

The Alpine Group, Inc.
Unaudited Condensed Consolidated Financial Statements
For the Quarterly Period Ended September 30, 2010 and 2009

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

ASSETS	September 30, 2010	December 31, 2009
Current assets:		
Cash and cash equivalents.....	\$ 4,154	\$ 1,542
Marketable securities, at fair value	708	4,646
Restricted cash	3,514	582
Accounts receivable, trade	14,599	7,381
Accounts receivable, affiliates	132	3,412
Income tax receivable	113	7,064
Inventories, net.....	28,308	24,740
Derivative assets	1,694	1,991
Prepaid expenses, deposits and other current assets	2,537	2,684
Total current assets	55,759	54,042
Property, plant and equipment, net.....	553	550
Deferred income taxes.....	2,576	2,576
Goodwill.....	1,033	1,033
Loan to affiliate	2,407	—
Other assets	1,502	1,577
Total assets	\$ 63,830	\$ 59,778

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Revolving credit facility.....	\$ 17,551	\$ 10,399
Other short term borrowings	—	1,801
Current portion of long-term debt	204	233
Current portion of mandatorily redeemable series A convertible preferred stock (1,452 and 1,582 shares outstanding at September 30, 2010 and December 31, 2009, respectively).....	552	601
Accounts payable	7,850	7,031
Accounts payable, affiliates	3,598	5,531
Accrued expenses.....	3,447	4,038
Derivative liabilities	5,054	2,868
Deferred income taxes and income taxes payable.....	6,837	6,871
Total current liabilities.....	45,093	39,373
Other long-term liabilities	1,314	1,396
Mandatorily redeemable series A convertible preferred stock (1,452 and 2,541 shares outstanding at September 30, 2010 and December 31, 2009, respectively).....	545	956
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; 32,594,407 shares issued at September 30, 2010 and December 31, 2009)	3,259	3,259
Capital in excess of par value.....	174,243	174,203
Accumulated other comprehensive loss.....	(4,639)	(4,590)
Accumulated deficit	(39,585)	(38,360)
Treasury stock, at cost (17,750,338 and 17,743,444 shares at September 30, 2010 and December 31, 2009, respectively).....	(116,560)	(116,567)
Receivable from stockholders	(17)	(69)
Total stockholders' equity	16,878	18,053
Total liabilities and stockholders' equity.....	\$ 63,830	\$ 59,778

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Net sales	\$ 32,770	\$ 10,978	\$ 86,450	\$ 24,594
Cost of goods sold	33,580	9,686	83,799	21,294
Gross profit (loss).....	(810)	1,292	2,651	3,300
Selling, general and administrative expenses.....	1,012	1,480	3,678	4,661
Operating loss.....	(1,822)	(188)	(1,027)	(1,361)
Interest expense	(280)	(19)	(733)	(125)
Dividend and interest income.....	41	33	79	73
Realized gains on sales of securities	13	98	117	112
Other income, net.....	36	109	37	104
Income (loss) before income taxes and equity in loss of affiliates.....	(2,012)	33	(1,527)	(1,197)
Income tax (provision) benefit	786	(13)	592	479
Income (loss) before equity in loss of affiliates.....	(1,226)	20	(935)	(718)
Equity in gain (loss) of affiliates, net of tax (Note 3)	139	(1,403)	(195)	(2,675)
Net loss.....	(1,087)	(1,383)	(1,130)	(3,393)
Preferred stock dividends	(28)	(94)	(95)	(289)
Net loss applicable to common stock.....	\$ (1,115)	\$ (1,477)	\$(1,225)	\$ (3,682)
Net loss per share of common stock:				
Basic and diluted	\$ (0.06)	\$ (0.13)	\$ (0.07)	\$ (0.32)
Weighted average shares outstanding:				
Basic and diluted	17,328	11,581	17,329	11,613

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
AND COMPREHENSIVE LOSS
(in thousands, except share data)
(unaudited)

	Nine Months Ended September 30, 2010	
	Shares	Amount
STOCKHOLDERS' EQUITY		
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	32,594,407	3,259
Balance at end of period	32,594,407	3,259
Capital in excess of par value:		
Balance at beginning of period		174,203
Compensation expense related to restricted stock and certain stock options, less vested shares released from treasury		43
Shares issued pursuant to series A preferred stock conversion		(3)
Balance at end of period		174,243
Accumulated other comprehensive loss:		
Balance at beginning of period		(4,590)
Change in unrealized losses on securities, net		(49)
Balance at end of period		(4,639)
Accumulated deficit:		
Balance at beginning of period		(38,360)
Net loss		(1,130)
Dividends on preferred stock		(95)
Balance at end of period		(39,585)
Treasury stock:		
Balance at beginning of period	(17,743,444)	(116,567)
Stock options and grants	5,149	13
Share repurchases	(12,043)	(6)
Balance at end of period	(17,750,338)	(116,560)
Receivable from stockholders:		
Balance at beginning of period		(69)
Forgiveness of officer loans		52
Balance at end of period		(17)
Total stockholders' equity		\$ 16,878
COMPREHENSIVE LOSS		
Net loss		\$ (1,130)
Change in unrealized losses on securities, net		(49)
Total comprehensive loss		\$ (1,179)

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)

	Nine Months Ended	
	September 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (1,130)	\$ (3,393)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	201	140
Compensation expense related to stock options and grants	108	580
Realized gains on investment in securities.....	(117)	(112)
Equity loss in affiliates	195	2,675
LIFO and lower of cost or market adjustments	2,271	(1,225)
Changes in assets and liabilities:		
Accounts receivable, net	(7,218)	(1,394)
Accounts receivable/payable affiliates	1,348	(4,959)
Inventories, (excluding LIFO and lower of cost or market reserves).....	(5,839)	19,585
Deposit from affiliate	—	(9,490)
Other current and non-current assets	109	(59)
Derivative assets and liabilities, net.....	2,483	398
Accounts payable and accrued expenses.....	7,297	(1,140)
Other, net.....	(83)	(16)
Cash flows provided by (used for) operating activities	(375)	1,590
Cash flows from investing activities:		
Capital expenditures.....	(91)	(6)
Purchase of marketable securities.....	(256)	(3,234)
Proceeds from sale of marketable securities.....	3,731	2,467
Loan to affiliate	(2,407)	—
Equity investment ,net of proceeds.....	(325)	—
(Increase) decrease in restricted cash	(2,432)	11,593
Cash flows provided by (used for) investing activities	(1,780)	10,820
Cash flows from financing activities:		
Borrowings (repayments) under revolving credit facilities, net	7,151	(6,658)
Repayment of other short term borrowings.....	(1,802)	(247)
Repayment of long term debt	(29)	(38)
Purchase of treasury stock	(6)	(42)
Preferred stock redemption	(463)	—
Dividends on preferred stock.....	(84)	(277)
Cash flows provided by (used for) financing activities	4,767	(7,262)
Net increase in cash and cash equivalents	2,612	5,148
Cash and cash equivalents at beginning of period.....	1,542	1,942
Cash and cash equivalents at end of period	\$ 4,154	\$ 7,090
Supplemental disclosures:		
Cash paid for interest.....	\$ 557	\$ 92
Cash paid (received) for income taxes, net	\$ (7,688)	\$ 2,440

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
SEPTEMBER 30, 2010
(unaudited)

1. General

Basis of presentation and description of business

The accompanying condensed consolidated balance sheet as of December 31, 2009, which has been derived from audited financial statements, and unaudited interim condensed consolidated financial statements as of September 30, 2010 and for the three and nine months then ended, include 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. As a result of the Company's acquisition of a controlling interest in SCL, business combination accounting should have been applied with respect to this investment. Additionally, thereafter according to accounting principles generally accepted in the United States of America ("GAAP"), Alpine's financial statements are required to include the consolidation of SCL. SCL has not been consolidated, and for the reasons discussed in the following sentence, such accounting has not been applied. 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. After giving effect to options and warrants exercisable by third parties, the Company's fully diluted ownership in SCL would be approximately 40%. During the fourth quarter of 2009, Alpine's investment in SCL was written down to zero due to accumulated net losses at SCL exceeding the Company's equity investment. Alpine's statement of operation excludes approximately \$1.7 million of additional losses for the first half of 2010 (on a one-quarter lag basis) that would be included if SCL were accounted for on a consolidated basis. 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 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, 2009 Annual Financial Statements available on-line at "www.alpine-group.net/investorrelation.htm". In the opinion of management, all adjustments (consisting of only normal and recurring adjustments) necessary for a fair presentation have been included. The results for the three and nine month periods ended September 30, 2010 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 September 30, 2010, 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 September 30, 2010 Alpine had a 4.6% ownership investment (on a fully diluted basis) in Wolverine Tube, Inc. ("Wolverine") (see Note 9), a manufacturer of copper and copper alloy tubular products (Note 3).

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.

FASB ASC 820 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. FASB ASC 820 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.

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2010 - CONTINUED
(unaudited)

1. General (Continued)

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:

Investments: The fair values of marketable securities of \$0.7 million as of September 30, 2010 were determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Derivatives: The fair values of derivative financial instruments representing \$16.3 million of copper futures contracts related to 4.7 million copper pounds were determined by obtaining quoted closing COMEX prices on the NYMEX exchange (Level 1 inputs) and the fair values of derivative financial instruments representing \$14.6 million of silver futures contracts related to 0.8 million silver troy ounces were determined by obtaining quoted closing prices on the London Metal Exchange (LME) (Level 1 inputs). In addition to the recorded derivatives above, the Company has elected to account for certain of its silver purchase and sales commitments as normal purchases and sales, which therefore are not recorded until the time of purchase and sale. See Note 8 for further discussion of derivatives and their fair value.

Marketable securities

The Company's marketable securities were classified as available for sale at September 30, 2010 and December 31, 2009 and carried at fair value.

Restricted cash

The Company is required to make certain margin deposits with its commodity brokers related to its derivative contracts used to hedge certain transactions (see Note 8). The deposits include both initial margin requirements and variation margin, to the extent that such variation results in a net loss position. The Company had total net deposits of \$3.0 and \$0.6 million as of September 30, 2010 and December 31, 2009, respectively. The Company is required to maintain \$0.1 million of cash related to a lease of its New Jersey office, which is classified as other noncurrent assets, in the financial statements contained herein. During the nine months of 2010, the Company made escrow deposits of approximately \$2.0 million as earnest funds related to a potential investment transaction, with its SCL affiliate which was converted to a loan as of August 30, 2010. (See Related Party Transactions infra Note 1).

During July, 2010, ZephRa Energy LLC ("Zephra"), Alpine's renewable energy services venture (see Note 3), refocused its business model and sold certain of its assets to a third party. In connection with this sale transaction, Alpine guaranteed to the purchaser that through December 31, 2010, Zephra would have not less than \$0.5 million in cash or other liquid funds available to satisfy recoverable losses, if any, incurred by such purchaser as a result of any breach of warranty or other default of Zephra under the purchase agreement relating to such sales. Neither Alpine nor Zephra have received, nor anticipate receiving, any claims in this regard.

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 September 30, 2010 and December 31, 2009, 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.

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2010
(unaudited)

1. General (Continued)

For products bought and resold to Wolverine and SCL, in accordance with FASB ASC 605-45 Revenue Recognition – Principal Agent Considerations 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 “Supply Agreement”). The Supply Agreement expired November 28, 2009, and since then through August 28, 2010, both parties continued the Supply Agreement arrangement on a month to month basis. On July 27, 2010, Exeon gave Wolverine notice that it would not extend the Supply Agreement beyond August 28, 2010. As of September, 2010, the parties agreed to terms and conditions for Wolverine to continue to purchase from Exeon its copper scrap and cathode requirements for its North American melting operations (the “Terms and Conditions”). Each sale and purchase transaction made in accordance with these Terms and Conditions constitutes a separate transaction. Exeon sales to Wolverine on a gross basis were \$42.6 and \$28.3 million for the quarters ended September 30, 2010 and 2009, respectively, and \$125.8 and \$79.0 million for the nine month periods ended September 30, 2010 and 2009, respectively. The copper handling fee which represents the net sale that was recorded in accordance with FASB ASC 605-45 was \$111,000 and \$158,000 for the quarters ended September 30, 2010 and 2009, respectively, and \$373,000 and \$353,000 for the nine month periods ended September 30, 2010 and 2009, respectively.

In December 2009, Exeon entered into a toll manufacturing agreement (“WJT Toll Agreement”) with Wolverine Joining Technologies (“WJT”), a wholly-owned subsidiary of Wolverine. WJT currently also provides toll manufacturing services to other customers. Under the WJT Toll Agreement, which became effective on November 30, 2009, Exeon provides raw materials (principally metals, including silver, copper, tin and zinc) to WJT which WJT uses to manufacture products for Exeon’s sale to customers. WJT acts as sales agent for Exeon and markets and sells Exeon’s finished goods. In addition, WJT provides certain related administrative services. In consideration of the foregoing, Exeon pays WJT a monthly toll service fee of \$4.45 per pound for products shipped. The toll services fee is adjusted periodically, if necessary. The effective fee charged for the third quarter and for the nine month period ended September 30, 2010 was \$5.04 and \$4.96, respectively. The WJT Toll Agreement provides for an initial term of three years, which is automatically renewed for successive twelve month periods, unless either party, upon ninety days prior notice, terminates the agreement. Additionally, during the term either party may terminate the WJT Toll Agreement upon thirty days notice. The WJT Toll Agreement also contains other terms and conditions customary for agreements of this type including: confidentiality requirements, limited warranties, and indemnifications between the parties. Exeon was charged \$4.3 and \$11.5 million in toll service fees during the three and nine month periods ended September 30, 2010, of which \$2.1 million was unpaid as of September 30, 2010. In addition Exeon purchased approximately \$3.2 million of inventory from WJT during the nine months ended September 30, 2010, virtually all of which occurred during the first quarter of 2010 at the time of and in connection with the implementation of the toll arrangement between the parties.

Effective August 21, 2010, Alpine entered into a toll manufacturing agreement (“Ardmore Toll Agreement”) with Wolverine. Under the Ardmore Toll Agreement Alpine purchases and provides to Wolverine the raw materials (principally metals, including copper and aluminum) which Wolverine uses to manufacture product at its Ardmore facility and, as sales agent for Alpine, sells the finished products to customers. In addition, Wolverine provides certain related administrative services. In consideration of the forgoing, Alpine pays Wolverine a monthly toll service fee of \$1.34 per pound of products shipped. The toll service fee is adjusted periodically, if necessary. The effective fee charged for the third quarter was \$1.15. The initial term of the Ardmore Toll Agreement is one year; however, it can be renewed by mutual agreement between the parties. Additionally, during the term either party can terminate the Ardmore Toll Agreement upon 10 days written notice. Other terms and conditions customary for agreements of this type such as confidentiality requirements, limited warranties and indemnifications between the parties are included in the Ardmore Toll Agreement. Alpine was charged toll service fees of \$0.3 million and \$2.3 million for raw material inventory purchases

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2010
(unaudited)

1. General (Continued)

related to the Ardmore Toll Agreement during the three month period ended September 30, 2010 of which \$1.2 million was unpaid as of September 30, 2010.

Synergy Cable Convertible Loan

On August 30, 2010, Alpine as lender and SCL as borrower, consummated a loan transaction in the principal sum of NIS 8.819 million (US \$2.3 million) (the "Convertible Loan"). The Convertible Loan was advanced by (i) Alpine's payment at the direction of SCL of NIS 7.5 million (US \$2.0 million) in cash, and (ii) the consolidation of NIS 1.319 million (US \$0.3 million) in accrued and unpaid management fees due Alpine from SCL. The Convertible Loan is evidenced by SCL's note in like principal amount to the order of Alpine (the "Convertible Loan Note").

The outstanding principal amount of the Convertible Loan accrues interest at the rate of 10% per annum from August 30, 2010 until the earlier of conversion into ordinary shares of SCL or repayment. Interest is payable in cash quarterly in arrears, unless such payment is restricted under the terms of the "Senior Indebtedness" of SCL referred to below, in which case such interest is paid by issuance of payment in kind notes to Alpine in the principal amount of the interest due and otherwise substantially identical to the Convertible Loan Note. The outstanding principal amount and unpaid interest under the Convertible Loan are linked to the Israel Consumer Price Index to adjust for inflation. The Convertible Loan is convertible into ordinary shares of SCL at the conversion rate of NIS 0.145 per share. Unless previously accelerated as a result of default, the maturity date of the Convertible Loan is December 1, 2017.

The Convertible Loan is subordinate to SCL's senior indebtedness as of August 30, 2010, including NIS 78 million (US \$21.3 million) due to SCL's principal bank lenders and NIS 143 million (US \$39.0 million) to the holders of its Series A and Series B Notes (collectively, the "Senior Indebtedness").

Accounts receivable/payable, affiliates

At September 30, 2010, Alpine had a total of \$3.5 million due to Wolverine. This amount represents \$2.3 million pursuant to the WJT Toll Agreement and \$1.2 million pursuant to the Ardmore Toll Agreement. At December 31, 2009 Exeon had a net \$2.1 million due to Wolverine. This amount represented the net of \$5.5 million due Wolverine pursuant to the WJT Toll Agreement, less \$3.4 million due from Wolverine pursuant to the Supply Agreement. The Company has also accrued \$1.5 million of dividends, for which payment has been deferred, related to the Company's investment in Wolverine Series A and Series B Preferred Stock (see Note 3); however, based on current evaluation, it is more likely than not that the Company will not receive these dividends, therefore they have been fully reserved at September 30, 2010.

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 when Alpine is ready to release its quarterly results, the Company has elected to report its share of affiliate income (loss) and other comprehensive income (loss) "OCI" on a one quarter lag basis during the year commencing with the first half of 2009. The third and fourth quarter results of affiliates were recorded in the fourth quarter of 2009 for Alpine and the full year audited financial statements reflected Alpine's share of the full year audited results of its affiliates. As previously stated, the Company's investment in SCL was written down to zero during the fourth quarter of 2009 and since SCL continued to incur losses during its first and second quarters of 2010, the Company made no adjustment related to the equity accounting for SCL during the first nine months of 2010. Similarly, the Company's investment in Wolverine was written down to zero during the fourth quarter 2008 and remains in a negative position, therefore, no additional equity accounting adjustments have been made since that time.

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2010
(unaudited)

1. General (Continued)

Guarantees

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. 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 amount of future payments under the guaranty through 2018 would be approximately \$5.5 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.

Under the provisions of the Revolving Credit Facility (see Note 4), Alpine and its wholly owned subsidiary Alpine Holdco Inc., have unconditionally committed to make or cause to be made under certain circumstances either (1) an equity contribution or (2) a subordinated loan to Exeon, the borrower under the Revolving Credit Facility (see Note 4), in an aggregate amount not to exceed \$2.5 million. Alpine formerly guaranteed the indebtedness of Exeon under a revolving credit facility in the maximum principal amount of \$8 million. This indebtedness was repaid in full on June 16, 2009 and the facility was terminated by mutual consent of the parties.

In connection with the acquisition of Posterloid Corporation, Alpine had 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 from March 2007 through February 2010. Such payment was made during the second quarter of 2010.

During July, 2010, Zephra (see Note 3), refocused its business model and sold certain of its assets to a third party. In connection with this sale transaction, Alpine guaranteed to the purchaser that through December 31, 2010, Zephra would have not less than \$0.5 million in cash or other liquid funds available to satisfy recoverable losses, if any incurred by such purchaser as a result of any breach of warranty or other default of Zephra under the purchase agreement relating to such sales. Neither Alpine nor Zephra have received, nor anticipate receiving, any claims in this regard. These amounts are included as restricted cash.

2. Inventories

At September 30, 2010 and December 31, 2009, the components of inventories were as follows:

	September 30, 2010	December 31, 2009
(in thousands)		
Raw materials.....	\$ 7,169	\$ 4,827
Work in process	14,407	5,529
Finished goods.....	9,760	15,141
Total gross inventories	31,336	25,497
LIFO reserve.....	(3,028)	(757)
Inventories, net	\$ 28,308	\$ 24,740

The inventories shown above include \$29.6 and \$23.7 million of gross inventory as of September 30, 2010 and December 31, 2009, respectively, valued using the LIFO method. A complete and final 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.

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
SEPTEMBER 30, 2010
(unaudited)

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., 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 remains 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 September 30, 2010. 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.

On February 16, 2007, Alpine and Wolverine entered into an agreement pursuant to which Alpine provides 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. Since March 2009, the agreement has been extended on a month to month basis. During the nine month periods ended September 30, 2010 and 2009 the Company recorded \$0.8 and \$0.9 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

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3. Investments in affiliates (Continued)

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 September 30, 2010.

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 million and \$12.1 million for its share of Wolverine's losses and its decrease in 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 September 30, 2010 and December 31, 2009. Since as described below in this footnote, Alpine sold approximately 80% of its equity interest in Wolverine during December 2009 the Company recorded 80% of the aforesaid \$12.1 million of OCI loss (or \$9.7 million) to Equity in loss of affiliate in the statement of operations for 2009.

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 and as of September 30, 2009, Alpine owned 23.4% of Wolverine on a fully diluted, as converted basis. On October 22, 2009, Alpine sold 406,230 shares of Wolverine common stock for \$21,240 reducing its ownership interest to 23.0%.

On December 14, 2009, Alpine sold 14,000 shares of Wolverine Series A Preferred Stock and 6,000 shares of Wolverine Series B Preferred Stock to purchasers in a series of private placements for a purchase price of \$18.18 in cash per share. The sales were made pursuant to individual Purchase and Sale Agreements between Alpine and each purchaser. Under the Purchase and Sale Agreements, Alpine is entitled to receive an additional contingent payment in the event (i) any shares of Wolverine Series A Preferred Stock or Wolverine Series B Preferred Stock sold in the private placement are sold, redeemed or exchanged or any dividend or distribution is made in respect of such shares prior to June 30, 2012, and (ii) the value of the consideration received by a purchaser on account of such events exceeds \$72.72 per share. The amount of the contingent payment, if any, payable to Alpine would be equal to the amount that the value of the consideration received by the selling purchaser exceeded \$72.72 per share; provided, however, that Alpine shall not be entitled to a contingent payment in excess of \$145.44 per share. Alpine would receive any contingent payment in the form and type of consideration received by the selling purchaser. Following such sales, Alpine owned 4.6% of Wolverine on a fully diluted, as converted basis.

The Company did not receive any dividends from Wolverine during the first nine months of 2010 or 2009. Prior to the aforementioned sale of Wolverine Series A and Series B Preferred stock on December 14, 2009, the Company had accrued \$5.3

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million of dividends for which payment had been deferred related to the Company's investment in Wolverine preferred stock (see Note 1); however, since based upon the then current evaluation it was more likely than not that the Company would not receive these funds, the full amount was reserved as of December 31, 2009. As a result of the sale of Wolverine Series A and Series B Preferred Stock, the purchasers also received Alpine's interest in that portion of the aforesaid deferred dividends related to the preferred stock shares they purchased, or approximately \$4.4 million. Alpine's remaining share of such deferred dividends as of September 30, 2010 was \$1.5 million, all of which has been reserved (see Note 1 – Accounts receivable from affiliates).

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, commencing with the first quarter of 2009, the Company began recording its share of SCL's earnings and OCI on a one quarter lag basis. Alpine's share of SCL's first quarter 2009 loss was a \$1.3 million loss that was 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. As also stated in Note 1, since the Company's investment was written down to zero during the fourth quarter of 2009 and since SCL continued to incur losses during its first half of 2010, the Company made no adjustment related to the equity accounting for SCL during the first half of 2010.

On August 30, 2010, Alpine as lender and SCL as borrower consummated the Convertible Loan in the principal sum of NIS 8.819 million, (US \$2.3 million) more particularly discussed in Related Party Transactions – Note 1.

ZephRa Energy LLC

On February 17, 2010, Alpine and another unrelated investor organized Zephra as a newly created Delaware limited liability company. Zephra is a start-up venture focused initially upon the North American renewable energy services market, including engineering, procurement and construction services for wind farm and solar energy projects. As of September 30, 2010, Alpine and its co-investor owned Zephra on a 50% / 50% basis. As of September 30, 2010, Alpine had invested \$0.6 million, which was offset by Alpine's share of losses of Zephra. During July 2010, Zephra determined to refocus its business model. As a result of such determination, it terminated its employees and sold certain of its assets to a third party for a payment of \$0.5 million to be distributed equally between Zephra's investors.

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4. Revolving Credit Facility

On December 21, 2009 Exeon entered into a Revolving Credit and Security Agreement (“Revolving Credit Facility”) with PNC Bank, National Association (“PNC”). The terms of the Revolving Credit Facility initially provided for a maximum borrowing limit of \$15 million when first entered into in December 2009, but was increased to \$20 million as of June 30, 2010. Borrowing availability is determined by reference to a borrowing base that permits advances to be made at various net valuation rates against various assets of Exeon. Interest is payable monthly in arrears and is based at Exeon’s option on LIBOR or bank rates plus, in each instance, a fixed margin. The weighted average interest rates at September 30, 2010 and December 31, 2009 were 4.9% and 5.9%, respectively. The Revolving Credit Facility provides for maintenance of financial covenants and ratios relating to minimum fixed charge coverage and quarterly net income and includes restrictions on mergers, acquisitions, sale of assets, capital expenditures, payment of cash dividends and incurrence of indebtedness. Exeon was in compliance with all applicable covenants at September 30, 2010 and December 31, 2009. The Revolving Credit Facility is collateralized by substantially all of Exeon’s tangible and intangible assets. At September 30, 2010 and December 31, 2009, Exeon had \$2.4 million and \$2.0 million of availability, respectively, under the Revolving Credit Facility. Under provisions of the Revolving Credit Facility Alpine and its wholly owned subsidiary Alpine Holdco Inc. have committed under certain circumstances to make additional capital contributions to Exeon up to a maximum amount of \$2.5 million (see Note 2).

Unless previously accelerated as a result of default, the Revolving Credit Facility matures on February 15, 2012. However, in accordance with FASB ASC 470 borrowings under the Revolving Credit Facility have been classified as a current liability.

At June 30, 2010, Alpine had a credit line account with UBS Bank USA (“UBS”). The credit line was collateralized by cash equivalents and other investments on deposit with UBS for the account of Alpine. The outstanding balance under the credit line was \$0.0 million as of September 30, 2010 and \$1.8 million as of December 31, 2009. The balance was repaid during July 2010 with available funds on account with UBS and the credit line was terminated.

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 September 30, 2010, there were 2,904 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. Unconverted shares of Alpine Series A Preferred Stock ceased to be convertible after December 21, 2009 and are mandatorily redeemable as set forth below. The Company redeemed 1,219 shares of the Alpine Series A Preferred Stock in the first nine months of 2010 and 230 shares in December 2009.

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 is required, subject to certain limitations, to 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 September 30, 2010, 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. The amount accrued at September 30, 2010 was \$0.2 million.

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6. Earnings per share

The computation of basic and diluted loss per share for the three and nine month periods ended September 30, 2010 and 2009 is as follows:

	<u>Three Months Ended September 30,</u>					
	<u>2010</u>			<u>2009</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 loss per share</u>						
Net loss	\$ (1,087)	17,328	\$ (0.06)	\$ (1,383)	11,581	\$ (0.12)
Adjustments:						
Preferred stock dividends	(28)	17,328	—	(94)	11,581	(0.01)
Net loss applicable to common stock.....	<u>\$ (1,115)</u>	<u>17,328</u>	<u>\$ (0.06)</u>	<u>\$ (1,477)</u>	<u>11,581</u>	<u>\$ (0.13)</u>

	<u>Nine months Ended September 30,</u>					
	<u>2010</u>			<u>2009</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 loss per share</u>						
Net loss	\$ (1,130)	17,329	\$ (0.07)	\$ (3,393)	11,613	\$ (0.29)
Adjustments:						
Preferred stock dividends	(95)	17,329	—	(289)	11,613	(0.03)
Net loss applicable to common stock.....	<u>\$ (1,225)</u>	<u>17,329</u>	<u>\$ (0.07)</u>	<u>\$ (3,682)</u>	<u>11,613</u>	<u>\$ (0.32)</u>

The Company has excluded the assumed exercise of certain stock options (2.7 million) and vesting of restricted stock grants (0.1 million) from the Company's earnings per share calculation for the nine month period ended September 30, 2010 and the assumed exercise of certain stock options (2.2 million), vesting of restricted stock grants (0.2 million) and conversion of all preferred stock (12,337 preferred shares convertible into 9.0 million common shares) from the Company's earnings per share calculation for the nine month period ended September 30, 2009, as the impact for both periods would be anti-dilutive due to the net loss 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.

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. However the Director Plan was amended commencing in 2009, so that 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 September 30, 2010, 176,780 non-qualified stock options were granted to non-employee directors. During the quarter ended September 30, 2009, 149,598 non-

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7. Stock-based compensation plans (Continued)

qualified stock options were granted to non-employee directors. All options granted during 2010 and 2009 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 September 30, 2010, there were 45,064 shares available for issuance. During the quarter ended September 30, 2010, 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 September 30, 2010, 2,483,809 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 \$32,000 and \$80,000 as of September 30, 2010 and December 31, 2009, respectively. During the first nine months of 2010, no new deferred shares were granted, or vested and no previously vested shares were certificated or distributed. During the first quarter of 2010, four executives elected to further extend deferrals previously made. No further deferrals were made in the second and third quarters of 2010.

The following table summarizes restricted stock activity for the three month periods ended March 31, June 30 and September 30, 2010:

	<u>Non-Employee Directors Plan</u>	
	Shares	Weighted Average Grant Date Fair Value
Nonvested balance at December 31, 2009	16,537	\$ 2.47
Granted.....	—	
Vested.....	(2,083)	2.10
Nonvested balance at March 31, 2010	14,454	2.52
Granted.....	—	
Vested.....	(1,509)	2.90
Nonvested balance at June 30, 2010	12,945	2.48
Granted.....	—	
Vested.....	(1,557)	2.81
Nonvested balance at September 30, 2010	11,388	\$ 2.43
Unrecognized Compensation Costs.....	\$ 3,641	
Weighted Average Period Remaining.....	0.8 years	

Excluded from the table above are 107,494 shares as of September 30, 2010 and December 31, 2009 that represent future Company matching contributions being earned on account of shares deferred by participants in the Deferred Stock Account Plan.

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7. Stock-based compensation plans (Continued)

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 \$32,000 of unamortized compensation expense related to such matching contribution shares as of September 30, 2010 that is expected to be recognized over a weighted average period of 0.6 years.

The following table summarizes stock option activity for all Plans for the three month periods ended March 31, June 30, and September 30, 2010:

	Shares Outstanding	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2009	2,333,567	\$ 1.55	6.39	\$106,866
Exercised	—			
Canceled	(3,387)	12.23		
Granted	78,878	0.55		
Outstanding at March 31, 2010	2,409,058	1.50	6.27	16,776
Exercised	—			
Canceled	(3,686)	8.96		
Granted	127,598	0.34		
Outstanding at June 30, 2010	2,532,970	1.43	6.21	—
Exercised	—			
Canceled	(5,267)	6.91		
Granted	176,780	0.17		
Outstanding at September 30, 2010	2,704,483	\$ 1.34	6.22	\$ 5,303
Options exercisable at September 30, 2010	1,507,478	\$1.67	4.35	—

There were no options exercised during the nine month periods ended September 30, 2010 and 2009, respectively.

The weighted average grant-date fair value of options granted for the nine month periods ended September 30, 2010 and 2009 was \$0.11 and \$0.37 respectively.

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7. Stock-based compensation plans (Continued)

Information with respect to stock-based compensation plan stock options outstanding and exercisable at September 30, 2010 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
\$0.17 - \$0.65	991,788	7.94	\$ 0.36	180,040	\$ 0.60
\$0.76	333,851	2.72	0.76	333,851	0.76
\$0.80 - \$2.90	1,342,926	5.89	2.15	957,669	2.13
\$3.10 - \$4.13	35,918	3.86	3.37	35,918	3.37
	<u>2,704,483</u>	6.22	\$ 1.34	<u>1,507,478</u>	\$ 1.67

The Company accounts for stock options using the provisions of ASC 718 “Compensation-Stock Compensation” 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 nine months ended September 30, 2010 and 2009, was \$0.0 and \$0.5 million, respectively.

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>Nine months ended September 30,</u>	
	<u>2010</u>	<u>2009</u>
Risk free interest rate	1.01%	2.1%
Expected life	5.0	2.0
Expected volatility	81.1%	138%
Expected dividend yield	0%	0%

8. 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. The Company is required by its brokers to make initial margin deposits based upon the net positions outstanding on a daily basis. In addition, the Company generally sends or receives cash to / from the brokers daily based upon the variation in metal prices and the Company’s net position at the time to cover the variation margin on account. The net amount on deposit at the brokers was \$3.0 and \$0.6 million as of September 30, 2010 and December 31, 2009, respectively, and is included in Restricted cash. As of September 1, 2010, Exeon and Wolverine entered into a master hedging arrangement, whereby the hedge contracts entered into by Exeon with its commodity brokers on behalf of and for the benefit of Wolverine under the since terminated Supply Agreement were matched with

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

respective mirror image contracts with Exeon. The arrangement provides for the parties to pay or refund margin obligations to the extent that Exeon pays or is refunded such obligations to / from its broker. The amount of such exposure is generally limited to the unrealized gains (losses) within the underlying contracts. Since the fair market value of copper exceeded the weighted average value of the long positions at September 30, 2010 and December 31, 2009, no deposit was required from Wolverine at either date. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

In March 2008, the FASB announced it would require enhanced disclosures about an entity's derivative and hedging activities, thereby improving the transparency of financial reporting. Entities are required to provide enhanced disclosures about (a) how and why an entity used derivative instruments, (b) how derivative instruments and related hedged items are accounted for under ASC 815, *Derivatives and Hedging*, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows per the guidance found in ASC 815. On January 1, 2009, the Company adopted these new provisions and has incorporated them into the following disclosures.

Commodity price risk management

Copper

Under the aforementioned arrangement between Exeon and Wolverine, the parties attempt to hedge firm price commitments to and from Wolverines customers by placing firm price commitments orders with Exeon, who in turn places a mirror image forward contract order with its commodity broker in order to fix the price agreed to with Wolverine. There were 2.5 and 6.2 million copper pounds committed under such arrangement as of September 30, 2010 and December 31, 2009, respectively. Exeon also uses derivative instruments to hedge the inventory purchases related to the copper products sold to Wolverine under the Terms and Conditions mentioned in Note 1 and copper products (and to a much smaller extent Tin) for use in raw materials purchased and finished goods sold related to the WJT Tolling Agreement and the Ardmore Tolling Agreement (see Note1). There was a total of 3.2 and 5.0 million net copper pounds that were hedged related to these agreements as of September 30, 2010 and December 31, 2009, respectively, which served to hedge the outstanding inventory as of those dates.

For the Company's scrap reclamation business, most of the products are copper-based and the Company attempts to match its copper purchases and sales with the spot COMEX price used in pricing the purchase or sale with the vendor or customer, respectively. There were 1.5 and 1.8 million net copper pounds that were hedged under this arrangement as of September 30, 2010 and December 31, 2009, respectively, which served to hedge the outstanding inventory as of those dates.

The Company also treats as derivative instruments purchases from vendors or sales to customers for which there is a firm copper price established. There were 2.0 and 1.2 million net long copper pounds related to such commitments as of September 30, 2010 and December 31, 2009, respectively.

Silver

In conjunction with the WJT Toll Agreement (see Note 1), in December 2009 the Company began hedging the silver inventory that is owned by the Company to support future product sales. The Company enters into commodity forward contracts to sell silver in order to protect the value of the silver carried in inventory from future price decreases. There were 0.8 and 0.3 million net short silver troy ounces that were hedged under this arrangement as of September 30, 2010 and December 31, 2009, respectively, which served to hedge the outstanding inventory as of those dates.

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

The fair value of the Company's derivative instruments as of September 30, 2010 and December 31, 2009 were as follows:

	September 30, 2010			
	Asset		Liability	
	Net Position*	Derivatives Fair Value	Net Position*	Derivatives Fair Value
Derivatives not designated as hedging instruments				
Commodity Contracts				
Copper – Broker	2.5 L	\$ 1.5	4.7 S	\$ (1.1)
Copper – Affiliate		—	2.5 S	(1.5)
Copper – Vendor / customer	2.0 L	0.2	—	—
Silver - Broker		—	0.8 S	(2.5)
Total		<u>\$ 1.7</u>		<u>\$ (5.1)</u>
	December 31, 2009			
	Asset		Liability	
	Net Position*	Derivatives Fair Value	Net Position*	Derivatives Fair Value
Derivatives not designated as hedging instruments				
Commodity Contracts				
Copper – Broker	6.2 L	\$ 1.7	6.8 S	\$ (1.1)
Copper – Affiliate		—	6.2 S	(1.7)
Copper – Vendor / customer	1.2 L	0.2	—	—
Silver - Broker		—	0.3 S	—
Total		<u>\$ 1.9</u>		<u>\$(2.8)</u>

* in millions of copper or tin pounds or silver troy ounces. L = Long S = Short

The net short copper positions above of 2.5 and 5.6 million copper pounds as of September 30, 2010 and December 31, 2009, respectively, were to economically hedge a like amount of physical copper inventory. Similarly, the 0.8 and 0.3 million troy ounces of silver as of September 30, 2010 and December 31, 2009, respectively, were to economically hedge a like amount of physical silver inventory.

Since none of the Company's derivatives are designated as hedging instruments under ASC 815 "Derivative and Hedging", the changes in fair value of these hedges are recognized immediately in cost of goods sold. Such amounts were a \$0.8 million gain and \$1.1 million loss for the nine months ended September 30, 2010 and 2009, respectively.

In addition to the recorded derivatives above, the Company has elected to account for certain of its silver purchase and sales commitments as normal purchases and sales, which therefore are not recorded until the time of purchase and sale. The Company had firm silver price purchase commitments of \$0.5 and \$0.5 million as of September 30, 2010 and December 31, 2009, respectively, and a like amount of firm silver priced sales commitments as of those respective dates.

9. Subsequent event

On November 1, 2010, Wolverine announced that it had reached an agreement in principle with holders of its 15% Senior Secured Notes due 2012 (the "Notes") on the terms of a financial restructuring of the Company. To implement the restructuring, Wolverine filed Chapter 11 petitions in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") to effectuate a prearranged plan of reorganization supported by holders of the Notes. Subject and pursuant to interim first day orders issued by the Bankruptcy Court, Wolverine as debtor in possession continues its ordinary course of business operations including payment of trade creditors and hedge counterparties, and performance under vendor and customer contracts including the WJT Toll

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9. Subsequent event (Continued)

Agreement, the Ardmore Toll Agreement and transactions under the Terms and Conditions (see Related Party Transactions under Note 1). Pursuant to the proposed plan of reorganization supported by the Notes holders, all Wolverine existing common and preferred stock will be cancelled, and the holders of such stock, including Alpine, will not receive or retain any property on account of such stock. Wolverine has stated that it anticipates emerging from Chapter 11 in early 2011. The timing and final terms for the restructuring of Wolverine are subject to, among other matters, the detailed terms and conditions of a Plan of Reorganization and its ultimate approval by the Bankruptcy Court. There can be no assurance that such approval will be obtained. As a result of the aforementioned bankruptcy, Alpine will realize and record a \$2.4 million loss during the fourth quarter of 2010, representing its remaining share of Wolverine's other compressive losses recorded by Alpine during 2008 and 2009. This will not have any impact on Alpine's total stockholders' equity.

Management has performed an analysis of the activities and transactions subsequent to September 30, 2010 to determine the need for any adjustments to and/or disclosures within the financial statements for the quarter ended September 30, 2010. Management has performed their analysis through November 15, 2010, the date the financial statements were available to be issued.

No additional adjustments and/or disclosures were deemed necessary, other than to the extent certain post third quarter 2010 events are disclosed above in this Note 9 and in Notes 1, 3 and 4.