

The Alpine Group, Inc.
Unaudited Financial Statements
For the Quarterly Period Ended March 31, 2009

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

ASSETS	March 31, 2009	December 31, 2008
Current assets:		
Cash and cash equivalents.....	\$ 16,824	\$ 1,942
Amount due from redemption of investment (Note 1).....	—	925
Marketable securities, at fair value (Note 1).....	2,644	2,510
Restricted cash (Note 1).....	300	300
Other investments	51	51
Accounts receivable, trade	2,104	1,761
Accounts receivable from affiliates (Note 1).....	—	2,517
Inventories, net (Note 2)	3,871	24,073
Prepaid expenses, deposits and other current assets	2,951	3,751
Total current assets	28,745	37,830
Property, plant and equipment, net.....	626	665
Investment in affiliates (Note 3).....	3,589	3,589
Deferred income taxes.....	2,595	2,595
Goodwill.....	1,033	1,033
Other assets	1,180	1,192
Total assets	\$ 37,768	\$ 46,904
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (Note 4)	\$ 993	\$ 6,658
Other short term borrowings (Note 4).....	1,994	2,048
Current portion of long-term debt.....	71	71
Accounts payable	2,881	3,737
Accounts payable to affiliates, net	370	—
Accrued expenses.....	4,296	4,821
Deferred income taxes and income taxes payable.....	7,915	9,983
Total current liabilities.....	18,520	27,318
Long-term debt, less current portion	224	222
Other long-term liabilities	1,383	1,388
Mandatorily redeemable series A convertible preferred stock (12,160 and 12,171 shares outstanding at March 31, 2009 and December 31, 2008, respectively) (Note 5)	4,581	4,585
Commitments and contingencies		
Stockholders' equity:		
9% cumulative convertible preferred stock at liquidation value	177	177
Common stock, \$.10 par value; (50,000,000 shares authorized; 26,793,733 and 26,785,560 shares issued at March 31, 2009 and December 31, 2008, respectively).....	2,679	2,678
Capital in excess of par value.....	171,876	171,675
Accumulated other comprehensive loss.....	(14,409)	(14,321)
Accumulated deficit	(30,640)	(30,175)
Treasury stock, at cost (17,555,076 and 17,556,055 shares at March 31, 2009 and December 31, 2008, respectively)	(116,502)	(116,505)
Receivable from stockholders	(121)	(138)
Total stockholders' equity	13,060	13,391
Total liabilities and stockholders' equity.....	\$ 37,768	\$ 46,904

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

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

	Three Months Ended	
	March 31,	
	2009	2008
Net sales	\$ 6,715	\$ 15,369
Cost of goods sold (Note 2).....	5,782	14,923
Gross profit.....	933	446
Selling, general and administrative expenses	1,530	1,828
Operating loss.....	(597)	(1,382)
Interest expense	(56)	(116)
Dividend and interest income.....	20	323
Realized gains on sales of securities	18	84
Other income, net	—	310
Loss before income taxes, equity in earnings of affiliate and discontinued operations.....	(615)	(781)
Income tax benefit	246	310
Loss before equity in earnings of affiliate and discontinued operations	(369)	(471)
Equity in loss of affiliate (Note 3).....	—	(265)
Loss from continuing operations.....	(369)	(736)
Discontinued operations:		
Loss from discontinued operations	—	(256)
Income tax benefit	—	103
Net loss on discontinued operations.....	—	(153)
Net loss	(369)	(889)
Preferred stock dividends	(96)	(97)
Net loss applicable to common stock.....	\$ (465)	\$ (986)
Net loss per share of common stock (Note 6):		
Basic and diluted:		
Loss from continuing operations applicable to common stock.....	\$(0.04)	\$(0.08)
Loss from discontinued operations, net of tax	—	(0.01)
Net loss per share.....	\$(0.04)	\$(0.09)
Weighted average shares outstanding:		
Basic and diluted	11,622	11,323

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

	Three Months Ended	
	March 31, 2009	
	Shares	Amount
9% cumulative convertible preferred stock:		
Balance at beginning of period	177	\$ 177
Balance at end of period	177	177
Common stock:		
Balance at beginning of period	26,785,560	2,678
Shares issued pursuant to Series A Preferred Stock conversion	8,173	1
Balance at end of period	26,793,733	2,679
Capital in excess of par value:		
Balance at beginning of period		\$ 171,675
Compensation expense related to restricted stock and certain stock options, less vested shares released from Treasury		198
Shares issued pursuant to Series A Preferred Stock conversion		3
Balance at end of period		171,876
Accumulated other comprehensive loss:		
Balance at beginning of period		(14,321)
Change in unrealized losses on securities, (net of tax)		(88)
Balance at end of period		(14,409)
Accumulated deficit:		
Balance at beginning of period		(30,175)
Net loss		(369)
Dividends on preferred stock		(96)
Balance at end of period		(30,640)
Treasury stock:		
Balance at beginning of period	(17,556,055)	(116,505)
Share purchases	(200)	—
Stock options and grants	1,179	3
Balance at end of period	(17,555,076)	(116,502)
Receivable from stockholders:		
Balance at beginning of period		(138)
Forgiveness of officer loans		17
Balance at end of period		(121)
Total stockholders' equity		\$ 13,060
Comprehensive loss		\$ (457)

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

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

	Three Months Ended	
	March 31,	
	2009	2008
Cash flows from operating activities:		
Net loss	\$ (369)	\$ (889)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	45	45
Compensation expense related to stock options and grants.....	218	211
Equity in loss of affiliate.....	—	265
Realized gains on investment in securities.....	(18)	(84)
Other.....	(1)	(10)
Changes in assets and liabilities:		
Accounts receivable, net	(343)	(5,097)
Accounts receivable from affiliates	2,887	(13,630)
Inventories, net	20,202	19,251
Other current and non-current assets	808	986
Accounts payable and accrued expenses	(3,390)	4,691
Other, net	(5)	(22)
Cash flows provided by operating activities	20,034	5,717
Cash flows from investing activities:		
Capital expenditures.....	—	(45)
Purchase of marketable securities	(393)	—
Proceeds from sale of investments.....	1,055	11,309
Investments in affiliates	—	(14,494)
Cash flows provided by (used for) investing activities.....	662	(3,230)
Cash flows from financing activities:		
Borrowings (repayments) under revolving credit facilities, net.....	(5,665)	(729)
Repayment of other short term borrowings	(53)	—
Purchase of treasury stock.....	—	(58)
Debt issuance costs.....	—	(30)
Dividends on preferred stock	(96)	(93)
Other	—	1
Cash flows used for financing activities.....	(5,814)	(909)
Net increase in cash and cash equivalents.....	14,882	1,578
Cash and cash equivalents at beginning of period	1,942	6,146
Cash and cash equivalents at end of period	\$ 16,824	\$ 7,724
Supplemental disclosures:		
Cash paid for interest	\$ 44	\$ 102
Cash paid for income taxes, net.....	\$ 1,772	\$ 1,256

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(unaudited)

1. General

Basis of presentation and description of business

The accompanying unaudited condensed consolidated financial statements included herein 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.

These financial statements should be read in conjunction with the audited consolidated financial statements contained in the Company's December 31, 2008 Annual Financial Statements available on-line at "www.alpine-group.net/news.htm". In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation have been included. The results for the quarter ended March 31, 2009 do not necessarily indicate the results that may be expected for the full year.

Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At March 31, 2009 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 Corporation ("Posterloid"), a wholly owned subsidiary engaged in the design and manufacture of menu boards and signage for the food service industry and financial institutions. Additionally, as of March 31, 2009 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 (Note 3).

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 (loss), net of related income taxes. All of the Company's investment securities were classified as available for sale at March 31, 2009.

The following table shows the unrealized gains (losses) and fair value of the Company's investments aggregated by investment category as of March 31, 2009.

<u>Description of Securities</u>	<u>March 31, 2009</u>			
	<u>Cost Basis</u>	<u>(in thousands)</u>		<u>Fair Value</u>
		<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	
Stocks	\$ 415	\$ —	\$ (47)	\$ 368
Mutual Funds.....	205	—	(91)	114
Municipal bonds.....	200	—	(6)	194
Fixed Income.....	2,000	—	(32)	1,968
Total	\$2,820	\$ —	\$(176)	\$2,644

1. General (Continued)

Alpine reviews its investment portfolio to identify and evaluate investments that have indications of possible impairment. The unrealized losses as of March 31, 2009 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.

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 4) 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, 2008 the Company liquidated \$0.9 million of the investment and realized a gain of approximately \$0.1 million from the sale of this investment; however since the actual proceeds were not received until January 2009, the liquidated portion of the investment was classified as "Amount due from redemption of investment" at December 31, 2008. The proceeds were utilized for working capital purposes.

Revenue recognition and accounts receivable

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 both March 31, 2009 and December 31, 2008 the allowance was \$0.1 million. 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 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent" ("EITF 99-19"), 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 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.

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. Exeon sales to Wolverine on a gross basis were \$26.5 and \$95.7 million for the quarters ended March 31, 2009 and 2008, respectively. The copper handling fee which represents the net sale that was recorded in accordance with EITF 99-19 was \$111,000 and \$182,000 for the quarters ended March 31, 2009 and 2008, respectively.

Equity accounting for earnings (losses) of affiliates

Alpine uses the equity method to account for its investments in affiliates (see Note 3). Because the results of operations for these companies are not always available and/or released to the public by the time that Alpine is ready to release its quarterly results, the Company elected to report its share of affiliate income (loss) and other comprehensive income (loss) on a one quarter lag during the year beginning with the first quarter of 2009. This will enable Alpine to release its results without concern of disclosing information about their investees prior to the investees' financial statement release. The third and fourth quarter results of affiliates will be recorded in the fourth quarter for Alpine so that the full year audited financial statements reflect Alpine's share of the full year audited results of its affiliates.

2. Inventories

At March 31, 2009 and December 31, 2008, the components of inventories were as follows:

	December 31, 2009	December 31, 2008
	(in thousands)	
Raw materials.....	\$ 832	\$ 1,313
Work in process	525	525
Finished goods.....	2,514	23,460
Total gross inventories	3,871	25,298
Lower of cost or market adjustment.....	(1,238)	(14,094)
LIFO reserve.....	1,238	12,869
Total gross inventories	\$ 3,871	\$24,073

The inventories shown above include \$2.1 and \$22.3 million of gross inventory as of March 31, 2009 and December 31, 2008, respectively, valued using the LIFO method. An actual valuation of inventory under the LIFO method can be made only at the end of each year based on actual inventory levels and costs at such time. Due to prior layer costs that were higher than the current cost at March 31, 2009 and December 31, 2008, the LIFO reserve was a debit balance of \$1.2 and \$12.9 million as of those dates, respectively. There was a \$11.6 million charge against cost of sales during the quarter ended March 31, 2009 for the decrease in the LIFO debit balance; however this charge was more than offset by a credit to cost of sales for the reversal of \$12.9 million of the \$14.1 million lower of cost or market adjustment recorded at December 31, 2008. Such interim results are subject to adjustment in future periods to reflect final year-end LIFO inventory valuation.

3. Investments 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 March 31, 2009. 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.

3. Investments in affiliates (Continued)

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. As of March 2009, the agreement has been extended on a month to month basis. During the three month periods ended March 31, 2009 and 2008 the Company recorded \$0.3 and \$0.3 million, respectively, as a credit against selling, general and administrative expenses related to management fees under such agreement.

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 12.5% on March 31, 2009.

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 last nine months of 2008 Alpine recorded \$13.0 and \$12.1 million for its share of Wolverine's losses and change in other comprehensive loss ("OCI") for the same period, respectively. Since the full effect of Alpine's share of Wolverine's 2008 losses and decrease in OCI would have resulted 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 and March 31, 2009. 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 plus or minus Alpine's share of any additional losses or income, as the case may be. The Company received \$0.2 million in dividend payments for the three month period ended March 31, 2008, 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, as part of its equity accounting for Wolverine, Alpine recorded the dividends as a reduction to their investment in Wolverine.

3. Investments in affiliates (Continued)

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.

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; however to facilitate a more timely release of Alpine quarterly financial information the Company will record their share of SCL’s earnings and OCI on a one quarter lag during the year beginning with the first quarter of 2009. This will enable Alpine to release its results without concern of disclosing information about their investee(s) prior to their financial statement release. However, due to the delay in the release of Alpine’s December 31, 2008 results until June 23, 2009 because of a delay in Wolverine’s 2008 year-end reporting, the first quarter 2009 SCL results have been made public and Alpine’s share of SCL’s first quarter loss will be a \$1.3 million loss that will be recorded in Alpine’s second quarter 2009 income statement. SCL’s first quarter 2009 change in OCI and its resultant impact on Alpine was negligible.

4. 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 March 31, 2009 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 March 31, 2009 and December 31, 2008 the principal loan balances outstanding were \$1.0 and \$6.7 million, respectively. Alpine was 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 8).

As of March 31, 2009 Exeon has a credit line account with UBS Bank USA (“UBS”) with a credit limit of \$740,000. 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 March 31, 2009 and December 31, 2008. 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 \$2.0 and \$1.9 million as of March 31, 2009 and December 31, 2008, respectively.

5. Series A Cumulative Convertible 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 March 31, 2009, there were 12,160 shares of Alpine Series A Cumulative Convertible Stock (the “Alpine Series A Preferred Stock”) outstanding. Holders of the Alpine 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 Alpine 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 Alpine Series A Preferred Stock. As a result of a special dividend declared by the Company during 2004 the conversion rate increased to 743.01. There were 11 and 4 shares of Alpine Series A Preferred Stock converted into 8,173 and 2,972 shares of Common Stock during the three month periods ended March 31, 2009 and 2008, respectively.

The Company may cause conversion of the Alpine 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 Alpine 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 Alpine Series A Preferred Stock at a cash price of \$380 per share plus accrued and unpaid dividends.

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

At March 31, 2009, 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 Alpine Series A Preferred Stock.

6. Earnings Per Share

The computation of basic and diluted income (loss) per share for the three month periods ended March 31, 2009 and 2008 is as follows:

	<u>Three Months Ended March 31,</u>					
	<u>2009</u>			<u>2008</u>		
	<u>Net Loss</u>	<u>Weighted Average Shares</u>	<u>Per Share Amount</u>	<u>Net Loss</u>	<u>Weighted Average Shares</u>	<u>Per Share Amount</u>
<u>Basic and diluted earnings (loss) per share</u>						
Net loss from continuing operations	\$ (369)	11,622	\$ (0.03)	\$ (736)	11,323	\$ (0.07)
Adjustments:						
Preferred stock dividends	(96)	11,622	(0.01)	(97)	11,323	(0.01)
Loss attributable to common stock from						
continuing operations	\$ (465)	11,622	\$ (0.04)	\$ (833)	11,323	\$ (0.08)
Loss from discontinued operations, net of tax	—	11,622	—	(153)	11,323	(0.01)
Net loss applicable to common stock per basic						
common share	\$ (465)	11,622	\$ (0.04)	\$ (986)	11,323	\$ (0.09)

The Company has excluded the assumed exercise of certain stock options (1.9 million), vesting of restricted stock grants (0.2 million) and conversion of all preferred stock (12,343 preferred shares convertible into 9.1 million common shares) from the Company’s earnings per share calculation for the three month period ended March 31, 2009 and the assumed exercise of all stock options (1.6 million), vesting of restricted stock grants (0.6 million) and conversion of all preferred stock (12,362 preferred shares convertible into 9.1 million common shares) from the Company’s earnings per share calculation for the three month period ended March 31, 2008, as the impact for both periods would be anti-dilutive due to the loss from continuing operations for those periods.

7. 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. 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 is paid in cash and the remaining 50% is paid in the form of restricted stock and/or stock options as selected by each non-employee director. During the quarter ended March 31, 2009, 54,229 non-qualified stock options were granted to non-employee directors. During the quarter ended March 31, 2008, 13,435 non-qualified stock options and 1,750 shares of restricted stock were granted to non-employee directors. All options and restricted stock granted during 2009 and 2008 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 March 31, 2009, there were 45,064 shares available for issuance. During the quarter ended March 31, 2009, 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 March 31, 2009, 2,391,244 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 and \$0.2 million as of March 31, 2009 and December 31, 2008, respectively. During the first quarter of 2009 no new deferrals were granted, 20,000 shares vested and no previously vested shares were certificated or distributed.

7. Stock-based compensation plans (Continued)

The following table summarizes restricted stock activity for the three month period ended March 31, 2009:

	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, 2008	36,565	\$ 3.40	20,905	\$ 2.55
Granted.....	—		—	
Vested.....	—	3.40	(1,179)	2.65
Nonvested balance at March 31, 2009	<u>36,565</u>	<u>3.40</u>	<u>19,726</u>	<u>2.54</u>
Unrecognized Compensation Costs.....	\$6,907		\$19,732	
Weighted Average Period Remaining	0.3	Years	1.8	Years

Excluded from the table above are 163,494 and 183,494 shares as of March 31, 2009 and December 31, 2008, 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 expenses in the statement of operations. There was approximately \$0.1 million of unamortized compensation expense related to such matching contribution shares as of March 31, 2009 that is expected to be recognized over a weighted average period of 1.9 years.

The following table summarizes stock option activity for the three months ended March 31, 2009:

	Shares Outstanding	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2008	1,858,711	\$ 1.91	6.56	\$49,348
Exercised.....	—	—		
Canceled.....	(2,608)	\$13.20		
Granted.....	54,229	\$ 0.80		
Outstanding at March 31, 2009	<u>1,910,332</u>	<u>\$ 1.86</u>	6.42	\$ 0
Options exercisable at March 31, 2008.....	1,074,214	\$ 1.39	4.70	\$ 0

There were no options exercised during the three month period ended March 31, 2009

The weighted average grant-date fair value of options granted for the three month periods ended March 31, 2009 and 2008 was \$0.72 and \$2.22, respectively.

7. Stock-based compensation plans (Continued)

Information with respect to stock-based compensation plan stock options outstanding and exercisable at March 31, 2009 is as follows:

Range Of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Of Options Exercisable	Weighted Average Exercise Price
\$0.45 - \$0.65	180,040	3.95	\$ 0.60	180,040	\$ 0.60
\$0.76	333,851	4.22	\$ 0.76	333,851	\$ 0.76
\$0.87 - \$2.96	1,342,926	7.39	\$ 2.15	525,439	\$ 1.69
\$3.10 - \$9.81	45,384	4.48	\$ 4.31	26,753	\$ 5.09
\$10.44 - \$17.94	8,131	0.48	\$13.27	8,131	\$13.27
	<u>1,910,332</u>	6.42	\$ 1.86	<u>1,074,214</u>	\$ 1.39

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 three months ended December 31, 2009 and 2008, was \$0.2 and \$0.2 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 the first quarter of 2009 or 2008.

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:

The following assumptions were used for each respective period:

	<u>Three months ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
Risk free interest rate	1.66%	2.4%
Expected life	2.0	2.0
Expected volatility	149%	133%
Expected dividend yield	0%	0%

8. Subsequent event

On June 16, 2009, Exeon repaid the outstanding balance on its revolving credit facility (see Note 4) and the loan agreement was terminated as of such date.