

2008 Annual Report



Wherever you turn, we'll be there.™

## a year of transformation, integration and growth

a message from the board chairman and the ceo:

What began with recognition of a void in the wind energy supply chain has been transformed into a comprehensive solution to improve supply chain offerings, efficiencies and responsiveness for the wind and power infrastructure industries. Through significant financial investment, a long-term focus on superior returns on capital, and the hard work, experience and foresight of our employees, Broadwind Energy is now a functional, fully-integrated and forward-thinking public company.

On February 28, 2008, the company changed its name from Tower Tech Holdings Inc. to Broadwind Energy, Inc. In June, during the American Wind Energy Association's WINDPOWER 2008 show in Houston, we introduced Broadwind and our supply chain model to the wind industry's leading participants.

In the past twelve months, we formed operational platforms centered around products and services to fulfill many of the needs of the rapidly growing wind energy market. We bolstered these platforms through the completion of two additional acquisitions and the restructuring and refocusing of all five entrepreneurial subsidiaries into valuable and integral parts of a large, publicly-traded company poised to become the preferred supplier to customers. Perhaps most importantly, we transformed these companies without sacrificing their entrepreneurial spirit. In our companies you will find veterans who now, with improved access to financial and strategic resources, are free to fully engage in the innovation and creativity that drives value for our customers.

Meanwhile, we developed a corporate structure and platform leadership teams to respond to specific business and customer needs while delivering cost savings and efficiency through integrated cross-platform cooperation. We put together a team of experts and seasoned professionals with wind industry, industrial manufacturing and energy service experience to lead our new organization.

At the subsidiary level, our leadership was focused on restructuring, investing and delivering growth. We invested over \$83 million in capital expenditures in 2008, which places our companies in excellent position to thrive and contribute to the overall vision that is Broadwind. Those plans continue to be developed, adjusted and updated to stay ahead of market evolution and demand.

Examples of these investments include:

- Badger Transport increased its fleet by over 30 percent and expanded its customer portfolio.
- Brad Foote Gear Works doubled its manufacturing space with a third facility and invested heavily in equipment that places the company far ahead of any North American competitor in precision gear manufacturing.



- Energy Maintenance Service doubled its technical workforce and opened one of the largest wind-energy-focused service facilities in North America.
- Tower Tech Systems completed construction of the first of two strategically located, next-generation, utility-class wind tower manufacturing facilities and signed multiple long-term supply agreements with leading wind turbine manufacturers.
- R.B.A. doubled its manufacturing space and re-tooled to better serve its customer base and become the manufacturer of proprietary equipment and parts for all Broadwind companies.

Our 2008 financial results reveal a mixed level of performance. We delivered revenues of \$217 million, up from revenues of \$29 million in 2007. Over half of the year-over-year revenue increase, \$98 million, represented organic growth primarily driven by increased volumes and additional customer offerings. We commend our employees on delivering this internal revenue growth. Despite including significant non-cash items and investments in infrastructure, we were not satisfied by Broadwind's 2008 net loss of \$25.3 million, an increase of almost \$22 million from 2007. Our leadership aims to improve this financial performance with a long-term focus on free cash flow and industry leading returns on capital.

In addition to the challenges related to acquisitions, production increases and investment in employees and capacity, the fourth quarter of 2008 brought a significant decline in worldwide economic conditions which resulted in a downturn in our core business sector, wind energy development. In response to this unprecedented downturn, we refocused our organization on improving short-term cash generation and profitability. Despite these changes, we remain poised for a strong market return with state-of-the-art component manufacturing capacity and capabilities at the ready, as well as talented professionals to service the forecasted market growth.

In 2009, we aim to continue our market leadership in terms of capacity and innovation in products and services for our respective markets. Although we are well positioned for a rebound in the wind energy industry, we will continue to selectively pursue acquisitions and organic growth initiatives where we can earn superior returns on capital. Over the long term, we anticipate a revitalized wave of investment in wind energy and power infrastructure in North America. We will continue to develop our strategy to serve this trend. We look forward to sharing further strategic developments with you in the future.

Thank you for your support.

Sincerely,

James M. Lindstrom, Chairman of the Board  
J. Cameron Drecoll, CEO  
April, 2009

## corporate profile

Naperville, Illinois-based Broadwind Energy, Inc. (NASDAQ: BWEN), provides a broad array of integrated supply-chain solutions to the power infrastructure industry, with an emphasis on the wind energy sector. Broadwind's products and services include wind tower and precision gear manufacturing; heavy steel fabrication; wind facility construction support; wind turbine installation and maintenance; and wind turbine transportation services. Broadwind's customers include many of the leading wind turbine manufacturers and wind farm owners in North America. Broadwind employs more than 1,000 employees and has over 1,000,000 square feet of production and service center capacity nationwide.

## mission

To provide the highest quality components and service in select energy sectors with a heightened focus on the wind energy industry; to deliver positive returns for our investors; to grow our platforms and companies; and to maintain a positive and rewarding environment for our employees.

## vision

To become the premier source of comprehensive supply-chain solutions for energy- and infrastructure-related industries in North America.

## values

### Passion

We are energized about and devoted to our business.

### Honesty

We are truthful and sincere with our investors, our customers and each other.

### Teamwork

We work together to fulfill our mission and achieve our vision.

### Substance

We make a difference by delivering real value for our investors, our customers and each other.

### Stewardship

Our decision-making will be protection and conservation conscientious.

### Tenacity

We are aggressive and unwavering in our dedication to delivering excellent services, products and returns.

## services segment



Badger, founded in 1982 and acquired by Broadwind in June 2008, is a provider of transportation services for oversized/overweight equipment and machinery, primarily to the wind industry. The company specializes in the transport of tower sections, blades, nacelles and other oversized equipment for large industrial applications. Badger has been in business for more than 25 years, with 15 years in specialized heavy haul and more than 11 years serving the wind industry. Badger operates from its headquarters in Clintonville, Wisconsin. As of December 31, 2008, Badger operated or leased a total of 64 trailers. The company has performed heavy haul services for customers throughout the United States and Canada, including partnering with Energy Maintenance Services on blade repair projects and with Tower Tech on product deliveries.

During 2008, Broadwind and the team at Badger enhanced the trucking company by restructuring its organizational resources, both from internal employee and operations perspectives and in terms of service delivery. These enhancements allow for a more balanced customer portfolio and more consistent year-round capability. We also increased the company's trailer fleet by more than 30 percent to increase our services to the market.

With a specialized fleet that is capable of hauling all three major wind turbine components – towers, blades and the turbine itself – Badger is an excellent fit for customers who need comprehensive project logistical services.



Badger Transport, Inc.  
325A 15th Street  
Clintonville, WI 54929  
800.952.8089  
badgertransportinc.com

Founded: 1982  
Acquired: 2008  
Employees: 48

## services segment



Energy Maintenance Service (EMS), founded in 1998 and acquired by Broadwind in January 2008, provides construction, operations and maintenance and component repair services for the wind industry. EMS specializes in wind turbine repair offerings, including major component refurbishing, wind turbine maintenance, construction support and engineering and advisory services. The company's customers include turbine and component manufacturers, wind farm owners and developers. The company's main office is in Gary, South Dakota and it has major repair hubs in Howard, South Dakota and Abilene, Texas, as well as satellite field service centers in California and Illinois.

More than half of the nameplate wind capacity installed in North America is now in the megawatt (MW) class. In 2008, to better position EMS for the future, Broadwind and the team of EMS further developed the company's capacity and ability to repair and retrofit these larger turbines. This development required upgrades in the company's equipment, facilities and workforce. EMS added nearly 100 technicians to double the size of its staff and opened facilities in Tehachapi, California and Abilene. At 300,000 square feet, the Abilene facility is one of the largest wind service centers in North America under one roof. During 2008, EMS launched its large-scale MW blade repair service at the Abilene site.

EMS plans to continue its expansions in 2009 with additional locations and new service opportunities for customers.

Energy Maintenance Service, LLC  
129 Main Avenue  
Gary, SD 57272  
888.449.5732  
energymms.com

Founded: 1998  
Acquired: 2008  
Employees: 231

## products segment



Brad Foote Gear Works, founded in 1924 and acquired by Broadwind in October 2007, is the largest precision gear manufacturer for the wind energy industry in North America. Brad Foote produces precision and custom-engineered gearing systems for wind power generation, oil production, steel and transportation industries. Brad Foote has two facilities in Cicero, Illinois, and one facility in Neville Island, Pennsylvania. Together, they represent the largest gear grinding and carburizing capacity in North America. As of December 31, 2008, Brad Foote had total manufacturing space of approximately 569,000 square feet.

Since late 2007, Brad Foote has doubled its high-volume precision and custom-gearing capabilities and capacity with a third facility, created new work centers and upgraded existing centers, made significant capital investments in new precision-gearing equipment and increased its workforce. During the same period, Broadwind installed a new management team at Brad Foote and oversaw a complete restructuring of the organization. These steps were designed to improve operational efficiency and responsiveness and, from an internal perspective, enable the development and implementation of a strategic diversification strategy and long-term global view.

Brad Foote maintains a tremendous reputation for quality in wind energy and other energy-related industries. In addition, the company was the first manufacturer to be ISO certified in gear production.



Brad Foote Gear Works, Inc.  
3250 S. Central Avenue  
Cicero, IL 54929  
708.298.1100  
bradfoote.com

Founded: 1924  
Acquired: 2007  
Employees: 347

## products segment

# R.B.A. INC.



R.B.A., founded in 1985 and acquired by Broadwind in October 2007, specializes in heavy steel fabrication and performs specialty welding services. R.B.A. refurbishes, assembles and welds heavy equipment for the crane manufacturing, construction, marine and mining and metals industries. R.B.A.'s specialized welding expertise supports and will assist Tower Tech in developing technical expertise in providing future generations of customized wind towers. R.B.A. has facilities in Manitowoc and Clintonville, Wisconsin. As of December 31, 2008, R.B.A. had total manufacturing space of approximately 100,000 square feet.

R.B.A. expanded in 2008 by adding a second location in Clintonville. The second plant more than doubles the company's space, and expands its capacity and capabilities for serving diverse, heavy industrial markets.

A key focus for the year was enhancing R.B.A.'s core capabilities as a heavy industrial weldment company, while developing it into a specialty tooling and technology business.

Also in 2008, Broadwind and the team at R.B.A. began formulating plans that will leverage the company's experience and expertise in fabricating parts and equipment for Broadwind companies. This is part of a more expansive strategy that will ultimately allow Broadwind to develop unique designs and build specialty equipment without subcontracting the fabrication work.

R.B.A. Inc.  
300 S. 16th Street  
Manitowoc, WI 54221  
920.686.1499  
rbainc.org

Founded: 1985  
Acquired: 2007  
Employees: 68

## products segment



Founded in 2003, Tower Tech Systems manufactures utility-scale wind towers for wind energy development. The company is a leading manufacturer of wind towers and specializes in delivering the larger and heavier next generation of towers to our customers. Tower Tech has strategically located facilities in Manitowoc, Wisconsin, and Abilene, Texas, and a partially constructed third wind tower manufacturing facility in Brandon, South Dakota. Tower Tech's facilities have a combined annual production capacity of up to 1,500 MW of wind energy production on an annual basis. As of December 31, 2008, Tower Tech had total manufacturing space of approximately 346,000 square feet in its Manitowoc and Abilene facilities.

Broadwind and the team at Tower Tech developed and began implementing a unique expansion and supply strategy in 2008 by announcing the construction of two new wind tower manufacturing facilities in Brandon and Abilene. To design the new plants, Tower Tech solicited input from lean manufacturing experts in diverse fields ranging from automotive to marine, who had been involved in plant design for serial production. The results were designs for manufacturing environments that minimize labor hours while optimizing output and quality through key technologies. All of the designs and technologies were tested and proven in the Manitowoc facility.

With the addition of the Abilene plant, which came online for serial production in January 2009, and further expansion in Manitowoc, Tower Tech more than doubled its capacity and became one of the fastest-growing wind tower manufacturing companies in North America. Construction on the third plant in South Dakota has been brought to a level of completion that will allow the company to finish construction and begin tower section production within a relatively short timeframe.



Tower Tech Systems Inc.  
101 S. 16th Street  
Manitowoc, WI 54221  
920.684.5521  
towertechsystems.com

Founded: 2003  
Acquired: 2006  
Employees: 311

## board of directors

### **James M. Lindstrom**

Chairman of the Board  
Chair, Compensation Committee

### **Charles H. Beynon**

Chair, Audit Committee

### **David P. Reiland**

Chair, Finance Committee

### **William T. Fejes**

Chair, Governance/Nominating Committee

### **J. Cameron Drecoll**

Chief Executive Officer

### **Terence P. Fox**

**Forward-Looking Statements:** This Annual Report to Stockholders, including the statements made in the letter to stockholders from our Chief Executive Officer and Chairman of the Board, includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995 - that is, statements related to future, not past, events. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as “anticipate,” “believe,” “intend,” “expect,” “plan,” “will” or other similar words. These forward-looking statements involve certain risks and uncertainties that ultimately may not prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. For further discussion of risks and uncertainties, individuals should refer to the Company’s SEC filings. The Company undertakes no obligation and does not intend to update these forward-looking statements to reflect events or circumstances occurring after the date of this Annual Report. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. All forward-looking statements are qualified in their entirety by this cautionary statement.



47 East Chicago Avenue, Suite 332  
Naperville, IL 60540  
630.637.0315  
[broadwindenergy.com](http://broadwindenergy.com)