

The Alpine Group, Inc.
Unaudited Financial Statements
For the Quarterly Period Ended March 31, 2008

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

	March 31,	December 31,
ASSETS	2008	2007
Current assets:		
Cash and cash equivalents	\$ 7,724	\$ 6,146
Amount due from redemption of investment (Note 1).....	—	11,029
Restricted cash (Note 1).....	300	300
Other investments (Note 1).....	947	947
Accounts receivable, trade	8,797	3,699
Accounts receivable from affiliates (Note 1).....	13,752	122
Inventories, net (Note 2).....	8,751	28,001
Current assets of discontinued operations (Note 5).....	560	734
Prepaid expenses, deposits and other current assets	4,000	4,809
Total current assets.....	44,831	55,787
Property, plant and equipment, net.....	751	743
Investment in affiliates (Note 3).....	42,568	28,339
Deferred income taxes.....	2,747	2,747
Goodwill (Note 4).....	533	533
Other assets	1,279	1,457
Total assets	\$ 92,709	\$ 89,606
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (Note 6).....	\$ 7,250	\$ 7,979
Current portion of long-term debt.....	93	93
Accounts payable.....	14,889	8,901
Accrued expenses	5,813	5,359
Deferred income taxes and income taxes payable	10,356	12,050
Current liabilities of discontinued operations (Note 5).....	876	931
Total current liabilities	39,277	35,313
Long-term debt, less current portion	284	281
Other long-term liabilities	1,505	1,528
Mandatorily redeemable series A convertible preferred stock (12,211 and 12,215 shares outstanding at March 31, 2008 and December 31, 2007, respectively) (Note 7).....	4,600	4,602
Commitments and contingencies		
Stockholders' equity:		
9% cumulative convertible preferred stock at liquidation value.....	177	177
Common stock, \$.10 par value; (50,000,000 shares authorized; 26,755,840 and 26,752,868 shares issued at March 31, 2008 and December 31, 2007, respectively).....	2,675	2,675
Capital in excess of par value	171,220	171,027
Accumulated other comprehensive income	21	29
Accumulated deficit	(10,566)	(9,580)
Treasury stock, at cost (17,448,223 and 17,427,255 shares at March 31, 2008 and December 31, 2007, respectively).....	(116,294)	(116,239)
Receivable from stockholders.....	(190)	(207)
Total stockholders' equity	47,043	47,882
Total liabilities and stockholders' equity	\$ 92,709	\$ 89,606

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

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

	Three Months Ended	
	March 31,	
	2008	2007
Net sales.....	\$ 15,369	\$ 11,047
Cost of goods sold (Note 2)	14,923	10,653
Gross profit	446	394
Selling, general and administrative expenses	1,828	1,637
Operating loss	(1,382)	(1,243)
Interest expense	(116)	(75)
Dividend and interest income	323	279
Realized gains on sales of securities	84	11
Other income (expense), net	310	(15)
Loss before income taxes, equity in earnings of affiliate and discontinued operations	(781)	(1,043)
Income tax benefit	310	389
Income (loss) before equity in earnings of affiliate and discontinued operations	(471)	(654)
Equity in earnings (loss) of affiliate	(265)	398
Loss from continuing operations	(736)	(256)
Discontinued operations (Note 5):		
Loss from discontinued operations	(256)	(290)
Income tax benefit	103	116
Net loss on discontinued operations	(153)	(174)
Net loss	(889)	(430)
Preferred stock dividends.....	(97)	(97)
Net loss applicable to common stock.....	\$ (986)	\$ (527)
Net income (loss) per share of common stock (Note 9):		
Basic and diluted:		
Loss from continuing operations applicable to common stock.....	\$(0.08)	\$(0.03)
Income (loss) from discontinued operations, net of tax	(0.01)	(0.02)
Net loss per share	\$(0.09)	\$(0.05)
Weighted average shares outstanding:		
Basic and diluted	11,323	11,230

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

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

	Three Months Ended March 31, 2008	
	Shares	Amount
9% cumulative convertible preferred stock:		
Balance at beginning of period	177	\$ 177
Balance at end of period	177	177
Common stock:		
Balance at beginning of period	26,752,868	2,675
Shares issued pursuant to Series A Preferred Stock conversion	2,972	—
Balance at end of period	26,755,840	2,675
Capital in excess of par value:		
Balance at beginning of period		\$ 171,027
Compensation expense related to restricted stock and certain stock options, less vested shares released from Treasury		192
Shares issued pursuant to Series A Preferred Stock conversion		1
Balance at end of period		171,220
Accumulated other comprehensive income:		
Balance at beginning of period		29
Change in unrealized gains on securities, (net of tax)		(8)
Balance at end of period		21
Accumulated deficit:		
Balance at beginning of period		(9,580)
Net loss		(889)
Dividends on preferred stock		(97)
Balance at end of period		(10,566)
Treasury stock:		
Balance at beginning of period	(17,427,255)	(116,239)
Share purchases	(22,500)	(58)
Stock options and grants	1,532	3
Balance at end of period	(17,448,223)	(116,294)
Receivable from stockholders:		
Balance at beginning of period		(207)
Forgiveness of officer loans		17
Balance at end of period		(190)
Total stockholders' equity		\$ 47,043
Comprehensive loss		\$ (898)

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,	
	2008	2007
Cash flows from operating activities:		
Net loss	\$ (889)	\$ (430)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	45	21
Compensation expense related to stock options and grants	211	316
Equity in (earnings) loss of affiliate	265	(398)
Other	(10)	(11)
Changes in assets and liabilities:		
Accounts receivable, net	(5,097)	(1,344)
Accounts receivable from affiliates	(13,630)	(150)
Realized gains on investment in securities	(84)	—
Inventories, net	19,251	23,538
Other current and non-current assets	986	1,938
Accounts payable and accrued expenses	4,691	(12,583)
Other, net	(22)	—
Cash flows provided by operating activities	5,717	10,897
Cash flows from investing activities:		
Capital expenditures	(45)	(12)
Purchase of marketable securities	—	(29,047)
Proceeds from sale of investments	11,309	27,624
Proceeds from loans to affiliate	—	7,467
Acquisition of Posterloid	—	(2,924)
Investments in affiliates	(14,494)	(14,013)
Cash flows used for investing activities	(3,230)	(10,905)
Cash flows from financing activities:		
Borrowings (repayments) under revolving credit facilities, net	(729)	902
Purchase of treasury stock	(58)	—
Debt issuance costs	(30)	—
Dividends on preferred stock	(93)	(97)
Other	1	4
Cash flows provided by (used for) financing activities	(909)	809
Net increase in cash and cash equivalents	1,578	801
Cash and cash equivalents at beginning of period	6,146	1,586
Cash and cash equivalents at end of period	\$ 7,724	\$ 2,387
Supplemental disclosures:		
Cash paid for interest	\$ 102	\$ 198
Cash paid for income taxes, net	\$ 1,256	\$ 281

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008
(unaudited)

1. General

Basis of presentation and description of business

The accompanying condensed consolidated unaudited financial statements represent the accounts of The Alpine Group, Inc. and, except as noted below, the consolidation of all of its majority-controlled subsidiaries (collectively "Alpine" or the "Company"). Synergy Cables Ltd. ("SCL"), a 52% owned subsidiary of the Company, is accounted for using the equity method. According to accounting principles generally accepted in the United States of America, Alpine's financial statements are required to include the consolidation of SCL. However, since the Company intends to reduce its ownership of SCL to below 50% and for a more informative presentation of the Company's financial position and results of operations, including a consistent comparison with prior periods, the equity method is utilized in the unaudited financial statements presented herein. Accounting for Alpine's investment in SCL on an equity basis rather than on a consolidation basis does not change Alpine's consolidated net loss. There were no significant differences between accounting standards used by SCL and accounting principles generally accepted in the United States of America ("GAAP") as used by Alpine that would have a material effect on the results of operations of SCL.

Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At March 31, 2008 Alpine's operations consisted of its 52% ownership in SCL, an Israeli based producer of wire and cable products, Exeon Inc., a wholly owned subsidiary primarily engaged in the business of copper scrap reclamation, 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 (Note 4) and a 22% ownership investment in Wolverine Tube, Inc. ("Wolverine"), a manufacturer of copper and copper alloy tubular products (Note 3).

Restricted cash

The Company is required to maintain \$0.3 million of cash in accordance with the terms of its revolving credit facility (see Note 6) and \$0.1 million of cash related to a lease of its New Jersey office, such amounts of which are classified as restricted cash and other assets, respectively, in the financial statements contained herein.

Amount due from redemption of investment and other investments

The Company has an investment in a limited partnership investment fund, which due to the Company's less than 1% ownership in the partnership, is accounted for using the cost basis of accounting. Since such investment is accounted for on a cost basis, the recorded balance does not reflect appreciation in the investment. The estimated fair value of the investment as of December 31, 2007, based upon the valuation of the underlying assets as provided by this limited partnership, was \$12.3 million. On December 31, 2007 the Company liquidated \$11.0 million of the investment and realized a gain of approximately \$2.5 million from the sale of this investment; however since the actual proceeds were not received until January 2008, the liquidated portion of the investment was classified as "Amount due from redemption of investment" at December 31, 2007. The proceeds were utilized for working capital purposes. The remaining cost basis as of March 31, 2008 was \$0.9 million and estimated fair market value as of that date was \$1.2 million.

Revenue recognition and accounts receivable

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

For products bought and resold to Wolverine and SCL (, in accordance with Emerging Issues Task Force 99-19 "Reporting Revenue Gross as a Principal versus Net as an Agent" ("EITF 99-19"), revenue is recognized on a "net as an agent" basis. While the Company does take title and bears all risks of ownership, there are other indicators, such as the fact the Company's supplier is responsible for the fulfillment of the order, including acceptability of the product as well as the fact that the Company only earns a stated rate of the amount billed to Wolverine or SCL, that result in the sales being recorded on a net basis. Therefore, only the

incremental fees earned on the sales are recorded in net revenues in the statement of operations. Revenue on these sales is recognized when title transfers, which is the earlier of consumption or payment.

Related party transactions

In December 2007 Exeon and Wolverine entered into a supply agreement pursuant to which Exeon agreed to supply Wolverine and Wolverine agreed to purchase from Exeon its copper scrap and cathode requirements for its North American melting operations. The agreement is for two years. Exeon sales to Wolverine on a gross basis were \$95.7 million for the quarter ended March 31, 2008. The copper handling fee which represents the net sale that was recorded in accordance with EITF 99-19 was \$182,000 for the quarter ended March 31, 2008.

In August 2006 Exeon and SCL entered into a supply agreement pursuant to which Exeon could elect to purchase copper rod for resale to SCL for use in SCL's manufacturing operations (see Note 2). Exeon sales to SCL on a gross basis were \$18.6 million for the quarter ended March 31, 2007. The copper handling fee which represents the net sale that was recorded in accordance with EITF 99-19 (see Note 1) was \$87,000 for the quarter ended March 31, 2007. There were no sales to SCL during the quarter ended March 31, 2008.

2. Inventories

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

	<u>March 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
	(in thousands)	
Raw materials	\$ 1,929	\$ 2,024
Work in process.....	364	364
Finished goods.....	8,689	26,167
Total gross inventories	<u>10,982</u>	<u>28,555</u>
LIFO reserve.....	(2,231)	(564)
Inventories, net	<u>\$ 8,751</u>	<u>\$28,001</u>

The inventories shown above include \$8.2 and \$26.9 million of gross inventory as of March 31, 2008 and December 31, 2007, 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. Accordingly, interim LIFO calculations necessarily are made based on management's estimates of expected year-end inventory levels and costs. The LIFO reserve increased by \$1,677 from \$564 as of December 31, 2007 to \$2,231 as of March 31, 2008, for which there was a charge against cost of sales during the quarter ended March 31, 2008. Such interim results are subject to adjustment in future periods to reflect final year-end LIFO inventory valuation.

3. Investments in affiliates

Wolverine Tube, Inc.

On February 16, 2007, Alpine and a co-investor 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 an unrelated co-investor joined Wolverine's board of directors, constituting a majority thereof. Additionally, on February 16, 2007, Alpine and Wolverine entered into an agreement pursuant to which Alpine will provide certain management and other services to Wolverine for an initial period of two years in consideration of an annual fee of \$1.3 million and reimbursement of its reasonable and customary expenses. During the quarter ended March 31, 2008 the Company recorded \$0.3 million, as a credit against selling, general and administrative expenses related to management fees under such agreement. Dividends on the Wolverine Series A Preferred Stock, at an annual rate of 8%, are cumulative and payable quarterly on each January 31, April 30, July 31 and October 31. Wolverine is entitled to defer dividends on the Wolverine Series A Preferred Stock in certain circumstances at a higher dividend rate. Additionally, if Wolverine fails to register for resale the common stock into which the Wolverine Series A Preferred Stock is convertible, then the applicable dividend rate thereon increases by 0.50% for the preceding dividend quarter and sequentially for each quarter (or portion thereof) during which such registration requirement remains unsatisfied, up to a maximum aggregate increase of 2%. Since as of July 31, 2007, such registration requirement was unsatisfied, the applicable dividend rate for the quarter ended July 31, 2007 increased to 8.5%. Although such registration requirement currently remains unsatisfied, Alpine has for the time being and through June 30, 2008 waived all further adjustment in such dividend rate on

account of such unsatisfied requirement. The Company has received \$0.2 million as of March 31, 2008 for its share of fourth quarter 2007 dividends. The Company has recorded \$0.3 million, for the quarter ended March 31, 2008, including the first quarter dividend accrued but not paid, in dividend and interest income in the statement of operations. The Wolverine Series A Preferred Stock votes with the Wolverine common stock on an as-converted basis on all matters. The security is convertible into shares of Wolverine common stock and would result in an ownership by Alpine in Wolverine of 10.6% on a fully diluted basis.

On March 29, 2007 and October 18, 2007, 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") and 366,588 (the "Additional Option") shares of common stock of Wolverine, or 6.0% and 0.5%, respectively, of the outstanding shares of Wolverine on a fully diluted basis, at the following prices: \$1.10 per share as to a tranche of 40% of the Original Option and Additional Option shares; \$1.40 per share as to a tranche of 30% of the Original Option and Additional Option shares; and \$2.20 per share as to a tranche of 30% of the Original Option and Additional Option shares. The Original Option and Additional Option vest on a pro rata basis among the three tranches listed above in five equal successive annual installments of 20%, commencing, respectively, on the first anniversary of each grant. The term of each option grant expires on, and is exercisable by Alpine as to vested Original Option and Additional Option shares until the tenth anniversary of each respective grant. As a result of the issuance of additional shares of common stock of Wolverine following a rights offering consummated during October 2007, and pursuant to the express terms of the Wolverine Option Plan, the number of common shares underlying the Original Option and the Additional Option were automatically adjusted to 6,483,533 and 540,294, respectively.

On January 25, 2008, the Company purchased 4,494 shares of Wolverine Series A Preferred Stock at a purchase price per share in cash of \$1,000 for an aggregate purchase price of approximately \$4.5 million. These shares were purchased pursuant to an option granted to Alpine under the Purchase Agreement among Wolverine, Alpine and Alpine's co-investor Plainfield Special Situations, dated January 31, 2007. Following this investment, Alpine owned 14.6% of Wolverine (on a fully diluted, as converted basis).

On March 20, 2008, Alpine purchased \$10 million of newly issued shares of Series B 8 ½ % Convertible Preferred Stock (the "Wolverine Series B Preferred") of Wolverine. Dividends on the Series B Preferred, at an annual rate of 8 ½ %, are cumulative and payable quarterly on each January 31, April 30, July 31 and October 31. Wolverine is entitled to defer dividends on the Wolverine Series B Preferred in certain circumstances at a higher dividend rate. Additionally, if by not later than June 30, 2008, Wolverine fails to register for resale the common stock into which the Series B Preferred is convertible, then the applicable dividend rate thereon increases by 0.50% for the preceding dividend quarter and sequentially for each quarter (or portion thereof) during which such registration requirement remains unsatisfied, up to a maximum aggregate increase of 2%. The Wolverine Series B Preferred votes on an as converted basis together with the Wolverine Series A Preferred Stock on an as converted basis, and the Wolverine common stock on all matters. Following this investment, Alpine owns 22.4% of Wolverine (on a fully diluted, as converted basis). 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 and 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.

Synergy Cables Ltd.

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

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

loans previously advanced by it to SCL in the aggregate principal amount of \$3.3 million, with the remainder of the purchase price being funded out of available cash.

4. Acquisitions

Purchase of Posterloid Corporation

On February 23, 2007, Alpine acquired 100% of the stock of Posterloid Corporation (“Posterloid”) for \$2.9 million. The acquisition was accounted for under the provisions of SFAS No. 141 “Business Combinations”. The results of Posterloid’s operation have been included in the consolidated financial statements since that date. Posterloid is located in Long Island City, NY and is a designer and manufacturer of menu boards and signage for the food service industry and financial institutions. Alpine has guaranteed payment of a contingent earn out of up to a maximum of \$0.5 million based on achievement of certain cumulative performance levels over a three year period. Goodwill of \$533,000 representing the excess of the purchase price over the fair value of the net assets acquired in the Posterloid acquisition was recorded during 2007. Goodwill will be assessed at least annually for impairment and any such impairment will be recognized in the period identified.

5. Discontinued operations

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

6. Revolving Credit Facility

On December 19, 2006, Exeon entered into a loan agreement with a bank providing for revolving maximum borrowings of up to \$5 million and on December 31, 2007 amended the agreement to increase the maximum borrowing limit to \$8 million. Borrowing availability is determined by reference to a borrowing base that permits advances to be made at net valuation rates against accounts receivable and inventories of Exeon’s scrap reclamation business. Interest is payable monthly in arrears and is based on a floating bank base rate less 50 basis points. The effective rate as of March 31, 2008 was 5.25%. The loan is collateralized by the assets of the scrap reclamation business indicated above including the property, plant and equipment located at Exeon’s Jonesboro, Indiana facility and inventories related to such business located at such plant and at approved third party consigned locations. The loan also requires compliance by Exeon with certain financial covenants typical to such agreements, all of which, except as noted in the following sentence, were in compliance as of March 31, 2008 and December 31, 2007. As of March 31, 2008 and through April 30, 2008, Exeon was not in compliance with the minimum net worth requirement provided under the agreement, which instance of non-compliance has not yet been waived by the bank. However, thereafter and through the current date, Exeon has been in compliance with such minimum net worth requirement.

In October 2006, Exeon established a \$25 million credit line with UBS Bank USA (“UBS”). The line is guaranteed by Alpine and collateralized by Exeon’s and Alpine’s cash equivalents and other investments on deposit with UBS and its affiliates from time to time for the account of Exeon and Alpine. As of March 31, 2008 and December 31, 2007, the outstanding balance under the credit line was \$1.0 and \$0.0 million, respectively.

7. Series A Cumulative Convertible Preferred Stock

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

At March 31, 2008, there were 12,211 shares of Alpine Series A Cumulative Convertible Stock (the “Alpine Series A Preferred Stock”) outstanding. Holders of the Alpine Series A Preferred Stock are entitled to receive, when, as and if declared by the board of directors out of funds legally available for payment, cash dividends at an annual rate of \$30.40 per share. The Alpine Series A Preferred Stock originally was convertible into Common Stock, at the option of the holder, at the rate of 691 shares of Common Stock per share of

Alpine Series A Preferred Stock. As a result of a special dividend declared by the Company during 2004 the conversion rate increased to 743.01. There were 4 and 11 shares of Alpine Series A Preferred Stock converted into 2,972 and 8,173 shares of Common Stock during the three month periods ended March 31, 2008 and 2007, respectively.

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

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

At December 31, 2007, 177 shares of 9% Cumulative Convertible Preferred Stock (“9% Preferred Stock”) were outstanding. Each Share of the 9% Preferred Stock is convertible into 105 1/2 shares of Common Stock, subject to customary adjustments. Alpine may redeem the stock at any time, in whole or in part at a price equal to the liquidation value per share of \$1,000. The 9% Preferred Stock is senior to the Alpine Series A Preferred Stock.

8. Earnings Per Share

The computation of basic and diluted income (loss) per share for the three month periods ended March 31, 2008 and 2007 is as follows:

	<u>Three Months Ended March 31,</u>					
	<u>2008</u>			<u>2007</u>		
	<u>Net Loss</u>	<u>Weighted Average Shares</u>	<u>Per Share Amount</u>	<u>Net Loss</u>	<u>Weighted Average Shares</u>	<u>Per Share Amount</u>
<u>Basic and diluted earnings (loss) per share</u>						
Net loss from continuing operations	\$ (736)	11,323	\$ (0.07)	\$ (256)	11,230	\$ (0.02)
Adjustments:						
Preferred stock dividends	(97)	11,323	(0.01)	(97)	11,230	(0.01)
Loss attributable to common stock from						
continuing operations	\$ (833)	11,323	\$ (0.08)	\$ (353)	11,230	\$ (0.03)
Loss from discontinued operations, net of tax	(154)	11,323	(0.01)	(174)	11,230	(0.02)
Net loss applicable to common stock per basic common share	\$ (987)	11,323	\$ (0.09)	\$ (527)	11,230	\$ (0.05)

The Company has excluded the assumed exercise of certain stock options (1.6 million), vesting of restricted stock grants (0.6 million) and conversion of all preferred stock (12,362 preferred shares convertible into 9.1 million common shares) from the Company’s earnings per share calculation for the three month period ended March 31, 2008 and the assumed exercise of all stock options (1.0 million), vesting of restricted stock grants (0.8 million) and conversion of all preferred stock (12,478 preferred shares convertible into 9.2 million common shares) from the Company’s earnings per share calculation for the three month period ended March 31, 2007, as the impact for both periods would be anti-dilutive due to the loss from continuing operations for those periods.

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.

On June 26, 2007, the Executive Compensation and Organization Committee of the Board of Directors (the “Compensation Committee”) granted a total of 461,000 non-qualified options to four key executives of the Company. Additionally, on September 7, 2007, September 21, 2007 and October 9, 2007, the Compensation Committee granted 100,000, 5,000 and 10,000 non-qualified

options, respectively, to certain employees of the Company's subsidiaries. The options vest in equal annual installments over the four year period commencing on the first anniversary date of grant or, if earlier, upon occurrence of a change in control of the Company and cannot be exercised after ten years from the date of grant. The exercise price of all such options was set at the market price of the Common Stock on the date of grant. All shares of Common Stock issuable upon exercise of any of the said non-qualified options will be issued from the Company's treasury shares.

The Company adopted the Stock Compensation Plan for Non-Employee Directors (the "Director Plan") in January 1999. Under the Director Plan, each non-employee director of the Company automatically receives 50% of the annual retainer in either restricted common stock or non-qualified stock options, as elected by the director. In addition, each non-employee director may also elect to receive all or a portion of the remaining amount of the annual retainer and any meeting fees in the form of restricted stock or stock options in lieu of cash payment. During the quarter ended March 31, 2008 13,435 non-qualified stock options and 1,750 shares of restricted stock were granted to non-employee directors. All options and restricted stock granted during the quarter ended March 31, 2008 were issued at the fair market value of the Common Stock at the date of the grant. Each stock option granted under the Director Plan expires on the tenth anniversary of the date of the grant. Awards of restricted stock and stock options under the Director Plan vest upon the earliest of the following to occur: (i) the third anniversary of the date of the grant; (ii) a non-employee director's death; and (iii) a change of control of the Company. Any shares issued pursuant to the Director Plan will be issued from the Company's treasury stock.

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

Alpine sponsors The Alpine Group, Inc. Deferred Stock Account Plan, an unfunded deferred stock compensation plan whereby certain key management employee participants are permitted to (i) defer the receipt of all, or a portion, of their non-cash salary or bonus and shares of Common Stock issued upon stock option exercises, 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. On April 19, 2006, the Compensation Committee approved voluntary reductions in executive base compensation levels for calendar 2006 and awarded grants of 155,359 shares of restricted common stock from the Company's treasury stock to participating executives. All executives elected to defer the receipt of the shares under this plan. At March 31, 2008 2,008,085 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 \$0.4 million as of both March 31, 2008 and December 31, 2007.

The following table summarizes restricted stock activity for the three month period ended March 31, 2008:

	Deferred Stock Account Plan		Non-Employee Directors Plan	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested balance at December 31, 2007.....	73,129	\$ 3.40	17,586	\$ 2.42
Granted	—		1,750	2.50
Vested	—	3.40	(1,532)	2.04
Nonvested balance at March 31, 2008.....	<u>73,129</u>	<u>3.40</u>	<u>17,804</u>	<u>2.46</u>
Unrecognized Compensation Costs	\$58,706		\$21,874	
Weighted Average Period Remaining	1.3	Years	2.0	Years

Excluded from the table above are 530,756 shares as of both March 31, 2008 and December 31, 2007, 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 is approximately \$0.3 million of unamortized compensation expense related to such matching contribution shares as of March 31, 2008 that is expected to be recognized over a weighted average period of 2.5 years.

The following table summarizes stock option activity for the three months ended March 31, 2008.

	Shares Outstanding	Weighted- Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at December 31, 2007	1,595,718	\$ 1.86	7.08	\$1,453,790
Exercised	—	—		
Canceled	(10,000)	\$ 2.45		
Granted	13,435	\$ 2.50		
Outstanding at March 31, 2008	<u>1,599,153</u>	\$ 1.86	6.84	\$1,042,770
Options exercisable at March 31, 2008	890,198	\$ 1.17	5.03	\$1,034,984

There were no options exercised during the three month period ended March 31, 2008

The weighted average grant-date fair value of options granted for the three month periods ended March 31, 2008 and 2007 was \$2.22 and \$1.84, respectively.

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

Range Of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Of Options Exercisable	Weighted Average Exercise Price
\$0.450-\$0.650	180,040	4.95	\$ 0.6001	180,040	\$ 0.6001
\$0.76	333,851	5.22	0.7600	333,851	0.7600
\$0.875—\$2.700	1,028,672	7.82	2.2031	339,747	1.1790
\$3.100—\$9.813	45,384	5.48	4.3109	25,354	5.1996
\$10.438—\$17.938	11,206	1.31	13.3286	11,206	13.3286
	<u>1,599,153</u>	6.84	1.8591	<u>890,198</u>	1.1722

The Company accounts for stock options using the provisions of adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Stock-based Payment,” (“SFAS 123(R)”) which requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on estimated fair values. Total compensation expense related to all stock-based compensation plans (including restricted stock) for the three months ended March 31, 2008 and 2007, was \$0.2 million and \$0.3 million, respectively.

SFAS 123(R) requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Statement of Operations. 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:

	<u>Three months ended March 31,</u>	
	2008	2007
Risk free interest rate	2.4%	4.6%
Expected life	2.0	2.0
Expected volatility	133%	154%
Expected dividend yield	0%	0%