markets Tax Credit Transaction" of these condensed consolidated financial statements. Additionally, the Company has approximately $77 of other term loans outstanding.

NOTE 8 — FAIR VALUE MEASUREMENTS

The Company measures its financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Additionally, the Company is required to provide disclosure and categorize assets and liabilities measured at fair value into one of three different levels depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement. Financial instruments are assessed quarterly to determine the appropriate classification within the fair value hierarchy. Transfers between fair value classifications are made based upon the nature and type of the observable inputs. The fair value hierarchy is defined as follows:

Level 1 — Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly. For the Company's municipal bonds, the Company note that although quoted prices are available and used to value said assets, they are traded less frequently.

Level 3 — Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect management's best estimate of what market participants would use in valuing the asset or liability at the measurement date. The Company used market negotiations to value Brad Foote's assets. The Company used real estate appraisals to value the Clintonville, Wisconsin facility owned by Broadwind Towers (the "Clintonville Facility").

The following tables represent the fair values of the Company's financial assets as of March 31, 2015 and December 31, 2014:

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets measured on a nonrecurring basis:				
Clintonville, WI facility	$ —	$ —	$ 700	$ 700
Gearing Cicero Ave. facility	—	—	560	560
Total assets at fair value	$ —	$ —	$ 1,260	$ 1,260

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets measured on a recurring basis:				
Municipal bonds and money market funds	$ —	$ 11,429	$ —	$ 11,429
Assets measured on a nonrecurring basis:				
Clintonville, WI facility	—	—	738	738
Gearing Cicero Ave. facility	—	—	560	560
Total assets at fair value	$ —	$ 11,429	$ 1,298	$ 12,727

Fair value of financial instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, restricted cash, accounts receivable, accounts payable and customer deposits, approximate their respective fair values due to the relatively short-term nature of these instruments. Based upon interest rates currently available to the Company for debt with similar terms, the carrying value of the Company's long-term debt is approximately equal to its fair value.

Assets measured at fair value on a nonrecurring basis

The fair value measurement approach for long-lived assets utilizes a number of significant unobservable inputs or Level 3 assumptions. These assumptions include, among others, projections of the Company’s future operating results, the implied fair value of these assets using an income approach by preparing a discounted cash flow analysis and a market-based approach based on the Company’s market capitalization, and other subjective assumptions. To the extent projections used in the Company’s evaluations are not achieved, there may be a negative effect on the valuation of these assets.

Due to the Company’s operating losses within Brad Foote and Broadwind Services in the first quarter of 2015 combined with its history of continued operating losses, the Company continues to evaluate the recoverability of certain of its identifiable intangible assets and certain property and equipment assets. Based upon the Company’s March 31, 2015 assessment, the recoverable amount of undiscounted cash flows based upon the Company’s most recent projections substantially exceeded the carrying amount of invested capital for the Gearing and Services segments, respectively, and no impairment to these assets was indicated.

NOTE 9 — INCOME TAXES

Effective tax rates differ from federal statutory income tax rates primarily due to changes in the Company’s valuation allowance, permanent differences and provisions for state and local income taxes. As of March 31, 2015, the Company had no net deferred income taxes due to the full recorded valuation allowance. During the three months ended March 31, 2015, the Company recorded a provision for income taxes of $77 compared to a provision for income taxes of $24 during the three months ended March 31, 2014.

The Company files income tax returns in U.S. federal and state jurisdictions. As of March 31, 2015, open tax years in federal and some state jurisdictions date back to 1996 due to the taxing authorities’ ability to adjust operating loss carryforwards. As of December 31, 2014, the Company had net operating loss (“NOL”) carryforwards of $173,823 expiring in various years through 2034.

It is reasonably possible that unrecognized tax benefits will decrease by up to approximately $63 as a result of the expiration of the applicable statutes of limitations within the next twelve months. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the “IRC”), generally imposes an annual limitation on the amount of NOL carryforwards and associated built-in losses that may be used to offset taxable income when a corporation has undergone certain changes in stock ownership. The Company’s ability to utilize NOL carryforwards and built-in losses may be limited, under this section or otherwise, by the Company’s issuance of common stock or by other changes in stock ownership. Upon completion of the Company’s analysis of IRC Section 382, the Company has determined that aggregate changes in stock ownership have triggered an annual limitation on NOL carryforwards and built-in losses available for utilization. To the extent the Company’s use of NOL carryforwards and associated built-in losses is significantly limited in the future due to additional changes in stock ownership, the Company’s income could be subject to U.S. corporate income tax earlier than it would be if the Company were able to use NOL carryforwards and built-in losses without such limitation, which could result in lower profits and the loss of benefits from these attributes.

The Company announced on February 13, 2013, that its Board of Directors (the “Board”) had adopted a Stockholder Rights Plan (the “Rights Plan”) for a three year period designed to preserve the Company’s substantial tax assets associated with NOL carryforwards under IRC Section 382. The Rights Plan is intended to act as a deterrent to any person or group, together with its affiliates and associates, being or becoming the beneficial owner of 4.9% or more of the Company’s common stock and thereby triggering a further limitation of the Company’s available NOL carryforwards. In connection with the adoption of the Rights Plan, the Board declared a non −taxable dividend of one preferred share purchase right (a “Right”) for each outstanding share of the Company’s common stock to the Company’s stockholders of record as of the close of business on February 22, 2013. Each Right entitles its holder to purchase from the Company one one −thousandth of a share of the Company’s Series A Junior Participating Preferred Stock at an exercise price of $14.00 per Right, subject to adjustment. As a result of the Rights Plan, any person or group that acquires beneficial ownership of 4.9% or more of the Company’s common stock without the approval of the Board would be subject to significant dilution in the ownership interest of that person or group. Stockholders who owned 4.9%

or more of the outstanding shares of the Company's common stock as of February 12, 2013 will not trigger the preferred share purchase rights unless they acquire additional shares. The Rights Plan was subsequently approved by the Company's stockholders at the Company's 2013 Annual Meeting of Stockholders.

As of March 31, 2015, the Company had $201 of unrecognized tax benefits, all of which would have a favorable impact on income tax expense. The Company recognizes interest and penalties related to uncertain tax positions as income tax expense. The Company had accrued interest and penalties of $126 as of March 31, 2015. As of December 31, 2014, the Company had unrecognized tax benefits of $199 , of which $118 represented accrued interest and penalties.

NOTE 10 — SHARE-BASED COMPENSATION

Overview of Share-Based Compensation Plans

2007 Equity Incentive Plan

The Company has granted incentive stock options and other equity awards pursuant to the Amended and Restated Broadwind Energy, Inc. 2007 Equity Incentive Plan (the "2007 EIP"), which was approved by the Board in October 2007 and by the Company's stockholders in June 2008. The 2007 EIP has been amended periodically since its original approval.

The 2007 EIP reserved 691,051 shares of the Company's common stock for grants to officers, directors, employees, consultants and advisors upon whose efforts the success of the Company and its affiliates depends to a large degree. As of March 31, 2015, the Company had reserved 57,783 shares for issuance upon the exercise of stock options outstanding and 9,943 shares for issuance upon the vesting of restricted stock unit ("RSU") awards outstanding. As of March 31, 2015, 247,001 shares of common stock reserved for stock options and RSU awards under the 2007 EIP have been issued in the form of common stock.

2012 Equity Incentive Plan

The Company has granted incentive stock options and other equity awards pursuant to the Broadwind Energy, Inc. 2012 Equity Incentive Plan (the "2012 EIP;" together with the 2007 EIP, the "Equity Incentive Plans"), which was approved by the Board in March 2012 and by the Company's stockholders in May 2012. The purposes of the 2012 EIP are (i) to align the interests of the Company's stockholders and recipients of awards under the 2012 EIP by increasing the proprietary interest of such recipients in the Company's growth and success; (ii) to advance the interests of the Company by attracting and retaining officers, other employees, non-employee directors and independent contractors; and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders. Under the 2012 EIP, the Company may grant (i) non-qualified stock options; (ii) "incentive stock options" (within the meaning of IRC Section 422); (iii) stock appreciation rights; (iv) restricted stock and RSUs; and (v) performance awards.

The 2012 EIP reserves 1,200,000 shares of the Company's common stock for grants to officers, directors, employees, consultants and advisors upon whose efforts the success of the Company and its affiliates will depend to a large degree. As of March 31, 2015, the Company had reserved 100,935 shares for issuance upon the exercise of stock options outstanding and 522,944 shares for issuance upon the vesting of RSU awards outstanding. As of March 31, 2015, 371,977 shares of common stock reserved for stock options and RSU awards under the 2012 EIP have been issued in the form of common stock.

Stock Options. The exercise price of stock options granted under the Equity Incentive Plans is equal to the closing price of the Company's common stock on the date of grant. Stock options generally become exercisable on the anniversary of the grant date, with vesting terms that may range from one to five years from the date of grant. Additionally, stock options expire ten years after the date of grant. The fair value of stock options granted is expensed ratably over their vesting term.

Restricted Stock Units (RSUs). The granting of RSUs is provided for under the Equity Incentive Plans. RSUs generally vest on the anniversary of the grant date, with vesting terms that may range from one to five years from the date of grant. The fair value of each RSU granted is equal to the closing price of the Company's common stock on the date of grant and is generally expensed ratably over the vesting term of the RSU award.

The following table summarizes stock option activity during the three months ended March 31, 2015 under the Equity Incentive Plans, as follows:

	Options	Weighted Average Exercise Price
Outstanding as of December 31, 2014	158,718	$ 16.64
Granted	—	—
Exercised	—	—
Forfeited	—	—
Expired	—	—
Outstanding as of March 31, 2015	158,718	$ 16.64
Exercisable as of March 31, 2015	107,811	$ 22.85

The following table summarizes RSU activity during the three months ended March 31, 2015 under the Equity Incentive Plans, as follows:

	Number of Shares	Weighted Average Grant-Date Fair Value Per Share
Outstanding as of December 31, 2014	515,038	$ 5.78
Granted	141,204	$ 5.45
Vested	(97,119)	$ 5.40
Forfeited	(26,236)	$ 6.19
Outstanding as of March 31, 2015	532,887	$ 5.74

The fair value of each stock option award is estimated on the date of grant using the Black-Scholes option pricing model. The determination of the fair value of each stock option is affected by the Company's stock price on the date of grant, as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the expected volatility of the price of the Company's stock over the expected life of the awards and actual and projected stock option exercise behavior. There were no stock options granted during the three months ended March 31, 2015.

The Company utilized a forfeiture rate of 25% during the three months ended March 31, 2015 and 2014 for estimating the forfeitures of stock compensation granted.

The following table summarizes share-based compensation expense included in the Company's condensed consolidated statements of operations for the three months ended March 31, 2015 and 2014, as follows:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Share-based compensation expense:		
Cost of sales	$ 31	$ 62
Selling, general and administrative	224	161
Income tax benefit (1)	—	—
Net effect of share-based compensation expense on net loss	$ 255	$ 223
Reduction in earnings per share:		
Basic and diluted earnings per share (2)	$ 0.02	$ 0.02

(1) Income tax benefit is not illustrated because the Company is currently in a full tax valuation allowance position and an actual income tax benefit was not realized for the three months ended March 31, 2015 and 2014. The result of the loss situation creates a timing difference, resulting in a deferred tax asset, which is fully reserved for in the Company's valuation allowance.
(2) Diluted earnings per share for the three months ended March 31, 2015 and 2014 does not include common stock equivalents due to their anti-dilutive nature as a result of the Company's net losses for these respective periods. Accordingly, basic earnings per share and diluted earnings per share are identical for all periods presented.

As of March 31, 2015, the Company estimates that pre-tax compensation expense for all unvested share-based awards, including both stock options and RSUs, in the amount of approximately $2,151 will be recognized through 2018. The Company expects to satisfy the exercise of stock options and future distribution of shares of restricted stock by issuing new shares of common stock.

NOTE 11 — LEGAL PROCEEDINGS

The Company is party to certain claims and legal proceedings arising in the ordinary course of business, none of which is deemed to be individually significant at this time. Due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's results of operations, financial position or liquidity. It is possible that if one or more of such matters were decided against the Company, the effects could be material to the Company's results of operations in the period in which the Company would be required to record or adjust the related liability and could also be material to the Company's cash flows in the periods the Company would be required to pay such liability.

NOTE 12 — RECENT ACCOUNTING PRONOUNCEMENTS

The Company reviews new accounting standards as issued. Although some of the accounting standards issued or effective in the current fiscal year may be applicable to it, the Company believes that none of the new standards have a significant impact on its consolidated financial statements, except as discussed below. The Company is currently evaluating the impact of the new standards on its condensed consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014 −09, Revenue from Contracts with Customers, which amends the guidance in former ASC Topic 605, *Revenue Recognition* , and provides a single, comprehensive revenue recognition model for all contracts with customers. This standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The entity will recognize revenue to reflect the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is not permitted. The Company will adopt the provisions of ASU 2014 −09 for the fiscal year beginning January 1, 2017, and is currently evaluating the impact on its consolidated financial statements.

NOTE 13 — SEGMENT REPORTING

The Company is organized into reporting segments based on the nature of the products and services offered and business activities from which it earns revenues and incurs expenses for which discrete financial information is available and regularly reviewed by the Company's chief operating decision maker. The Company's segments and their product and service offerings are summarized below:

Towers and Weldments

The Company manufactures towers for wind turbines, specifically the large and heavier wind towers that are designed for multiple megawatt ("MW") wind turbines. Production facilities, located in Manitowoc, Wisconsin and Abilene, Texas, are situated in close proximity to the primary U.S. domestic wind energy and equipment manufacturing hubs. The two facilities have a combined annual tower production capacity of up to approximately 500 towers, sufficient to support turbines generating more than 1,000 MW of power. This product segment also encompasses the manufacture of specialty weldments for mining and other industrial customers.

Gearing

The Company engineers, builds and remanufactures precision gears and gearing systems for oil and gas, wind, mining, steel and other industrial applications. The Company uses an integrated manufacturing process, which includes machining and finishing processes in Cicero, Illinois, and heat treatment in Neville Island, Pennsylvania.

Services

The Company offers a comprehensive range of services, primarily to wind farm developers and operators. The Company specializes in non routine maintenance services for wind turbines. The Company also offers comprehensive field services to the wind energy industry. The Company is increasingly focusing its efforts on the identification and/or development of product and service offerings which will improve the reliability and efficiency of wind turbines, and therefore enhance the economic benefits to its customers. The Company provides wind services across the U.S., with primary service locations in South Dakota and Texas. The Company operates drivetrain service centers in these two locations, focused on servicing the growing installed base of MW wind turbines as they come off warranty and, to a limited extent, industrial gearboxes requiring precision repair and testing. The Company has recently decided to consolidate the two service centers into the drivetrain service center in Abilene, Texas (the “Abilene Gearbox Facility”) in order to reduce overhead costs.

Corporate and Other

“Corporate” includes the assets and selling, general and administrative expenses of the Company’s corporate office. “Eliminations” comprises adjustments to reconcile segment results to consolidated results.

Summary financial information by reportable segment for the three months ended March 31, 2015 and 2014 is as follows:

	Towers and Weldments	Gearing	Services	Corporate	Eliminations	Consolidated
For the Three Months Ended March 31, 2015						
Revenues from external customers	$ 40,797	$ 8,432	$ 1,822	$ —	$ —	$ 51,051
Intersegment revenues (1)	231	176	116	—	(523)	—
Operating profit (loss)	1,135	(1,211)	(2,624)	(2,283)	5	(4,978)
Depreciation and amortization	914	1,296	322	46	—	2,578
Capital expenditures	511	72	171	85	—	839

	Towers and Weldments	Gearing	Services	Corporate	Eliminations	Consolidated
For the Three Months Ended March 31, 2014						
Revenues from external customers	$ 48,134	$ 8,275	$ 2,391	$ —	$ —	$ 58,800
Intersegment revenues (1)	160	499	47	—	(706)	—
Operating profit (loss)	5,612	(2,966)	(1,339)	(2,253)	(49)	(995)
Depreciation and amortization	984	1,801	313	16	—	3,114
Capital expenditures	1,233	634	30	303	—	2,200

Segments:	Total Assets as of March 31, 2015	Total Assets as of December 31, 2014
Towers and Weldments	$ 65,005	$ 50,691
Gearing	48,200	50,238
Services	8,377	10,884
Assets held for sale	700	738
Corporate	290,682	297,754
Eliminations	(275,537)	(263,688)
	$ 137,427	$ 146,617

(1) Intersegment revenues primarily consist of sales from Gearing to Services. Sales from Gearing to Services totaled $176 and $499 for the three months ended March 31, 2015 and 2014, respectively.

NOTE 14 — COMMITMENTS AND CONTINGENCIES

Environmental Compliance and Remediation Liabilities

The Company's operations and products are subject to a variety of environmental laws and regulations in the jurisdictions in which the Company operates and sells products governing, among other things, air emissions, wastewater discharges, the use, handling and disposal of hazardous materials, soil and groundwater contamination, employee health and safety, and product content, performance and packaging. Also, certain environmental laws can impose the entire cost or a portion of the cost of investigating and cleaning up a contaminated site, regardless of fault, upon any one or more of a number of parties, including the current or previous owners or operators of the site. These environmental laws also impose liability on any person who arranges for the disposal or treatment of hazardous substances at a contaminated site. Third parties may also make claims against owners or operators of sites and users of disposal sites for personal injuries and property damage associated with releases of hazardous substances from those sites.

In connection with the Company's restructuring initiatives, during the third quarter of 2012, the Company identified a liability associated with the planned sale of one of Brad Foote's facilities located in Cicero, Illinois (the "Cicero Avenue Facility"). The liability is associated with environmental remediation costs that were identified while preparing the site for sale. During 2013, the Company applied for and was accepted into the Illinois Environmental Protection Agency ("IEPA") voluntary site remediation program. In the first quarter of 2014, the Company completed a comprehensive review of remedial options for the Cicero Avenue Facility and selected a preferred remediation technology. As part of the voluntary site remediation program, the Company has submitted a plan to the IEPA for approval to conduct a pilot study to test the effectiveness of the selected remediation technology. On July 23, 2014, the Company received comments from the IEPA on the proposed site remediation plan. The Company has provided additional information to the IEPA in response to those questions, but no change to the remediation plan or the financial reserve is needed at this time. The Company will continue to reevaluate its reserve balance associated with this matter as it gathers additional information. As of March 31, 2015, the accrual balance associated with this matter totaled $513 .

Warranty Liability

The Company provides warranty terms that range from one to five years for various products and services supplied by the Company. In certain contracts, the Company has recourse provisions for items that would enable recovery from third parties for amounts paid to customers under warranty provisions. As of March 31, 2015 and 2014, estimated product warranty liability was $736 and $370, respectively, and is recorded within accrued liabilities in the Company's condensed consolidated balance sheets.

The changes in the carrying amount of the Company's total product warranty liability for the three months ended March 31, 2015 and 2014 were as follows:

	For the Three Months Ended March 31,	
	2015	2014
Balance, beginning of period	$ 1,198	$ 457
Addition to (reduction of) warranty reserve	3	(70)
Warranty claims	(465)	(17)
Balance, end of period	$ 736	$ 370

Allowance for Doubtful Accounts

Based upon past experience and judgment, the Company establishes an allowance for doubtful accounts with respect to accounts receivable. The Company's standard allowance estimation methodology considers a number of factors that, based on its collections experience, the Company believes will have an impact on its credit risk and the collectability of its accounts receivable. These factors include individual customer circumstances, history with the Company, the length of the time period during which the account receivable has been past due and other relevant criteria.

The Company monitors its collections and write-off experience to assess whether or not adjustments to its allowance estimates are necessary. Changes in trends in any of the factors that the Company believes may impact the collectability of its accounts receivable, as noted above, or modifications to its credit standards, collection practices and other related policies may impact the Company's allowance for doubtful accounts and its financial results. The activity in the accounts receivable allowance liability for the three months ended March 31, 2015 and 2014 consisted of the following:

	For the Three Months Ended March 31,	
	2015	2014
Balance at beginning of period	$ 82	$ 17
Bad debt expense	1	54
Write-offs	—	(12)
Balance at end of period	$ 83	$ 59

Collateral

In select instances, the Company has pledged specific inventory and machinery and equipment assets to serve as collateral on related payable or financing obligations.

Liquidated Damages

In certain customer contracts, the Company has agreed to pay liquidated damages in the event of qualifying delivery or production delays. These damages are typically limited to a specific percentage of the value of the product in question and/or dependent on actual losses sustained by the customer. The Company does not believe that this potential exposure will have a material adverse effect on the Company's consolidated financial position or results of operations. There was no reserve for liquidated damages as of March 31, 2015.

Workers' Compensation Reserves

At the beginning of the third quarter of 2013, the Company began to self-insure for its workers' compensation liabilities, including reserves for self-retained losses. Historical loss experience combined with actuarial evaluation methods and the application of risk transfer programs are used to determine required workers' compensation reserves. The Company takes into account claims incurred but not reported when determining its workers' compensation reserves. Although the ultimate outcome of these matters may exceed the amounts recorded and additional losses may be incurred, the Company does not believe that any additional potential exposure for such liabilities will have a material adverse

effect on the Company's consolidated financial position or results of operations. As of March 31, 2015, the Company had $1,362 accrued for self-insured workers' compensation liabilities.

Other

As of December 31, 2014, approximately 15% of the Company's employees were covered by two collective bargaining agreements with local unions at the Company's Cicero, Illinois and Neville Island, Pennsylvania locations. The current collective bargaining agreement with the Cicero union is expected to remain in effect through February 2018. The current collective bargaining agreement with the Neville Island union is expected to remain in effect through October 2017.

See Note 15, "New Markets Tax Credit Transaction" of these consolidated financial statements related to a strategic financing transaction (the "NMTC Transaction") relating to the Abilene Gearbox Facility, which is focused on servicing the growing installed base of MW wind turbines as they come off warranty and, to a limited extent, industrial gearboxes requiring precision repair and testing. Pursuant to the NMTC Transaction, the gross loan and investment in the Abilene Gearbox Facility of $10,000 is expected to generate $3,900 in tax credits over a period of seven years, which the NMTC Transaction makes available to Capital One, National Association ("Capital One"). The Abilene Gearbox Facility must operate and be in compliance with the terms and conditions of the NMTC Transaction during the seven year compliance period, or the Company may be liable for the recapture of $3,900 in tax credits to which Capital One is otherwise entitled. The Company does not anticipate any credit recaptures will be required in connection with the NMTC Transaction.

NOTE 15 — NEW MARKETS TAX CREDIT TRANSACTION

On July 20, 2011, the Company executed the NMTC Transaction involving the following third parties: AMCREF Fund VII, LLC ("AMCREF"), a registered community development entity; COCRF Investor VIII, LLC ("COCRF"); and Capital One. The NMTC Transaction allows the Company to receive below market interest rate funds through the federal New Markets Tax Credit ("NMTC") program. The Company received $2,280 in proceeds via the NMTC Transaction. The NMTC Transaction qualifies under the NMTC program and included a gross loan from AMCREF to Broadwind Services in the principal amount of $10,000 , with a term of fifteen years and interest payable at the rate of 1.4% per annum, largely offset by a gross loan in the principal amount of $7,720 from the Company to COCRF, with a term of fifteen years and interest payable at the rate of 2.5% per annum.

The NMTC regulations permit taxpayers to claim credits against their federal income taxes for up to 39% of qualified investments in the equity of community development entities. The NMTC Transaction could generate $3,900 in tax credits, which the Company has made available under the structure by passing them through to Capital One. The proceeds have been applied to the Company's investment in the Abilene Gearbox Facility assets and operating costs, as permitted under the NMTC program.

The Abilene Gearbox Facility must operate and be in compliance with various regulations and restrictions through September 2018, the end of the seven year period, to comply with the terms of the NMTC Transaction, or the Company may be liable under its indemnification agreement with Capital One for the recapture of tax credits. In the event the Company does not comply with these regulations and restrictions, the NMTC program tax credits may be subject to 100% recapture for a period of seven years as provided in the IRC. The Company does not anticipate that any tax credit recapture events will occur or that it will be required to make any payments to Capital One under the indemnification agreement.

The Capital One contribution, including a loan origination payment of $320 , has been included as other assets in the Company's condensed consolidated balance sheet as of March 31, 2015. The NMTC Transaction includes a put/call provision whereby the Company may be obligated or entitled to repurchase Capital One's interest in the third quarter of 2018. Capital One may exercise an option to put its investment and receive $130 from the Company. If Capital One does not exercise its put option, the Company can exercise a call option at the then fair market value of the call. The Company expects that Capital One will exercise the put option at the end of the tax credit recapture period. The Capital One contribution other than the amount allocated to the put obligation will be recognized as income only after the put/call is exercised and when Capital One has no ongoing interest. However, there is no legal obligation for Capital One to exercise the put, and the Company has attributed only an insignificant value to the put option included in this transaction structure.

The Company has determined that two pass −through financing entities created under this transaction structure are variable interest entities ("VIEs"). The ongoing activities of the VIEs—collecting and remitting interest and fees and complying with NMTC program requirements—were considered in the initial design of the NMTC Transaction and are not expected to significantly affect economic performance throughout the life of the VIEs. In making this determination, management also considered the contractual arrangements that obligate the Company to deliver tax benefits and provide various other guarantees under the transaction structure, Capital One's lack of a material interest in the underlying economics of the project, and the fact that the Company is obligated to absorb losses of the VIEs. The Company has concluded that it is required to consolidate the VIEs because the Company has both (i) the power to direct those matters that most significantly impact the activities of each VIE, and (ii) the obligation to absorb losses or the right to receive benefits of each VIE.

The $262 of issue costs paid to third parties in connection with the NMTC Transaction are recorded as prepaid expenses, and are being amortized over the expected seven year term of the NMTC arrangement. Capital One's net contribution of $2,600 is included in Long Term Debt, Net of Current Maturities in the condensed consolidated balance sheet as of March 31, 2015. Incremental costs to maintain the transaction structure during the compliance period will be recognized as they are incurred.

NOTE 16 — RESTRUCTURING

The Company's total net restructuring charges incurred to date are detailed below:

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	Total Incurred
Restructuring charges:					
Capital expenditures	$ 5	$2,596	$ 2,352	$ 674	$ 5,627
Gain on sale of Brandon, SD Facility	—	—	(3,585)	—	(3,585)
Accelerated depreciation	—	819	898	—	1,717
Severance	430	—	435	—	865
Impairment charges	—	—	2,365	—	2,365
Moving and other exit-related costs	439	1,677	3,085	1,479	6,680
Total	874	5,092	5,550	2,153	13,669

During the third quarter of 2011, the Company conducted a review of its business strategies and product plans based on the business and industry outlook, and concluded that its manufacturing footprint and fixed cost base were excessive for its medium-term needs. A plan was developed to reduce the Company's facility footprint by approximately 40% through the sale and/or closure of facilities comprising a total of approximately 600,000 square feet. To-date, the Company has reduced its leased presence at six facilities and achieved a reduction of approximately 400,000 square feet. Two remaining properties, located in Clintonville, Wisconsin and Cicero, Illinois, have been vacated and are being marketed for sale. The Company believes its remaining locations will be sufficient to support its current business activities, while allowing for growth for the next several years. In the third quarter of 2012, the Company identified a $352 liability associated with the planned sale of the Cicero Avenue Facility. The Company further adjusted the liability in the fourth quarter of 2013 by recording an additional $258 charge. The liability is associated with environmental remediation costs that were originally identified while preparing the site for sale. The expenses associated with this liability have been recorded as restructuring charges, and as of March 31, 2015, the accrual balance remaining is $513 .

As of December 31, 2014, the Company had completed the expenditures relating to its restructuring plan. The Company incurred total costs of approximately $13,700, net of a $3,585 gain on the sale of an idle tower plant in Brandon, South Dakota. The Company's restructuring charges generally include costs to close or exit facilities, costs to move equipment, the related costs of building infrastructure for moved equipment and employee related costs. Of the total restructuring costs incurred, a total of approximately $4,800 consists of non –cash charges.

During 2014, the Company incurred $2,153 of restructuring charges, including $674 to complete the capital investment to consolidate its gearing facilities in Cicero, Illinois and $1,479 of moving and other exit-related costs associated with the two remaining facilities that are held for sale.

I tem 2. Management's Discussion and Analysis of Financial Condition and Results of Operation s

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes thereto in Item 1, "Financial Statements," of this Quarterly Report and the audited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2014. The discussion below contains forward-looking statements that are based upon our current expectations and are subject to uncertainty and changes in circumstances including, but not limited to, those identified in "Cautionary Note Regarding Forward-Looking Statements" at the end of Item 2. Actual results may differ materially from these expectations due to inaccurate assumptions and known or unknown risks and uncertainties.

(Dollars are presented in thousands except per share data or unless otherwise stated)

OUR BUSINESS

First Quarter Overview

We recognized sales of $51,100 for the first quarter of 2015, a 13% decrease compared to $58,800 in the first quarter of 2014. The decrease primarily reflects a decrease in our Towers and Weldments segment where $4,300 of finished towers were in inventory at quarter end, and scheduled for delivery later in 2015. This situation occurred as a result of the West Coast port slowdown whereby the supply of certain components was constrained, and production was accelerated for other products ahead of purchase order due dates. We reported a net loss of $5,000 or $.34 per share in the first quarter of 2015, compared to a net loss of $1,000 or $.07 per share in the first quarter of 2014. The $.27 per share decline was due to lower Towers and Weldments and Services segment earnings, partially offset by improvements in the Gearing segment.

We booked $23,300 in net new orders in the first quarter of 2015, up from $15,800 in the prior year first quarter. The increase is due to the timing of receipt of tower orders, which vary considerably from quarter to quarter. Customer demand for wind towers and replacement wind gearing remains strong. However, we have seen growing weakness in orders from oil and gas and mining customers, affecting both our Gearing segment and industrial weldments product line, within our Towers and Weldments segment. Orders from customers in these industries declined $8,000 from the prior year quarter. Additionally, first quarter Services orders totaled $1,900, down from the prior-year first quarter's orders of $3,600, largely due to reduced demand for blade repairs.

As a result of weakness in these markets, we have taken a number of cost reduction actions, including idling two facilities and reducing headcount and eliminating positions totaling approximately 10% of our workforce. In our Services segment, we are exiting the market for servicing older-generation kilowatt and community wind turbines and consolidating our repair activities into a single shop. We are consolidating our industrial weldment production into our Abilene, Texas location, and have reduced capital and discretionary spending in all areas. We plan to continue to actively monitor these markets and our spending.

We meet our short term liquidity needs through its available cash balances and through a $20,000 secured credit facility with AloStar Bank of Commerce ("AloStar"), which was established on August 23, 2012 (the "Credit Facility"). We are in discussions to extend or implement a new facility in anticipation of the expiration of the Credit Facility on August 23, 2015. Under the terms of the Credit Facility, AloStar will advance funds when requested up to the level of the Company's borrowing base, which consists of approximately 85% of eligible receivables and approximately 50% of eligible inventory. Under this borrowing structure, borrowings are continuous and all cash receipts are automatically applied to the outstanding borrowed balance. We use the Credit Facility from time to time to fund temporary increases in working capital, and believes the Credit Facility, together with the operating cash generated by the business, is sufficient to meet all cash obligations. As of March 31, 2015, cash and cash equivalents and short-term investments totaled $200, a decrease of $20,000 from December 31, 2014, and $1,200 was outstanding under the Credit Facility. We had the ability to borrow up to $15,700 under the Credit Facility and were in compliance with all applicable covenants. The significant reduction in cash was due in part to sharply higher steel plate and finished goods inventories, and is believed to be temporary. Towers Abilene raw material inventory at March 31, 2015 was $6,000 higher than at March 31, 2014. The higher towers raw material inventory is due mainly to lower tower sales reflecting the residual effects of production issues in the Abilene, Texas tower production facility. The Abilene tower facility produced 18 fewer towers than in the prior year period. The slower production occurred mainly in January and February, and by March the facility was performing near its targeted production rate. The higher towers finished goods inventory was due to production re-sequencing necessitated by supply shortages caused by labor slowdowns at West Coast ports. The slowdowns required the production of certain towers ahead of schedule where materials were already on hand, so as not to lose scarce production slots and maintain capacity. The West Coast port slowdown is now resolved. We have firm orders to sell these finished goods later in 2015, which are expected to generate approximately $5,000 in revenue.

RESULTS OF OPERATIONS

Three Months Ended March 31, 2015 , Compared to Three Months Ended March 31, 2014

The summary of selected financial data table below should be referenced in connection with a review of the following discussion of our results of operations for the three months ended March 31, 2015 , compared to the three months ended March 31, 2014 .

	Three Months Ended March 31,				2015 vs. 2014	
	2015	% of Total Revenue	2014	% of Total Revenue	$ Change	% Change
Revenues	$51,051	100.0 %	$58,800	100.0 %	$(7,749)	(13.2)%
Cost of sales	50,312	98.6 %	53,438	90.9 %	(3,126)	(5.8)%
Restructuring costs	—	— %	269	0.5 %	(269)	(100.0)%
Gross profit	739	1.4 %	5,093	8.6 %	(4,354)	(85.5)%
Operating expenses						
Selling, general and administrative expenses	5,606	11.0 %	5,917	10.1 %	(311)	(5.3)%
Intangible amortization	111	0.2 %	111	0.2 %	—	— %
Restructuring costs	—	— %	60	0.1 %	(60)	(100.0)%
Total operating expenses	5,717	11.2 %	6,088	10.4 %	(371)	(6.1)%
Operating loss	(4,978)	(9.8)%	(995)	(1.8)%	(3,983)	(400.3)%
Other income (expense)						
Interest expense, net	(172)	(0.3)%	(160)	(0.3)%	(12)	(7.5)%
Other, net	212	0.4 %	136	0.2 %	76	55.9 %
Total other income (expense), net	40	0.1 %	(24)	(0.1)%	64	266.7 %
Net loss from continuing operations before provision for income taxes	(4,938)	(9.7)%	(1,019)	(1.9)%	(3,919)	(384.6)%
Provision for income taxes	77	0.2 %	24	— %	53	220.8 %
Net loss	$(5,015)	(9.9)%	$(1,043)	(1.9)%	$(3,972)	(380.8)%

Consolidated

Revenues decreased by $7,749 from $58,800 during the three months ended March 31, 2014, to $51,051 during the three months ended March 31, 2015. The decrease primarily reflects a decrease in our Towers and Weldments segment. Towers and Weldments segment revenues decreased 15% due to production difficulties at the Company’s Abilene, Texas tower plant which extended into early 2015, and high finished goods inventories at the Company’s

Manitowoc, Wisconsin tower plant which are scheduled for delivery in later quarters, due to the West Coast port slowdown. Services segment revenue decreased 21% as a result of weak demand for turbine blade repairs and other technician fieldwork services.

Gross profit decreased by $4,354, from $5,093 during the three months ended March 31, 2014, to $739 during the three months ended March 31, 2015. The decrease in gross profit was attributable to decreased Towers and Weldments volumes and margin due to the disruption of production in our Abilene, Texas facility, parts shortages and finished product delivery delays attributable to the West Coast port strike, and increased labor and overhead costs in the current-year quarter compared to the prior-year quarter. Services experienced decreases related to lower sales volumes and inventory impairment charges. The Gearing segment results partially offset these decreases due to reduced restructuring and depreciation expenses, and improved operating margins in the current-year quarter compared to the prior-year quarter. As a result, our total gross margin decreased from 8.6% during the three months ended March 31, 2014, to 1.4% during the three months ended March 31, 2015.

Selling, general and administrative expenses decreased by $311, from $5,917 during the three months ended March 31, 2014, to $5,606 during the three months ended March 31, 2015. The decrease was attributable to lower employee compensation in the current year quarter, the absence of a one-time professional fees expense incurred in the first quarter of 2014 and general cost containment efforts, partially offset by the absence of an insurance credit recorded in the first quarter of 2014. Selling, general and administrative expenses as a percentage of sales increased from 10.1% in the prior-year quarter to 11.0% in the current-year quarter.

Intangible amortization expense was $111 in each of the comparable quarters. Restructuring operating expenses decreased as due to the completion of the restructuring activities we began in 2011.

Net loss deteriorated from $1,043 during the three months ended March 31, 2014, to $5,015 during the three months ended March 31, 2015, as a result of the factors described above.

Towers and Weldments Segment

The following table summarizes the Towers and Weldments segment operating results for the three months ended March 31, 2015 and 201 4 :

	Three Months Ended March 31,	
	2015	**2014**
Orders	$11,770	$ 3,928
Revenues	41,028	48,294
Operating income	1,135	5,612
Operating margin	2.8 %	11.6 %

Towers and Weldments segment revenues decreased by $7,266, from $48,294 during the three months ended March 31, 2014, to $41,028 during the three months ended March 31, 2015. Towers and Weldments segment revenues decreased 15% due to the timing of delivery of $5,300 in revenue value of towers produced in the quarter which are scheduled for delivery in later quarters. These towers were produced out of sequence due to parts shortages caused by the West Coast labor slowdown, which have now been resolved. In addition, tower production in the Abilene, Texas tower plant was low early in the first quarter of 2015, as the plant was recovering from production difficulties which began in 2014.

Towers and Weldments segment operating income decreased by $4,477, from $5,612 during the three months ended March 31, 2014, to $1,135 during the three months ended March 31, 2015. The significant decrease was attributable to production inefficiencies in our Abilene, Texas facility, which were gradually resolved during the quarter, a lower margin tower mix, and delayed delivery of completed towers which were produced out of sequence. This resulted in lower margins on lower sales volumes and increased freight and overhead expenses as compared to the prior-year quarter, partially offset by the absence of a one-time professional fees expense of $681 incurred in the prior-year quarter. Operating margin decreased from 11.6% during the three months ended March 31, 2014, to 2.8% during the three months ended March 31, 2015.

Gearing Segment

The following table summarizes the Gearing segment operating results for the three months ended March 31, 2015 and 201 4 :

	Three Months Ended March 31,	
	2015	2014
Orders	$ 9,918	$ 8,466
Revenues	8,608	8,774
Operating loss	(1,211)	(2,966)
Operating margin	(14.1)%	(33.8)%

Gearing segment revenues decreased by $166, from $8,774 during the three months ended March 31, 2014, to $8,608 during the three months ended March 31, 2015. Total revenues were down 2% due to rescheduled deliveries to a key oil and gas customer. We did not experience production delays in the current-year quarter that had been experienced in the prior-year quarter.

Gearing segment operating loss decreased by $1,755, from $2,966 during the three months ended March 31, 2014, to $1,211 during the three months ended March 31, 2015. The decrease in operating loss was due to improved operating efficiencies, lower material costs, $311 in lower restructuring costs, and $514 in lower depreciation expenses in the current quarter as compared to the prior-year quarter. Operating margin improved from (33.8%) during the three months ended March 31, 2014, to (14.1%) during the three months ended March 31, 2015.

Services Segment

The following table summarizes the Services segment operating results for the three months ended March 31, 2015 and 201 4 :

	Three Months Ended March 31,	
	2015	2014
Orders	$ 1,891	$ 3,595
Revenues	1,938	2,438
Operating loss	(2,624)	(1,339)
Operating margin	(135.4)%	(54.9)%

Services segment revenues decreased by $500, from $2,438 during the three months ended March 31, 2014, to $1,938 during the three months ended March 31, 2015. The 21% decrease in revenue was due to weaker demand for turbine blade repairs and other technician fieldwork services.

Services segment operating loss increased by $1,285, from $1,339 during the three months ended March 31, 2014, to $2,624 during the three months ended March 31, 2015. The increase in operating loss was due to lower margins on decreased revenues, $702 in inventory impairment charges primarily related to our exit from the servicing of older-generation kilowatt and community wind turbines, and increased fixed overhead costs in the current-year quarter as compared to the prior-year quarter. The operating margin deteriorated from (54.9%) during the three months ended March 31, 2014, to (135.4%) during the three months ended March 31, 2015.

Corporate and Other

Corporate and Other expenses decreased by $24, from $2,302 during the three months ended March 31, 2014, to $2,278 during the three months ended March 31, 2015. The decrease in expense was attributable to lower employee compensation expense in the current quarter as compared to the prior-year quarter, offset by the absence of an insurance credit recorded in the 2014 quarter .

NON-GAAP FINANCIAL MEASURES

The following non-GAAP financial measure presented below relates to earnings before interest, taxes, depreciation, amortization, restructuring and share-based payments ("Adjusted EBITDA") and is presented for illustrative purposes as an accompaniment to our unaudited financial results of operations for the three months ended March 31, 2015 and 2014. Adjusted EBITDA should not be considered an alternative to, nor is there any implication that it is more meaningful than, any measure of performance or liquidity promulgated under accounting principles generally accepted in the United States ("GAAP"). We believe that Adjusted EBITDA is particularly meaningful due principally to the role acquisitions have played in our development and because of our recently completed restructuring program. Historically, our growth through acquisitions has resulted in significant non-cash depreciation and amortization expense, which was primarily attributable to a significant portion of the purchase price of our acquired businesses being allocated to depreciable fixed assets and definite-lived intangible assets. The following Adjusted EBITDA calculation is derived from our unaudited condensed consolidated financial results for the three months ended March 31, 2015 and 2014, as follows:

	Three Months Ended March 31,	
	2015	2014
	(unaudited)	
Operating loss	$(4,978)	$ (995)
Depreciation and amortization	2,578	3,114
Restructuring	—	329
Other income	212	136
Share−based compensation and other stock payments	255	223
Adjusted EBITDA	$(1,933)	$2,807

SUMMARY OF CRITICAL ACCOUNTING POLICIES

We have identified significant accounting policies that, as a result of the judgments, uncertainties, uniqueness and complexities of the underlying accounting standards and operations involved, could result in material changes to our financial condition or results of operations under different conditions or using different assumptions. Our most critical accounting policies are related to the following areas: revenue recognition, warranty liability, inventories, intangible assets, long-lived assets, workers' compensation reserves and income taxes. Details regarding our application of these policies and the related estimates are described fully in our Annual Report on Form 10-K for the year ended December 31, 2014.

Recent Accounting Pronouncements

We review new accounting standards as issued. Although some of the accounting standards issued or effective in the current fiscal year may be applicable to us, we have not identified any new standards that we believe merit further discussion, except as discussed below. We are currently evaluating the impact of the new standards on our condensed consolidated financial statements.

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014- 09, Revenue from Contracts with Customers, which amends the guidance in former ASC Topic 605, Revenue Recognition, and provides a single, comprehensive revenue recognition model for all contracts with customers. This standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The entity will recognize revenue to reflect the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This pronouncement is effective for fiscal years, and interim periods

within those years, beginning after December 15, 2016, and early adoption is not permitted. We will a dopt the provisions of ASU 2014- 09 for the fiscal year beginning January 1, 2017, and are currently evaluating the impact on our condensed consolidated financial statements.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

As of March 31, 2015, cash and cash equivalents and short-term investments totaled $150, a decrease of $20,023 from December 31, 2014. Total debt and capital lease obligations at March 31, 2015 totaled $4,866, and we had the ability to borrow up to $15,733 under the Credit Facility. We anticipate that we will be able to satisfy the cash requirements associated with, among other things, working capital needs, capital expenditures and lease commitments through at least the next 12 months primarily with current cash on hand and cash generated by operations.

In connection with the Credit Facility, AloStar will advance funds against our borrowing base, which consists of approximately 85% of eligible receivables and approximately 50% of eligible inventory. Under this borrowing structure, borrowings are continuous and all cash receipts are automatically applied to the outstanding borrowed balance. As a result of this structure, we anticipate that cash balances will remain at a minimum at all times when there are amounts outstanding under the Credit Facility. At March 31, 2015, there was $1,238 in outstanding indebtedness and we were in compliance with all applicable covenants.

While we believe that we will continue to have sufficient cash flows to operate our businesses and meet our financial obligations and debt covenants, there can be no assurances that our operations will generate sufficient cash, that we will be able to comply with applicable loan covenants or that credit facilities will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs.

Sources and Uses of Cash

Operating Cash Flows

During the three months ended March 31, 2015 and 2014, net cash used in operating activities totaled $20,038 and $12,117. The increase in net cash used in operating activities was primarily attributable to the increase in the inventory balances of the Towers and Weldments segment where inventories have risen $10,397 since December 31, 2014. The sharp rise in raw materials reflects unusually high levels of steel plate at the Abilene tower plant, where production difficulties encountered in late 2014 and extending into early 2015 reduced the rate of material consumption; those difficulties have been resolved and the surplus steel will be consumed later in the year.

Investing Cash Flows

During the three months ended March 31, 2015, net cash provided by investing activities totaled $7,184 compared to net cash used in investing activities of $2,808 during the prior-year quarter. The increase in net cash provided by investing activities as compared to the prior-year period was primarily attributable to the sales and maturities of available for sale securities in the current year.

Financing Cash Flows

During the three months ended March 31, 2015, net cash provided by financing activities totaled $855 compared to net cash used in financing activities of $410 during the prior-year quarter. The increase in net cash provided by financing activities as compared to the prior-year period was due to the current-year period proceeds under the Credit Facility.

Cautionary Note Regarding Forward-Looking Statements

The preceding discussion and analysis should be read in conjunction with our condensed consolidated financial statements and related notes included in Item 1 of Part I of this Quarterly Report on Form 10-Q and the audited consolidated financial statements and related notes and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2014. Portions of this Quarterly Report on Form 10-Q, including the discussion and analysis in this Item 2, contain “forward-looking statements”— that is, statements related to future, not past, events—as defined in Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that reflect our current expectations regarding our future growth, results of operations, financial condition, cash flows, performance and business prospects, and opportunities, as well as assumptions made by, and information currently available to, our management. Forward-looking statements include any statement that does not directly relate to a current or historical fact. We have tried to identify forward-looking statements by using words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “may,” “plan” and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. These statements are based on information currently available to us and are subject to various risks, uncertainties, and other factors, including, but not limited to, those discussed in Item 1A “Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2014, that could cause our actual growth, results of operations, financial condition, cash flows, performance and business prospects, and opportunities to differ materially from those expressed in, or implied by, these statements. Our forward-looking statements may include or relate to the following: (i) our plans to continue to grow our business through organic growth; (ii) our beliefs with respect to the sufficiency of our liquidity and our plans to evaluate alternate sources of funding if necessary; (iii) our plans and assumptions, including estimated costs and saving opportunities, regarding our recently completed restructuring efforts designed to improve our financial performance; (iv) our expectations relating to state, local and federal regulatory frameworks affecting the industries in which we compete, including the wind energy industry and the related extension, continuation or renewal of federal tax incentives and grants and state renewable portfolio standards; (v) our expectations with respect to our customer relationships and efforts to diversify our customer base and sector focus and leverage customer relationships across business units; (vi) our ability to realize revenue from customer orders and backlog; (vii) our ability to operate our business efficiently, manage capital expenditures and costs effectively, and generate cash flow; (viii) our beliefs and expectations relating to the economy and the potential impact it may have on our business, including our customers; (ix) our beliefs regarding the state of the wind energy market and other energy and industrial markets generally and the impact of competition and economic volatility in those markets; and (x) the potential loss of tax benefits if we experience an “ownership change” under Section 382 of the Internal Revenue Code. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Except as expressly required by the federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect future events, developments, or changed circumstances or for any other reason.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no significant change in our exposure to market risk during the three months ended March 31, 2015. For a discussion of our exposure to market risk, refer to “Quantitative and Qualitative Disclosures About Market Risk,” contained in Part II, Item 7A, of our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. This information is also accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the most recent fiscal quarter reported on herein. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

There was no change in our internal control over financial reporting during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to affect, our internal control over financial reporting.

PART II. OTHER INFORMATIO N

Item 1. Legal Proceeding s

The information required by this item is incorporate d herein by reference to Note 11 , "Legal Proceedings" of these condensed consolidated financial staetments in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factor s

There are no material changes to our risk factors as previously disclosed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2014 .

Item 2. Unregistered Sales of Equity Securities and Use of Proceed s

On October 29, 2014, our Board authorized a program to repurchase up to $10,000 of our outstanding common stock over the following six month period. Our share repurchase program does not obligate us to acquire any specific number of shares. The common stock may be acquired in the open market at prices subject to certain pricing guidelines determined us. We have no obligation to repurchase shares, and we may discontinue purchases at any time that we determine additional purchases are not warranted.

The following table provides information about our purchases of equity securities that are registered by us pursuant to Section 12 of the Exchange Act during the quarter ended March 31, 2015 :

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan
January 1, 2015 − January 31, 2015	—	$ —	—	$ 8,158
February 1, 2015 − February 28, 2015	—	—	—	8,158
March 1, 2015 − March 31, 2015	—	—	—	8,158
	—		—	

Item 3. Defaults Upon Senior Securitie s

None

Item 4. Mine Safety Disclosure s

Not Applicable

Item 5. Other Informatio n

None

Item 6. Exhibit s

The exhibits listed on the Exhibit Index following the signature page are filed as part of this Quarterly Report.

SIGNATURE S

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BROADWIND ENERGY, INC.

April 30, 2015	By: /s/ Peter C. Duprey Peter C. Duprey President and Chief Executive Officer *(Principal Executive Officer)*
April 30, 2015	By: /s/ Stephanie K. Kushner Stephanie K. Kushner Executive Vice President and Chief Financial Officer *(Principal Financial Officer)*

EXHIBIT INDEX
BROADWIND ENERGY, INC.
FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2015

Exhibit Number	Exhibit
10.1	Sixth Amendment to Loan and Security Agreement dated as of March 27, 2015 , by and among the Company, the Subsidiaries and AloStar Bank of Commerce*
31.1	Rule 13a-14(a) Certification of Chief Executive Officer*
31.2	Rule 13a-14(a) Certification of Chief Financial Officer*
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer*
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer*

* Filed herewith.

Exhibit 10.1

SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

This SIXTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this " Amendment ") is entered into as of March 27, 2015, among BROADWIND ENERGY, INC., a Delaware corporation (" Parent "), BRAD FOOTE GEAR WORKS, INC., an Illinois corporation (" Brad Foote "), BROADWIND SERVICES, LLC, a Delaware limited liability company (" Broadwind Services "), BROADWIND TOWERS, INC., a Wisconsin corporation (" Broadwind Towers " and, together with Parent, Brad Foote and Broadwind Services, each a " Borrower " and collectively the " Borrowers "), 1309 South Cicero Avenue, LLC, a Delaware limited liability company (" South Cicero "), 5100 Neville Road, LLC, a Delaware limited liability company (" Neville " and, together with South Cicero, each a " Guarantor " and collectively the " Guarantors "), and ALOSTAR BANK OF COMMERCE, a state banking institution incorporated or otherwise organized under the laws of the State of Alabama (the " Lender ").

W I T N E S S E T H:

WHEREAS, the Borrowers and the Lender are parties to that certain Loan and Security Agreement dated as of August 23, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the " Loan Agreement "; capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement), pursuant to which the Lender has agreed to make the Commitments available to the Borrowers from time to time pursuant to the terms and conditions thereof;

WHEREAS, the Borrowers have requested that the Lender agree to amend certain terms and conditions of the Loan Agreement; and

WHEREAS , subject to the satisfaction of the conditions set forth herein, the Lender is willing to amend the Loan Agreement as set forth herein.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendments to the Loan Agreement . Subject to the satisfaction of the conditions to effectiveness referred to in Section 3 hereof, the Loan Agreement is hereby amended as follows:

1.1 . Clause (a) of Item 16 (Financial Covenants) of the Terms Schedule is hereby amended and restated in its entirety as follows:

"(a) Fixed Charge Coverage Ratio . At the end of each fiscal quarter, commencing with fiscal quarter ending June 30, 2015, Parent shall have a Fixed Charge Coverage Ratio of not less than 1.20 to 1.00 for the period of three consecutive calendar months then ending."

1.2 . Clause (b) of Item 16 (Financial Covenants) of the Terms Schedule is hereby amended and restated in its entirety as follows:

"(b) Minimum Monthly EBITDA . Parent shall achieve EBITDA of at least (i) $2,750,000 during the trailing twelve month period ending March 31, 2015 and (ii) $4,800,000 during the three consecutive calendar month period ending June 30, 2015."

1.3 . Item 16 (Financial Covenants) of the Terms Schedule is hereby further amended and modified by amending and restating the definition of "EBITDA" in its entirety and inserting the following in lieu thereof:

"" EBITDA " means, for any period, determined on a consolidated basis for Parent and its consolidated Subsidiaries, net income, calculated before (i) interest expense, (ii) provision for income taxes, (iii) depreciation and amortization expense, (iv) approved 2015 restructuring expense as described in Parent's most recent 10Q or 10K, as the case may be; provided , that (y) the aggregate amount of cash restructuring charges relating to severance costs may not exceed $750,000 during the term of the Loan Agreement and (y) the aggregate amount of non-cash restructuring charges resulting from a write-down of the value of any Collateral may not to exceed $2,000,000 during the term of the Loan Agreement, (v) the amount stock compensation expense, (vi) gains or losses arising from the sale of capital assets, (vii) gains arising from the write-up of assets, (viii) any extraordinary gains, and, (ix) during the twelve month period commencing on the initial date the EPA Fine is included as an expense in determining net income, the EPA Expense (in each case, to the extent included in determining net income)."

2. No Other Amendments . The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Loan Agreement or any of the other Loan Documents, nor constitute a waiver of any provision of the Loan Agreement or any of the other Loan Documents. Except for the amendment set forth above, the text of the Loan Agreement and all other Loan Documents shall remain unchanged and in full force and effect and each Borrower and each Guarantor hereby ratifies and confirms its obligations thereunder. This Amendment shall not constitute a modification of the Loan Agreement or any of the other Loan Documents or a course of dealing with the Lender at variance with the Loan Agreement or the other Loan Documents such as to require further notice by the Lender to require strict compliance with the terms of the Loan Agreement and the other Loan Documents in the future, except as expressly set forth herein. Each Borrower and each Guarantor acknowledges and expressly agrees that the Lender reserves the right to, and does in fact, require strict compliance with all terms and provisions of the Loan Agreement and the other Loan Documents, as amended herein. No Borrower or Guarantor has knowledge of any challenge to the Lender's claims arising under the Loan Documents, or to the effectiveness of the Loan Documents.

3. Conditions Precedent to Effectiveness . This Amendment shall be effective as of the date first written above upon the satisfaction of each of the following conditions precedent in a manner acceptable to the Lender in its sole and absolute discretion:

3.1 . the Lender shall have received this Amendment, duly executed by each Borrower and each Guarantor, and the same shall be in full force and effect;

3.2 . the Lender shall have received an amendment fee equal to $10,000; and

3.3 . no Default or Event of Default shall exist under the Loan Agreement or the other Loan Documents.

4. Counterparts . This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. In proving this Amendment in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought. Any signatures delivered by a party by facsimile transmission or by electronic mail transmission shall be deemed an original signature hereto.

5. Reference to and Effect on the Loan Documents . Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Loan Agreement, and each reference in the other Loan Documents to "the Loan Agreement", "thereunder", "thereof" or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended hereby.

6. Entire Agreement . This Amendment and the other Loan Documents constitute the entire agreement and understanding between the parties hereto with respect to the transactions contemplated hereby and thereby and supersede all prior negotiations, understandings and agreements between such parties with respect to such transactions.

7. GOVERNING LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

8. Loan Document. This Amendment shall be deemed to be a Loan Document for all purposes.

[remainder of page intentionally left blank]

WHEREOF, the parties hereto have executed and delivered this Amendment as of the day and year first written above.

BORROWERS:

BROADWIND ENERGY, INC.

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Executive Vice President and Chief Financial Officer

BRAD FOOTE GEAR WORKS, INC.

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Authorized Signatory

BROADWIND SERVICES, LLC

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Authorized Signatory

BROADWIND TOWERS, INC.

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Authorized Signatory

GUARANTORS:

1309 SOUTH CICERO AVENUE, LLC

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Authorized Signatory

5100 NEVILLE ROAD, LLC

By: /s/ Stephanie K. Kushner
Name: Stephanie K. Kushner
Title: Authorized Signatory

LENDER :

ALOSTAR BANK OF COMMERCE

By: /s/ Christopher K. Naime
Name: Christopher K. Naime
Title: Director

Sixth Amendment to Loan and Security Agreement

EXHIBIT 31.1

CERTIFICATION

I, Peter C. Duprey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Broadwind Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 30, 2015

/s/ PETER C. DUPREY

Peter C. Duprey
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Stephanie K. Kushner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Broadwind Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d- 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s Board of Directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

April 30, 2015

/s/ STEPHANIE K. KUSHNER

Stephanie K. Kushner
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Broadwind Energy, Inc. (the "Company") for the period ended March 31, 2015 , as filed with the Securities and Exchange Commission (the "Commission") on the date hereof (the "Report"), I, Peter C. Duprey, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2015

/s/ PETER C. DUPREY
Peter C. Duprey
President and Chief Executive Officer
(Principal Executive Officer)

This certification accompanies this Report pursuant to Section 906 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Broadwind Energy, Inc. (the "Company") for the period ended March 31, 2015 , as filed with the Securities and Exchange Commission (the "Commission") on the date hereof (the "Report"), I, Stephanie K. Kushner, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906") , that:

(i) the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; (the "Exchange Act"); and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 30, 2015

/s/ STEPHANIE K. KUSHNER
Stephanie K. Kushner
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

This certification accompanies the Report pursuant to Section 906 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Commission or its staff upon request.