The Alpine Group, Inc.
Financial Statements
For the fiscal years ended December 31, 2008 and 2007

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
The Alpine Group, Inc.
East Rutherford, New Jersey,

We have audited the accompanying consolidated balance sheet of The Alpine Group, Inc. (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Synergy Cables Ltd., a 52% owned subsidiary, accounted for using the equity method (see below). The financial statements of Synergy Cables Ltd. for the years ended December 31, 2008 and 2007, prepared on the basis of International Financial Reporting Standards (IFRS), were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Synergy Cables Ltd., is based solely on the report of other auditors and the procedures that we considered necessary in the circumstances with respect to the inclusion of Company's equity investment and equity method income in the accompanying consolidated financial statements taking into consideration differences between IFRS and those generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Company has accounted for Synergy Cables Ltd., a majority owned subsidiary, as an equity affiliate that, in our opinion, should be consolidated to conform with accounting principles generally accepted in the United States of America (see Note 1). If this subsidiary were consolidated total assets would have increased by $174.8 million and $210.3 million; and total liabilities would have increased by $145.8 million and $171.2 million as of December 31, 2008 and 2007, respectively. Revenues would have increased by $244.2 and $269.6 and operating income (loss) would have increased by $(15.8) million and $8.8 million as of December 31, 2008 and 2007, respectively.

During 2008, the Company incurred significant losses related to the unconsolidated subsidiary referred to above. Due to the increase in relative materiality of the effects of not consolidating this subsidiary, in our opinion, the 2008 financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2008 or the results of its operations or its cash flows for the year then ended.

In our opinion, except for the effects of accounting for the unconsolidated majority owned subsidiary as an equity affiliate and not consolidating such subsidiary, the 2007 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/Crowe Horwath LLC

Fort Wayne, Indiana
June 18, 2009

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

ASSETS	December 31, 2008	December 31, 2007
Current assets:		
Cash and cash equivalents	$ 1,942	$ 6,146
Amount due from redemption of investment (Note 1)	925	11,029
Marketable securities, at fair value (Note 1)	2,510	—
Restricted cash (Note 1)	300	300
Other investments (Note 1)	51	947
Accounts receivable, trade	1,761	3,699
Accounts receivable from affiliates (Note 1)	2,517	122
Inventories, net (Note 2)	24,073	28,001
Prepaid expenses, deposits and other current assets	3,751	5,543
Total current assets	37,830	55,787
Property, plant and equipment, net (Note 3)	665	743
Investment in affiliates (Note 4)	3,589	28,339
Deferred income taxes	2,595	2,747
Goodwill	1,033	533
Other assets	1,192	1,457
Total assets	$ 46,904	$ 89,606

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Revolving credit facility (Note 7)	$ 6,658	$ 7,979
Other short term borrowings (Note 7)	2,048	—
Current portion of long-term debt (Note 8)	71	93
Accounts payable	3,737	8,901
Accrued expenses	4,821	6,290
Income taxes payable	1,951	1,756
Deferred income taxes (Note 9)	8,032	10,294
Total current liabilities	27,318	35,313
Long-term debt, less current portion (Note 8)	222	281
Other long-term liabilities	1,388	1,528
Mandatorily redeemable series A convertible preferred stock (12,171 and 12,215 shares outstanding at December 31, 2008 and 2007, respectively) (Note 10)	4,585	4,602
Commitments and contingencies (Notes 16)		
Stockholders' equity:		
9% cumulative convertible preferred stock at liquidation value	177	177
Common stock, $.10 par value; (50,000,000 shares authorized; 26,785,560 and 26,752,868 shares issued at December 31, 2008 and 2007, respectively)	2,678	2,675
Capital in excess of par value	171,675	171,027
Accumulated other comprehensive income (loss)	(14,321)	29
Accumulated deficit	(30,175)	(9,580)
Treasury stock, at cost (17,556,055 and 17,427,255 shares at December 31, 2008 and 2007, respectively)	(116,505)	(116,239)
Receivable from stockholders (Note 17)	(138)	(207)
Total stockholders' equity	13,391	47,882
Total liabilities and stockholders' equity	$ 46,904	$ 89,606

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31, 2008	2007
Net sales	$ 51,995	$ 53,560
Cost of goods sold	43,768	48,182
Gross profit	8,227	5,378
Selling, general and administrative expenses	7,004	8,348
Operating income (loss)	1,223	(2,970)
Interest expense	(295)	(490)
Dividend and interest income	763	1,479
Realized gain /(loss) on sale of investments	(668)	3,179
Other expense, net	315	(88)
Income before income taxes, equity in earnings (loss) of affiliates and discontinued operations	1,338	1,110
Income tax (provision) benefit	237	(975)
Income before equity in earnings (loss) of affiliates and discontinued operations	1,575	135
Equity in earnings (loss) of affiliates	(25,618)	2,530
Income (loss) from continuing operations	(24,043)	2,665
Discontinued operations (Note 6):		
Income (loss) from discontinued operations before income taxes	6,392	(1,585)
Income tax (provision) benefit	(2,557)	634
Income (loss) from discontinued operations	3,835	(951)
Net income (loss)	(20,208)	1,714
Preferred stock dividends	(387)	(388)
Net income (loss) applicable to common stock	$ (20,595)	$ 1,326
Net income (loss) per share of common stock: (Note 12)		
Basic:		
Income (loss) attributable to common stock from continuing operations	$ (2.14)	$ 0.21
Income (loss) from discontinued operations	0.34	(0.09)
Net income (loss) per basic share of common stock	$ (1.80)	$ 0.12
Diluted:		
Income (loss) from continuing operations	$ (2.14)	$ 0.13
Income (loss) from discontinued operations	0.34	(0.05)
Net income (loss) per diluted share of common stock	$ (1.80)	$ 0.08
Weighted average shares outstanding:		
Basic	11,444	11,108
Diluted	11,444	21,016

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME
(in thousands, except share data)

	Year Ended December 31,			
	2008		2007	
	Shares	Amount	Shares	Amount
9% cumulative convertible preferred stock:				
Balance at beginning and end of period	177	$ 177	177	$ 177
Common stock:				
Balance at beginning of period	26,752,868	2,675	26,665,817	2,667
Shares issued pursuant to the Series A Preferred Stock conversion	32,692	3	65,384	6
Exercise of stock options	—	—	21,667	2
Balance at end of period	26,785,560	2,678	26,752,868	2,675
Capital in excess of par value:				
Balance at beginning of period		171,027		170,244
Compensation expense related to restricted stock and certain stock options, less vested shares released from Treasury		705		742
Shares issued pursuant to the Series A Preferred Stock conversion		13		27
Exercise of stock options		—		14
Deferred stock account distribution		(70)		—
Balance at end of period		171,675		171,027
Accumulated other comprehensive income (loss):				
Balance at beginning of period		29		289
Realized net (gains) losses on sale of securities (net of tax (benefit)/provision of $(267) and $1,271 respectively)		401		(1,907)
Change in unrealized gains (losses) on securities, (net of tax (benefit)/provision of $333 and $1,098 respectively)		(500)		1,647
Change in unrealized other comprehensive income (loss) of equity affiliates		(14,251)		—
Balance at end of period		(14,321)		29

(Continued)

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (Continued)
(in thousands, except share data)

	Year Ended December 31,			
	2008		2007	
	Shares	Amount	Shares	Amount
Accumulated deficit:				
Balance at beginning of period		(9,580)		(28,691)
Net income (loss)		(20,208)		1,714
Adoption of FIN 48		—		17,785
Dividends on preferred stock		(387)		(388)
Balance at end of period		(30,175)		(9,580)
Treasury stock:				
Balance at beginning of period	(17,427,255)	(116,239)	(17,414,721)	(116,128)
Stock options and grants	27,020	83	125,572	258
Stock repurchase	(155,820)	(349)	(138,106)	(369)
Balance at end of period	(17,556,055)	(116,505)	(17,427,255)	(116,239)
Receivable from stockholders:				
Balance at beginning of period		(207)		(277)
Forgiveness of Officers' loans		69		70
Balance at end of period		(138)		(207)
Total stockholders' equity		$ 13,391		$ 47,882

	Year Ended December 31,	
	2008	2007
	(in thousands)	
Net income (loss)	$(20,208)	$1,714
Change in unrealized gains (losses) on investment securities, net of tax	(99)	(260)
Change in unrealized other comprehensive income (loss)of equity affiliates	(14,251)	—
Total comprehensive income (loss)	$(34,558)	$1,454

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from operating activities:		
Net income (loss)	$ (20,208)	$ 1,714
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	183	161
Compensation expense related to stock options and grants	786	1,069
Deferred income taxes	(2,045)	(2,224)
Equity in loss (income) of affiliates	25,618	(2,530)
Realized loss (gain) on investments in securities	668	(3,179)
Other	1	55
Change in assets and liabilities:		
Accounts receivable, net	1,938	(2,062)
Accounts receivable from affiliates	(2,395)	4,070
Inventories, net	3,928	9,572
Other current and non-current assets	1,926	518
Accounts payable	(5,219)	(5,072)
Accrued expenses	(1,734)	2,408
Other, net	(140)	138
Cash flows provided by operating activities	3,307	4,638
Cash flows from investing activities:		
Capital expenditures	(74)	(57)
Purchase of marketable securities	(20,379)	(48,521)
Proceeds from sale of assets	—	678
Increase (decrease) in restricted cash	19	(276)
Proceeds from sale of marketable securities	28,237	55,761
Proceeds from (advances under) loans to affiliate	—	3,275
Acquisition of Posterloid	—	(2,924)
Investment in affiliates	(15,197)	(14,013)
Cash flows used for investing activities	(7,394)	(6,077)
Cash flows from financing activities:		
Net borrowings (repayments) under revolving credit facilities	(1,322)	6,852
Other short-term borrowings	2,048	—
Debt issuance costs	(30)	—
Repayments of long-term borrowings	(93)	(122)
Purchase of Treasury Stock	(349)	(369)
Proceeds from exercise of stock options	—	16
Dividends on preferred stock	(371)	(378)
Cash flows provided by (used for) financing activities	(117)	5,999
Net increase (decrease) in cash and cash equivalents	(4,204)	4,560
Cash and cash equivalents at beginning of year	6,146	1,586
Cash and cash equivalents at end of year	$ 1,942	$ 6,146
Supplemental disclosures:		
Cash paid for interest	$ 428	$ 332
Cash paid for income taxes, net	$ 4,198	$ 1,417

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2008 and 2007

1. Summary of significant accounting policies

Basis of presentation and description of business

The accompanying consolidated financial statements represent the accounts of The Alpine Group, Inc. and the consolidation of all of its majority-controlled subsidiaries (collectively "Alpine" or the "Company", unless the context otherwise requires) with the exception of its 52% owned subsidiary, Synergy Cables Ltd. ("SCL"), which is accounted for using the equity method. According to accounting principles generally accepted in the United States of America, Alpine's financial statements are required to include the consolidation of SCL. However, since the Company still intends to reduce its ownership of SCL to below 50%, the equity method has been utilized in the financial statements presented herein. Accounting for the investment in SCL on the equity basis versus the inclusion of SCL on a consolidated basis does not change the consolidated net income of Alpine. Alpine is not liable for any indebtedness or other liabilities of SCL. There were no differences between International Financial Reporting Standards ("IFRS") as used by SCL and accounting principles generally accepted in the United States of America ("GAAP") as used by Alpine, that would have a material effect on the results of operations of SCL. Summary financial information related to SCL for 2008 and 2007 is presented below:

	December 31, 2008	December 31, 2007
Balance Sheet		
Current assets	$115,416	$152,535
Long-term assets	62,950	75,281
Total assets	$178,366	$227,816
Current liabilities	$105,061	$ 82,481
Long-term liabilities	40,744	89,473
Stockholders' equity	32,561	55,863
Total liabilities and stockholders' equity	$178,366	$227,816

	Year ended December 31, 2008	Year ended December 31, 2007
Statement of Operations		
Net sales	$ 244,172	$269,608
Net income (loss)	$(24,740)	$ 4,470

Alpine was incorporated in New Jersey in 1957 and reincorporated in Delaware in 1987. Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At December 31, 2008 Alpine's operations consisted of its 52% ownership in SCL, an Israeli based producer of wire and cable products, Exeon Inc. ("Exeon"), a wholly owned subsidiary, primarily engaged in the business of copper cathode and scrap wholesaling and copper scrap reclamation, and Posterloid Inc. ("Posterloid"), a wholly owned subsidiary engaged in the design and manufacture of menu boards and signage for the food service industry and financial institutions (see Note 5). Additionally, as of December 31, 2008 Alpine had a 23.4% ownership investment (on a fully diluted basis) in Wolverine Tube, Inc. ("Wolverine"), a manufacturer of copper and copper alloy tubular products (see Note 4).

Significant customers

Three customers accounted for 14%, 10% and 9%, respectively, of net sales for the year-ended December 31, 2008. The outstanding accounts receivable as of December 31, 2008 related to these customers were $0.4, $0.0 and $0.2 million respectively. The first and third-referenced customers accounted for 13% and 26%, respectively, of net sales for the year-ended December 31, 2007. The second-referenced customer was less than 2% of 2007 net sales.

Cash and cash equivalents

All highly liquid investments purchased with a maturity at acquisition of 90 days or less are considered to be cash equivalents.

1. Summary of significant accounting policies (Continued)

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, accounts payable, and short-term accrued expenses are reflected in the consolidated financial statements at historical value, which approximates fair value, because of the short-term duration of these instruments. The carrying value of long-term liabilities approximates fair value due to interest rates which are currently available to the Company for debt with similar terms and maturities. Derivative financial instruments used to hedge copper inventory purchases (see Notes 1 and 15) are carried at fair value.

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal for most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Company used the following methods and significant assumptions to estimate the fair value of items which are measured on a recurring basis:

The fair values of marketable securities of $2.5 million as of December 31, 2008 were determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). The fair value of derivative financial instruments representing $20.4 million of copper futures contracts related to 14.2 million copper pounds were determined by obtaining quoted closing COMEX prices on the NYMEX exchange (Level 1 inputs).

Marketable securities

Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, requires marketable securities to be classified as held to maturity, available for sale or trading. Only those securities classified as held to maturity, which the Company intends and has the ability to hold until maturity, are reported at amortized cost. Available for sale securities are reported at fair value with unrealized gains and losses included in accumulated other comprehensive income, net of related income taxes. All of the Company's investment securities were classified as available for sale at December 31, 2008.

1. Summary of significant accounting policies (Continued)

The following table shows the unrealized gains (losses) and fair value of the Company's investments aggregated by investment category as of December 31, 2008.

	December 31, 2008 (in thousands)			
Description of Securities	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
Stocks	$ 94	$ —	$ (37)	$ 57
Mutual Funds	205	—	(51)	154
Preferred securities	128	6	—	134
Municipal bonds	200	—	(17)	183
Fixed Income	2,000	—	(18)	1,982
Total	$2,627	$ 6	$(123)	$2,510

The Company had no marketable securities outstanding as of December 31, 2007.

Alpine reviews its investment portfolio to identify and evaluate investments that have indications of possible impairment. The unrealized losses as of December 31, 2008 are considered to be temporary in nature. Factors considered in determining whether a loss is temporary include the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the investee, credit quality of investee and Alpine's ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in market value.

In October 2006, Exeon established a $25 million credit line with UBS Bank USA ("UBS"). The line is guaranteed by Alpine and collateralized by Exeon's and Alpine's cash equivalents and other investments on deposit with UBS and its affiliates from time to time for the account of Exeon and Alpine. The outstanding balance under the Exeon credit line was zero as of both December 31, 2008 and 2007. In November 2008, Alpine established a similar credit line with UBS without regards to amount but limited to certain investments held on account. The outstanding balance under the Alpine credit line was $1.9 million as of December 31, 2008.

Restricted cash

The Company is required to maintain $0.3 million of cash in accordance with the terms of its revolving credit facility (see Note 7) and $0.1 million of cash related to a lease of its New Jersey office, such amounts of which are classified as restricted cash and other assets, respectively, in the financial statements contained herein.

Amount due from redemption of investment and other investments

The Company has an investment in a limited partnership investment fund which, due to the Company's less than 1% ownership in the partnership, is accounted for using the cost basis of accounting. Since such investment is accounted for on a cost basis, the recorded balance does not reflect appreciation in the investment. The estimated fair value of the investment as of December 31, 2008, based upon the valuation of the underlying assets as provided by this limited partnership, was $0.1 million. On December 31, 2007 the Company liquidated $11.0 million of the investment and realized a gain of approximately $2.5 million from the sale of this investment; however since the actual proceeds were not received until January 2008, the liquidated portion of the investment was classified as "Amount due from redemption of investment" at December 31, 2007. Similarly in December 2008 the Company liquidated $0.9 million of the investment and realized a gain on the sale of approximately $0.1 million but did not receive the proceeds until January 2009, therefore the liquidated portion of the investment was classified the same as at December 31, 2007. The proceeds in both years were utilized for working capital purposes.

Accounts receivable from affiliates

At December 31, 2008 Exeon had $1.5 million in accounts receivable due from Wolverine pursuant to an agreement between Exeon and Wolverine for the procurement and sale of copper cathode and scrap by Exeon to Wolverine (see Note 17). Additionally, as of such date Wolverine owed the Company $1.0 million on account of copper hedge deposits collateralizing hedges entered into on

1. Summary of significant accounting policies (Continued)

behalf and for the benefit of Wolverine in conjunction with Exeon's performance under such agreement (see Note 17). There were no amounts due from Wolverine at December 31, 2007 under this agreement. The Company has also accrued $2.0 million of dividends for which payment has been deferred related to the Company's investment in Wolverine preferred stock (see Note 4); however, based on current evaluation, it is more likely than not that the Company will not receive these funds, a reserve for the full amount was established as of December 2008.

Inventories

All of the Exeon inventories are stated at the lower of cost or market, using the last-in, first-out ("LIFO") method. The LIFO reserve at December 31, 2008 is in a $12.9 million debit balance position due primarily to the fact that Exeon added a 7.5 million copper pound layer at the end of 2007, which is valued for LIFO purposes at $3.05 per pound compared with a FIFO value at December 31, 2008 of approximately $1.50 per pound. The Company determines whether a lower of cost or market ("LCM") provision is required on a quarterly basis by analyzing the current replacement cost of the inventory compared to its carrying value. As of December 31, 2008 a LCM reserve of $14.1 million was recorded due primarily to the aforementioned LIFO valuation at December 31, 2008. The LIFO cost of the Exeon inventories was lower than the market values as of December 31, 2007 and therefore no LCM adjustment was needed for 2007.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and amortization. Leasehold improvements are amortized over the lesser of the estimated useful lives of the assets or the lease term. Depreciation and amortization are provided over the estimated useful lives of the assets using the straight-line method. The estimated lives are as follows:

Buildings and improvements	5 to 40 years
Machinery and equipment	3 to 15 years

Maintenance and repairs are charged to expense as incurred. Long-term improvements are capitalized as additions to property, plant and equipment. Upon retirement or other disposal, the asset cost and related accumulated depreciation/amortization are removed from the accounts and the net amount, less any proceeds, is charged or credited to income.

Goodwill

Goodwill of $1.0 million represents the excess of the purchase price over the fair value of the net assets acquired in the Posterloid acquisition. Goodwill is assessed at least annually for impairment and any such impairment is recognized in the period identified. The goodwill related to the Posterloid acquisition was assessed as of December 31, 2008 and no impairment was deemed necessary.

Income taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for both the expected future tax impact of temporary differences arising from assets and liabilities whose tax bases are different from financial statement amounts and for the expected future tax benefit to be derived from tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. A valuation allowance is established if it is more likely than not that all or a portion of deferred tax assets will not be realized. Realization of the future tax benefits of deferred tax assets (including tax loss carryforwards) is dependent on Alpine's ability to generate taxable income within the carryforward period and the periods in which net temporary differences reverse.

On July 13, 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting for

1. Summary of significant accounting policies (Continued)

uncertainty in tax positions. FIN 48 requires recognition in the financial statements of the impact of a tax position, if that position is more likely than not of being sustained on examination, based on the technical merits of the position. The provisions of interpretation are required to be adopted for fiscal periods beginning after December 15, 2006. The Company has applied the provisions of FIN 48 to all tax positions and upon initial adoption, the cumulative effect adjustment was recognized as an adjustment to retained earnings during the first quarter of 2007. The Company will classify estimated interest and penalties related to adjustment of income taxes as a component of income tax expense in the consolidated statement of operations.

Although no assurance can be given that sufficient taxable income will be generated for utilization of certain of the Company's consolidated net operating loss carryforwards or for reversal of certain temporary differences, the Company believes it is more likely than not that all of the deferred tax assets, after valuation allowance, will be realized.

Derivative financial instruments

The Company applies SFAS No. 133 *Accounting for Derivative Instruments and Hedging Activities* as amended by SFAS No. 137 and SFAS No. 138, and SFAS No. 149 *Amendment of Statement 133 on Derivative Instruments and Hedging Activities* for its derivative financial instruments. These statements establish accounting and reporting standards for derivative instruments and require recognition of all derivatives as either assets or liabilities in the statements of financial position and measurement of those instruments at fair value.

All derivatives are recognized on the balance sheet at fair value. On the date the derivative contract is entered, the Company designates the derivative as either (i) a fair value hedge of a recognized asset or liability, (ii) a cash flow hedge of a forecasted transaction, (iii) a hedge of a net investment in a foreign operation, or (iv) a non-designated derivative instrument. During 2008 and 2007 the Company engaged only in non-designated derivative instruments. During 2008 and 2007, the Company utilized derivatives to attempt to mitigate any potential loss involving the purchase and/or sale of copper based products. The Company attempts to mitigate any potential loss on the purchase and sale of copper products through the use of futures contracts on the COMEX metal exchange. Changes in the fair value of non-designated derivative contracts are reported in current earnings. At December 31, 2008 the Company had approximately $20.4 million of copper futures contracts representing 14.2 million copper pounds outstanding as non-designated derivative instruments. These contracts were recorded at fair value as of December 31, 2008. At December 31, 2007, the Company had approximately $23.1 million of copper futures contracts representing 7.6 million copper pounds outstanding as non-designated derivative instruments. These contracts were recorded at fair value at December 31, 2007. At December 31, 2008 the Company also held $26.0 million in net long positions placed on behalf and for the benefit of Wolverine, representing 11.0 million copper pounds that were backed by firm price commitments from Wolverine. As of December 31, 2008 Wolverine had transferred $9.5 million to Exeon in margin calls related to those positions, as copper prices had decreased significantly since the time such firm price commitments were made. In addition, Wolverine owed another $1.0 million in margin calls as of December 31, 2008, which is included in Due from Affiliates in the financial statements herein.

The Company does not currently utilize any hedging instruments that are designated for hedge accounting treatment. If such transactions were to arise, the Company would be required to formally document all relationships between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedge transactions. Derivative financial instruments and derivative transactions reflected in the consolidated financial statements are discussed in Note 15.

Revenue recognition and Accounts Receivables

Revenue on scrap sales is recognized when the product is shipped to the customer, which is when title and risk of loss pass. Credit sales on open accounts are made to customers in the normal course of business. Management periodically reviews its accounts receivable and writes off any amounts deemed to be uncollectible. The Company provides an allowance for doubtful accounts when needed. At December 31, 2008 and 2007 no allowance was required. The Company's price to the buyer is fixed and determinable based upon the price set forth in a written order from the customer.

For products bought and resold to Wolverine and SCL, in accordance with Emerging Issues Task Force ("EITF") 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent", revenue is recognized on a "net as an agent" basis. While the Company does take title and bears all risks of ownership, there are other indicators, such as the fact the Company's supplier is

1. Summary of significant accounting policies (Continued)

responsible for the fulfillment of the order, including acceptability of the product as well as the fact that the Company only earns a stated rate of the amount billed to Wolverine or SCL, that result in the sales being recorded on a net basis. Therefore, only the incremental fees earned on the sales are recorded in net revenues in the statement of operations. Revenue on these sales is recognized when title transfers, which is the earlier of consumption or payment.

Shipping and handling

All shipping and handling costs are included in costs of sales and all billings associated with these costs are included in revenues.

Earnings per share

Basic earnings per common share is computed by dividing net income applicable to common stock by the weighted average number of shares of common stock outstanding for the period. Diluted earnings per common share is determined assuming (i) the conversion of outstanding stock options, warrants and grants under the treasury stock method, (ii) the conversion of convertible preferred stock and (iii) the dilution in subsidiary earnings resulting from the assumed conversion of subsidiary stock options and grants, if dilutive.

Comprehensive income

Comprehensive income includes all changes in equity from non-owner sources such as net income, foreign currency translation adjustments and unrealized gains and losses on available-for-sale securities.

Use of estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and intangible assets; valuation allowances for receivables, inventories, and deferred income tax assets; liabilities for income tax and other tax contingencies; self-insurance reserves; valuation of derivative instruments; and obligations related to employee benefits. Actual results could differ from those estimates.

Restructuring costs

The Company adopted SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities* effective January 1, 2003. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity*. The restructuring costs incurred during the years ended December 31, 2008 and 2007 have been accounted for in accordance with SFAS No. 146. These costs are included in discontinued operations.

Guarantees

The Company adopted FASB Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others, an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of* its *FASB Interpretation No. 34* effective January 1, 2003. This Interpretation elaborates on the disclosures to be made by a guarantor in interim and annual financial statements about its obligations under guarantees issued. The Interpretation also clarifies that a guarantor is required to recognize, at inception of a guarantee, a liability for the fair value of the obligation undertaken. The initial recognition and measurement provisions of the Interpretation are applicable to guarantees issued or modified after December 31, 2002. Since 1993, Alpine has been a party to a guaranty of obligations of a former affiliate, under a lease by such former affiliate of a manufacturing facility in Brownwood, Texas. As of December 31, 2002, the lease provides for monthly payments of $56,000 subject to adjustments for changes in the consumer price index (“CPI”). The lease term expires in 2018 but may be extended through 2033. As such, the maximum potential

1. Summary of significant accounting policies (Continued)

amount of future payments under the guaranty through 2018 would be approximately $7 million, plus any incremental amount as a result of CPI adjustments. Any further extensions would amount to a guarantee of approximately $0.7 million per year plus any incremental amounts as a result of any CPI adjustments. While Alpine's continuing obligations, if any, under the guaranty are not free from doubt, the Company believes the facility and underlying lease are valuable assets of such former affiliate and expects that such former affiliate will perform as tenant thereunder and continue to pay its obligations. In addition, Alpine would have a claim for indemnification and reimbursement from the former affiliate in respect of any amounts paid by Alpine as guarantor.

Since December 2006 Alpine has been an absolute and unconditional guarantor of all indebtedness of Exeon under its revolving credit facility (see Note 7).

In connection with the acquisition of Posterloid Corporation (see Note 5), Alpine has guaranteed payment of a contingent earn out of up to maximum of $0.5 million based on achievement of certain cumulative performance levels over a three year period.

Stock –Based Employee Compensation Plans

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standard No. 123R, *Share-Based Payment* ("SFAS 123R"), utilizing the modified prospective method. SFAS 123R requires the recognition of stock-based compensation expense in the consolidated financial statements for awards of equity instruments to employees and non-employee directors based on the grant-date fair value of those awards, estimated in accordance with the provisions of SFAS 123R. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term. Under the modified prospective method, the provisions of SFAS 123R apply to all awards granted or modified after the date of adoption. In addition, the unrecognized expense of awards not yet vested at the date of adoption, determined under the original provisions of SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS 123"), are recognized in net income in the periods after the date of adoption. SFAS 123R also requires the benefits of tax deductions in excess of recognized compensation expense to be reported as a financing cash flow, rather than as an operating cash flow as prescribed under the prior accounting rules. This requirement reduces net operating cash flow and increases net financing cash flows in periods after adoption. Total cash flow remains unchanged from what would have been reported under the prior accounting rules.

2. Inventories

At December 31, 2008 and 2007, the components of inventories are as follows:

	December 31, 2008	December 31, 2007
	(in thousands)	
Raw materials	$ 1,313	$ 2,024
Work in process	525	364
Finished goods	23,460	26,167
Total gross inventories	25,298	28,555
Lower of cost or market adjustment	(14,094)	—
LIFO reserve	12,869	(554)
Inventories, net	$ 24,073	$28,001

At December 31, 2008 and 2007, $22.3 and $26.4 million of inventories were valued using the LIFO method of accounting respectively. In December 2007 Exeon and Wolverine entered into a supply agreement whereby Exeon agreed to supply Wolverine and Wolverine agreed to purchase from Exeon, among other products, all of its copper scrap and cathode requirements for its North American melting operations. The agreement is for a term of two years. In accordance with its obligations under the agreement, during December 2007 Exeon purchased $23.0 million of copper cathode and scrap to begin servicing Wolverine's requirements on January 2, 2008.

3. Property, plant and equipment

At December 31, 2008 and 2007, property, plant and equipment consisted of the following:

	December 31, 2008	December 31, 2007
	(in thousands)	
Land	$ 27	$ 27
Buildings and improvements	226	226
Machinery and equipment	933	859
Gross property, plant and equipment	1,186	1,112
Less accumulated depreciation	(521)	(369)
Net property, plant and equipment	$ 665	$ 743

Depreciation expense for the years ended December 31, 2008 and 2007, was $152 and $135, respectively.

4. Investment in affiliates

Wolverine Tube, Inc.

On February 16, 2007, Alpine and a co-investor, Plainfield Special Situations Master Fund Limited (“Plainfield”), purchased $10 million and $40 million, respectively, of newly issued shares of Series A 8% Convertible Preferred Stock (the “Wolverine Series A Preferred Stock”) of Wolverine Tube, Inc. (“Wolverine”), and on February 17, 2007, representatives of Alpine and Plainfield joined Wolverine’s board of directors, constituting a majority thereof. Additionally, on January 25, 2008, Alpine purchased 4,494 shares of Wolverine Series A Preferred Stock at a purchase price per share in cash of $1,000 for an aggregate purchase price of approximately $4.5 million. These shares were purchased pursuant to an option granted to Alpine under the Purchase Agreement among Wolverine, Alpine and Plainfield, dated January 31, 2007.

Dividends on the Wolverine Series A Preferred Stock, are cumulative and payable quarterly on each January 31, April 30, July 31 and October 31 at an initial annual rate of 8%. Wolverine is entitled to defer dividends on the Wolverine Series A Preferred Stock in certain circumstances. Any dividend so deferred will accrue at an annual rate of 10% through January 31, 2012 and 12% thereafter. Additionally, if Wolverine fails to register for resale the common stock into which the Wolverine Series A Preferred Stock is convertible (the “registration requirement”), then the applicable initial or deferral dividend rate, as the case may be, increases by 0.50% for the preceding dividend quarter and sequentially for each quarter (or portion thereof) during which such registration requirement remains unsatisfied, up to a maximum aggregate increase of 2%. Since as of July 31, 2007, such registration requirement was unsatisfied, the applicable dividend rate for the quarter ended July 31, 2007 increased to 8.5%. Alpine thereafter and through June 30, 2008 waived any further incremental adjustment in such dividend rate on account of failure to satisfy the registration requirement. However, following the expiration of such waiver period and through the current date the registration requirement remained unsatisfied. This resulted in the resumption of sequential quarterly incremental adjustments of 0.50% to such dividend rate. Additionally, commencing as of April 11, 2008, Wolverine notified Alpine that in accordance with its rights under the certificate of designations for its Series A Preferred Stock, it was electing to defer current payment of dividends. Accordingly, as a result of the foregoing, the annual dividend rate for the Wolverine Series A Preferred Stock was 12.0% on December 31, 2008. The Wolverine Series A Preferred Stock votes with the Wolverine common stock on an as converted basis on all matters. The security is convertible into shares of Wolverine common stock based upon an initial conversion price of $1.10 per share and would result in an ownership by Alpine in Wolverine of 14.6% on a fully diluted, as converted basis.

On February 16, 2007, Alpine and Wolverine entered into an agreement pursuant to which Alpine will provide certain management and other services to Wolverine for an initial period of two years in consideration of an annual fee of $1.3 million and reimbursement of its reasonable and customary expenses. During the three and twelve month periods ended December 31, 2008 the Company recorded $0.3 and $1.3 million, respectively, as a credit against selling, general and administrative expenses related to management fees under such agreement. During the three and twelve month periods ended December 31, 2007 the Company recorded $0.3 and $1.1 million, respectively, in the same manner for such fees for those time periods.

4. Investment in affiliates (Continued)

On March 29, 2007, October 18, 2007 and August 16, 2008, Wolverine granted Alpine options under the Wolverine Tube, Inc. 2007 Non-Qualified Stock Option Plan (the "Wolverine Option Plan") to purchase 4,399,059 (the "Original Option") 366,588 (the "Additional Option") and 540,294 (the "Second Additional Option") shares of common stock of Wolverine, or 6.0%, 0.5% and 0.5% respectively, of the outstanding shares of Wolverine on a fully diluted, as converted basis as of the respective grant dates. The exercise prices for such options were as follows: $1.10 per share as to a tranche of 40% of the Original Option and Additional Option shares and $0.74 per share as to a tranche of 40% of the Second Additional Option shares; $1.40 per share as to a tranche of 30% of the Original Option and Additional Option shares and $0.95 per share as to a tranche of 30% of the Second Additional Option shares; and $2.20 per share as to a tranche of 30% of the Original Option and Additional Option shares and $1.49 per share as to a tranche of 40% of the Second Additional Option shares. The Original Option, Additional Option and Second Additional Option vest on a pro rata basis among the three tranches listed above in five equal successive annual installments of 20%, commencing, respectively, on the first anniversary of each grant. The term of each option grant expires on, and is exercisable by Alpine as to vested Original Option, Additional Option and Second Additional Option shares until, the tenth anniversary of each respective grant. As a result of the issuance of additional shares of common stock of Wolverine following a rights offering consummated during October 2007, and pursuant to the express terms of the Wolverine Option Plan, the number of common shares underlying the Original Option and the Additional Option were automatically adjusted to 6,483,533 and 540,294, respectively**.** Also as a result of the foregoing issuance of additional shares of common stock of Wolverine, the exercise prices for the separate 40%, 30% and 30% option tranches granted under the Original Option and Additional Option were adjusted to equal those of the Second Additional Option, i.e. $0.74, $0.95 and $1.49, respectively.

On March 20, 2008, Alpine purchased $10 million of newly issued shares of Series B 8 ½ % Convertible Preferred Stock (the "Wolverine Series B Preferred") of Wolverine. The terms and provisions of the Wolverine Series B Preferred Stock (including cumulation and payment dates for dividends, initial conversion price, right of Wolverine to defer payment of dividends under certain circumstances at a higher dividend rates, and automatic incremental adjustment of applicable initial or deferral dividend rate upon failure to satisfy the registration requirement in respect of Wolverine Series B Preferred Stock after June 30, 2008) are substantially identical to those of the Wolverine Series A Preferred Stock, except that the initial cumulative dividend rate on the Wolverine Series B Preferred Stock is 8.5% per annum and the rights and seniority of such security are ratable and parri passu with those of the Wolverine Series A Preferred Stock. Following this investment, Alpine owned 22.4% of Wolverine (on a fully diluted as converted basis). Commencing as of April 11, 2008, Wolverine notified Alpine that in accordance with its rights under the certificate of designations for its Series B Preferred Stock, it was electing to defer current payment of dividends. Furthermore, since the registration requirement with respect to the Wolverine Series B Preferred Stock was unsatisfied as of June 30, 2008 and thereafter continued unsatisfied through the current date, the dividend rate increased by 50 basis points effective as of each of July 1, 2008 and August 1, 2008. Accordingly, as a result of the foregoing, the annual dividend rate for the Wolverine Series B Preferred Stock was 12.0% on December 31, 2008.

As a result of Alpine's aforesaid March 20, 2008 additional investment in Wolverine, among other factors, as of such date Alpine adopted the equity method of accounting for its investment in Wolverine. However, no adjustment compared to the cost basis previously applied was deemed necessary for the quarter ended March 31, 2008 as Alpine's share of Wolverine's earnings for the remaining period between March 20, 2008 and the end of such quarter was immaterial for adjustment. During the quarters ended September 30 and June 30, 2008 Alpine recorded $6.0 and $3.1 million for its share of Wolverine's losses for the same periods, respectively. The third quarter loss includes Alpine's proportionate share (approximately $5.1 million) of the net impact of a $44 million goodwill impairment and a $21.7 million gain on divestitures, both of which Wolverine recorded in its third quarter 2008 results. The goodwill impairment was primarily related to the deterioration in profitability of Wolverine's business located in Carrollton, Texas and the low market price of its common stock, resulting in a substantially depressed enterprise value. The divestiture gains were primarily the result of the divestiture of its Canadian residential plumbing tube business.

During the quarter ended December 31, 2008 Alpine recorded $3.9 and $9.2 million for its share of Wolverine's losses and change in other comprehensive income ("OCI") for the same period, respectively. The decline in Wolverine's OCI was primarily the result of Wolverine accruing approximately $38 million related to a deferred pension liability in December 2008. Since the full effect of Alpine's share of Wolverine's fourth quarter losses, decrease in OCI and aforementioned reserve for preferred dividend non-payment would result in a $3.8 million negative investment in Wolverine, the amounts recorded on Alpine represent a proportional impact of the Wolverine losses and decrease in OCI such that Alpine's investment in Wolverine is zero as of December 31, 2008. The Company will not record any additional equity adjustments relative to Wolverine unless or until Wolverine's earnings become positive and Alpine's share of such cumulative positive earnings (including OCI) exceeds $3.8 million.

4. Investment in affiliates (Continued)

The Company has received $0.5 and $0.6 million in dividend payments for the twelve month periods ended December 31, 2008 and 2007, respectively, on account of Wolverine preferred stock holdings. The Company recorded $0.3 million for the three month period ending March 31, 2008 as dividend income; however, beginning in the second quarter of 2008, Alpine recorded the dividends as a reduction to their investment in Wolverine. Also, for the twelve month period, ending December 31, 2007 the Company recorded $0.7 million in dividends and interest income in its statement of operations on account of Wolverine preferred stock dividends for such period.

During July 2008 and September 2008, Alpine purchased on the open market, 509,382 and 417,853 shares of Wolverine common stock for aggregate purchase prices of $0.4 million and $0.3 million, respectively. Following such purchases, Alpine owns 23.4% of Wolverine on a fully diluted, as converted basis.

The following is a condensed summary of financial data for Wolverine:

	December 31, 2008	December 31, 2007
	(in thousands)	
Total assets	$ 237,132	$ 454,986
Total liabilities	261,257	383,374
Preferred stock	23,608	4,393
Total equity (deficit)	$(47,733)	$ 67,219
Net loss	$(48,473)	$(98,227)

Synergy Cables Ltd.

On February 22, 2006, Alpine and Shrem Fudim Kelner Technologies Ltd., (“SFKT”), an unrelated Israeli company, entered into an agreement (the “Agreement”), whereby Alpine and SFKT agreed to invest $10 million and $5 million, respectively, in newly issued common shares of SCL. Concurrently, Alpine and SFKT entered into an agreement which provides for (i) certain restrictions upon sale and disposition of SCL common shares, (ii) rights of first offer and "tag along" rights in regard to certain proposed sales of SCL shares, (iii) mutual support and voting for candidates for election to the SCL board of directors, and (iv) sharing of certain management fees payable by SCL. On February 23, 2006, SCL’s principal lender agreed to extend approximately $11 million in long term indebtedness of SCL and convert $15 million in SCL indebtedness into a non-interest bearing subordinated loan repayable only upon liquidation of SCL and exchangeable into 15% of SCL share capital. The foregoing agreements were closed on June 26, 2006 and as a result the Company owns approximately 52% of SCL.

On February 27, 2007, SCL announced a public offering of units (“Units”) of its securities consisting of newly issued convertible and non-convertible bonds, warrants to purchase additional non-convertible bonds through three months following the offering date, and warrants to purchase common stock of SCL through March 2011. The Units offering was fully subscribed and consummated on March 18, 2007. Gross proceeds from the Units offering totaled $44.0 million. Contemporaneously with the Units offering, SCL announced an $8.0 million rights offering to its existing common stockholders. The rights offering was fully subscribed and consummated on March 22, 2007. Alpine participated pro rata in the rights offering and purchased 14,668,519 SCL shares for an aggregate purchase price of $4.0 million. The purchase price was paid by Alpine from proceeds of the repayment of working capital loans previously advanced by it to SCL in the aggregate principal amount of $3.3 million, with the remainder of the purchase price being funded out of available cash.

As stated in Note 1, SCL is accounted for using the equity method. Alpine recorded $12.6 million of loss and $2.5 of income from equity in earnings (losses) of affiliates during the years ended December 31, 2008 and 2007, respectively. The losses during 2008 were due primarily to a slowdown in SCL’s business, particularly during the fourth quarter, along with a significant loss due to the sharp decline in copper prices in the latter half of 2008, for which SCL was not fully hedged. Alpine also recorded $2.1 million for their share of SCL’s other comprehensive losses during 2008. These losses were primarily related to deferred foreign currency translation adjustments.

5. Acquisitions

Purchase of Posterloid Corporation

On February 23, 2007, Alpine acquired 100% of the stock of Posterloid Corporation ("Posterloid") for $2.9 million. The acquisition was accounted for under the provisions of SFAS No. 141 "Business Combinations". The results of Posterloid's operation have been included in the consolidated financial statements since that date. Posterloid is located in Long Island City, NY and is a designer and manufacturer of menu boards and signage for the food service industry and financial institutions. Alpine has guaranteed payment of a contingent earn-out of up to a maximum of $0.5 million based on achievement of certain cumulative performance levels over a three year period. Since this earn-out is likely to occur, the Company accrued the $0.5 million as of December 31, 2008 as an addition to goodwill. This results in total goodwill of $1.0 million related to the Posterloid acquisition as of December 31, 2008.

The following summarizes the fair values of assets acquired and liabilities assumed at the date of acquisition.

	February 23, 2007
	(in thousands)
Accounts receivable	$ 1,307
Inventories	1,611
Other current assets	75
Property, plant and equipment	460
Goodwill	533
Accounts payable	(715)
Other current liabilities	(354)
Net purchase price	$ 2,917

6. Discontinued operations

On January 31, 2006, Exeon completed the sale of certain of its assets comprising its building wire business to Southwire Corporation. Exeon sold all of its closing date building wire related inventory and prepaid assets, its Florence, Alabama manufacturing plant and equipment, and Southwire assumed certain contracts and selected current liabilities related to the business. Exeon retained substantially all of its other liabilities, including the indebtedness under its revolving credit facility. Excluded from the sale were cash and cash equivalents and accounts receivable of Exeon, a copper scrap reclamation plant and operation based in Jonesboro, Indiana, a plastic resin compounding plant and operation based in Marion, Indiana, and three leased warehouse distribution centers. The scrap reclamation operation serviced both Exeon's internal requirements for scrap processing, as well as external customers. The purchase price was the sum of (i) $27 million plus (ii) the closing date value of Exeon's inventory and certain prepaid assets aggregating $55.6 million, which was paid in cash by Southwire at closing. At closing, Exeon repaid in full and terminated its revolving credit facility then in effect. In December 2006 Exeon discontinued its plastic resin compounding operations and on May 31, 2007 it sold its Marion, Indiana plant and related machinery and equipment to a third party for $0.7 million.

Alpine had an after-tax gain of $4.0 million resulting from the proceeds it received (net of expenses) related to its share of a 2007 settlement arising from a lawsuit filed by Exeon and other plaintiffs, alleging a conspiracy to increase the prices of copper products during the 1993-1996 timeframe in violation of Section 1 of the Sherman Act. This gain was recorded as income from discontinued operations during the second quarter of 2008, since it was related primarily to Alpine's discontinued building wire operations. The remaining assets and liabilities related to discontinued operations were less than $1.0 million as of December 31, 2008 and December 31, 2007 and therefore are no longer shown separately in the balance sheet herein.

7. Revolving Credit Facility

On December 19, 2006, Exeon entered into a loan agreement with a bank providing for revolving maximum borrowings of up to $5 million and on December 31, 2007 amended the agreement to increase the maximum borrowing limit to $8 million. Borrowing availability is determined by reference to a borrowing base that permits advances to be made at net valuation rates against accounts receivable and inventories of Exeon's scrap reclamation business. Interest is payable monthly in arrears and is based on a floating bank base rate less 50 basis points. The effective rate as of December 31, 2008 was 3.25%. The loan is collateralized by the assets of the scrap reclamation business indicated above including the property, plant and equipment located at Exeon's Jonesboro, Indiana facility and inventories related to such business located at such plant and at approved third party consigned locations. As of

7. Revolving Credit Facility (Continued)

December 31, 2008 and 2007 the principal loan balances outstanding were $6.7 and $8.0 million, respectively. Alpine is an absolute and unconditional guarantor of all indebtedness under this revolving credit facility. All indebtedness under the facility was repaid and the agreement was terminated by the parties thereto on June 16, 2009. (See Note 20).

In October 2006, Exeon established a $25 million credit line with UBS Bank USA ("UBS"). The line is guaranteed by Alpine and collateralized by Exeon's and Alpine's cash equivalents and other investments on deposit with UBS and its affiliates from time to time for the account of Exeon and Alpine. The outstanding balance under the Exeon credit line was zero as of both December 31, 2008 and 2007. In November 2008, Alpine established a similar credit line with UBS without regards to amount but limited to certain investments held on account. The outstanding balance under the Alpine credit line was $1.9 million as of December 31, 2008.

8. Long-term debt

At December 31, 2008 and 2007, long-term debt consists of the following:

	December 31, 2008	December 31, 2007
	(in thousands)	
6% Junior Subordinated Notes due 2010, net of $12 and $24 discount, respectively	$293	$374
Less current portion of long-term debt	71	93
	$222	$281

On August 4, 2003, the Company completed an exchange offer whereby holders of its common stock exchanged 3,479,656 shares of such common stock for $4.3 million principal amount of 6% Junior Subordinated Notes (the "Subordinated Notes") issued by the Company plus a nominal amount of cash in lieu of fractional notes. The Subordinated Notes were initially recorded at an amount equal to the fair value of the common stock exchanged resulting in an initial discount of $1.4 million. The Company redeemed $0.1 million of the Subordinated Notes during both 2008 and 2007 in accordance with the terms of the Subordinated Notes.

At December 31, 2008 and 2007, the fair value of the Company's debt approximates carrying value.

The aggregate principal maturities of long-term debt subsequent to December 31, 2008, were as follows:

Year Ending	(in thousands)
2009	$ 72
2010	233
Total obligation	305
Unamortized discount	(12)
	$293

9. Income taxes

The (provision) benefit for income taxes for the years ended December 31, 2008 and 2007 is comprised of the following:

	Year Ended December 31, 2008	Year Ended December 31, 2007
	(in thousands)	
Current:		
Federal	$(2,264)	$(2,537)
State	456	(814)
Total current from continuing operations	(1,808)	(3,351)
Deferred:		
Federal	1,640	1,919
State	405	457
Total deferred from continuing operations	2,045	2,376
Income taxes from continuing operations	237	(975)
Income taxes from discontinued operations	(2,557)	634
Total income tax (provision)	$(2,320)	$ (341)

The (provision) benefit for income taxes from continuing operations differs from the amount computed by applying a U.S. federal income tax rate of 35% for the years ended December 31, 2008 and 2007, because of the effect of the following items:

	Year Ended December 31, 2008	Year Ended December 31, 2007
	(in thousands)	
Continuing operations:		
Expected income tax (provision) benefit at U.S. federal statutory tax rate	$ 8,498	$ (1,274)
State income taxes, net of U.S. federal income tax benefit	177	(235)
Equity in earnings (losses) affiliates	(8,966)	886
Change in valuation allowance	(201)	—
Change in reserves	—	(221)
State tax refunds	589	—
Change in tax rates from prior year	100	—
Other, net	40	(131)
Income tax (provision) benefit from continuing operations	$ 237	$ (975)

9. Income taxes (Continued)

Items that result in deferred tax assets and liabilities and the related valuation allowance at December 31, 2008 and 2007 are as follows:

	December 31, 2008	December 31, 2007
	(in thousands)	
Deferred tax assets:		
Accrued expenses	$ 569	$ —
Compensation expense related to unexercised stock options and stock grants	2,861	2,806
Net operating loss carryforwards	1,896	1,809
Other	783	821
Total deferred tax assets	6,109	5,436
Less valuation allowance	(2,991)	(2,789)
Net deferred tax assets	3,118	2,647
Deferred tax liabilities:		
Accrued expenses	—	36
Depreciation	—	16
Inventory	8,555	10,142
Total deferred tax liabilities	8,555	10,194
Net deferred tax liability	5,437	7.547
Net long-term deferred tax assets	2,595	2,747
Net current deferred tax liability	$ 8,032	$10,294

At December 31, 2008, Alpine had state net operating loss carryforwards ("NOL's") in the amount of $2.9 million (before federal tax effect) that can be used to offset future taxable income. The net operating loss carryforwards expire beginning in 2009 and through 2023. Based on the number of states in which it currently maintains business operations requiring the payment of state income taxes, it is unlikely that Alpine will realize all of its state net operating loss carryforwards. Accordingly, Alpine has determined that, pursuant to the provisions of SFAS No. 109, a deferred tax valuation allowance in the amount of $1.9 million is required on those deferred tax assets. During 2008 no state NOL's expired unused and during 2007, approximately $0.6 million of state NOL's expired unused.

The Company did not provide for U.S. federal income taxes or non-U.S. withholding taxes on approximately $2.5 million of undistributed earnings of its foreign equity investee as of December 31, 2007 because such earnings are intended to be reinvested indefinitely outside of the United States. Generally, such earnings become subject to U.S. tax upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability on such undistributed earnings.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is subject to examination in the U.S. federal tax jurisdiction and various states for the 2004-2007 tax years. As of December 31, 2008 the Company was under audit by the U.S. Internal Revenue Service for tax periods 2005 through 2007 and the state of Illinois for the tax periods 2002 through 2005.

10. Preferred stock

Alpine has authorized 500,000 shares of preferred stock with a par value of $1.00 per share. The preferred stock may be issued at the discretion of the Board of Directors in one or more series with differing terms, limitations and rights.

At December 31, 2008, there were 12,171 shares of Alpine Series A Cumulative Convertible Stock (the "Series A Preferred Stock") outstanding. Holders of the Series A Preferred Stock are entitled to receive, when, as and if declared by the board of directors out of funds legally available for payment, cash dividends at an annual rate of $30.40 per share. The Series A Preferred Stock originally was convertible into Common Stock, at the option of the holder, at the rate of 691 shares of Common Stock per share of Series A Preferred. As a result of a special dividend declared by the Company during 2004 the conversion rate increased to 743.01

10. Preferred stock (Continued)

The Company may cause conversion of the Series A Preferred Stock into Common Stock if the Common Stock is then listed on the New York Stock Exchange or the American Stock Exchange or is traded on the Nasdaq National Market System and the average closing price of a share of the Common Stock for any 20 consecutive trading days equals or exceeds 300% of the conversion price then in effect. The Series A Preferred Stock is subject to mandatory redemption by the Company ratably on the last day of each quarter during the three-year period commencing on December 31, 2009 at the liquidation value of $380 per share, plus accrued and unpaid dividends. Additionally, if the Company experiences a change in control it will, subject to certain limitations, offer to redeem the Series A Preferred Stock at a cash price of $380 per share plus accrued and unpaid dividends.

Dividends related to the Series A Preferred Stock have been paid on a quarterly basis since issuance.

There were 44 and 88 shares of Series A Preferred Stock converted into 32,692 and 65,384 shares of Common Stock during 2008 and 2007, respectively.

At December 31, 2008, 177 shares of 9% Cumulative Convertible Preferred Stock (“9% Preferred Stock”) were outstanding. Each Share of the 9% Preferred Stock is convertible into 105 $^{1}/_{2}$ shares of Common Stock, subject to customary adjustments. Alpine may redeem the stock at any time, in whole or in part at a price equal to the liquidation value per share of $1,000. The 9% Preferred Stock is senior to the Series A Preferred Stock.

11. Comprehensive income

The components of comprehensive income for the twelve months ended December 31, 2008 and 2007 were as follows:

	Twelve Months Ended December 31,	
	2008	2007
	(in thousands)	
Net income (loss)	$(20,208)	$1,714
Change in unrealized gains (losses) on investment securities, net of tax	(99)	(260)
Change in unrealized other comprehensive income (loss)of equity affiliates	(14,251)	—
Total comprehensive income (loss)	$(34,558)	$1,454

The change in unrealized other comprehensive loss of equity affiliates was attributable to Alpine’s share of such losses of Wolverine ($12.6 million) and SCL ($2.1 million). The Wolverine loss was due primarily to an additional deferred pension liability, whereas SCL was primarily related to deferred foreign currency translation adjustments.

12. Earnings (loss) per share

The computation of basic and diluted earnings (loss) per share for the years ended December 31, 2008 and 2007, is as follows:

	Year Ended December 31,					
	2008			2007		
	Net Income	Weighted Average Shares	Per Share Amount	Net Income	Weighted Average Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic earnings (loss) per share						
Income (loss) from continuing operations	$(24,043)	11,444	$ (2.11)	$ 2,665	11,108	$ 0.24
Adjustments:						
Preferred stock dividends	(387)	11,444	(0.03)	(388)	11,108	(0.03)
Income (loss) attributable to common stock from continuing operations	(24,430)	11,444	(2.14)	2,277	11,108	0.21
Income (loss) from discontinued operations	3,835	11,444	0.34	(951)	11,108	(0.09)
Net income (loss) applicable to common stock	$(20,595)	11,444	$ (1.80)	$ 1,326	11,108	$ 0.12
Diluted earnings (loss) per share						
Basic income (loss) attributable to common stock from continuing operations	$(24,430)	11,444	$ (2.14)	$ 2,277	11,108	$ 0.21
Effect of dilutive securities:						
Restricted stock plans				—	338	
Stock option plans				—	445	
Convertible preferred stock				388	9,125	
Income (loss) attributable to common stock from continuing operations and assumed conversions	(24,430)	11,444	(2.14)	2,665	21,016	0.13
Income (loss) from discontinued operations	3,835	11,444	0.34	(951)	21,016	(0.05)
Net income (loss) applicable to common stock	$(20,595)		$ (1.80)	$1,714	21,016	$ 0.08

The earnings per share calculations for the year ended December 31, 2008 exclude the exercise of certain stock options (1.9 million), vesting of restricted stock grants (0.2 million) and conversion of all preferred stock (12,171 preferred shares into 9.0 million common shares) because the effect would be antidilutive.

Diluted earnings per share for the year ended December 31, 2007 excludes the effect of an average of 0.4 million stock shares related to stock options whose exercise price was higher than the average per share price of the Company's stock for 2007 because such effect would be anti-dilutive. Diluted earnings per share for the year ended December 31, 2006 excludes the effect of an average of 0.1 million restricted stock shares that may be vested in the future, because such effect would be anti-dilutive.

13. Stock based compensation plans

Alpine formerly had an employee stock option incentive plan known as the 1997 Stock Option Plan (the "1997 Plan"), however, as of April 9, 2007, the tenth anniversary of the effective date of the 1997 Plan, no further grants or other awards may be issued under such plan. All rights under options granted prior to April 9, 2007 extend beyond such date subject to and in accordance with the terms of the 1997 Plan. The options granted under the 1997 Plan vest in equal annual installments over the three year period commencing on the first anniversary date of the grant or, if earlier, upon the occurrence of a change in control of the Company and options cannot be exercised after 10 years from the date of grant.

On May 14, 2008, the Executive Compensation Committee of the Board of Directors (the "Compensation Committee") granted a total of 199,205 non-qualified options to four key executives of the Company. On June 26, 2007, the Compensation Committee granted a total of 461,000 non-qualified options to the same four key executives of the Company. Additionally, on September 7, 2007, September 21, 2007 and October 9, 2007, the Compensation Committee granted 100,000, 5,000 and 10,000 non-qualified options, respectively, to certain employees of the Company's subsidiaries. The options vest in equal annual installments over the four year period commencing on the first anniversary date of grant or, if earlier, upon occurrence of a change in control of the Company and cannot be exercised after ten years from the date of grant. The exercise price of all such options was set at the market price of the Common Stock on the date of grant. All shares of Common Stock issuable upon exercise of any of the said non-qualified options will be issued from the Company's treasury shares.

The Company adopted the Stock Compensation Plan for Non-Employee Directors (the "Director Plan") in January 1999. Under the Director Plan, each non-employee director of the Company automatically receives 50% of the annual retainer in either restricted common stock or non-qualified stock options, as elected by the director. In addition, each non-employee director may also elect to receive all or a portion of the remaining amount of the annual retainer and any meeting fees in the form of restricted stock or stock options in lieu of cash payment. Commencing in 2009, 50% of the total annual non-employee director compensation automatically will be paid in cash and the remaining 50% will be in the form of restricted stock and/or stock options as selected by each non-employee director. During 2008, 74,255 non-qualified stock options and 9,672 shares of restricted stock were granted to non-employee directors. During 2007, 52,699 non-qualified stock options and 18,634 shares of restricted stock were granted to non-employee directors. All options and restricted stock granted during 2008 and 2007 were issued at the fair market value of the Common Stock at the date of the grant. Each stock option granted under the Director Plan expires on the tenth anniversary of the date of the grant. Awards of restricted stock and stock options under the Director Plan vest upon the earliest of the following to occur: (i) the third anniversary of the date of the grant; (ii) a non-employee director's death; and (iii) a change of control of the Company. Any shares issued pursuant to the Director Plan will be issued from the Company's treasury stock.

Alpine sponsors a 1984 Restricted Stock Plan under which a maximum of 600,000 shares of Common Stock have been reserved for issuance. At December 31, 2008, there were 45,064 shares available for issuance. During the year ended December 31, 2008, the Compensation Committee granted no new shares under this plan. Shares of restricted Common Stock granted under this Plan vest in equal installments over a three year period commencing with the first anniversary of grant.

Alpine sponsors The Alpine Group, Inc. Deferred Stock Account Plan, an unfunded deferred stock compensation plan whereby certain key management employee participants are permitted to (i) defer the receipt of all, or a portion, of their non-cash salary or bonus, as defined by the plan and (ii) reinvest deemed cash dividends allocable to Common Stock credited to a participant's account under the plan into additional deferred Common Stock. The plan also provides for Company matching contributions of Common Stock of either 25% or 50%, depending upon period of deferral, applied to shares of Common Stock deferred therein. The compensation cost associated with the Company matching contributions is amortized over the period of the deferral in respect of which it may be earned. Shares deferred into the Deferred Stock Account Plan are held in irrevocable grantor trusts. At December 31, 2008, 2,371,244 shares of Common Stock have been deferred and are included in the grantor trusts. These shares and the corresponding liability are classified as components of treasury stock and additional paid-in capital, respectively, in the consolidated balance sheets. The total unamortized deferred compensation was $0.2 million and $0.4 million as of December 31, 2008 and 2007, respectively.

During 2008 no new deferrals were granted, 383,826 shares vested and 20,667 previously vested shares were certificated and distributed.

13. Stock based compensation plans (Continued)

The following table summarizes restricted stock activity for the twelve month periods ended December 31, 2008 and 2007:

	Deferred Stock Account Plan		Non-Employee Directors Plan	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested balance at December 31, 2006	168,693	$3.20	79,524	$1.92
Granted	—		18,634	$2.55
Vested	(95,564)	$3.05	(80,572)	$1.96
Forfeited	—		—	
Nonvested balance at December 31, 2007	73,129	$3.40	17,586	$2.42
Granted	—		9,672	$2.46
Vested	(36,564)	$3.40	(6,353)	$2.05
Forfeited	—		—	—
Nonvested balance at December 31, 2008	36,565	$3.40	20,905	$2.55
Unrecognized Compensation Costs	$17,267		$23,426	
Weighted Average Period Remaining	0.5	Years	2.0	Years

Excluded from the table above are 183,494 and 530,756 shares as of December 31, 2008 and 2007, respectively, that represent future Company matching contributions being earned on account of shares deferred by participants in the Deferred Stock Account Plan. Under the plan, the number of matching shares contributed by the Company varies based upon the length of the deferral period(s) selected by plan participants and the contribution is earned upon expiration of the related deferral period(s). The amortization of the cost associated with matching contribution shares is, and has been, included in the compensation expense of the Company, all of which is included in selling, general and administrative expense. There was approximately $0.2 million of unamortized compensation expense related to such matching contribution shares as of December 31, 2008 that is expected to be recognized over a weighted average period of 2.1 years.

The following table summarizes stock option activity for the twelve month periods ended December 31, 2008 and 2007.

	Shares Outstanding	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2006	992,021	$1.26	6.50	$1,076,273
Exercised	(21,667)	$0.76		
Canceled	(3,335)	$0.76		
Granted	628,699	$2.75		
Outstanding at December 31, 2007	1,595,718	$1.86	7.08	$1,453,709
Exercised	—	—		
Canceled	(10,467)	$3.01		
Granted	273,460	$2.24		
Outstanding at December 31, 2008	1,858,711	$1.91	6.56	$ 49,348
Options exercisable at December 31, 2008	1,063,616	$1.40	4.91	$ 49,348

13. Stock based compensation plans (Continued)

The weighted average grant-date fair value of options granted for the twelve month periods ended December 31, 2008 and 2007 was $1.86 and $2.32, respectively. There were no options exercised during 2008 and the aggregate intrinsic value of options exercised for the twelve month period ended December 31, 2007 was $38,000.

Information with respect to stock-based compensation plan stock options outstanding and exercisable at December 31, 2008 is as follows:

	Options Outstanding			Options Exercisable	
Range Of Exercise Prices	Number Of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Of Options Exercisable	Weighted Average Exercise Price
$0.450-$0.650	180,040	4.19	$ 0.6001	180,040	$ 0.6001
$0.76	333,851	4.47	$ 0.7600	333,851	$ 0.7600
$0.875—$2.700	1,288,697	7.54	$ 2.2077	513,632	$ 1.6676
$3.100—$9.813	45,384	4.73	$ 4.3109	25,354	$ 5.1996
$10.438—$17.938	10,739	0.58	$13.2559	10,739	$13.2559
	1,858,711	6.56	$ 1.9072	1,063,616	$ 1.4032

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123R (revised 2004), “Share-Based Payment,” (“SFAS 123(R)”) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors based on estimated fair values. SFAS 123(R) supersedes the Company’s previous accounting under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”) for periods beginning in fiscal 2006.

The Company accounts for stock options using the provisions of adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Stock-based Payment,” (“SFAS 123(R)”) which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values. Total compensation expense related to all stock-based compensation plans (including restricted stock) for the twelve months ended December 31, 2008 and 2007, was $0.7 million and $1.0 million, respectively.

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Statement of Operations. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”).

There were no options exercised during 2008 and 21,667 options exercised during the twelve month period ended December 31, 2007. Cash received from option exercises under all share-based payment arrangements for the twelve month periods ended December 31, 2007 was $16,000.

The fair value of each option award was calculated on the date of grant using the Black-Scholes option pricing model. This model requires the input of subjective assumptions that may have a significant impact on the fair value estimate. Expected volatility was based on historical volatility of the Company’s stock, and other factors. Expected dividends were based on historical dividend practices and no immediate plans to pay a dividend in respect of the Common Stock. The Company uses historical data to estimate option exercises and employee terminations within the valuation model. The risk-free rate for periods within the contractual life of the option were based on average U.S. Treasury rates in effect at the end of each quarter. The following assumptions were used for each respective period:

13. Stock based compensation plans (Continued)

	Twelve months ended December 31,	
	2008	**2007**
Risk free interest rate	1.41%	3.46%
Expected life	2.0	2.0
Expected volatility	148%	133%
Expected dividend yield	0%	0%

14. Employee benefits

In conjunction with the sale of its then subsidiary DNE Systems, Inc in 2004, the Company entered into an agreement with a certain former employee that entitles the former employee to a benefit accrued under the former supplemental executive retirement plan ("SERP"), payable at normal retirement age (65). The employee does not accrue any additional benefits, except for interest, under the SERP and the Company has the right to pay the actuarial equivalent lump sum value of the SERP to the former employee at its election with 30 days prior notice to the employee. The Company has recorded the present value of the SERP liability of $0.5 million as an other long-term liability as of December 31, 2008 and 2007.

Prior to 2002, Alpine sponsored an unfunded SERP. During 2001, the Company terminated or froze SERP benefits for certain employees resulting in a curtailment loss of $2.5 million and a settlement loss of $2.5 million. The benefits were paid out in 2002 or deposited in rabbi trust accounts, effectively terminating Alpine's SERP. The amounts remaining in the rabbi trust accounts, all of which are related to two current employees and included in other current assets as of December 31, 2008 and 2007, were $0.7 and $0.9 million, respectively. There is an equal and offsetting liability included in accrued expenses as of December 31, 2008.

The Company currently does not provide for any postretirement health care benefits.

Following the acquisition of Exeon in December 2002, Exeon established a defined contribution plan covering substantially all employees of Exeon and Alpine. The plan provides for limited matching of employee contributions. Posterloid has a separate defined contribution plan which provides for limited matching of employee contributions. Company contributions to both these plans for the years ended December 31, 2008 and 2007 were approximately $0.2 and $0.1, respectively.

In December 2005, the Compensation Committee approved the adoption of The Alpine Group, Inc. Deferred Cash Account Plan (the "Plan"), which provides senior executives of the Company and its subsidiaries designated by the Compensation Committee with the opportunity to defer receipt of and taxation upon all or a portion of such executives' cash compensation for a range of deferral or redeferral periods elected by each executive as set out in the Plan. Amounts deferred under the Plan remain assets of the Company subject to claims of its creditors and any investment gains or losses upon such deferred amounts are exclusively for the respective accounts of participating executives. There are no provisions in the Plan for any Company match or contribution to the Plan. As of December 31, 2008 and 2007 there were no amounts contributed to such plan.

15. Derivative financial instruments and fair value information

The Company to a certain extent uses forward fixed price contracts and derivative financial instruments to manage commodity price risks. The Company is exposed to credit risk in the event of nonperformance by counterparties for metal forward price contracts, and metals futures contracts but the Company does not anticipate nonperformance by any of these counterparties. In the case of Wolverine, the Supply Agreement between Exeon and Wolverine (see Note 17) provides for the parties to pay or refund margin obligations. As of December 31, 2008 Wolverine had paid $9.5 million in margin obligations and owed another $1.0 million that was settled in early January 2009. The amount of such exposure is generally limited to the unrealized gains (losses) within the underlying contracts.

Commodity price risk management

The cost of copper, the Company's most significant raw material has been subject to significant volatility over the past several years.

15. Derivative financial instruments and fair value information (Continued)

During the fourth quarter 2007, the Company commenced purchasing copper cathode and scrap for resale to Wolverine (see Note 1). At December 31, 2007 there was approximately $23.0 million of copper cathode and scrap inventory purchased for resale to Wolverine in 2008. The Company entered into copper future contracts to match that price to the sale period in which it is sold to Wolverine. Since the purchase price approximated fair value, no adjustment to cost of sales was required. These contracts were liquidated in the first quarter of 2008, however additional contracts were utilized throughout 2008 to hedge the future receipt of copper for Wolverine and other customers. At December 31, 2008 the Company had approximately $20.4 million of copper futures contracts representing 14.2 million copper pounds outstanding as non-designated derivative instruments. These contracts were recorded at fair value as of December 31. 2008. At December 31, 2007, the Company had approximately $23.1 million of copper futures contracts representing 7.6 million copper pounds outstanding as non-designated derivative instruments. These contracts were recorded at fair value at December 31, 2007. At December 31, 2008 the Company also held $26.0 million in net long positions, placed on behalf and for the benefit of Wolverine, representing 11.0 million copper pounds that were backed by firm price commitments from Wolverine. As of December 31, 2008 Wolverine had transferred $9.5 million to Exeon in margin calls related to those positions, as copper prices had decreased significantly since the time such firm price commitments were made. In addition, Wolverine owed another $1.0 million in margin calls as of December 31, 2008, which is included in Due from Affiliates in the financial statements herein.

16. Commitments and contingencies

Total rent expense under cancelable and noncancelable operating leases was $1.3 million and $1.7 million during the years ended December 31, 2008 and 2007, respectively, of which approximately $0.5 and $1.0 million related to discontinued operations.

At December 31, 2008, future minimum lease payments under noncancelable operating leases are as follows:

Year	(in thousands)
2009	$ 693
2010	650
2011	528
2012	204
2013	204
Thereafter	85
Total	$2,364

During 2007 the Company sublet a portion of the only regional distribution center that remains from the former Exeon building wire discontinued operations. The Company received $0.3 million of sublease income during 2007 but did not sublet any portion of the premises during 2008. In September 2008, the Company paid its lessor $0.3 million on account of the remaining obligations accruing under the lease and the lease on this facility was terminated.

Approximately 18% of the Company's total labor force at December 31, 2008 was covered by collective bargaining agreements. Contracts covering the Company's unionized work force are due to expire in 2010. The Company considers relations with its employees to be satisfactory.

The Company is subject to lawsuits incidental to its business. In the opinion of management, based on its examination of such matters and discussions with counsel, the ultimate resolution of all pending or threatened litigation, claims and assessments will have no material effect upon Alpine's consolidated financial position, liquidity or results of operations.

Alpine's operations are subject to environmental laws and regulations in each of the jurisdictions in which it owns or operates facilities or as to certain former operations, for which it has assumed liabilities, governing, among other things, emissions into the air, discharges to water, the use, handling and disposal of hazardous substances and the investigation and remediations of soil and groundwater contamination both on-site at past and current facilities and at off-site disposal locations. Alpine, as to two sites, is currently involved in environmental investigations and in certain remedial activities being required under the oversight of a state regulatory agency. Additionally, Exeon, as to one site, may be required to undertake certain environmental investigation which may

16. Commitments and contingencies (Continued)

result in remedial activities being required under the oversight of a state regulatory agency. Alpine currently does not believe that any of the environmental matters for which it may be liable will have a material adverse effect upon its business, financial condition, liquidity or results of operations.

The Company accepts certain customer orders for future delivery at fixed prices. As copper is the most significant raw material, the Company enters into forward purchase fixed price commitments for copper to match its cost to the value of the copper to be billed to the customers. At December 31, 2008 and 2007, the Company had approximately $20.4 and $23.1 million of copper futures contracts, respectively, representing 14.2 and 7.6 million copper pounds, respectively, outstanding as non-designated derivative instruments. These contracts were recorded at fair value at December 31, 2008 and 2007. See Note 15 for discussion of other derivatives utilized by the Company.

Compensation of Directors

The Company pays an annual retainer to each of its directors who are not employees of the Company or otherwise compensated by the Company equal to $35,000, together with their expenses for attendance at meetings of the Board of Directors. Under The Alpine Group, Inc. Stock Compensation Plan for Non-Employee Directors (the "Stock Compensation Plan") (see Note 13) and prior to 2009, non-employee directors of the Company automatically received 50% of the annual retainer in either restricted stock or stock options, as elected by the non-employee director. In addition, each non-employee director could elect to receive the remaining amount of the annual retainer, in the form of restricted stock and/or stock options and/or cash payment. Commencing in 2009, 50% of the total annual non-employee director compensation automatically will be paid in cash and the remaining 50% will be in the form of restricted stock and/or stock options as selected by each non-employee director. The Stock Compensation Plan is administered and interpreted by the Board of Directors.

The lead director is entitled to receive an additional $5,000 per annum in recognition of the additional responsibilities. Furthermore, the Chairman of the Audit Committee and the Chairman of the Executive Compensation and Organization Committee receive additional $10,000 and $5,000 retainers, respectively, in recognition of the additional services and responsibilities of such Chairs.

Pursuant to a retirement benefit plan discontinued by the Company in 2001, a former non-employee director of the Company receives a retirement payment of $10,000 per annum through 2013. The outstanding balance due as of December 31, 2008 was approximately $38,000.

17. Related party transactions

In December 2007 Exeon and Wolverine entered into a supply agreement pursuant to which Exeon agreed to supply Wolverine and Wolverine agreed to purchase from Exeon its copper scrap and cathode requirements for its North American melting operations. The agreement is for two years. During 2008 Wolverine purchased approximately $260 million of copper from Exeon under the agreement.

As of December 31, 2006, Alpine had loaned $3.3 million to SCL to augment its growth and working capital. This loan is subordinate to SCL's bank debt and bears interest at LIBOR plus 3.0% per annum which was 8.37% as of December 31, 2006. This loan was repaid in March 2007. Except for the foregoing advances, SCL's operations are self funded and financed by unaffiliated bank lenders on a non-recourse basis to Alpine.

In August 2006 Exeon and SCL entered into a supply agreement pursuant to which Exeon could elect to purchase copper rod for resale to SCL for use in SCL's manufacturing operations (see Note 2). Exeon sales to SCL on a gross basis were $39.4 million for the year ended December 31, 2007. The copper handling fee which represents the net sale that was recorded in accordance with EITF 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent" (see Note 1) was $142,000 for the year ended December 31, 2007. SCL did not purchase any product from Exeon during 2008.

A former officer and current director of the Company receives an annual annuity of $18,900 in accordance with a former employment agreement with the Company. The annuity is a 15 year annuity which commenced in 2000. The outstanding balance due as of December 31, 2008 was approximately $103,000.

17. Related party transactions (Continued)

A former officer and current director of the Company receives an annual annuity of $34,700 and a monthly annuity of $7,378 in accordance with former employment agreements with the Company. The terms of the annuities are each 15 years and commenced in 2001 and 2002, respectively. The outstanding balances due as of December 31, 2008 were approximately $210,000 and $564,000, respectively.

Pursuant to a retirement benefit plan discontinued by the Company in 2001, a former non-employee director of the Company receives a retirement payment of $10,000 per annum through 2013. The outstanding balance due as of December 31, 2008 was approximately $38,000.

At December 31, 2008 and 2007, Alpine has outstanding loans to certain officers totaling $138,000 and $207,000, respectively, relating to the tax implications associated with the exercise in prior years of stock options and restricted stock grants. The unpaid balance, which is added to accumulated deficit, bears interest at prime plus 0.5%. Such loans are being forgiven by the Company over a 10 year period which commenced January 1, 2001 and approximately, $70,000 per year is being amortized as loan forgiveness, which is included in selling, general and administrative expense.

18. Stockholder rights agreement

Under the Company's Stockholder Rights Plan, last amended in March 2003 ("the Plan"), a Preferred Share Purchase Right ("Right") is attached to each share of Common Stock pursuant to which the holder will, in certain takeover-related circumstances, become entitled to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock at a price of $75.00, subject to adjustment, with each share having substantially the rights and preferences of 100 shares of Common Stock. The Rights will separate from the common shares after a person or entity or group of affiliated or associated persons (other than certain grandfathered persons) acquire beneficial ownership of 15% (or in the case of Steven S. Elbaum, 40%) or more of the outstanding common shares) or commence a tender offer that would result in a person or group acquiring, beneficial ownership of 15% or more of the outstanding common shares. Grants of stock options and restricted stock by the board of directors of the Company (and its committees) to its officers, will not by itself cause an officer to become an acquiring person. Also, in certain takeover-related circumstances, each Right (other than those held by an acquiring person) will be exercisable for shares of Common Stock or stock of the acquiring person having a market value of twice the exercise price. Once certain triggering events have occurred to cause the Rights to become exercisable, each Right may be exchanged by the Company for one share of Common Stock. At December 31, 2008, 200,000 shares of Series A Junior Participating Preferred Stock were reserved for issuance under this Plan.

On February 17, 2009 the Plan expired without any Rights ever issued thereunder.

19. Quarterly financial information (unaudited)

The Company's quarterly results of operations for the year ended December 31, 2008 and 2007 are as follows:

	2008				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
	(in thousands, except per share data)				
Net sales	$ 15,369	$ 15,056	$ 15,071	$ 6,499	$ 51,995
Gross profit	446	2,451	4,067	1,263	8,227
Loss from continuing operations	(736)	(4,122)	(7,168)	(12,017)	(24,043)
Income (loss) from discontinued operations	(153)	3,993	(19)	14	3,835
Net loss	(889)	(129)	(7,187)	(12,003)	(20,208)
Net loss per share of common stock – basic and fully diluted (a)					
From continuing operations, net of preferred dividends	(0.08)	(0.37)	(0.64)	(1.04)	(2.14)
From discontinued operations	(0.01)	0.35	0.0	0.0	0.34
Net loss	(0.09)	(0.02)	(0.64)	(1.04)	(1.80)

19. Quarterly financial information (unaudited) (Continued)

	2007				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
	(in thousands, except per share data)				
Net sales	$11,047	$ 12,545	$15,094	$14,874	$53,560
Gross profit	394	963	1,010	3,011	5,378
Income (loss) from continuing operations	(256)	609	972	1,340	2,665
Income (loss) from discontinued operations	(174)	(213)	(408)	(156)	(951)
Net income (loss)	(430)	396	564	1,184	1,714
Net income (loss) per share of common stock – basic (a)					
From continuing operations, net of preferred dividends	(0.03)	0.05	0.08	0.09	0.21
From discontinued operations	(0.02)	(0.02)	(0.04)	(0.01)	(0.09)
Net income (loss)	(0.05)	0.03	0.04	0.08	0.12
Net income (loss) per share of common stock – fully diluted (a)					
From continuing operations	(0.03)	0.03	0.05	0.06	0.13
From discontinued operations	(0.02)	(0.01)	(0.02)	(0.01)	(0.05)
Net income (loss)	(0.05)	0.02	0.03	0.05	0.08

(a) Earnings per share for the quarters are computed independently and the sum thereof may not equal the earnings per share computed for the total year.

20. Subsequent event

On June 16, 2009 Exeon repaid the outstanding balance on its revolving credit facility (see Note 7) and the loan agreement was terminated as of such the date.