The Alpine Group, Inc.
Unaudited Condensed Financial Statements
For the Quarterly Period Ended March 31, 2011

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

ASSETS	March 31, 2011	December 31, 2010
Current assets:		
Cash and cash equivalents	$ 3,237	$ 2,766
Marketable securities, at fair value (Note 1)	2,032	1,507
Restricted cash (Note 1)	3,923	6,931
Accounts receivable, trade	19,987	14,730
Accounts receivable, affiliates (Note 1)	66	31
Income tax receivable	1,951	790
Inventories, net (Note 2)	23,455	28,420
Derivative assets (Note 7)	1,982	3,575
Prepaid expenses, deposits and other current assets	2,763	2,610
Total current assets	59,396	61, 360
Property, plant and equipment, net	560	547
Deferred income taxes	2,206	2,206
Goodwill	1,033	1,033
Other assets	1,527	1,559
Total assets	$ 64,722	$ 66,705
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (Note 4)	$ 21,979	$ 18,814
Current portion of mandatorily redeemable series A convertible preferred stock (1,452 shares outstanding at March 31, 2011 and December 31, 2010)	552	552
Cash deposit from affiliate (Note 7)	1,303	900
Accounts payable	7,577	7,137
Accounts payable, affiliates (Note 1)	6,023	5,357
Accrued expenses	3,969	3,801
Derivative liabilities (Note 7)	6,301	11,237
Deferred income taxes	5,267	5,253
Total current liabilities	52,971	53,051
Other long-term liabilities	1,260	1,280
Mandatorily redeemable series A convertible preferred stock (726 and 1,089 shares outstanding at March 31, 2011 and December 31, 2010, respectively) less current portion	271	408
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 March 31, 2011 and December 31, 2010)	3,259	3,259
Capital in excess of par value	174,237	174,243
Accumulated other comprehensive loss	(2,163)	(2,185)
Accumulated deficit	(48,739)	(46,972)
Treasury stock, at cost (17,746,872 and 17,748,622 shares at March 31, 2011 and December 31, 2010, respectively)	(116,551)	(116,556)
Total stockholders' equity	10,220	11,966
Total liabilities and stockholders' equity	$ 64,722	$ 66,705

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 March 31,	
	2011	**2010**
Net sales	$ 50,076	$ 23,100
Cost of goods sold	51,297	21,841
Gross profit (loss)	(1,221)	1,259
Selling, general and administrative expenses	1,443	1,373
Operating loss	(2,664)	(114)
Interest expense	(291)	(219)
Dividend and interest income	22	25
Realized gain on sale of investments	12	98
Other income (expense), net	12	—
Loss before income taxes and equity loss of affiliates	(2,909)	(210)
Income tax benefit	1,166	74
Loss before equity in loss of affiliates	(1,743)	(136)
Losses related to equity in affiliates, net of tax (Note 3)	—	(139)
Net loss	(1,743)	(275)
Preferred stock dividends	(24)	(35)
Net loss applicable to common stock	$ (1,767)	$ (310)
Net loss per share of common stock: (Note 5)		
Basic and diluted	$ (0.10)	$ (0.02)
Weighted average shares outstanding:		
Basic and diluted	17,384	17,332

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)

	Three Months Ended March 31, 2011	
	Shares	Amount
9% cumulative convertible preferred stock:		
Balance at beginning and end of period	177	$ 177
Common stock:		
Balance at beginning and end of period	32,594,407	3,259
Capital in excess of par value:		
Balance at beginning of period		174,243
Compensation expense related to restricted stock and certain stock options, less vested shares released from treasury		(5)
Shares issued pursuant to series A preferred stock conversion		(1)
Balance at end of period		174,237
Accumulated other comprehensive loss:		
Balance at beginning of period		(2,185)
Change in unrealized losses on securities, (net of tax)		22
Balance at end of period		(2,163)
Accumulated deficit:		
Balance at beginning of period		(46,972)
Net loss		(1,743)
Dividends on preferred stock		(24)
Balance at end of period		(48,739)
Treasury stock:		
Balance at beginning of period	(17,748,622)	(116,556)
Stock options and grants	1,750	5
Balance at end of period	(17,746,872)	(116,551)
Total stockholders' equity		$ 10,220
Net loss		$ (1,743)
Change in unrealized losses on securities, net		22
Total comprehensive loss		$ (1,721)

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,	
	2011	**2010**
Cash flows from operating activities:		
Net loss	$ (1,743)	$ (275)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	62	69
Compensation expense related to stock options and grants	(5)	42
Equity in loss of affiliates	—	139
Realized gain on investments in securities	(12)	(98)
LIFO and lower of cost or market adjustments	5,436	38
Change in assets and liabilities:		
Accounts receivable, net	(5,258)	(4,140)
Accounts receivable/payable, affiliates	1,935	(335)
Inventories, (excluding LIFO and lower of cost or market reserves)	(471)	3,779
Derivative assets and liabilities, net	(3,344)	336
Other current and non-current assets	(152)	(246)
Accounts payable and accrued expenses	(296)	(1,016)
Income taxes – current	(1,161)	—
Other, net	(20)	(31)
Cash used for operating activities	(5,029)	(1,738)
Cash flows from investing activities:		
Capital expenditures	(43)	(6)
Purchase of marketable securities	(530)	(251)
(Increase) decrease in restricted cash	3,008	(2,176)
Proceeds from sale of marketable securities	54	1,412
Equity investment, net of proceeds	—	(231)
Cash provided by (used for) investing activities	2,489	(1,252)
Cash flows from financing activities:		
Net borrowings under revolving credit facilities	3,164	1,673
Purchase of treasury stock	4	(6)
Cash dividends on preferred stock	(19)	(31)
Preferred stock redemption	(138)	(188)
Cash provided by financing activities	3,011	1,448
Net increase (decrease) in cash and cash equivalents	471	(1,542)
Cash and cash equivalents at beginning of period	2,766	1,542
Cash and cash equivalents at end of period	$ 3,237	$ —
Supplemental disclosures:		
Cash paid for interest	$ 196	$ 86
Cash paid for income taxes, net	$ 8	$ —

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

1. General

Basis of presentation and description of business

The accompanying condensed consolidated balance sheet as of December 31, 2010, which has been derived from audited financial statements, and unaudited interim condensed consolidated financial statements as of March 31, 2011, and for the three 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 gaining control of 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 reason 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. As discussed later in Note 1, in 2010 the Company made a cash loan to SCL in the amount of $2.0 million, of which $0.4 million was later sold to other parties. Consistent with its application of the equity method of accounting, the Company wrote off the net advance of $1.5 million in the fourth quarter of 2010. In order 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. Thus, no information is available to report what would be included if SCL were accounted for on a consolidated basis for the first quarter. Alpine is not liable for any indebtedness or other liabilities of SCL. SCL's financial statements are prepared using International Financial Report Standards ("IFRS") and management of the Company does not believe there are significant differences with GAAP.

These financial statements should be read in conjunction with the audited consolidated financial statements contained in the Company's December 31, 2010 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 quarter ended March 31, 2011 do not necessarily indicate the results that may be expected for the full year.

Alpine was incorporated in New Jersey in 1957 and reincorporated in Delaware in 1987. Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At March 31, 2011, 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 scrap reclamation and copper and other metal products wholesaling and selective retailing; 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.

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.

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 (or the most advantageous) market for the asset or liability in an orderly transaction between market participants on the measurement date. 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 Company utilizes the following 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.

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 Company's marketable securities, consisting primarily of stocks and mutual funds, were classified as available for sale at March 31, 2011 and December 31, 2010 and carried at fair value. The fair value of such securities were $2.0 and $1.5 million as of March 31, 2011 and December 31, 2010, respectively, and were determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Derivatives: The derivative instruments consist primarily of copper and silver forward contracts representing copper pounds and silver troy ounces used to hedge related inventory and sales transactions (see Note 7). The fair value of the related derivative financial instruments was determined based upon prices obtained from various market exchanges (Level 2 inputs) as of the balance sheet dates herein.

Marketable securities

The Company's investment securities were classified as available for sale at March 31, 2011 and December 31, 2010 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 7). 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 $3.9 and $6.4 million as of March 31, 2011 and December 31, 2010, 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.

Revenue recognition and accounts receivable

Except for products bought and resold to Wolverine and SCL (see below), revenue on 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, 2011 and December 31, 2010 no allowance was required. The Company's price to the buyer is fixed and determinable based upon the price set forth in a written order from the customer.

For products bought and resold to Wolverine and SCL, in accordance with 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.

1. General (Continued)

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 $60.7 and $40.1 million for the three month periods ended March 31, 2011 and 2010, respectively. The copper handling fee which represents the net sale that was recorded in accordance with FASB ASC 605-45 (see Note 1) was $84,000 and $125,000 for the three month periods ended March 31, 2011 and 2010, respectively.

On February 16, 2007, Alpine and Wolverine entered into an agreement pursuant to which Alpine provided 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 both of the three month periods ended March 31, 2011 and 2010, the Company recorded $0.3 million as a credit against selling, general and administrative expenses related to management fees under such agreement.

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 three month periods ended March 31, 2011 and 2010, respectively, was $6.41 and $4.90. 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 $5.6 and $2.4 million in toll service fees during the three month period ended March 31, 2011 and 2010, respectively, of which $5.6 and $2.3 million were unpaid as of March 31, 2011 and 2010, respectively. In addition Exeon purchased approximately $3.1 million of inventory from WJT during the three months ended March 31, 2010, at the time of and in connection with the implementation of the toll arrangement between the parties. Exeon purchased $3.9 million of inventory from WJT in December 2009.

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 three months ended March 31, 2011 was $1.12. 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 $0.8 million and $0.7 million for raw material inventory purchases related to the Ardmore Toll Agreement during the three month period ended March 31, 2011 of which $0.4 million was unpaid as of March 31, 2011.

1. General (Continued)

Synergy Cable convertible loan

As part of a refinancing by SCL of certain indebtedness, on August 30, 2010, Alpine loaned SCL NIS 8.819 million (US $2.3 million) (the "Convertible Loan"), comprised of (i) 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 (other than any portion thereof attributable to such linkage adjustment) is convertible into ordinary shares of SCL at the conversion rate of NIS 0.145 per share. On March 28, 2011, the market value of SCL ordinary shares on the Tel Aviv Stock Exchange was NIS 0.125 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) due to the holders of its Series A and Series B Notes (collectively, the "Senior Indebtedness"). On November 17, 2010, Alpine sold an aggregate of NIS 1.62 million (US $0.4 million) of the Convertible Loan to three unrelated investors.

Accounts receivable/payable, affiliates

Alpine had a total of $7.3 and $5.2 million due to Wolverine at March 31, 2011 and December 31,2010, respectively, related to certain toll agreements and to hedge deposits and realized hedge gains due Wolverine arising under hedge contracts that matured during March 2011 and which were entered into pursuant to the master hedging arrangement between Exeon and Wolverine.

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 quarter of 2010. 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.

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 $5.2 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, in an aggregate amount not to exceed $2.5 million.

1. General (Continued)

In connection with the acquisition of Posterloid Corporation, Alpine has guaranteed payment of a contingent earn out of up to a maximum of $0.5 million based on achievement of certain cumulative performance levels over a three year period from March 2007 through February 2010. Based upon Posterloid's performance this $0.5 million was due and payable by April 29, 2010 and such payment was made during the second quarter of 2010.

Subsequent event

The Company's Revolving Credit and Security Agreement ("Revolving Credit Facility") (see Note 4) was increased from $25 million to $30 million effective April 29, 2011 to support increased working capital requirements due to rising silver and copper prices.

Management has performed an analysis of the activities and transactions subsequent to March 31, 2011 to determine the need for any adjustments to and/or disclosures within the financial statements for the quarter ended March 31, 2011. Management has performed their analysis through May 13, 2011 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 first quarter 2010 events are disclosed in Notes 1, 3 and 4.

2. Inventories

At March 31, 2011 and December 31, 2010, the components of inventories were as follows:

	March 31, 2011	December 31, 2010
	(in thousands)	
Raw materials	$ 7,821	$ 10,672
Work in process	17,583	12,852
Finished goods	10,251	11,659
Total gross inventories	35,655	35,183
LIFO reserve	(12,200)	(6,763)
Inventories, net	$23,455	$28,420

Inventories are stated at the lower of cost or market. The inventories shown above include $32.8 and $32.3 million of gross inventory as of March 31, 2011 and December 31, 2010, 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. All other inventories are determined using the first-in, first-out method.

3. Investments in affiliates

Wolverine Tube, Inc.

On February 16, 2007, Alpine and a co-investor 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 such co-investor joined Wolverine's board of directors, constituting a majority thereof. On January 25, 2008, Alpine purchased an additional 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. Thereafter on March 30, 2008, Alpine purchased $10 million of newly issued shares of Series B 8 ½% Convertible Preferred Stock (the "Wolverine Series B Preferred") of Wolverine.

3. Investments in affiliates (Continued)

On March 29, 2007, October 18, 2007 and August 16, 2008, Wolverine granted Alpine options under the Wolverine Tube, Inc. 2007 Non-Qualified Stock Option Plan (the "Wolverine Option Plan") to purchase 4,399,059 (the "Original Option") 366,588 (the "Additional Option") and 540,294 (the "Second Additional Option") shares of common stock of Wolverine. 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. 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; and 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.

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. On October 22, 2009, Alpine sold 406,230 shares of Wolverine common stock for $21,240.

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 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 by Alpine represent a proportional impact of the Wolverine losses and decrease in OCI such that Alpine's investment in Wolverine was zero as of December 31, 2010 and March 31, 2011. 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 losses (or $9.7 million) to Equity in loss of affiliates in the statement of operations for 2009. The Company did not record 100% of the OCI loss in 2009 as management believes based on the operational arrangements maintained after its 80% sales of its investment, that it retained the same level of influence after the sale.

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. 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 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 million of dividends for which payment had been deferred; however, since based upon the then current evaluation it was more likely than not that the Company would not receive these deferred dividends, 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 December 31, 2010 was $1.6 million, all of which was written-off during the fourth quarter of 2010.

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 and certain of its domestic subsidiaries 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

3. Investments in affiliates (Continued)

including the WJT Toll Agreement, the Ardmore Toll Agreement and transactions under the Terms and Conditions (see Related Party Transactions Note 1). Pursuant to the proposed plan of reorganization, all Wolverine existing common and preferred stock (including options to acquire the same) will be cancelled, and the holders of such stock, including Alpine, will not receive or retain any property on account of such stock. 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 recorded a $2.4 million loss in the statement of operations during the fourth quarter of 2010, representing its remaining share of Wolverine's other compressive losses previously recorded by Alpine. This did not have any impact on Alpine's total stockholders' equity.

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 also entered into a stockholders 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. This stockholders agreement was terminated by mutual agreement of the parties thereto as of December 26, 2010. 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 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.

ZephRa Energy LLC

On February 17, 2010, Alpine and another unrelated investor organized ZephRa Energy LLC ("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 March 31, 2011, Alpine and its co-investor owned ZephRa on a 50% / 50% basis. As of December 31, 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 which was distributed equally between ZephRa's investors.

4. Revolving Credit Facility

On December 21, 2009 Exeon entered into a 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, which was increased to $20 million as of June 30, 2010 and to $25 millions as of December 21, 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 rate at March 31, 2011 and December 31, 2010 was 4.7% and 4.8%, respectively. The Revolving Credit Facility provides for maintenance of financial covenants and ratios relating to minimum fixed

4. Revolving Credit Facility (Continued)

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 March 31, 2011 and December 31, 2010. The Revolving Credit Facility is collateralized by substantially all of Exeon's tangible and intangible assets. At March 31, 2011 and December 31, 2010, Exeon had $0.0 million and $3.2 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 1).

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 March 31, 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 lines was $1.8 million as of March 31, 2010. This balance was repaid during July 2010 with available funds on account with UBS and the credit line was terminated.

5. Earnings Per Share

The computation of basic and diluted loss per share for the three month periods ended March 31, 2011 and 2010 is as follows:

	Three Months Ended March 31,					
	2011			2010		
	Net Income	Weighted Average Shares	Per Share Amount	Net Loss	Weighted Average Shares	Per Share Amount
Basic and diluted loss per share						
Net loss	$ (1,743)	17,384	$ (0.10)	$ (275)	17,332	$ (0.02)
Adjustments:						
Preferred stock dividends	(24)	17,384	—	(35)	17,332	—
Net loss applicable to common stock	$ (1,767)	17,384	$ (0.10)	$ (310)	17,332	$ (0.02)

The Company has excluded the assumed exercise of certain stock options (0.3 million), and vesting of restricted stock grants (0.1 million) from the Company's earnings per share calculation for the three month period ended March 31, 2011 and the assumed exercise of certain stock options (0.6 million) and vesting of restricted stock grants (0.1 million) from the Company's earnings per share calculation for the three month period ended March 31, 2010, as the impact for both periods would be anti-dilutive due to the loss from continuing operations for those periods.

6. 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

6. Stock-based compensation plans (Continued)

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 March 31, 2011, 75,282 non-qualified stock options were granted to non-employee directors. During the quarter ended March 31, 2010, 78,878 non-qualified stock options were granted to non-employee directors. All options granted during 2011 and 2010 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, 2011, there were 45,064 shares available for issuance. During the quarter ended March 31, 2011, 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, 2011, 2,536,456 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 $6,000 and $16,000 as of March 31, 2011 and December 31, 2010, respectively. During the first quarter of 2011 no new deferred shares were granted, or vested and no previously vested shares were certificated or distributed. During the first quarter of 2011, one executive elected to further extend deferrals previously made.

The following table summarizes restricted stock activity for the three month period ended March 31, 2011:

	Non-Employee Directors Plan	
	Shares	Weighted Average Grant Date Fair Value
Nonvested balance at December 31, 2010	9,672	$ 2.41
Vested.....	(1,750)	2.50
Nonvested balance at March 31, 2011	7,922	$ 2.39
Unrecognized Compensation Costs.....	$1.093	
Weighted Average Period Remaining.....	0.4 Years	

Excluded from the table above are 54,847 shares as of March 31, 2011 and December 31, 2010, 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 $6,000 of unamortized compensation expense related to such matching contribution shares as of March 31, 2011 that is expected to be recognized over a weighted average period of 0.3 years.

6. Stock-based compensation plans (Continued)

The following table summarizes stock option activity for all Plans for the three months ended March 31, 2011:

	Shares Outstanding	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2010	2,840,819	$ 1.27	6.20	$ 110,598
Canceled	(11,425)	1.81		
Granted	75,282	0.39		
Outstanding at March 31, 2011	2,904,676	$1.25	6.07	$ 1,768
Options exercisable at March 31, 2011	1,512,203	$1.68	3.97	$ —

There were no options exercised during the three month periods ended March 31, 2011 and 2010, respectively.

The weighted average grant-date fair value of options granted for the three month periods ended March 31, 2011 and 2010 was $0.26 and $0.27, respectively.

Information with respect to stock-based compensation plan stock options outstanding and exercisable at March 31, 2011 is as follows:

	Options Outstanding			Options Exercisable	
Range Of Exercise Prices	Number Of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Of Options Exercisable	Weighted Average Exercise Price
$0.17 - $0.65	1,216,362	7.84	$ 0.34	180,040	$ 0.60
$0.76	333,851	2.22	$ 0.76	333,851	$ 0.76
$0.80 - $2.90	1,327,662	5.46	$ 2.16	971,511	$ 2.15
$3.10 - $3.27	26,801	4.66	$ 3.16	26,801	$ 3.16
	2,904,676	6.07	$ 1.25	1,512,203	$ 1.68

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 both the three months ended March 31, 2010 and 2009, was $0.0 million.

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:

6. Stock-based compensation plans (Continued)

	Three months ended March 31,	
	2011	2010
Risk free interest rate	2.01%	1.43%
Expected life	5.0	3.0
Expected volatility	82.2%	74.3%
Expected dividend yield	0%	0%

7. 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 copper 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 $3.9 and $6.4 million as of March 31, 2011 and December 31, 2010, 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 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. At March 31, 2011 and December 31, 2010, since the fair market value of copper exceeded the weighted average value of the long positions, no deposit was required from Wolverine. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

Commodity price risk management

Copper

Under the aforementioned arrangement between Exeon and Wolverine, the parties attempt to hedge firm price commitments to and from Wolverine's customers by placing firm price commitment orders with Exeon, which 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 5.2 and 4.6 million copper pounds committed under such arrangement as of March 31, 2011 and December 31, 2010, respectively. The Company 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 limited extent Tin) for use in raw materials purchased and finished goods arising under the WJT Tolling Agreement and the Ardmore Toll Agreement (see Note 1). There was a total of 1.8 and 3.3 million net copper pounds that were hedged related to these agreements as of March 31, 2011 and December 31, 2010, 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 1.1 and 1.7 million net copper pounds that were hedged under this arrangement as of March 31, 2011 and December 31, 2010, 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 1.0 and 2.1 million net long copper pounds related to such commitments as of March 31, 2011 and December 31, 2010, respectively.

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

Silver

As a result of its activities under the WJT Toll Agreement, Exeon is exposed to risks of commodity market price declines in its silver inventories. Accordingly, commencing in December 2009, the Company entered 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 0.6 and 0.6 million net short silver troy ounces that were hedged under this arrangement as of March 31, 2011 and December 31, 2010, respectively, which served to hedge the outstanding inventory as of those dates.

The fair value of the Company's derivative instruments as of March 31, 2011 and December 31, 2010 were as follows:

	March 31, 2011			
Derivatives not designated as hedging instruments	Net Position*	Asset Derivatives Fair Value	Net Position*	Liability Derivatives Fair Value
Commodity Contracts				
Copper – Broker	3.4 L	$ 1.7	—	$ 0.0
Copper – Affiliate	0.8 S	0.2	5.4 S	(1.6)
Copper – Vendor / customer	1.0 L	0.1	0.2 L	0.0
Silver - Broker			0.6 S	(4.7)
Total		$ 2.0		$(6.3)

	December 31, 2010			
Derivatives not designated as hedging instruments	Net Position*	Asset Derivatives Fair Value	Net Position*	Liability Derivatives Fair Value
Commodity Contracts				
Copper – Broker	4.6 L	$ 2.8	4.4 S	$ (2.1)
Copper – Affiliate		—	5.2 S	(2.9)
Copper – Vendor / customer	2.1 L	0.8	—	—
Silver - Broker			0.6 S	(6.2)
Total		$ 3.6		$(11.2)

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

The net short copper positions above of 1.6 and 2.9 million copper pounds as of March 31, 2011 and December 31, 2010, respectively, were to economically hedge a like amount of physical copper inventory. Similarly, the 0.6 and 0.6 million troy ounces of silver as of March 31, 2011 and December 31, 2010, 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 $1.3 million gain and $0.7 million loss for the three months ended March 31, 2011 and 2010, 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 $0.4 million as of March 31, 2011 and December 31, 2010, respectively, and a like amount of firm silver priced sales commitments as of those respective dates.