

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

██████████ Individually and on)
Behalf of All Others Similarly Situated,)

Plaintiff,)

vs.)

BROADWIND ENERGY, INC., J.)
CAMERON DRECOLL, STEPHANIE K.)
KUSHNER, MATTHEW J. GADOW,)
STEPHEN E. GRAHAM, and KEVIN E.)
JOHNSON,)

Defendants.)

DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS

Plaintiff alleges the following based upon the investigation of plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Broadwind Energy, Inc. ("Broadwind" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal class action on behalf of purchasers of the common stock of Broadwind between March 17, 2009 and August 9, 2010, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. §240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act.

4. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), because the defendants maintain an office in this District and many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this complaint, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

Plaintiff

6. Plaintiff [REDACTED] as set forth in the accompanying certification and incorporated by reference herein, purchased the common stock of Broadwind during the Class Period and has been damaged thereby.

Defendants

7. Broadwind provides products and services to the wind energy industry primarily in the United States.

8. J. Cameron Drecolll (“Drecolll”) was, at all relevant times, Chief Executive Officer and Director of Broadwind.

9. Stephanie K. Kushner (“Kushner”) served as Broadwind’s Chief Financial Officer during the Class Period.

10. Matthew J. Gadov (“Gadov”) served as Broadwind’s Executive Vice President and Chief Financial Officer during the Class Period.

11. Stephen E. Graham (“Graham”) served as Broadwind’s Chief Financial Officer during the Class Period.

12. Kevin E. Johnson (“Johnson”) served as Broadwind’s Corporate Controller and Chief Accounting Officer during the Class Period. Johnson also served as the Company’s Chief Financial Officer from August 2009 to January 2011.

13. The defendants referenced above in ¶¶8-12 are referred to herein as the “Individual Defendants.”

14. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of Broadwind, were privy to confidential and proprietary information concerning Broadwind, its operations, finances, financial condition and present and future business prospects.

The Individual Defendants also had access to material adverse non-public information concerning Broadwind, as discussed in detail below. Because of their positions with Broadwind, the Individual Defendants had access to non-public information about its business, finances, products, markets and present and future business prospects via internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof and via reports and other information provided to them in connection therewith. Because of their possession of such information, the Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

15. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were “controlling persons” within the meaning of Section 20(a) of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of Broadwind’s business.

16. The Individual Defendants, because of their positions with the Company, controlled and/or possessed the authority to control the contents of its reports, press releases and presentations to securities analysts and through them, to the investing public. The Individual Defendants were provided with copies of the Company’s reports and press releases alleged herein to be misleading, prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Thus, the Individual Defendants had the opportunity to commit the fraudulent acts alleged herein.

17. As senior executive officers and/or directors and as controlling persons of a publicly traded company whose common stock was, and is, registered with the SEC pursuant to the Exchange

Act, and was, and is, traded on the NASDAQ Stock Market (“NASDAQ”) and governed by the federal securities laws, the Individual Defendants had a duty to promptly disseminate accurate and truthful information with respect to Broadwind’s financial condition and performance, growth, operations, financial statements, business, products, markets, management, earnings and present and future business prospects, and to correct any previously issued statements that had become materially misleading or untrue, so that the market price of Broadwind’s common stock would be based upon truthful and accurate information. The Individual Defendants’ misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

18. The Individual Defendants are liable as participants in a fraudulent scheme and course of conduct that operated as a fraud or deceit on purchasers of Broadwind’s common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme: (i) deceived the investing public regarding Broadwind’s business, operations and management and the intrinsic value of Broadwind’s common stock; (ii) enabled the Company to complete a public offering of its shares whereby the Company sold approximately 10 million shares and reaped over \$57.5 million in gross proceeds; (iii) allowed Defendant Drecoll to sell over 1.2 million shares of his personally-held Broadwind common stock at artificially inflated prices, whereby he reaped over \$7.2 million in gross proceeds; and (iv) caused plaintiff and members of the Class to purchase Broadwind common stock at artificially inflated prices.

CLASS ACTION ALLEGATIONS

19. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons or entities who purchased the common stock of Broadwind during the Class Period (the “Class”). Excluded from the Class are defendants, the officers and directors of the Company, at all relevant times, members of their

immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

20. The members of the Class are so numerous and geographically dispersed that joinder of all members is impracticable. Broadwind stock was actively traded on the NASDAQ. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Broadwind or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

21. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

22. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

23. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by defendants' acts as alleged herein;

(b) whether statements made by defendants to the investing public misrepresented material facts about the business, operations and management of Broadwind;

(c) whether the price of Broadwind common stock was artificially inflated during the Class Period; and

(d) to what extent the members of the Class have sustained damages and the proper measure of damages.

24. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

Background

25. Broadwind describes itself as a provider of “technologically advanced high-value products and services to the U.S. wind energy industry. The Company’s product and service portfolio provides customers, including wind turbine manufacturers, wind farm developers and wind farm operators, with access to a broad array of wind component and service offerings. These product and service offerings include wind turbine gearing systems, wind turbine structural towers, industrial products, technical services, Precision Repair and Engineering services, and logistics.”

26. In December 2009, Broadwind revised its reporting segments from two (Products and Services) into four reportable operating segments: Towers, Gearing, Technical and Engineering Services, and Logistics.

27. During the Class Period, Broadwind had five subsidiaries: Brad Foote Gear Works, Inc.; Tower Tech Systems Inc. (“Tower Tech”); R.B.A., Inc. (“RBA”); Energy Maintenance Service, LLC; and Badger Transport, Inc.

28. Broadwind acquired RBA in October 2007. According to the Company’s 2008 annual report, RBA “specializes in heavy steel fabrication and performs specialty welding services. RBA refurbishes, assembles and welds heavy equipment for the crane manufacturing, construction,

marine, and mining and metals industries. RBA's specialized welding expertise supports and will assist Tower Tech in developing Tower Tech's technical expertise in providing future generations of customized wind towers."

29. RBA was formerly part of the Company's Products Segment. Following the Company's change in reporting segments, RBA's products fell into the Towers and Gearing segments. Moreover, in December 2009, Broadwind merged the operations of RBA into its Tower Tech subsidiary.

Materially False and Misleading Statements Issued During the Class Period

30. The Class Period begins on March 17, 2009. On that date, Broadwind issued a press release announcing its financial results for the fourth quarter and fiscal year of 2008, the period ended December 31, 2008. For the quarter, the Company reported revenues of \$77.6 million and a net loss of \$12.4 million, or \$0.13 per share. Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

In 2008, we executed on our goal of becoming the most diverse component and service supplier to the wind industry through strategic acquisitions and investments in facilities and equipment. We have a broad portfolio of operations, technology and talent that required significant investment and integration costs during the year, but which also positions us as a long-term leader in the dynamic wind energy sector.

* * *

While the investments made throughout the course of the year impact our financial results in the short term, they were necessary to put us in a position to capitalize on forecasted growth in the North American wind energy sector. At the same time, we are not immune to the challenges of this unprecedented global economic slowdown, which has led us to optimize our workforce and facility utilization to reduce operating costs over the near term.

* * *

As a leader in wind energy infrastructure, we firmly believe in the future of wind energy as a strong, sustainable resource that will continue to become a larger part of the overall energy mix. Despite the challenging market conditions, our investments in people and enhanced infrastructure have positioned us to benefit from continued demand for our services.

Looking ahead, we remain focused on disciplined cost containment and improving operational efficiencies throughout our subsidiaries.

With regard to the performance of the Company's products segment, the press release stated, in pertinent part, as follows:

Products

Broadwind's Products segment includes the Company's Tower Tech Systems, Brad Foote Gear Works, and R.B.A. subsidiaries. Tower Tech is a leading wind tower manufacturer. Brad Foote manufactures precision gearing systems for various markets, including wind turbines, mining, and oil and gas exploration. R.B.A. provides subcontract machining and fabrication for several industries, including components for cranes used in wind facility construction.

The Products segment posted significant growth in fiscal 2008, fueled by increased production and sales of wind towers and gearing systems. Revenues in 2008 for the Products segment grew to \$177.1 million, compared with \$29.8 million in revenues in 2007, reflecting the broader product mix and increased market and customer penetration. The Company experienced significant integration and production ramp-up costs associated with its acquisitions, as well as expansion costs related to the tower and gear manufacturing plant expansions. As of December 31, 2008, the segment employed approximately 800 associates across facilities in Wisconsin, Texas, Illinois and Pennsylvania.¹

31. In response to the announcement, the price of Broadwind stock rose \$0.90 per share, or 34%, to close at \$3.55 per share.

32. On May 12, 2009, Broadwind issued a press release announcing its financial results for the first quarter of 2009, the period ended March 31, 2009. For the quarter, the Company reported revenues of \$53.1 million and a net loss of \$7.2 million, or (\$0.07) per basic and diluted share. Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

While this quarter's results reflected the challenging global economic slowdown and tightened credit markets, as well as higher costs to ramp up operations, the period was also marked by the launch of production at our new Abilene, Texas tower plant and continued market share increase. From a pure numbers perspective, we are not satisfied with the first quarter's loss. *However, we expect wind industry demand to*

¹ All emphasis is added unless otherwise noted.

rebound over the next six to twelve months, and we continue to take a long-term view with our actions and investments to ensure we're growing the value of our enterprise.

With recently announced Government legislation extending the production tax credits and the furthering of tax incentives to developers, as well as the advances in technology of wind development, the tone from this year's conference was very positive. We plan to use this momentum to further expand our services and strategic partnerships. We are committed to continuing our strategy of providing an integrated and cost-efficient supply chain solution to America's growing wind power industry.

* * *

We have appropriately scaled our operations while investing significantly in our infrastructure throughout 2008 in order to meet current and foreseeable customer demand. Looking ahead, we will maintain cost controls, while remaining focused on our leading manufacturing capabilities, outstanding service to our customers and long-term strategic expansion.

Defendant Graham, commenting on the results, added, in pertinent part, as follows:

The company continues to focus on cash management through improvements in working capital, capital spending controls and improving liquidity through additional financing arrangements. Recent highlights include entering into two financing arrangements by certain of the company's subsidiaries which may provide up to \$13 million for equipment and construction financing.

With regard to the performance of the Company's products segment, the press release stated, in pertinent part, as follows:

Products

Broadwind's Products segment includes wind tower and precision gear manufacturing and heavy steel fabrication. For the first quarter of 2009, Broadwind's Products segment posted revenues of \$43.1 million, compared to \$30.2 million in revenues reported in the first quarter of 2008 due to the production of two new wind tower designs for customers, start-up of the Abilene, Texas wind tower manufacturing facility and increased production of custom gearing systems. The Company experienced integration and production ramp-up costs, as well as costs related to the tower plant expansion, which negatively impacted profitability during the quarter.

During the first quarter, the Company's wholly owned subsidiary, Tower Tech Systems Inc., completed construction of its greenfield project tower manufacturing facility in Abilene, Texas. In May of 2009, the Company also announced that Tower Tech has secured financing to complete construction at its other greenfield project

tower facility in Brandon, South Dakota. The Company anticipates the construction of this state-of-the-art tower facility to be completed in late 2009.

33. On August 10, 2009, Broadwind issued a press release announcing its financial results for the second quarter of 2009, the period ended June 30, 2009. For the quarter, the Company reported revenues of \$52.3 million and a net loss of \$5.4 million or (\$0.06) per basic and diluted share. Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

The challenges associated with the ongoing global economic slowdown have resulted in lower customer demand levels and project delays. As a result, our operating profits and gross margins have been negatively affected by the decline in production levels, which has created inefficiencies in the cost structures of our operations. Accordingly, the Company has taken initiatives to mitigate these effects through cost cutting measures throughout our operations, increased focus on operating cash flow, headcount rationalization as well as reducing our capital spending, while still attempting to position Broadwind to benefit from the anticipated recovery in the wind market.

With regard to the performance of the Company's products segment, the press release stated, in pertinent part, as follows:

While the Company's Products segment continues to be affected by the current economic downturn, its Services segment has continued to grow as a result of an increase in service contracts entered into during the current year and the inclusion of the Badger Transport acquisition in its results of operations. Additional detail regarding the results of operations of the Company's segments is detailed below.

Products

Broadwind's Products segment includes wind tower and precision gear manufacturing and heavy steel fabrication. For the second quarter of 2009, the Products segment posted revenues of \$39.9 million, compared to \$34.0 million in revenues reported in the second quarter of 2008. The increase in revenues is primarily attributable to an increase in wind tower units sold during the current quarter as a result of production at our new wind tower manufacturing facility in Abilene, Texas and a higher percentage of materials in the selling price of certain of our wind towers.

34. On October 30, 2009, Broadwind issued a press release announcing its financial results for the third quarter of 2009, the period ended September 30, 2009. For the quarter, the

Company reported revenues of \$59.5 million and a net loss of \$4.9 million or (\$0.05) per basic and diluted share. Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

Since late 2008, we have been significantly impacted by a slowdown in our industry caused by reduced capital availability to fund new wind farm developments. We have reacted accordingly, focusing on managing our expenses, improving our operations and preserving our liquidity. We are seeing early signs that capital is again flowing into wind energy project developments, and are well-positioned to take advantage of a recovery in 2010 and beyond.

With regard to the performance of the Company's products segment, the press release stated, in pertinent part, as follows:

Products

Broadwind's Products segment includes precision gearing systems and structural towers for wind turbines, and gears, fabrications and weldments for industrial customers.

Revenue from the Products segment was \$47.9 million in the third quarter of 2009, compared with \$51.0 million in third-quarter of 2008. The decrease in revenues was primarily the result of a reduced demand for wind turbine gearing, partly offset by higher shipments of structural wind industry towers, with a higher material content. The segment incurred a \$0.7 million operating loss in the third quarter of 2009, versus a \$1.0 million operating loss in the third quarter of 2008.

For the nine-month period, revenue rose from \$115.3 million in 2008 to \$130.9 million in 2009 due to the start-up of a new structural wind tower production facility in Abilene, TX early in 2009, which more than offset lower demand for wind turbine gearing. The operating loss was \$10.2 million for the nine month of 2009 versus a \$2.0 million operating profit in the prior year. The significant earnings reduction was mainly due to lower gearing production.

35. On October 30, 2009, Broadwind issued a press release announcing that it "filed a registration statement with the Securities and Exchange Commission relating to a proposed public offering of 15,000,000 shares of its common stock." According to the press release, "Broadwind proposes to sell 10,000,000 shares and Tontine Capital Partners, L.P., and certain of its affiliated funds (Tontine), propose to sell 5,000,000 shares." The press release stated, in pertinent part, that "Broadwind expects to use its anticipated net proceeds from its share of the offering to repay a

portion of its outstanding debt and the remainder for general corporate purposes, including capital expenditures to grow the Company's services businesses."

36. On January 6, 2010, Broadwind issued a press release announcing that it "commenced an underwritten public offering of 15,000,000 shares of its common stock. . . ." With regard to the Company's intent on how it would use the proceeds, the press release now stated, in pertinent part, as follows:

Broadwind intends to use approximately \$16.0 million of the net proceeds from the offering to repay its outstanding indebtedness under its credit facilities with Bank of America and to use the remaining proceeds for general corporate purposes, including capital expenditures to grow its services businesses or for the repayment of other outstanding indebtedness.

37. On or about January 14, 2010, Broadwind filed with the SEC a Form S-1/A Registration Statement (the "Registration Statement") for the Secondary Offering.

38. On or about January 15, 2010, the Prospectus (the "Prospectus") with respect to the Secondary Offering, which forms part of the Registration Statement, became effective and 15 million shares of Broadwind's common stock were sold to the public at \$5.75 per share, thereby raising more than \$86 million. In connection with the Offering, Broadwind filed and disseminated a Registration Statement which incorporated a prospectus. The Registration Statement contained financial statements from the Company and also contained numerous statements about Broadwind and its operations.

39. On January 22, 2010, the Company issued a press release announcing that it "completed its previously announced public offering of common stock [] at an offering price of \$5.75 per share." Moreover, the underwriters exercised their over-allotment option. "In the offering, Broadwind sold 10,000,000 newly issued shares, Tontine Capital Partners, L.P., and certain of its affiliated funds, sold a combined total of 6,125,000 shares and Broadwind's CEO, J. Cameron Dreccoll, sold 1,125,000 shares."

40. The Registration Statement and Prospectus contained untrue statements of material facts, omitted to state other facts necessary to make the statements made not misleading and was not prepared in accordance with the rules and regulations governing its preparation.

41. Specifically, with regard to the Company's risk factors, the Registration Statement stated, in pertinent part, as follows:

Our future operating results and the market price of our common stock could be materially adversely affected if we are required to write down the carrying value of goodwill or intangible assets associated with any of our operating segments in the future. [Emphasis in original.]

We review our goodwill and intangible balances for impairment on at least an annual basis through the application of a fair-value-based test. Our estimate of fair-value for each of our operating segments is based primarily on projected future results and cash flows and other assumptions. In addition, we review long-lived assets whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. ***In October of 2008, we performed our annual test for goodwill impairment and determined that the goodwill balance related to R.B.A. Inc. ("RBA"), a specialty industrial weldment business acquired by us in October 2007, was impaired. This determination indicated a decline in the projected fair value of RBA net assets based upon forecasted operating results. Our analysis indicated that the projected discounted cash flows associated with RBA's net assets did not exceed their carrying value. As a result, we recorded a goodwill impairment charge of approximately \$2.4 million during the fourth quarter of 2008.*** In the future, if our projected discounted cash flows associated with our operating segments do not exceed the carrying value of their net assets, we may be required to record additional write downs of the carrying value of goodwill, intangible assets or other long-lived assets associated with any of our operating segments and our operating results and the market price of our common stock may be materially adversely affected.

As of September 30, 2009 our goodwill and intangible balances were \$34.0 million and \$96.9 million respectively. We perform an annual goodwill impairment test during the fourth quarter of each year, or more frequently when events or circumstances indicate that the carrying value of our assets may not be recovered. The 2008-2009 recession has impacted our financial results and has reduced near-term purchases from certain of our key customers. We may determine that our expectations of future financial results and cash flows from one or more of our businesses has decreased or a decrease in stock valuation may occur, which could result in a review of our goodwill and intangible assets associated with these businesses. Since a large portion of the value of our intangibles has been ascribed to projected revenues from certain key customers, a change in our expectation of future cash from one or more of these customers could indicate potential impairment to the carrying value of our assets.

42. With regard to the Company's assessment of its goodwill and other assets, the Registration Statement stated, in pertinent part, as follows:

Goodwill and Other Long-Lived Assets

Our methodology for allocating the purchase price of acquisitions is based on established valuation techniques that reflect the consideration of a number of factors including third-party appraisals. Goodwill is measured as the excess of the cost of an acquired entity over the fair value assigned to identifiable assets acquired and liabilities assumed. Based on our organizational structure, we have identified four reporting units for which cash flows are determinable and to which goodwill is allocated. The reporting units are our Badger, Brad Foote, EMS, and RBA subsidiaries. Goodwill is assigned to each of these specific reporting units.

We perform our annual goodwill impairment tests as of October 31, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We use a two-step method for determining goodwill impairment. In the first step, we compare the estimated fair value of each reporting unit to its carrying value, including goodwill. If the carrying value of a reporting unit exceeds the estimated fair value, step two is completed to determine the amount of the impairment loss. Step two requires the allocation of the estimated fair value of the reporting unit to the assets, including any unrecognized intangible assets, and liabilities in a hypothetical purchase price allocation. Any remaining unallocated fair value represents the implied fair value of goodwill, which is compared to the corresponding carrying value of goodwill to compute the goodwill impairment amount. In 2008, we recorded a total non-cash charge of approximately \$2,409 to reflect impairment of goodwill in the RBA reporting unit.

As part of our annual impairment analysis, we engage a third-party appraisal firm to assist us in our determination of the estimated fair value of each unit. This determination includes estimating the fair value using both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates, and the allocation of shared or corporate items. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping. In most cases, we will assess both the income and market approaches to derive the concluded fair value of each reporting unit.

The determination of the fair value of the reporting units and the allocation of that value to individual assets and liabilities within those reporting units requires us to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: the selection of appropriate peer group companies; control premiums appropriate for acquisitions in the industries in which we compete; the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization, restructuring charges and capital

expenditures. The allocation requires several analyses to determine fair value of assets and liabilities including, among others, trade names, customer relationships, and property, plant and equipment (valued at replacement costs). Although we believe our estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting units, the amount of the goodwill impairment charge, or both. For our 2008 annual impairment testing, we also compared the sum of the estimated fair values of our reporting units to our total value as implied by the market value of our equity. This comparison indicated that, in total, our assumptions and estimates were reasonable. However, future declines in the overall market value of our equity may indicate that the fair value of one or more reporting units has declined below its carrying value.

One measure of the sensitivity of the amount of goodwill impairment charges to key assumptions is the amount by which each reporting unit “passed” (fair value exceeds the carrying amount) or “failed” (the carrying amount exceeds fair value) the first step of the goodwill impairment test. For the two units that passed step one, fair value exceeded the carrying amount by 136% and 60% of their respective estimated fair values. For the two units that failed step one, the carrying value of one unit exceeded fair value by 7% for step two, therefore there was no impairment, and we recorded a \$2,409 write-down in goodwill with respect to the other unit, RBA. ***In addition, we performed tests of recoverability for our RBA customer relationships which, based on the tests performed, indicated that the undiscounted cash flow exceeded its carrying value of its assets therefore no additional amounts needed to be adjusted.*** Generally, changes in estimates of expected future cash flows would have a similar effect on the estimated fair value of the reporting unit. That is, a 1% change in estimated future cash flows would decrease the estimated fair value of the reporting unit by approximately 1%. Of the other key assumptions that impact the estimated fair values, most reporting units have the greatest sensitivity to changes in the estimated discount rate. In the 2008 analysis, the discount rate used to present value the projected income and cash flow stream is based on an estimate of each reporting unit’s weighted average cost of capital which ranged from 15.4% to 24.4%.

We evaluate the recoverability of other long-lived assets, including property, plant and equipment and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We perform impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors considered important which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, termination or renegotiation of a significant contract, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When we determine that the carrying amount of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash

flows expected to result from the use of the asset and its eventual disposition. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value.

43. The Registration Statement purported to warn investors that "a change in our expectation of future cash from one or more of these customers could indicate potential impairment to the carrying value of our assets." This statement was false because the Company was then delaying the recognition of the impairment of its intangible assets related to its RBA subsidiary because of a loss of a key customer.

44. The statements referenced above in ¶¶ 30, 32-36, 39, 41-43 were each materially false and misleading when made because they misrepresented and failed to disclose the following adverse facts, which were known to defendants or recklessly disregarded by them:

(a) that Broadwind's RBA subsidiary was experiencing significant issues with key contracts;

(b) that Broadwind was materially overstating its financial condition by improperly delaying the recognition of the impairment of its goodwill and intangible assets related to its RBA subsidiary;

(c) that as a result of the foregoing, Broadwind's financial statements were not prepared in accordance with Generally Accepted Accounting Procedures ("GAAP") and, therefore, were materially false and misleading;

(d) that the Company was experiencing a reduction in demand from its customers; and

(e) as a result of the foregoing, defendants lacked a reasonable basis for their positive statements about the Company and its prospects.

45. On March 12, 2010, Broadwind issued a press release announcing its financial results for the fourth quarter and year end of 2009, the period ended December 31, 2009. For the quarter,

the Company reported revenues of \$32.9 million and a net loss of \$92.6 million or \$0.96 per basic and diluted share, including the goodwill and intangible charge of \$82.2 million. With regard to the goodwill and intangible charge, the press release stated, in pertinent part, as follows:

The \$82.2 million fourth quarter intangible charge was largely driven by market conditions causing a revision in management's assessment of future cash flows under certain key customer contracts.

Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

Broadwind was significantly impacted by lower fourth quarter purchases under our multi-year framework agreements. In addition, we believe lower revenues in our Logistics and Technical Services businesses were the result of lower wind turbine sales. To offset the adverse earnings impact of sharply lower revenues, we initiated an aggressive expense management program in 2009. We believe our cost-control efforts will benefit the Company throughout 2010 and beyond.

The good news is we are now seeing increases in orders from some of these same customers, and are actively engaged in negotiations on other new contracts. Our liquidity position has strengthened, thanks to the completion of our public offering of common stock earlier this year. We remain well-positioned to capture the expected upswing in U.S. wind markets. Following a weak first half, we expect to regain traction in the second half of 2010, and exit the year positioned to expand market share and revenues in 2011.

With regard to the performance of the Company's towers and gearing business segments, the press release stated, in pertinent part, as follows:

Towers

Broadwind manufactures wind turbine structural towers, specifically the large and heavier wind towers that are designed for 2 megawatt ("MW") and larger wind turbines.

Revenue from the Towers segment was \$17.2 million in the fourth quarter of 2009, compared with \$33.8 million in the fourth quarter of 2008. The decrease in revenue was primarily the result of a higher proportion of fabrication only production, and also a 9% reduction in towers manufactured. ***The segment reported a \$1.9 million operating loss in the fourth quarter of 2009, including a \$1.9 million charge associated with the impairment of intangibles, which was triggered by the merger of the specialty weldment operation into the Tower segment, and due to reduced activity with a key customer.*** Versus the prior year, the earnings reduction reflected \$1.2 million of reduced gross profit due to lower volumes, increased fixed costs due to the expanded manufacturing footprint, a \$2.0 million charge to inventory, and higher labor costs in Abilene, which experienced start-up production challenges with

a new tower design during the quarter. Partly offsetting were reductions in selling, general and administrative expenses.

For the full year 2009, Broadwind tower shipments totaled 493 MW, up 30% from 2008, but remained well below the Company's full capacity of 1,500 MW, pending a fully operational Brandon, South Dakota plant. Total revenue rose from \$72.6 million in 2008 to \$93.3 million in 2009 due primarily to the production increase. The operating loss was \$0.5 million in 2009 versus a \$5.8 million operating profit in the prior year, due to start-up costs associated with the new tower plants, a lower margin mix of customer sales and increased fixed costs.

Gearing

Broadwind produces precision gearing for the wind industry and gearboxes for mining, oilfield and other industrial customers.

Revenue from the Gearing segment was \$9.7 million in the fourth quarter of 2009, compared with \$28.0 million in the fourth quarter of 2008, down significantly due to weak demand from both wind energy and industrial customers. *The segment reported an \$85.3 million operating loss in the fourth quarter of 2009, including an \$80.3 million non-cash intangible impairment charge.* Excluding this charge, the operating loss of \$5.0 million approximated the \$5.1 million operating loss in the fourth quarter of 2008. During the prior year, the business incurred substantial excess costs during the quarter associated with rapid volume ramp-ups and equipment relocation.

For the full year 2009, revenue declined from \$104.6 million in 2008, to \$64.5 million in 2009, due primarily to inventory destocking by key wind energy customers. Wind energy gearing sales declined from 1493 MW in 2008 to 932 MW in 2009. The operating loss was \$97.1 million, or \$16.8 million excluding the intangible impairment for 2009 versus a \$6.6 million operating loss in the prior year, reflecting the adverse impact of lower sales volumes, partly offset by expense reductions.

With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

Year-end backlog totaled \$247 million, down slightly from \$260 million at the end of September, 2009. Of the total, approximately \$119 million is deliverable during 2010. The Company expects revenue to trough in the first quarter of 2010 and be down sequentially from the prior quarter. For the balance of 2010, revenue should increase sequentially and, during the second half of the year, exceed the prior year quarters.

46. On March 12, 2010, Broadwind filed its Annual Report on Form 10-K with the SEC for the period ending December 31, 2009. With regard to the goodwill and intangible charge, the Annual Report stated, in pertinent part, as follows:

Our future operating results and the market price of our common stock could be materially adversely affected if we are required to take additional write downs to the carrying value of goodwill or intangible assets associated with any of our operating segments in the future. [Emphasis in original.]

We review our goodwill balances for impairment on at least an annual basis through the application of a fair-value-based test. We perform our review of goodwill based on the carrying value of these assets as of October 31 of each year and the estimate of fair-value for each of our operating segments is based primarily on projected future results, cash flows and other assumptions. The first step involves a comparison of the estimated fair value of a reporting unit to its carrying amount, including goodwill. In performing the first step, we determine the fair value of our reporting units using a combination of an income approach by preparing a discounted cash flow analysis and a market-based approach based on our market capitalization. If the estimated fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not impaired and the second step of the impairment test is not necessary. If the carrying amount of a reporting unit exceeds its estimated fair value, then the second step of the goodwill impairment test must be performed. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with its carrying amount to measure the amount of impairment loss, if any. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. As a result, the estimated fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess.

We did not identify a triggering event during 2009 which would require an early assessment of impairment, ***however, in connection with our annual goodwill impairment analysis as of October 31, 2009 which was completed in March 2010, we determined that the goodwill balance attributable to our Gearing segment was impaired due to a deterioration in financial performance during 2009 and as a result of the subsequent fourth quarter revision in our projection of future operating results and cash flows in light of the continued economic downturn on the wind gearing industry.***

We review our intangible assets and other long-lived assets for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. ***Due to the revision in our projections of operating results and cash flows within our Gearing segment, we deemed this a triggering event, and subsequently tested all of our intangible assets for impairment. The completion of our impairment analysis during February 2010 indicated that the customer relationship intangibles associated with our Gearing segment were impaired as a result of a decline in projected future operating results. The decline in our estimates of future operating results and corresponding discounted cash flows indicated that the fair value of these customer relationships was less than the***

carrying value of these assets. Additionally, we determined that the carrying value of our RBA trade name was impaired as a result of the merger of RBA's operations into our Towers segment in December 2009 and that RBA's customer relationship intangible was impaired due to a revision in projected revenues and cash flows associated with this customer relationship. Accordingly, we recorded goodwill and intangible impairment charges of \$24.3 million and \$57.9 million, respectively. In the future, if our projected discounted cash flows associated with our operating segments do not exceed the carrying value of their net assets, we may be required to record additional write downs of the carrying value of goodwill, intangible assets or other long-lived assets associated with any of our operating segments and our operating results and the market price of our common stock may be materially adversely affected.

As of December 31, 2009, our goodwill and intangible balances were \$9.7 million and \$37.2 million, respectively. The 2008-2009 recession has impacted our financial results and has reduced near-term purchases from certain of our key customers and may continue to do so in the future. We may determine that our expectations of future financial results and cash flows from one or more of our businesses has decreased or a decrease in our stock valuation may occur, which could result in a review of our goodwill and intangible assets associated with these businesses. Since a large portion of the value of our intangibles has been ascribed to projected revenues from certain key customers, a change in our expectation of future cash from one or more of these customers could indicate potential impairment to the carrying value of our assets.

47. In reaction to the Company's weak 2009 fourth quarter results and poor outlook, shares of the Company's stock fell \$1.21 per share, or 21%, to close at \$4.47 per share, on heavy trading volume. However, defendants continued to conceal the true scope of the problems at the Company.

48. On May 7, 2010, Broadwind issued a press release announcing its financial results for the first quarter of 2010, the period ended March 31, 2010. For the quarter, the Company reported revenues of \$22.2 million and a net loss of \$14.1 million or \$0.14 per share. The Company stated that "[r]evenues were lower in all segments due to reduced purchases under the Company's key framework agreements, lower service revenues resulting from the timing of wind farm installation and maintenance projects and a reduction in non-wind related revenues." Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

During the quarter, we felt the lagged effect of the broad economic slowdown that began to impact our industry in late 2008. The hiatus in new wind developments did not subside until the late summer of 2009, when financing began to come available, thanks in part to Federal stimulus money. The effects of these new investment decisions will not have a positive impact on Broadwind's business until the second half of this year. We entered the year with very low capacity utilization rates and back-end loaded purchase commitments from key customers. However, our volumes are building and we have called back or rehired an additional 25% of our workforce since January 1. We believe the first quarter represented a low point, and expect sequential growth in our quarterly sales as the year progresses. In view of the low revenue, we have continued to focus on managing down our fixed costs and streamlining our business processes.

We continue to prepare Broadwind for the expected upswing in wind turbine orders and installations. With the completion of our common stock offering in January, we raised about \$54 million in proceeds to repay a significant portion of our debt, fund general operating needs, and to finance key capital investments to help us grow our revenues and to become profitable. To this end, we completed construction of our third wind tower manufacturing facility, located in South Dakota. When it is fully operational, our three plants will offer the industry more than 1,500 megawatts of annual tower capacity. Also, during the quarter we commenced investment in a megawatt gearbox refurbishment center in Abilene, Texas. We are very excited about this investment, which will enable Broadwind to combine its gearing and technical service capabilities to support the growing number of gearboxes coming off warranty. We expect this investment to come on line by the end of the year.

With regard to the performance of the Company's business segments, the press release stated, in pertinent part, as follows:

Towers

Broadwind manufactures wind turbine towers, specifically the large and heavier towers that are designed for 2 megawatt ("MW") and larger wind turbines.

Revenue from our Towers segment was \$12.0 million in the first quarter of 2010, compared to \$20.1 million in the first quarter of 2009. The decrease in revenue was primarily the result of an approximate 27% decline in the average selling price of wind towers manufactured, caused primarily by lower steel prices. Additionally, we experienced a 15% decline in wind tower production volumes and \$1.8 million lower sales of industrial weldments. The Towers segment incurred a \$1.3 million operating loss in the first quarter of 2010, versus a \$0.1 million operating loss in the first quarter of 2009, due in large part to reduced revenue. Partly offsetting the adverse impact of lower volumes was the absence of start-up costs incurred in the prior year at our wind tower manufacturing facility in Abilene, Texas, and lower operating expenses.

Gearing

Broadwind produces precision gearing for the wind industry and gearboxes for mining, oilfield and other industrial customers.

Revenue from our Gearing segment was \$7.7 million in the first quarter of 2010, compared to \$23.0 million in the first quarter of 2009. Both wind and industrial gearing sales declined sharply from the prior year, reflecting both weak customer demand and a relatively slow re-start of the plant following an extended holiday shutdown.

The Gearing segment incurred a \$5.1 million operating loss in the first quarter of 2010, versus a \$3.9 million operating loss in the first quarter of 2009. The increase in operating loss was substantially due to reduced production volumes. Partly offsetting the weakness in volume were improvements in product scrap, the absence of significant physical inventory charges and lower professional fees.

With regard to the Company's outlook, the press release stated, in pertinent part, as follows:

During the quarter, new orders totaled \$18 million, modestly below shipments, leaving backlog relatively unchanged from year-end at \$244 million. The Company expects revenue to rise sequentially each quarter during the year and to generate positive Adjusted EBITDA in the second half of the year.

49. On August 9, 2010, Broadwind issued a press release announcing its financial results for the second quarter of 2010, the period ended June 30, 2010. For the quarter, the Company reported revenues of \$36.6 million and a net loss of \$14.2 million or \$0.13 per share. According to the press release, the decline in revenue was "due to reduced tower and gearing purchases under the Company's key framework agreements, and lower service revenues reflecting sharply lower new wind turbine capacity installations across the U.S." Defendant Drecoll, commenting on the results, stated, in pertinent part, as follows:

We made progress during the second quarter despite continued disappointing industry fundamentals. With announced year-to-date additions to wind farm capacity down 71% from last year, we are not yet seeing the broad industry recovery we had anticipated. Although we expect both industry installations and our revenues to continue to trend upwards in the second half of the year, we have reduced our full-year revenue outlook to \$140-160 million. Due to our successful cost-management efforts, we expect to deliver positive EBITDA in the second half of the year.

We continue to make progress on our strategic and operational initiatives, including improving our capacity utilization, diversifying our revenue base, managing our cost

structure and growing our service business. During the quarter, as our order rate grew, we boosted Broadwind's workforce by 19%. We called back some furloughed workers and filled several key positions. Within our services businesses, our hauling trailers are back on the road, and we have increased our technician count in the field. Our new blade services team is booking orders and we are progressing on schedule with our Abilene, Texas-based wind turbine drivetrain refurbishment center, which we expect to come on line at year-end. We remain confident that these initiatives will position us for improved financial performance in periods to come, and will situate us well when the industry regains momentum.

With regard to the performance of the Company's business segments, the press release stated, in pertinent part, as follows:

Towers

Broadwind manufactures wind turbine towers, specializing in the large and heavier towers that are designed for 2 megawatt ("MW") and larger wind turbines.

Revenue from our Towers segment was \$16.5 million in the second quarter of 2010, compared to \$22.4 million in the second quarter of 2009. The decrease in revenue was primarily the result of an approximate 31% decline in the average selling price of wind towers manufactured, caused primarily by lower average steel prices. Total tower production declined approximately 25% from the prior year, although much of the 2009 production was under a fabrication only contract, thus the revenue dollar impact was more modest.

The Towers segment incurred a \$0.6 million operating loss in the second quarter of 2010, essentially unchanged from a \$0.7 million operating loss in the second quarter of 2009. The adverse impact of the lower production volumes in the current quarter was largely offset by improved operating results particularly at the Company's Abilene, Texas manufacturing plant, which incurred significant unfavorable start-up costs during the second quarter of 2009.

Gearing

Broadwind produces precision gearing for the wind industry and gearboxes for mining, oilfield and other industrial customers.

Revenue from our Gearing segment was \$14.3 million in the second quarter of 2010, compared to \$17.5 million in the second quarter of 2009. Industrial gearing sales were lower, particularly due to reduced purchases from mining industry customers. Reduced purchases from one large wind industry customer with a multi-year framework agreement also impacted revenues.

The Gearing segment incurred a \$2.8 million operating loss in the second quarter of 2010, versus a \$5.0 million operating loss in the second quarter of 2009. The improvement reflected improved manufacturing and labor efficiencies, a \$1.8 million reduction in intangible amortization expense as a result of an impairment charge

recorded during the fourth quarter of 2009 and reduced selling, general and administrative expenses due to cost reduction initiatives. These favorable factors were partially offset by the adverse impact of reduced sales volumes.

With regard to the Company's backlog, the press release stated, in pertinent part, as follows:

Backlog at June 30, 2010 declined to \$221 million due to a downward revision in 12-month forward deliveries to a key wind customer under a multi-year framework agreement. This compares with an estimated backlog of \$244 million at March 31, 2010.

50. In reaction to the announcement the price of Broadwind's stock fell \$0.35 per share, or 12%, to close at \$2.50 per share.

51. The market for Broadwind common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Broadwind common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Broadwind common stock relying upon the integrity of the market price of Broadwind common stock and market information relating to Broadwind, and have been damaged thereby.

52. During the Class Period, defendants materially misled the investing public, thereby inflating the price of Broadwind common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

53. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused, or were a substantial contributing cause of, the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, defendants made or caused to be made a series of materially false or misleading statements about Broadwind's business, prospects and operations. These material misstatements and

omissions had the cause and effect of creating in the market an unrealistically positive assessment of Broadwind and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

Additional Scienter Allegations

54. As alleged herein, defendants acted with scienter in that defendants knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, defendants, by virtue of their receipt of information reflecting the true facts regarding Broadwind, their control over, and/or receipt and/or modification of Broadwind's allegedly materially misleading misstatements and/or their associations with the Company, which made them privy to confidential proprietary information concerning Broadwind, participated in the fraudulent scheme alleged herein.

55. Defendants were further motivated to engage in this course of conduct in order to enable the Company to complete a public offering of its shares whereby the Company sold approximately 10 million shares and reaped over \$57.5 million in gross proceeds.

56. Moreover, in addition to his sales during the Class Period, Defendant Drecoll was able to sell 1.125 million shares in the offering. A complete list of Defendant Drecoll sales are illustrated in the chart below:

Insider	Date	Shares	Price	Proceeds
JOHN DRECOLL	10/12/09	12,000	\$7.41	\$88,920
	10/13/09	5,000	\$7.22	\$36,100
	10/14/09	25,000	\$7.25	\$181,250
	10/15/09	10,300	\$7.21	\$74,263
	10/16/09	56,000	\$7.27	\$407,120
	10/19/09	25,200	\$7.35	\$185,220
	10/20/09	10,200	\$7.31	\$74,562
	10/21/09	2,700	\$7.21	\$19,467
	01/21/10	1,125,000	\$5.46	\$6,142,500
		1,271,400		\$7,209,402

Loss Causation/Economic Loss

57. During the Class Period, as detailed herein, defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of Broadwind common stock and operated as a fraud or deceit on Class Period purchasers of Broadwind common stock by failing to disclose and misrepresenting the adverse facts detailed herein. When defendants' prior misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the price of Broadwind common stock fell precipitously as the prior artificial inflation came out. As a result of their purchases of Broadwind common stock during the Class Period, plaintiff and the other Class members suffered economic loss, *i.e.*, damages, under the federal securities laws.

58. By failing to disclose to investors the adverse facts detailed herein, defendants presented a misleading picture of Broadwind's business and prospects. Defendants' false and misleading statements had the intended effect and caused Broadwind common stock to trade at artificially inflated levels throughout the Class Period, reaching as high as \$12.02 per share on July 6, 2009.

59. As a direct result of defendants' disclosures on March 12, 2010 and August 9, 2010, the price of Broadwind common stock fell precipitously, falling from its closing price of \$5.68 per share on March 11, 2010 to \$2.50 per share on August 9, 2010 – a loss of \$3.18 per share or over 55%. These drops removed the inflation from the price of Broadwind common stock, causing real economic loss to investors who had purchased Broadwind common stock during the Class Period.

60. The over 55% decline was a direct result of the nature and extent of defendants' fraud finally being revealed to investors and the market. The timing and magnitude of the price decline in Broadwind common stock negates any inference that the loss suffered by plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to defendants' fraudulent conduct. The economic loss, *i.e.*, damages, suffered by plaintiff and the other Class members was a direct result of defendants' fraudulent scheme to artificially inflate the prices of Broadwind common stock and the subsequent significant decline in the value of Broadwind common stock when defendants' prior misrepresentations and other fraudulent conduct were revealed.

**Applicability of Presumption of Reliance:
Fraud on the Market Doctrine**

61. At all relevant times, the market for Broadwind common stock was an efficient market for the following reasons, among others:

(a) Broadwind common stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) as a regulated issuer, Broadwind filed periodic public reports with the SEC and the NASDAQ;

(c) Broadwind regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the

national circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Broadwind was followed by several securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

62. As a result of the foregoing, the market for Broadwind common stock promptly digested current information regarding Broadwind from all publicly available sources and reflected such information in the prices of the stock. Under these circumstances, all purchasers of Broadwind common stock during the Class Period suffered similar injury through their purchase of Broadwind common stock at artificially inflated prices and a presumption of reliance applies.

No Safe Harbor

63. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as “forward-looking statements” when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements were made, the particular speaker knew that the particular forward-looking statement was false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Broadwind who knew that those statements were false when made.

COUNT I

**Violation of Section 10(b) of
the Exchange Act and Rule 10b-5
Promulgated Thereunder Against All Defendants**

64. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

65. During the Class Period, defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

66. Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

67. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Broadwind common stock. Plaintiff and the Class would not have purchased Broadwind common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by defendants' misleading statements.

68. As a direct and proximate result of defendants' wrongful conduct, plaintiff and the other members of the Class suffered damages in connection with their purchases of Broadwind common stock during the Class Period.

COUNT II

**Violation of Section 20(a) of
the Exchange Act Against the Individual Defendants**

69. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

70. The Individual Defendants acted as controlling persons of Broadwind within the meaning of Section 20(a) of the Exchange Act as alleged herein. By reason of their positions as officers and/or directors of Broadwind, and their ownership of Broadwind stock, the Individual Defendants had the power and authority to cause Broadwind to engage in the wrongful conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- A. Determining that this action is a proper class action and certifying plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure;
- B. Awarding compensatory damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, for all damages sustained as a result of defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;
- C. Awarding plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;
- D. Awarding rescission or a rescissory measure of damages; and
- E. Such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: February 11, 2011
