

**BROADWIND ENERGY, INC.**  
**PRINCIPLES OF CORPORATE GOVERNANCE**

These Principles of Corporate Governance (“Principles”) have been adopted by the Board of Directors (the “Board”) of Broadwind Energy, Inc. (the “Company”) as a statement of the elements of governance by which the Board will manage its affairs. These Principles reflect the Board’s commitment to monitor the effectiveness of policy and decision making at both the Board and management levels, with a view to enhancing long-term stockholder value. These Principles are not intended to conflict with, and should be interpreted in the context of, any applicable federal or state law or regulation, including Title 8 of the Delaware Code, and the Company’s Certificate of Incorporation and Bylaws. These Principles are subject to modification from time to time by the Board.

**I. ORGANIZATION AND MEMBERSHIP**

**A. Size of the Board**

The Company’s Bylaws provide that the Board shall be comprised of a maximum of nine and a minimum of three directors. The Board shall periodically review its own size, and select the size that is most effective based on the Company’s current needs and the availability of potential candidates. The Board will consider the Company’s operations, the representation of stockholder groups, and any contractual obligations when determining the appropriate size.

**B. Selection of New Director Candidates**

The Board has adopted Policies for Director Nominations and Stockholder Proposals, which set forth the minimum qualifications and additional criteria to be used by the Governance/Nominating Committee in nominee selection and establish procedures for handling recommendations received from Board members or other sources.

**C. Majority of Independent Directors**

Our policy is that independent directors should comprise at least a majority of the Company’s Board. The Company’s definition of “independence” is that contained in Nasdaq listing standards and other applicable laws and regulations. In accordance with these requirements, the Governance/Nominating Committee and the Board, when evaluating the independence of a director or director nominee, consider whether such person has any relationship or interest that could conflict with the interests of the Company. In assessing the materiality of an existing or proposed director’s relationships and interests (other than those that are specifically identified by Nasdaq listing standards and other applicable laws and regulations as preventing independence), the Governance/Nominating Committee and the Board consider all relevant facts and circumstances. The Governance/Nominating Committee and the Board evaluate materiality not only from the perspective of the director, but also from that of the Company and other persons and organizations with which the director has a relationship.

The Governance/Nominating Committee analyzes an existing director’s or candidate’s eligibility to be classified as “independent” for the purposes of serving on the Board and any applicable committee at the time of such person’s nomination to the Board or committee, upon any change in the person’s status as described in Section I.E. of these Principles and annually. Upon its receipt of the Governance/Nominating Committee’s recommendation, the Board makes a final determination of the individual’s independence. The Board may adopt categorical standards to assist it in assessing relationships or interests that relate to its evaluation of independence.

#### **D. Board Membership Criteria for Existing Board Members and Nominees**

In addition and subject to the legally defined criteria for independent directors and the requirements and factors set forth in the Company's Policies for Director Nominations and Stockholder Proposals, our policy is that independent directors of the Company should be persons with broad training, knowledge and experience in business, finance, education, government or other professions or vocations who have earned distinction in their chosen fields. Director nominees are also evaluated on the basis of the commitment that they are able and willing to make to the directorship, their ability to add value and diversity to the Company, and the Company's circumstances at the time of the nomination. The Governance/Nominating Committee reviews the Company's Policies for Director Nominations and Stockholder Proposals and other criteria for independent directors on an ongoing basis, as appropriate.

#### **E. Change of Status of Director**

It is the policy of the Board that any inside director or outside director whose affiliation, directorships, or position of principal employment changes after election to the Board shall promptly notify the Board for consideration by the Board of the effect of that change upon the interest of the Company.

#### **F. Director Orientation and Continuing Education**

As soon as practicable following election or appointment of a new director, the Company shall make available to the new director a Director Guidebook, which shall be constructed to familiarize the new director with, among other things, the Company's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, the Code of Ethics and Business Conduct, these Principles, principal officers, internal auditors and independent auditors. Each director is expected to take such action, which may include participation in continuing educational programs as necessary to maintain the level of expertise required to perform his or her responsibilities as a director. The Company reimburses Board members for reasonable expenses relating to ongoing director education.

### **II. BOARD LEADERSHIP**

#### **A. Selection of the Chairman of the Board**

The Chairman of the Board of the Company shall be a Non-Executive Chairman. The Board reserves the right to decide at any time whether it is in the best interest of the Company to combine the positions of Chairman of the Board and Chief Executive Officer. Unless otherwise provided by the Company's Bylaws or a resolution adopted by the Board, the Chairman shall: (i) preside over meetings of the Board of Directors and stockholder meetings; (ii) distribute meeting agendas and other pertinent information to directors prior to each Board meeting; (iii) work with the Governance/Nominating Committee to determine which directors serve on specific Board committees; and (iv) perform such other functions as may from time to time be assigned to the Chairman by the Board.

### **III. BOARD COMMITTEES**

#### **A. Existence of Committees**

The Board has three standing committees: Audit, Compensation and Governance/Nominating. The Board is responsible for overseeing the structure and practices of these committees and has the flexibility to form a new committee or disband a current committee. Each committee shall establish a charter to be approved by the Board, which sets forth such committee's purpose and responsibilities.

## **B. Assignment of Committee Members and Committee Chairs**

The Board reviews the Governance/Nominating Committee's recommendations and designates the members of Board committees taking into account legal requirements and each director's particular experience, knowledge and preference. Each standing committee shall be comprised of independent directors as such term is defined herein, provided that the composition of each committee should also cause the committee to satisfy any additional independence or skill requirements for members, as may be contained in the Nasdaq listing standards and other applicable laws and regulations. The Board is responsible for the final determination of whether an individual is qualified to serve on the Audit Committee as a designated "financial expert," however, the Governance/Nominating Committee coordinates closely with the Board in screening any new candidate and in evaluating whether to re-nominate any existing director who serves in this capacity.

The Board shall elect the Chairman for each committee, provided, however, that in the absence of the Board's election, each committee shall elect its own Chairman by a majority vote of the committee members.

## **IV. RESPONSIBILITIES AND AUTHORITY**

### **A. The Board's Duty to the Company and its Stockholders**

The business and affairs of the Company shall be managed by or under the direction of the Board, which shall oversee management to advance what the Board members reasonably believe to be the best interests of the Company and its stockholders. In addition, and more specifically, the Board shall: provide counsel and oversight on the selection, evaluation, development and compensation of senior management; review, approve and monitor fundamental financial and business strategies and major corporate actions, including declarations of dividends; assess major risks facing the Company and review options for the mitigation of such risks; monitor the performance of the Company in relation to its goals, strategy and competitors; and develop and monitor processes for maintaining the integrity of the Company. The Board is also responsible for overseeing corporate governance matters, as more fully set forth in these Principles and the charter of the Governance/Nominating Committee.

### **B. Directors' Preparation and Participation**

A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review before each meeting the material distributed in advance for such meetings. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the chairman of the appropriate committee in advance of such meeting.

### **C. Board Access to Senior Management**

Each director is expected to become familiar with the Company's operations and public disclosures. There are no restrictions on contacts or discussions by directors with senior management of the Company or, as appropriate, employees and/or outside counsel to the Company. Senior managers should cooperate with the Board and its committees and should render such assistance as requested for the purpose of carrying out Board or committee functions. However, any contact by a director should be carefully handled by the director to avoid directing or interfering with normal day-to-day operations of the business. The Chief Executive Officer of the Company will determine appropriate ways to facilitate directors' interaction with officers, employees and outside counsel.

#### **D. Access to Independent Advisors**

The Board and its committees have the right at any time to retain independent outside auditors and financial, legal or other advisors. The Company will provide appropriate funding, as determined by the Board or any committee, to compensate those independent outside auditors or advisors, as well as to cover the ordinary administrative expenses incurred by the Board and its committees in carrying out their duties. The Board, and its committees, as applicable, may specify a protocol for approval of expenses.

#### **E. Ethics and Conflicts of Interest**

The Company will maintain, and the Governance/Nominating Committee and Audit Committee will review and promote compliance with, a Code of Ethics and Business Conduct (“Code of Ethics”). The Board expects the directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the Company’s policies, including the Code of Ethics; further, each director is expected to acknowledge in writing his or her adherence to the Company’s Code of Ethics. If an actual or potential conflict of interest arises for a director, the director shall promptly inform the Chairman and Chief Executive Officer. If a significant conflict exists and cannot be resolved, the director shall resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests. The Board shall resolve any conflict of interest question involving senior management or the Chief Executive Officer and the Board and the Chief Executive Officer shall resolve any conflict of interest issue involving any other officer of the Company.

#### **F. Selection, Development and Evaluation of Chief Executive Officer and Senior Management**

The Board, with assistance from the Compensation Committee, provides counsel and oversight on the selection, evaluation, development and compensation of the Company’s Chief Executive Officer and other senior management. Senior management is defined as any officer who reports directly to the Chief Executive Officer and any other officer of the Company or its subsidiaries so designated by the Chief Executive Officer.

The Compensation Committee shall conduct an annual performance review of the Chief Executive Officer and other senior management, in accordance with its charter and for the purpose of approving such officers’ compensation. The Board reviews the Compensation Committee’s annual report to ensure that the Chief Executive Officer and other senior management are providing the best leadership for the Company, from a short, intermediate and long term perspective, and are operating the Company in a manner consistent with applicable legal requirements and ethical considerations.

#### **G. Succession Planning**

The Board, with assistance from the Company’s senior management, is responsible for succession planning for the Chief Executive Officer, and the Board, with assistance from the Company’s Chief Executive Officer, is responsible for succession planning for senior management. The Board may delegate these responsibilities to committees as appropriate.

#### **H. Review of Principles of Corporate Governance**

The Board, or a committee, if applicable, expects to review these Principles on an ongoing basis. The purpose of such review is to ensure that these Principles are effective in enabling the Board to fulfill its responsibilities, to consider whether these Principles continue to accurately reflect Board practices, and to address any changes to applicable laws and regulations.

## **V. BOARD AND COMMITTEE MEETINGS**

### **A. Frequency and Length of Board and Committee Meetings**

The Board, at least annually, adopts a schedule of meetings of the Board, which shall set forth the date, time and place of each meeting and shall include at least four meetings per year. The committee chairs shall establish a schedule of meetings for their respective committees, the number and frequency of which shall be in accordance with the committees' charters. A master schedule of all regular Board and committee meetings will be distributed annually to all Board members. Ample time shall be scheduled for each meeting to ensure full discussion of important matters.

### **B. Agenda Items for Board Meetings**

The Chairman of the Board, with consultation of the Chief Executive Officer, establishes the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda and to raise subjects that are not on the Board agenda. At least one Board meeting each year includes a special Board session during which the Board reviews strategic business plans.

### **C. Committee Agendas**

Each committee chair develops the agendas for the respective committee meetings. Each member of the committee is free to raise at any committee meeting subjects that are not on the agenda. Committee actions are reported to the full Board.

### **D. Board Materials Distributed in Advance**

It is the preference of the Board that agendas and related back-up materials for Board and Board committee meetings be sent to the directors at least three business days in advance of the meeting. Although such materials may be prepared and distributed in reasonable summary form, any director desiring additional data, reports or further detailed information has the right to obtain whatever information is reasonably available. On those occasions when it is not feasible to distribute materials in advance, or when the subject matter of the material is too sensitive to distribute in written form, there will be an opportunity for full discussion at the meeting, or other reasonable steps shall be taken to permit directors to become reasonably informed about the matter before voting on it.

### **E. Regular Attendance of Non-Directors at Board Meetings**

The Board may invite members of senior management to regularly attend Board and Board committee meetings, as appropriate. The Board may invite additional non-members to attend Board meetings.

### **F. Executive Sessions of Outside Directors**

An executive session of the independent directors is scheduled at least twice each calendar year at regularly scheduled Board meetings.

### **G. Attendance at Annual Stockholder Meeting**

Each Board member is encouraged to attend the Company's annual meeting of stockholders via telephone or in person.

## **VI. BOARD COMPENSATION AND PERFORMANCE**

### **A. Director Compensation**

The form and amount of director compensation is determined by the Board based on periodic review and input from the Compensation Committee, and shall be appropriate to our Company's size and

financial situation. The Compensation Committee conducts an annual review of director compensation to ensure directors are compensated effectively in a manner consistent with the strategy and philosophy of the Company, and to further ensure that the Company will be able to attract, retain and reward those who contribute to the success of the Company. Only non-management Board members shall be eligible for compensation under any director compensation plan.

**B. Annual Performance Evaluation of the Board**

Upon the Board's request, the Governance/Nominating Committee will oversee a self-assessment of the performance of the Board as a whole, as well as assist the Board in evaluating each committee's performance. Such assessments shall be reported to and discussed with the full Board. The assessments should generally include an analysis of compliance with these Principles and identification of areas for improvement. The purpose of the assessments is to increase the effectiveness of the Board and committees as a whole. Individual Board members are assessed as set forth in the Governance/Nominating Committee's charter and Section I.D. of these Principles, in connection with the Governance/Nominating Committee's responsibility to counsel members whose performance needs improvement and its annual decision on whether to re-nominate existing directors to the Board.

Approved by the Board of Directors on December 13, 2007

As amended by the Board of Directors on December 17, 2009 and November 3, 2010