The Alpine Group, Inc.
Consolidated Financial Statements
For the fiscal years ended December 31, 2011 and 2010

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of The Alpine Group, Inc. (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The Company has accounted for Synergy Cables Ltd., a majority owned subsidiary, as an equity affiliate that, in our opinion, should be consolidated to conform with accounting principles generally accepted in the United States of America. The Company has also not applied business combination accounting to Synergy Cables Ltd. to reflect the change of control that occurred when the Company became the majority shareholder of that subsidiary. The impact of not consolidating Synergy Cables Ltd. and not applying business combination accounting has not been fully determined but based on the size of that subsidiary, the impacts would be significant to the financial statements of the Company (see Note 1).

Due only to the effects of the accounting treatment of Synergy Cables Ltd, as described in the preceding paragraph, in our opinion, the 2011 and 2010 financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2011 and 2010 or the results of its operations or its cash flows for the years then ended.

\s\ Crowe Horwath LLP

Fort Wayne, Indiana
April 5, 2012

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

	December 31, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,498	$ 2,766
Marketable securities, at fair value (Note 1)	1,034	1,507
Restricted cash (Note 1)	1,028	6,931
Accounts receivable, trade	2,326	14,730
Accounts receivable, affiliates (Note 1)	289	35
Income tax receivable (Note 6)	509	790
Inventories, net (Note 2)	29,507	28,420
Derivative assets (Note 11)	27	3,575
Prepaid expenses, deposits and other current assets	2,437	2,610
Total current assets	41,655	61, 360
Property, plant and equipment, net (Note 3)	537	547
Investment in affiliates (Note 4)	1,404	—
Deferred income taxes (Note 6)	1,763	2,206
Goodwill	1,033	1,033
Other assets	1,507	1,559
Total assets	$ 47,899	$ 66,709
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (Note 5)	$ 11,097	$ 18,814
Current portion of mandatorily redeemable series A cumulative preferred stock	414	552
Cash deposit from affiliate (Note 11)	—	900
Accounts payable	3,491	7,137
Accounts payable, affiliates (Note 1)	14	5,361
Accrued expenses	4,129	3,801
Derivative liabilities (Note 11)	45	11,237
Deferred income taxes (Note 6)	9,982	5,253
Total current liabilities	29,172	53,055
Other long-term liabilities	1,215	1,280
Mandatorily redeemable series A cumulative preferred stock, less current portion, (500,000 shares authorized; 1,089 and 1,452 shares outstanding at December 31, 2011 and 2010, respectively, (Note 7)	—	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 December 31, 2011 and 2010)	3,259	3,259
Capital in excess of par value	174,162	174,243
Accumulated other comprehensive loss	(2,233)	(2,185)
Accumulated deficit	(41,315)	(46,972)
Treasury stock, at cost (17,738,950 and 17,748,622 shares at December 31, 2011 and 2010, respectively)	(116,538)	(116,556)
Total stockholders' equity	17,512	11,966
Total liabilities and stockholders' equity	$ 47,899	$ 66,709

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

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

	Year Ended December 31, 2011	2010
Net sales	$ 167,382	$ 123,810
Cost of goods sold	152,081	124,404
Gross profit (loss)	15,301	(594)
Selling, general and administrative expenses	5,065	5,507
Operating income (loss)	10,236	(6,101)
Interest expense	(1,350)	(1,012)
Dividend and interest income	65	71
Realized gain on sale of investments	22	158
Income from stock plans of affiliate (Note 4)	550	—
Other expense, net	(3)	(44)
Income (loss) before income taxes and equity loss of affiliates	9,520	(6,928)
Income tax (provision) benefit	(3,786)	2,548
Income (loss) before equity in loss of affiliates	5,734	(4,380)
Losses related to Wolverine affiliate, net of tax (Note 4)	—	(2,387)
Losses related to SCL and other affiliates, net of tax (Note 4)	—	(1,723)
Net income (loss)	5,734	(8,490)
Preferred stock dividends	(77)	(122)
Net income (loss) applicable to common stock	$ 5,657	$ (8,612)
Net income (loss) per share of common stock: (Note 8)		
Basic	$ 0.33	$ (0.50)
Diluted	$ 0.32	$ (0.50)
Weighted average shares outstanding:		
Basic	17,426	17,331
Diluted	17,787	17,331
Net income (loss) per above	$ 5,734	$ (8,490)
Other comprehensive income (loss)		
Change in unrealized losses on securities	(80)	30
Income tax provision (benefit) (net) related to items of other comprehensive income (loss)	32	(12)
Change in unrealized other comprehensive loss of equity in affiliates	—	2,387
Other comprehensive income (loss), net of tax	(48)	2,405
Comprehensive income (loss)	$ 5,686	$ (6,085)

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

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

	Year Ended December 31,			
	2011		2010	
	Shares	Amount	Shares	Amount
9% cumulative convertible preferred stock:				
Balance at beginning and end of period	177	$ 177	177	$ 177
Common stock:				
Balance at beginning and end of period	32,594,407	3,259	32,594,407	3,259
Capital in excess of par value:				
Balance at beginning of period		174,243		174,203
(Income) expense related to restricted stock and certain stock options, less vested shares released from treasury		(75)		44
Shares issued pursuant to the Series A preferred stock conversion		(6)		(4)
Balance at end of period		174,162		174,243
Accumulated other comprehensive (loss):				
Balance at beginning of period		(2,185)		(4,590)
Realized net gains on sale of securities (net of tax provisions of $9 and $63, respectively)		(13)		(95)
Change in unrealized gains / (losses) on securities, (net of tax) provision / (benefit) of ($23) and $75, respectively		(35)		113
Change in unrealized other comprehensive loss of equity affiliates		—		2,387
Balance at end of period		(2,233)		(2,185)

(Continued)

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

	Year Ended December 31,			
	2011		2010	
	Shares	Amount	Shares	Amount
Accumulated deficit:				
Balance at beginning of period		(46,972)		(38,360)
Net income (loss)		5,734		(8,490)
Dividends on preferred stock		(77)		(122)
Balance at end of period		(41,315)		(46,972)
Treasury stock:				
Balance at beginning of period	(17,748,622)	(116,556)	(17,743,444)	(116,567)
Stock options and grants	9,672	18	6,865	17
Stock repurchase	—	_	(12,043)	(6)
Balance at end of period	(17,738,950)	(116,538)	(17,748,622)	(116,556)
Receivable from stockholders:				
Balance at beginning of period		—		(69)
Forgiveness of officers' loans		—		69
Balance at end of period		—		—
Total stockholders' equity		$ 17,512		$ 11,966

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

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

	Year Ended December 31, 2011	2010
Cash flows from operating activities:		
Net income (loss)	$ 5,734	$ (8,490)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	339	270
(Income) expense related to stock options and grants	(59)	131
Income from stock plans of affiliate (Note 4)	(550)	—
Loss from write off of Wolverine other comprehensive loss	—	2,387
Equity in loss of affiliates	—	1,723
Realized gain on investments in securities	(22)	(158)
LIFO and lower of cost or market adjustments	(5,881)	6,109
Change in assets and liabilities:		
Accounts receivable, net	12,404	(7,349)
Accounts receivable/payable, affiliates	(5,600)	3,206
Cash deposits from affiliates	(900)	900
Inventories	4,794	(9,789)
Derivative assets and liabilities, net	(7,644)	6,785
Other current and non-current assets	87	(6)
Accounts payable	(3,645)	106
Income taxes – current and deferred	5,485	5,136
Accrued expenses	311	(252)
Other, net	(65)	(116)
Cash provided by operating activities	4,788	593
Cash flows from investing activities:		
Capital expenditures	(122)	(116)
Purchase of marketable securities	(782)	(447)
Investment in affiliate	(854)	—
(Increase) decrease in restricted cash	5,903	(6,350)
Proceeds from sale of marketable securities	1,161	3,774
Loan to affiliate, net of proceeds	—	(1,540)
Equity investment, net of proceeds	—	(325)
Cash provided by (used for) investing activities	5,306	(5,004)
Cash flows from financing activities:		
Net borrowings (repayments) under revolving credit facilities	(7,717)	8,415
Repayments on other short-term borrowings	—	(1,801)
Debt issuance costs	(32)	(33)
Repayments of long-term borrowings	—	(233)
Purchase of treasury stock	—	(6)
Cash dividends on preferred stock	(61)	(106)
Preferred stock redemption	(552)	(601)
Cash provided by (used for) financing activities	(8,362)	5,635
Net increase in cash and cash equivalents	1,732	1,224
Cash and cash equivalents at beginning of year	2,766	1,542
Cash and cash equivalents at end of year	$ 4,498	$ 2,766
Supplemental disclosures:		
Cash paid for interest	$ 953	$ 820
Cash received for income taxes, net	$ (3,659)	$ (7,697)

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

1. Summary of significant accounting policies

Basis of presentation and description of business

The accompanying consolidated financial statements represent the accounts of The Alpine Group, Inc. and the consolidation of all of its majority-controlled subsidiaries (collectively "Alpine" or the "Company", unless the context otherwise requires) with the exception of its 52% owned subsidiary, Synergy Cables Ltd. ("SCL"), which is accounted for using the equity method. 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, 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 in 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 in Note 4, in 2010 the Company made a cash loan to SCL in the amount of $2.0 million, of which $0.5 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. Alpine's statements of operations exclude approximately $0.8 million of additional income for 2011 and $6.2 million of additional losses for 2010 that would be included if it were accounted for on a consolidated basis. Since the time the investment in SCL was written down to zero, SCL has incurred cumulative net losses of $5.1 million, including changes in Other Comprehensive Income. Alpine is not liable for any indebtedness or other liabilities of SCL. For the year ended December 31, 2011, SCL's independent accountant's opinion removed the going concern qualification, which in accordance with International Financial Accounting Standards ("IFRS"), resulted in SCL reinstating NIS 6.1 million ($1.6 million) of previously impaired assets. Such reinstatement is not permitted under GAAP. Other than the aforementioned impairment reinstatement there were no differences between IFRS as used by SCL and GAAP as used by Alpine that would have a material effect on the results of operations of SCL. Summary financial information related to SCL for 2011 and 2010 is presented below:

	December 31, 2011	December 31, 2010
Balance Sheet		
Current assets	$ 64,308	$ 63,692
Long-term assets	28,001	35,459
Total assets	$ 92,309	$ 99,151
Current liabilities	$ 46,328	$ 50,100
Long-term liabilities	31,397	38,347
Stockholders' equity	14,584	10,704
Total liabilities and stockholders' equity	$ 92,309	$ 99,151

	Year ended December 31, 2011	Year ended December 31, 2010
Statement of Operations		
Net sales	$ 166,087	$ 146,736
Net income (loss)	$ 2,698	$(11,940)

Alpine was incorporated in New Jersey in 1957 and reincorporated in Delaware in 1987. Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At December 31, 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.

1. Summary of significant accounting policies (Continued)

Significant customers

Exclusive of Wolverine Tube, Inc. ("Wolverine") (see Notes 1, 4, and 13) no one customer accounted for more than 10% of net sales for the years-ended December 31, 2011 and 2010.

Cash and cash equivalents

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

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 values of the revolving line of credit and the long-term debt approximate fair values, as the notes bear interest at rates, which are available to the Company, for notes with similar terms and maturities.

Accounting Standards Codification Topic 820 – *Fair Value Measurements and Disclosures* ("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.

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 December 31, 2011 and 2010 and carried at fair value. The fair values of such securities were $1.0 and $1.5 million as of December 31, 2011 and 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 11). 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.

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 11). 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 $1.0 and $6.4 million as of December 31, 2011 and 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.

1. Summary of significant accounting policies (Continued)

During July, 2010, ZephRa Energy LLC ("Zephra"), Alpine's renewable energy services venture (see Note 4), 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. There was no restricted cash as of December 31, 2011 related to Zephra.

Accounts receivable/payable, affiliates

At December 31, 2010, Alpine had a total of $5.2 million due to Wolverine related to certain toll agreements (see Note 13) and to realized hedge gains due Wolverine arising under hedge contracts that matured during December 2010 and which were entered into pursuant to the master hedging arrangement between Exeon and Wolverine (see Note 11).

Inventories

Substantially all of the Exeon inventories are stated at the lower of cost or market, using the last-in, first-out ("LIFO") method.

Property, plant and equipment

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

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

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

Goodwill

Goodwill of $1.0 million represents the excess of the purchase price over the fair value of the net assets acquired in the Posterloid acquisition. Goodwill is assessed at least annually for impairment and any such impairment is to be recognized in the period identified. The goodwill related to the Posterloid acquisition was assessed as of December 31, 2011 and 2010 and no impairment was deemed necessary. Posterloid is a separate reporting unit for goodwill impairment purposes.

Income taxes

Under ASC 740, "*Income Taxes*", deferred tax liabilities and assets are recorded for the expected future tax consequences of events that have been recognized in our financial statements or tax returns. Property, plant, and equipment, inventories, and certain other accrued liabilities are the primary sources of these temporary differences. Deferred income taxes also include net operating losses and tax credit carry-forwards. The Company establishes valuation allowances to reduce deferred tax assets to amounts it believes are more likely than not to be realized. These valuation allowances are adjusted based upon changing facts and circumstances.

The Company also applies the principals of ASC 740 regarding accounting for uncertainty in income taxes which dictates a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The topic also provides guidance on derecognizing of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income

1. Summary of significant accounting policies (Continued)

taxes in interim periods and income tax disclosures. To the extent the Company has uncertain tax positions, it classifies them as other non-current liabilities on the Consolidated Balance Sheets unless they are expected to be paid within one year. Penalties and tax-related interest expense are reported in selling, general and administrative expense and interest expense, net, respectively, on the Consolidated Statements of Operations.

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

Derivative financial instruments

The Company accounts for its derivative financial instruments at fair value and establishes criteria for designation and effectiveness of hedging relationships. For each derivative instrument designated as a cash flow hedge, the gain or loss on the derivative is deferred as a separate component of stockholders' equity until recognized in earnings with the underlying hedged item. For each derivative instrument designated as a fair value hedge, the gain or loss on the derivative and the offsetting gain or loss on the hedged item are recognized immediately in earnings. For each derivative instrument that is not designated as a hedging instrument the changes in fair value of these hedges are recognized immediately in cost of goods sold.

The Company does not purchase, hold, or sell derivative contracts unless there is an existing asset, obligation, or an anticipated future activity that is likely to occur and will result in exposing the Company to market risk. Various strategies are used to manage market risk, including the use of derivative contracts to limit, offset or reduce market exposure. Derivative instruments are used to manage well-defined commodity price risks from primary business activities.

Revenue recognition and accounts receivables

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 December 31, 2011 and 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, in accordance with 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, that result in the sales being recorded on a net basis. Therefore, only the incremental fees earned on the sales are recorded in net revenues in the statement of operations. Revenue on these sales is recognized when title transfers, which is the earlier of consumption or payment.

Shipping and handling

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

Earnings per share

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

1. Summary of significant accounting policies (Continued)

Comprehensive income (loss)

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

Use of estimates

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, except for its accounting for SCL its 52% owned subsidiary under the equity method (see Note 1), which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and intangible assets; valuation allowance for deferred income tax assets; liabilities for income tax and other tax contingencies; valuation of derivative instruments; and obligations related to employee benefits. Actual results could differ from those estimates.

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 $4.7 million, plus any incremental amount as a result of CPI adjustments. Any further extensions would amount to a guarantee of approximately $0.7 million per year plus any incremental amounts as a result of any CPI adjustments. While Alpine's continuing obligations, if any, under the guaranty are not free from doubt, the Company believes the facility and underlying lease are valuable assets of such former affiliate and expects that such former affiliate will perform as tenant thereunder and continue to pay its obligations. In addition, Alpine would have a claim for indemnification and reimbursement from the former affiliate in respect of any amounts paid by Alpine as guarantor.

Under the provisions of the Revolving Credit Facility (see Note 5), Alpine and its wholly owned subsidiary Alpine Holdco Inc., ("Alpine Holdco") 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.

Foreign currency translation

The Company's net investment in its SCL equity investment is translated into US dollars from the Israeli New Shekel (NIS) at exchange rates in effect at the end of the period. Income/ (losses) from the affiliate are translated at average exchange rates prevailing during the period.

Stock –based employee compensation plans

The Company recognizes stock-based compensation expense in the consolidated financial statements for awards of equity instruments to employees and non-employee directors based on the grant date fair value of those awards. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally the option vesting term.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

2. Inventories

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

	December 31,	
	2011	2010
	(in thousands)	
Raw materials	$ 5,179	$ 10,672
Work in process	1,132	12,852
Finished goods	24,147	11,659
Total gross inventories	30,458	35,183
LIFO reserve	(951)	(6,763)
Inventories, net	$ 29,507	$ 28,420

At December 31, 2011 and 2010, $28.4 and $32.3 million of gross inventories were valued using the LIFO method of accounting, respectively. The Company had LIFO decrements during 2011 and 2010 that resulted in $5.7 and $3.5 million of additional pretax income that is included as a reduction to cost of sales in the 2011 and 2010 statement of operations contained herein.

3. Property, plant and equipment

At December 31, 2011 and 2010, property, plant and equipment consisted of the following:

	December 31,	
	2011	2010
	(in thousands)	
Land	$ 27	$ 27
Buildings and improvements	232	226
Machinery and equipment	1,194	1,077
Gross property, plant and equipment	1,453	1,330
Less accumulated depreciation	(916)	(783)
Net property, plant and equipment	$ 537	$ 547

Depreciation expense for the years ended December 31, 2011 and 2010, was $134 and $119, respectively.

4. Investment in affiliates

Wolverine Tube, Inc.

Wolverine is a global manufacturer of copper and copper alloy tube, fabricated products and metal joining products used in commercial and residential heating, ventilation and air conditioning, refrigeration, home appliances, industrial equipment, power generation, and petrochemicals and chemical processing. Through a series of investments made during 2007 and 2008, Alpine acquired a total of 24,494 and 927,235 shares of Wolverine preferred and common stock, respectively, for a total cost of $25.2 million. However, due primarily to the global economic collapse towards the end of 2008 and the subsequent sluggish construction markets in 2009 and 2010, Wolverine announced on November 1, 2010 that it would be undertaking a financial restructuring and 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 (as amended, the "Reorganization Plan") supported by holders of the Notes. Wolverine as debtor in possession continued 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 Agreement, the Ardmore Toll Agreement and transactions under the Terms and Conditions (see Related Party Transactions

4. Investment in affiliates (Continued)

Note 13 below). On June 28, 2011 the Reorganization Plan became effective and Wolverine emerged from bankruptcy. Pursuant to the Reorganization Plan, all existing Wolverine common and preferred stock (including options to acquire the same) were cancelled, and the holders of such stock, including Alpine, did not receive or retain any property on account of such stock. Prior to the bankruptcy, Alpine accounted for Wolverine using the equity method of accounting. As a result of Wolverine's losses during 2008 and 2009, Alpine's investment was written down to zero by the end of 2009. Therefore, there was no additional impact on Alpine's stockholders' equity as a result of the bankruptcy.

Following its emergence from bankruptcy, on July 19, 2011 (the "grant date") and pursuant to its 2011 Management Incentive Plan (the "MIP") Wolverine granted Alpine a non-qualified option to purchase at an exercise price of $55.01 per share 40,719 shares of Wolverine common stock, par value $0.01 per share (3.2% of the issued and outstanding common stock of Wolverine on a fully diluted basis). The options vest in equal annual installments of 33 1/3% , with 33 1/3% vesting on the grant date and the remainder on the next two anniversary dates and are subject to acceleration upon the occurrence of certain events and exercisable until July 19, 2021. Additionally, on the above grant date, pursuant to the MIP Wolverine granted Alpine 40,719 restricted stock units (3.2% of the issued and outstanding common stock of Wolverine on a fully diluted basis) vesting in equal annual installments of 33 1/3% over a two year period commencing with the grant date, subject to acceleration upon occurrence of certain events. Unless payment is deferred by Alpine pursuant to the MIP and the granting agreement, Alpine is entitled to receive upon vesting of any restricted stock units one share of Wolverine common stock for each such vested restricted stock unit. As a result of the grant of non-qualified options and restricted stock units, Alpine recorded income of $1.2 million. Due to estimated impairment of these non-qualified stock options and restricted stock grants subsequent to grant date, a loss of $0.7 million was recorded.

On September 21, 2011, Alpine purchased 4,209 shares of Wolverine common stock (0.3% of the issued and outstanding common stock of Wolverine) from an unrelated third party for a cash purchase price of $0.1 million. On December 15, 2011, Alpine purchased 41,910 shares of Wolverine common stock (3.6% of the issued and outstanding common stock of Wolverine) from an unrelated third party for a cash purchase price of $0.8 million. This investment is carried at cost.

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. 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 part of a refinancing by SCL of certain indebtness, 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

4. Investment in affiliates (Continued)

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 December 31, 2011, the market value of SCL ordinary shares on the Tel Aviv Stock Exchange was NIS 0.096 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 $0.5 million) of the Convertible Loan to three unrelated investors.

As stated in Note 1, SCL is accounted for using the equity method. As also stated in Note 1, since the Company's investment was written down to zero in 2009 and since SCL continued to incur losses in 2010, the Company made no adjustment to the equity accounting for SCL during 2010. Although SCL had net income during 2011, of which $0.8 million would be Alpine's share, no adjustment was made to the equity accounting, since the net investment remained less than zero.

ZephRa Energy LLC

On February 17, 2010, Alpine and another unrelated investor organized Zephra as a newly created Delaware limited liability company. Zephra was 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 December 31, 2010, 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. Their were no significant transactions related to Zephra during 2011.

5. 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, $25 million and $30 million as of June 30, 2010, December 21, 2010 and April 29, 2011, respectively. 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 December 31, 2011 and 2010 were 5.8% and 4.8%, 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 December 31, 2011 and 2010. The Revolving Credit Facility is collateralized by substantially all of Exeon's tangible and intangible assets. At December 31, 2011 and 2010, Exeon had $4.1 and $3.2 million of availability, respectively. Under provisions of the Revolving Credit Facility, Alpine and its wholly owned subsidiary Alpine Holdco Inc. have committed to make additional capital contributions to Exeon under certain circumstances in the maximum amount of $2.5 million.

Unless previously accelerated as a result of default, the Revolving Credit Facility matures in February 2012. At December 31, 2011 and 2010, borrowings under the Revolving Credit Facility were classified as a current liability, in accordance with FASB ASC470 because it is and was subject to a lock-box arrangement and has subjective acceleration clauses. Effective February 15, 2012, Exeon and PNC agreed to extend the maturity date of the Revolving Credit Facility to May 15, 2012, and to reduce the maximum borrowing limit to $15 million.

6. Income taxes

The (provision) benefit for income taxes for the years ended December 31, 2011 and 2010 is comprised of the following:

	Year Ended December 31,	
	2011	2010
	(in thousands)	
Current:		
Federal	$ 1,437	$ 1,170
State	(28)	145
Foreign	—	(26)
Total current income tax benefit	1,409	1,289
Deferred:		
Federal	(4,292)	1,345
State	(903)	(86)
Total deferred income tax (provision) benefit	(5,195)	1,259
Total income tax (provision) benefit	$ (3,786)	$ 2,548

The (provision) benefit for income taxes differs from the amount computed by applying a U.S. federal income tax rate of 34% for the years ended December 31, 2011 and 2010, because of the effect of the following items:

	Year Ended December 31,	
	2011	2010
	(in thousands)	
Expected income tax (provision) benefit at U.S. federal statutory tax rate	$ (3,237)	$ 3,834
State income taxes, net of U.S. federal income tax benefit	(483)	112
Equity in losses of affiliates	—	(1,629)
Capital loss carry-back	—	451
Capital loss carry-forward	(9)	1,236
Change in valuation allowance	—	(1,261)
State tax refunds	—	29
State NOL	—	(258)
Other, net	(57)	34
Total income tax (provision) benefit	$ (3,786)	$ 2,548

6. Income taxes (Continued)

Items that result in deferred tax assets and liabilities and the related valuation allowance at December 31, 2011 and 2010 are as follows:

	December 31,	
	2011	2010
	(in thousands)	
Deferred tax assets:		
Accrued expenses	$ 1,287	$ 2,794
Compensation expense related to unexercised stock options and stock grants	2,935	2,937
Net operating loss carry-forward	5,481	6,383
Capital loss carry-forward	1,227	1,236
Other	196	516
Total deferred tax assets	11,126	13,866
Less valuation allowance	(8,025)	(8,768)
Net deferred tax assets	3,101	5,098
Deferred tax liabilities:		
Inventory	10,881	8,145
Prepaid expense	439	—
Total deferred tax liabilities	11,320	8,145
Net deferred tax liability	8,219	3,047
Net long-term deferred tax assets	1,763	2,206
Net current deferred tax liability	$ 9,982	$ 5,253

At December 31, 2011, Alpine had state net operating loss carry-forwards ("NOL's") in the amount of $5.4 million (before federal tax effect) that can be used to offset future taxable income. The net operating loss carry-forwards expire beginning in 2011 through 2029. Based on the number of states in which it currently maintains business operations requiring the payment of state income taxes, it is unlikely that Alpine will realize all of its state net operating loss carry-forwards. Accordingly, Alpine has determined that, a deferred tax valuation allowance in the amount of $4.9 million is required on those deferred tax assets. During 2011 and 2010, $0.7 and $0.1 million of state NOL's expired unused, respectively.

At December 31, 2011 and 2010, Alpine also had a $1.2 million valuation allowance to reduce the carrying value of the deferred tax asset related to the capital loss carry-forward generated in 2010 and a $1.8 million valuation allowance to reduce the carrying amount of the deferred tax asset related to stock grants issued prior to July 1, 2000 to the extent the value has decreased and is not expected to be recovered for tax purposes.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company is subject to examination in the U.S. federal tax jurisdiction and various states for the 2004-2011 tax years. As of December 31, 2011 the Company had reached a tentative settlement regarding the Company's appeal of the findings of an audit by the U.S. Internal Revenue Service ("IRS") for tax periods 2005 through 2007. According to the terms of the tentative settlement the Company would include approximately $6.4 million in taxable income spread evenly over the 2009 to 2011 tax years which would result in approximately $2.3 million of current federal tax liability once the tentative settlement is approved by the Joint Committee of the IRS. This liability has been previously and is currently included in current deferred tax liabilities. As of December 31, 2011, the Company was also under audit by the IRS for tax periods 2008 and 2009, with the issues under such audit primarily focused on the same issue as the 2005-2007 examination and which are covered by the aforementioned tentative settlement.

The Company recognizes penalties and interest related to income tax matters in selling, general and administrative expense and interest expense, respectively. The Company had $0.2 million accrued for interest related to the aforementioned tentative settlement with the IRS at December 31, 2011. There were no penalties expected in connection with the aforementioned tentative settlement and there were no amounts accrued for interest or penalties as of December 31, 2010.

7. Preferred stock

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

At December 31, 2011, there were 1,089 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 until converted or redeemed by the Company. The Alpine Series A Preferred Stock originally was convertible into Common Stock, at the option of the holder, at the rate of 691 (adjusted to 743.01 during 2004) shares of Common Stock per share of Alpine Series A Preferred. 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 1,452 shares and 1,582 shares of the Alpine Series A Preferred Stock in 2011 and 2010, respectively, according to such terms.

The Series A Preferred Stock is subject to mandatory redemption by the Company on the last day of each quarter during the three-year period which commenced 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.

Below is a table detailing the schedule for the mandatory redemption of the outstanding and unconverted Alpine Series A Preferred Stock:

Alpine Series A Preferred Stock - Mandatory Redemption Schedule

	Shares to be redeemed	Remaining share balance	Remaining balance (000's)	Scheduled redemption payments (000's)
12/31/2011		1,089	$ 414	
3/31/2012	363	726	$ 276	$ 138
6/30/2012	363	363	$ 138	$ 138
9/30/2012	363	—	$ —	$ 138

At December 31, 2011, 177 shares of 9% Cumulative Convertible Preferred Stock ("9% Preferred Stock") were outstanding. Each share of the 9% Preferred Stock is convertible into 105 $^{1}/_{2}$ shares of Common Stock, subject to customary adjustments. Alpine may redeem the stock at any time, in whole or in part at a price equal to the liquidation value per share of $1,000. The 9% Preferred Stock is senior to the Series A Preferred Stock. The amount of dividends accrued at December 31, 2011 and 2010 was $0.2 million.

8. Earnings (loss) per share

The computation of basic and diluted earnings (loss) per share for the years ended December 31, 2011 and 2010, is as follows:

	Year Ended December 31,					
	2011			2010		
	Net Income (Loss)	Weighted Average Shares	Per Share Amount	Net Income (Loss)	Weighted Average Shares	Per Share Amount
	(in thousands, except per share amounts)					
Basic earnings (loss) per share:						
Net income (loss)...................	$ 5,734	17,426	$ 0.33	$ (8,490)	17,331	$ (0.49)
Adjustments:						
Preferred stock dividends ...	(77)	17,426	—	(122)	17,331	(0.01)
Net income (loss) applicable to common stock........................	$ 5,657	17,426	$ 0.33	$ (8,612)	17,331	$ (0.50)
Diluted earnings (loss) per share:						
Net income (loss)applicable to common stock........................	$ 5,657	17,606	$ 0.32	$ (8,612)	17,331	$ (0.50)
Effect of dilutive securities:						
Preferred stock conversion .	77	181	—	—	17,331	—
Net income (loss) applicable to common stock with assumed conversions........................	$ 5,734	17,787	$ $0.32	$ (8,612)	17,331	$ (0.50)

The earnings per share calculations for the year ended December 31, 2010 exclude the exercise of certain stock options (2.8 million) and vesting of restricted stock grants (0.1 million) because the effect would be antidilutive due to the net loss for the period.

9. 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 his 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 will be paid in cash and only the remaining 50% is paid in the form of restricted stock and/or stock options as selected by each non-employee director. There were 444,799 and 532,548 non-qualified stock options granted to non-employee directors during 2011 and 2010, respectively. There were no shares of restricted stock granted during 2011 or 2010. 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

9. Stock based compensation plans (Continued)

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. During 2011, the Director Plan had 51,507 options expire.

Alpine sponsors a 1984 Restricted Stock Plan under which a maximum of 600,000 shares of Common Stock have been reserved for issuance. At December 31, 2011 and 2010, there were 45,064 shares available for issuance. During the years ended December 31, 2011 and 2010, the Executive Compensation Committee of the Board of Directors (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), elect on a one time basis to reinvest deemed cash dividends allocable to Common Stock credited to a participant's account under the plan into additional deferred Common Stock or into notional investment vehicles designated by the Compensation Committee. The plan also provides for Company matching contributions of Common Stock of either 25% or 50%, depending upon period of deferral, applied to shares of Common Stock deferred therein. The compensation cost associated with the Company matching contributions is amortized over the period of the deferral in respect of which it may be earned. Shares deferred into the Deferred Stock Account Plan are held in irrevocable grantor trusts. At December 31, 2011, 2,591,303 shares of Common Stock have been deferred and are included in the grantor trusts. These shares and the corresponding liability are classified as components of treasury stock and additional paid-in capital, respectively, in the consolidated balance sheets. The total unamortized deferred compensation was $0 and $16,000 as of December 31, 2011 and 20110, respectively. During 2011 no new deferred shares were granted, 54,847 shares vested and no previously vested shares were certificated and distributed. During 2010 no new deferrals were made, 52,647 shares vested and no previously vested shares were certificated and distributed. During the first quarter of 2010, four executives elected to further extend deferrals previously made. No further deferrals were made in 2010. During the fourth quarter of 2011, one executive elected to further extend deferrals previously made.

The following table summarizes restricted stock activity for the twelve month periods ended December 31, 2011 and 2010.

	Non-Employee Directors Plan	
	Shares	Weighted Average Grant Date Fair Value
Nonvested balance at December 31, 2009	16,537	$2.47
Granted	—	
Vested	(6,865)	$2.55
Forfeited	—	
Nonvested balance at December 31, 2010	9,672	$2.41
Granted	—	
Vested	(9,672)	$2.41
Forfeited	—	
Nonvested balance at December 31, 2011	—	

Excluded from the table above are 54,847 shares as of 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

9. Stock based compensation plans (Continued)

selling, general and administrative expense. There was approximately $16,000 of unamortized compensation expense related to such matching contribution shares as of December 31, 2010 and was recognized during 2011.

The following table summarizes stock option activity for the twelve month periods ended December 31, 2011 and 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	(25,296)	$ 5.95		
Granted	532,548	$ 0.28		
Outstanding at December 31, 2010	2,840,819	$ 1.27	6.20	$ 110,598
Exercised	—	—		
Canceled	(51,507)	$ 1.68		
Granted	444,799	$ 0.25		
Outstanding at December 31, 2011	3,234,111	$ 1.12	5.87	$ 187,303
Options exercisable at December 31, 2011	1,724,243	$ 1.79	3.70	$ —

The weighted average grant-date fair value of options granted for the twelve month periods ended December 31, 2011 and 2010 was $0.25 and $0.28, respectively. There were no options exercised during 2011 or 2010.

Information with respect to stock-based compensation plan stock options outstanding and exercisable at December 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	1,585,879	7.64	$ 0.31	180,040	$ 0.60
$0.76	333,851	1.47	$ 0.76	333,851	$ 0.76
$0.80-$2.90	1,287,580	4.86	$ 2.17	1,183,551	$ 2.23
$3.10-$3.27	26,801	3.91	$ 3.16	26,801	$ 3.16
	3,234,111	5.87	$ 1.12	1,724,243	$ 1.79

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 (income) expense related to all stock-based compensation plans (including restricted stock) for the twelve months ended December 31, 2011 and 2010, was $(0.1) and $0.1 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

9. Stock based compensation plans (Continued)

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 U.S. Treasury rates in effect at the end of each quarter. The following assumptions were used for each respective period:

	Year ended December 31,	
	2011	**2010**
Risk free interest rate	.87% - 2.24%	.63% - 1.66%
Expected life	5.0	3.0
Expected volatility	82% - 96%	73% - 79%
Expected dividend yield	0%	0%

10. Employee benefits

In conjunction with the sale of its then subsidiary DNE Systems, Inc in 2004, the Company entered into an agreement with a certain former employee that entitles the former employee to a benefit accrued under the former supplemental executive retirement plan ("SERP"), payable at normal retirement age (65). The employee does not accrue any additional benefits, except for interest, under the SERP and the Company has the right to pay the actuarial equivalent lump sum value of the SERP to the former employee at its election with 30 days prior notice to the employee. The Company has recorded the present value of the SERP liability of $0.6 and $0.5 million as an other long-term liability as of December 31, 2011 and 2010, respectively.

Prior to 2002, Alpine sponsored an unfunded SERP. During 2001, the Company terminated or froze SERP benefits for certain employees resulting in a curtailment loss of $2.5 million and a settlement loss of $2.5 million. The benefits were paid out in 2002 or deposited in rabbi trust accounts, effectively terminating Alpine's SERP. The amounts remaining in the rabbi trust accounts, all of which are related to two current employees and included in other current assets as of December 31, 2011 and 2010, were $1.0 million. There is an equal and offsetting liability included in accrued expenses as of December 31, 2011 and 2010.

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

Following the acquisition of Exeon in December 2002, Exeon established a defined contribution plan covering substantially all employees of Exeon and Alpine. The plan provides for limited matching of employee contributions. Posterloid has a separate defined contribution plan which provides for limited matching of employee contributions. Company contributions to both these plans for the years ended December 31, 2011 and 2010 were approximately $0.1 million per year.

In December 2005, the Compensation Committee approved the adoption of The Alpine Group, Inc. Deferred Cash Account Plan (the "Plan"), which provides senior executives of the Company and its subsidiaries designated by the Compensation Committee with the opportunity to defer receipt of and taxation upon all or a portion of such executives' cash compensation for a range of deferral or redeferral periods elected by each executive as set out in the Plan. Amounts deferred under the Plan remain assets of the Company subject to claims of its creditors and any investment gains or losses upon such deferred amounts are exclusively for the respective accounts of participating executives. There are no provisions in the Plan for any Company match or contribution to the Plan. As of December 31, 2011 and 2010 there were no amounts contributed to such plan.

11. 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

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

position at the time to cover the variation margin on account. The net amount on deposit at the brokers was $1.0 and $6.4 million as of December 31, 2011 and 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 (see Note 13) were matched with respective mirror image hedge contracts with Exeon. The arrangement between Exeon and Wolverine provided for Wolverine to have on deposit with Exeon $0.20 per copper pound for each copper pound covered by open firm price commitments dated on or after September 1, 2010 and for the parties to pay or refund variation margin obligations to the extent that Exeon pays or is refunded such obligations to / from its broker. By agreement between the respective parties thereto as of November 1, 2011 the aforementioned master hedging arrangement was terminated. 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 attempted to hedge firm price commitments to and from Wolverine's customers by placing firm price commitment orders with Exeon, which in turn placed a mirror image forward contract order with its commodity broker in order to fix the price agreed to with Wolverine. There were 0.0 and 4.6 million copper pounds committed under such arrangement as of December 31, 2011 and 2010, respectively. The Company also used derivative instruments to hedge the inventory purchases related to the copper products sold to Wolverine under the Terms and Conditions mentioned in Note 13 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 Tolling Agreement (see Note 13). There was a total of 0.0 and 5.0 million net copper pounds that were hedged related to these agreements as of December 31, 2011 and 2010, respectively, which served to hedge the outstanding inventory as of those dates.

For the Company's scrap reclamation business and metal wholesaling, 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 8.4 and 1.7 million net copper pounds that were hedged under this arrangement as of December 31, 2011 and 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 0.1 and 2.1 million net long copper pounds related to such commitments as of December 31, 2011 and 2010, respectively.

Silver

As a result of its activities under the WJT Toll Agreement, Exeon was 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 0.0 and 0.6 million net short silver troy ounces that were hedged under these hedging arrangements as of December 31, 2011 and 2010, respectively, which served to hedge the outstanding inventory as of those dates.

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

Derivatives not designated as hedging instruments	December 31, 2011			
	Net Position*	Asset Derivatives Fair Value	Net Position*	Liability Derivatives Fair Value
		(in thousands)		
Commodity Contracts				
Copper – Broker	5,275 S	$ 23	3,125 S	$ (45)
Copper – Vendor / customer	45 L	4	—	—
Total		$ 27		$ (45)

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

Derivatives not designated as hedging instruments	December 31, 2010			
	Net Position*	Asset Derivatives Fair Value	Net Position*	Liability Derivatives Fair Value
Commodity Contracts		(in thousands)		
Copper – Broker	4,575 L	$ 2,816	4,400 S	$ (2,180)
Copper – Affiliate		—	5,194 S	(2,881)
Copper – Vendor / customer	2,063 L	759	—	—
Silver - Broker		—	613 S	(6,176)
Total		$ 3,575		$ (11,237)

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

The net short copper positions above of 8.4 and 2.9 million copper pounds as of December 31, 2011 and 2010, respectively, were to economically hedge a like amount of physical copper inventory. Similarly, 0.6 million troy ounces of silver as of December 31, 2010, 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 $1.8 million gain and $0.7 million loss for the years ended December 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 $0.4 million as of December 31, 2010, and a like amount of firm silver priced sales commitments as of that date and none as of December 31, 2011.

12. Commitments and contingencies

Total rent expense under cancelable and noncancelable operating leases was $0.8 and $0.7 million during the years ended December 31, 2011 and 2010, respectively.

At December 31, 2011, future minimum lease payments under noncancelable operating leases are as follows:

Year	(in thousands)
2012	$ 629
2013	609
2014	490
2015	405
2016	304
Thereafter	—
Total	$ 2,437

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

Alpine's operations are subject to environmental laws and regulations in each of the jurisdictions in which it owns or operates facilities or as to certain former operations, for which it has assumed liabilities, governing, among other things, emissions into the air, discharges to water, the use, handling and disposal of hazardous substances and the investigation and remediations of soil and groundwater contamination both on-site at past and current facilities and at off-site disposal locations. Alpine, as to two sites, is

12. Commitments and contingencies (Continued)

currently involved in environmental investigations and in certain remedial activities being required under the oversight of a state regulatory agency. Additionally, Exeon, as to one site, may be required to undertake certain environmental investigation which may result in remedial activities being required under the oversight of a state regulatory agency. Alpine currently does not believe that any of the environmental matters for which it may be liable will have a material adverse effect upon its business, financial condition, liquidity or results of operations.

Compensation of Directors

The Company pays an annual retainer to each of its directors who are not employees of the Company or otherwise compensated by the Company equal to $35,000, together with their expenses for attendance at meetings of the Board of Directors. Under The Alpine Group, Inc. Stock Compensation Plan for Non-Employee Directors (the "Stock Compensation Plan") (see Note 9) and prior to 2009, non-employee directors of the Company automatically received 50% of the annual retainer in either restricted stock or stock options, as elected by the non-employee director. In addition, each non-employee director could elect to receive the remaining amount of the annual retainer, in the form of restricted stock and/or stock options and/or cash payment. Commencing in 2009, 50% of the total annual non-employee director compensation automatically will be paid in cash and the remaining 50% will be in the form of restricted stock and/or stock options as selected by each non-employee director. The Stock Compensation Plan is administered and interpreted by the Board of Directors.

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

13. Related party transactions

In August 2006 Exeon and SCL entered into a supply agreement pursuant to which Exeon could elect to purchase copper rod for resale to SCL for use in SCL's manufacturing operations. SCL did not purchase any product from Exeon during 2011 or 2010.

From December 2007 through August 28, 2010, Exeon and Wolverine were parties to 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"). 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 $186.5 and $168.3 million for the years ended December 31, 2011 and 2010, respectively. The copper handling fee which represents the net sale that was recorded in accordance with FASB ASC 605-45 was $267,000 and $439,000 for the years ended December 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 which was extended on a month to month basis through June 28, 2011 in consideration of an annual fee of $1.3 million and reimbursement of its reasonable and customary expenses. The Company recorded $1.3 million for the years ended December 31, 2011 and 2010 as a credit against selling, general and administrative expenses related to management fees under such agreement. On June 28, 2011, as contemplated under Wolverine's Reorganization Plan, Alpine and Wolverine entered into an Amended and Restated Management Agreement (the "Restated Management Agreement"). Under the terms of the Restated Management Agreement, Alpine continues to provide to Wolverine the management and other services it previously provided in consideration of the same annual fee and expense reimbursement. Additionally, pursuant to the Restated Management Agreement, in the event of the sale or other disposition of all or substantially all of the capital stock or assets of Wolverine prior to June 28, 2014 (a "liquidity event"), Alpine would be entitled to receive (other than in circumstances where it has been terminated for cause) a liquidity event payment equal to (i) 20% of the aggregate cash consideration attributable to such liquidity event in excess of $70 million but less than $120 million, plus (ii) 25% of such cash consideration in excess of $120 million. The term of the Restated Management Agreement is for an initial period of three (3) years, thereafter it continues on a month-to-month basis until either party provides at least 30 days written notice of termination, and is subject to earlier termination for cause by either party or

13. Related party transactions (Continued)

for any reason upon 90 days notice by Wolverine. Alpine's right to receive payment under the Restated Management Agreement is subordinate to the right of the lenders under Wolverine's secured credit facility and the holders of its senior secured notes due 2014, in certain instances.

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 provided raw materials (principally metals, including silver, copper, tin and zinc) to WJT which WJT used to manufacture products for Exeon's sale to customers. WJT acted as sales agent for Exeon and marketed and sold Exeon's finished goods. In addition, WJT provided certain related administrative services. In consideration of the foregoing, Exeon paid WJT a monthly toll service fee of $4.45 per pound for products shipped. The toll services fee was adjusted periodically, as necessary. The effective fee charged for the years ended December 31, 2011 and 2010, respectively, was $6.52 and $5.38. The WJT Toll Agreement provided for an initial term of three years, which was automatically renewable for successive twelve month periods, unless either party, upon ninety days prior notice, terminated the agreement. Additionally, during the term either party may terminate the WJT Toll Agreement upon thirty days notice. The WJT Toll Agreement also contained other terms and conditions customary for agreements of this type including: confidentiality requirements, limited warranties, and indemnifications between the parties. Exeon was charged $18.8 and $16.0 million in toll service fees during the years ended December 31, 2011 and 2010, respectively.

Effective August 21, 2010, Alpine entered into a toll manufacturing agreement ("Ardmore Toll Agreement") with Wolverine. Under the Ardmore Toll Agreement Alpine purchased and provided to Wolverine the raw materials (principally metals, including copper and aluminum) which Wolverine used to manufacture product at its Ardmore facility and, as sales agent for Alpine, sold the finished products to customers. In addition, Wolverine provided certain related administrative services. In consideration of the forgoing, Alpine paid Wolverine a monthly toll service fee of $1.34 per pound of products shipped. The toll service fee was adjusted periodically, as necessary. The effective fees charged for the years ended December 31, 2011 and 2010, respectively, were $1.11 and $1.04 million, respectively. The initial term of the Ardmore Toll Agreement was one year; however, it was renewable by mutual agreement between the parties. Additionally, during the term either party could 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 were included in the Ardmore Toll Agreement. Alpine was charged toll service fees of $2.9 million and $0.9 million for raw material inventory purchases related to the Ardmore Toll Agreement during the years ended December 31, 2011 and 2010, respectively.

Both the WJT Toll Agreement and the Ardmore Toll Agreement were assumed by Wolverine pursuant to the Reorganization Plan and continued in effect pursuant to their respective terms through October 31, 2011.

On October 27, 2011, Exeon and Wolverine agreed to terminate the WJT Toll Agreement and the Terms and Conditions arrangements effective November 1, 2011. Pursuant to termination agreements between the parties, on November 1, 2011, Exeon sold (1) inventories and account receivables related to the WJT Toll Agreement to WJT for a net estimated purchase price, adjusted for estimated outstanding tolling fees, of $31.7 million and (2) raw materials inventories associated with the Terms and Conditions to Wolverine less the initial margin deposit related to firm priced contracts for a net estimated purchase price of $1.4 million. The aforesaid net estimated purchase prices were paid to Exeon on November 1, 2011. Concurrently with the aforesaid sale, Exeon paid PNC $17.8 million on account of the outstanding principal balance of its Revolving Credit Facility, which reduced the said principal balance to zero ($0). Also on October 27, 2011 Alpine and Wolverine agreed to terminate the Ardmore Toll Agreement. Pursuant to a termination agreement between the parties, Alpine sold inventories, prepaid assets and account receivables related to the Ardmore Tolling Agreement to Wolverine for a net estimated purchase price, adjusted for estimated outstanding tolling fees, of $2.7 million. The aforesaid net estimated purchase price was paid to Alpine on November 1, 2011. The aforesaid termination agreements provided for review and confirmation of the net assets valuations utilized by the parties in determining the above net estimated purchase prices and for final payment adjustments based on the final value of net assets as agreed to by parties, by no later than November 18, 2011. As final settlement, Wolverine paid Exeon $0.3 million and Alpine paid Wolverine $0.4 million.

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

13. Related party transactions (Continued)

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 December 31, 2011, the market value of SCL ordinary shares on the Tel Aviv Stock Exchange was NIS 0.096 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. See also notes 1 and 4.

A former officer and current director of the Company receives an annual annuity of $18,900 in accordance with a former employment agreement with the Company. The annuity is a 15 year annuity which commenced in 2000. The outstanding balance due as of December 31, 2011 and 2010, were approximately $74,000 and $87,000, respectively.

A former officer and current director of the Company receives an annual annuity of $34,700 and a monthly annuity of $7,378 in accordance with former employment agreements with the Company. The terms of the annuities are each 15 years and commenced in 2001 and 2002, respectively. The outstanding balances due as of December 31, 2011 were approximately $134,000 and $384,000, respectively. The outstanding balances due as of December 31, 2010 were $154,000 and $447,000, respectively.

At December 31, 2009, Alpine had outstanding loans to certain officers totaling $69,000 relating to the tax implications associated with the exercise in prior years of stock options and restricted stock grants. The unpaid balance, which is added to accumulated deficit, bears interest at prime plus 0.5%. Such loans were forgiven by the Company over a 10 year period which commenced January 1, 2001 and ended December 31, 2010. During the twelve month period ended December 31, 2010 approximately $70,000 was amortized as loan forgiveness, which was included in selling, general and administrative expense. As of December 31, 2011 and 2010, Alpine has no loans to officers outstanding.

14. Quarterly financial information (unaudited)

The Company's quarterly results of operations for the year ended December 31, 2011 and 2010 are as follows:

	2011				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
	(in thousands, except per share data)				
Net sales	$ 50,076	$ 51,455	$ 47,844	$ 18,007	$ 167,382
Gross profit (loss)	(1,221)	4,055	7,108	5,359	15,301
Hedge mark-to-market, lower cost or market and LIFO adjustments, net – gain/(loss) (a)	(3,624)	1,905	5,048	4,362	7,691
Equity in gain/(loss) of affiliates	—	—	—	—	—
Net income (loss)	(1,743)	1,538	3,399	2,540	5,734
Net income (loss) per share of common stock –					
Basic (b)	(0.10)	0.09	0.19	0.15	0.33
Fully diluted (b)	(0.10)	0.09	0.19	0.14	0.32

	2010				
	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
	(in thousands, except per share data)				
Net sales	$ 23,100	$ 30,581	$ 32,770	$ 37,359	$ 123,810
Gross profit (loss)	1,259	2,202	(810)	(3,245)	(594)
Hedge mark-to-market, lower of cost or market and LIFO adjustments, net – gain/(loss) (a)	130	953	(2,560)	(3,728)	(5,205)
Equity in loss of affiliates	(139)	(195)	139	(1,528)	(1,723)
Net income (loss)	(275)	233	(1,087)	(7,361)	(8,490)
Net income (loss) per share of common stock – basic and fully diluted (b)	(0.02)	0.01	(0.06)	(0.43)	(0.50)

(a) Amounts represent non-cash pre-tax adjustments included in the gross profit amounts for the respective periods shown here. Approximately 60% of these amounts are included in the net income/(loss) amounts for the respective periods shown here. In Company management’s opinion, these non-cash adjustments do not have any impact on the operating performance of the Company.

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

15. Subsequent event

Management has performed an analysis of the activities and transactions subsequent to December 31, 2011 to determine the need for any adjustments to and/or disclosures within the financial statements for the year ended December 31, 2011. Management has performed their analysis through April 5, 2012, the date of the financial statements were available to be issued. Effective February 15, 2012 Exeon and PNC agreed to extend the maturity date of the Revolving Credit Facility to May 15, 2012 and to reduce the maximum borrowing limit to $15 million.