

The Alpine Group, Inc.
Unaudited Financial Statements
For the Quarterly Period Ended March 31, 2007

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

	March 31,	December 31,
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,387	\$ 1,586
Marketable securities, at fair value (Note 1).....	5,622	4,187
Restricted cash and marketable securities (Note 1)	2,810	2,810
Other Investments (Note 1)	9,474	9,474
Accounts receivable, trade	2,940	174
Accounts receivable, from affiliate (Note 1)	151	4,192
Inventories, net (Note 2).....	14,036	35,925
Notes receivable from affiliate (Note 1).....	—	3,275
Current assets of discontinued operations (Note 5)	1,699	2,037
Prepaid expenses, deposits and other current assets	2,484	4,261
Total current assets.....	41,603	67,921
Property, plant and equipment, net	806	352
Investments in affiliates (Note 3).....	26,207	11,796
Deferred tax assets	2,828	2,828
Goodwill and other intangible assets	595	—
Other assets	2,121	2,049
Total assets.....	\$74,160	\$84,946
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility.....	\$ 2,029	\$ 1,128
Current portion of long-term debt.....	130	130
Accounts payable	2,600	13,057
Accrued expenses	3,587	3,326
Deferred income taxes and income taxes payable	12,558	12,691
Current liabilities of discontinued operations (Note 5).....	1,053	2,183
Total current liabilities	21,957	32,515
Long-term debt, less current portion.....	343	339
Other long-term liabilities (Note 6).....	1,367	19,176
Mandatorily redeemable series A cumulative preferred stock (12,292 and 12,303 shares outstanding at March 31, 2007 and December 31, 2006, respectively (Note 7)	4,631	4,635
Stockholders' equity	45,862	28,281
Total liabilities and stockholders' equity	\$ 74,160	\$ 84,946

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

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

	Three Months Ended	
	March 31,	
	2007	2006
Net sales.....	\$ 11,047	\$ 4,774
Cost of goods sold.....	10,653	4,624
Gross profit	394	150
Selling, general and administrative expenses	1,637	1,081
Operating loss	(1,243)	(931)
Dividend and interest income, net.....	204	239
Realized gains on sales of securities	11	14
Other expense, net.....	(15)	(38)
Loss before income taxes, equity in earnings of affiliate and discontinued operations	(1,043)	(716)
Income tax benefit.....	389	116
Loss before equity in earnings of affiliate and discontinued operations.....	(654)	(600)
Equity in earnings of affiliate.....	398	—
Loss from continuing operations	(256)	(600)
Discontinued operations (Note 5):		
Gain (loss) from operations of discontinued operations (including gain on sale of Essex Electric of \$25,639 in 2006)	(290)	35,789
Income tax (provision) benefit.....	116	(14,962)
Net gain (loss) on discontinued operations.....	(174)	20,827
Net income (loss).....	(430)	20,227
Preferred stock dividends.....	(97)	(107)
Net income (loss) applicable to common stock.....	\$ (527)	\$ 20,120
Net income (loss) per share of common stock (Note 9):		
Basic and diluted:		
Loss from continuing operations applicable to common stock.....	\$(0.03)	\$(0.04)
Income (loss) from discontinued operations, net of tax	(0.02)	1.27
Net income (loss) per share.....	\$(0.05)	\$ 1.23
Weighted average shares outstanding:		
Basic and diluted	11,230	16,321

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, 2007	
	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	26,665,817	2,667
Shares issued pursuant to Series A Preferred Stock conversion	8,173	1
Exercise of stock options	1,666	—
Balance at end of period	26,675,656	2,668
Capital in excess of par value:		
Balance at beginning of period		170,244
Compensation expense related to restricted stock and certain stock options, less vested shares released from Treasury		287
Shares issued pursuant to Series A Preferred Stock conversion		3
Exercise of stock options		1
Balance at end of period		170,535
Accumulated other comprehensive income:		
Balance at beginning of period		289
Change in unrealized gains on securities, (net of tax)		1
Balance at end of period		290
Accumulated deficit:		
Balance at beginning of period		(28,691)
Elimination of tax reserves (Note 6)		17,785
Net income		(430)
Dividends on preferred stock		(97)
Balance at end of period		(11,433)
Treasury stock:		
Balance at beginning of period	(17,414,721)	(116,128)
Stock options and grants	13,026	12
Balance at end of period	(17,401,695)	(116,116)
Receivable from stockholders:		
Balance at beginning of period		(277)
Forgiveness of officer loans		18
Balance at end of period		(259)
Total stockholders' equity		\$ 45,862

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,	
	2007	2006
Cash flows from operating activities:		
Net income (loss)	\$ (430)	\$ 20,227
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Gain on sale of Exeon Inc. assets.....	—	(25,638)
Depreciation and amortization	21	240
Loss on sale of capital assets and subsidiary stock.....	—	240
Compensation expense related to stock options and grants	316	219
Income taxes	(774)	10,239
Minority interest in income of subsidiary	—	1,617
Equity in earnings of affiliate.....	(398)	—
Other	(11)	29
Changes in assets and liabilities:		
Accounts receivable, net	(1,344)	61,731
Inventories, net.....	23,538	8,804
Other current and non-current assets	1,788	(890)
Accounts payable and accrued expenses.....	(11,809)	(27,870)
Other, net.....	—	140
Cash flows provided by operating activities	10,897	49,088
Cash flows from investing activities:		
Capital expenditures.....	(12)	(161)
Purchase of marketable securities.....	(29,046)	(68,795)
Proceeds from sale of assets	—	149
Increase in restricted cash	(1)	(2,812)
Proceeds from sale of investments	27,624	9,619
Proceeds from (advances under) loans to affiliate	7,467	(521)
Acquisition of Posterloid	(2,924)	—
Proceeds from sale of Exeon Inc. assets, net of transaction costs	—	53,981
Purchase of minority interest and warrant.....	—	(8,500)
Investments in affiliates	(14,013)	—
Cash flows used for investing activities.....	(10,905)	(17,040)
Cash flows from financing activities:		
Borrowings (repayments) under revolving credit facilities, net.....	902	(26,725)
Proceeds from exercise of stock options	1	185
Dividends on preferred stock.....	(97)	(107)
Other.....	3	—
Cash flows provided by (used for) financing activities	809	(26,647)
Net increase in cash and cash equivalents	801	5,401
Cash and cash equivalents at beginning of period.....	1,586	642
Cash and cash equivalents at end of period	\$ 2,387	\$ 6,043
Supplemental disclosures:		
Cash paid for interest	\$ 198	\$ 706
Cash paid for income taxes, net.....	\$ 281	\$ 5,101

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, 2007
(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 on 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.

Alpine is a holding company which over the recent past has owned and operated industrial and other manufacturing companies. At March 31, 2007 Alpine's operations consisted of its 52% ownership in SCL, an Israeli based producer of wire and cable products, Exeon Inc., formerly known as Essex Electric 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 5) and a 15% ownership investment in Wolverine Tube, Inc. ("Wolverine"), a manufacturer of copper and copper alloy tubular products (Note 3). Exeon changed its name from Essex Electric Inc. on January 31, 2007, and SCL changed its name from Superior Cables Ltd. on April 23, 2007.

Prior to January 31, 2006, Exeon was engaged primarily in the manufacture and sale of electrical building wire and cable. On January 31, 2006 substantially all of these assets of Exeon were sold. This transaction is referred to herein as the "Exeon Sale" (see Note 5). A pretax gain of approximately \$25.6 million was recorded in the first quarter of 2006 related to this disposition. The results of operations for these sold operations of Exeon have been presented as discontinued operations for all periods contained herein.

Marketable securities

As of March 31, 2007 and December 31, 2006 the Company had approximately \$8.4 and \$7.0 million in marketable securities (of which \$2.8 million was restricted at both dates – see note below), virtually all of which was invested in money market funds or equivalent liquid investments. At both dates the cost approximated the current market value of the Company's marketable securities.

Restricted cash and marketable securities

Pursuant to the Exeon Sale (see Note 5), Exeon (and Alpine as guarantor) agreed to maintain encumbrance free through July 31, 2007 an amount equal to \$2.8 million in (a) cash, (b) cash equivalents or (c) marketable securities. This amount is classified as restricted cash and marketable securities at March 31, 2007 and December 31, 2006. Additionally, since the restriction period is less than one year from the balance sheet date herein, it is classified as a current asset.

Other Investments

As of March 31, 2007 and December 31, 2006, the Company had a \$9.5 million investment in a limited partnership investment fund which is accounted for on a cost basis due to the Company's less than 1% ownership interest in the partnership. Based upon the valuation of underlying assets provided by such limited partnership, the estimated fair value of the investment as of March 31, 2007 and December 31, 2006 was \$11.0 and \$10.6 million, respectively.

Accounts receivable from affiliate

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. In accordance with this agreement Exeon purchased approximately \$50 million of copper rod for resale to SCL, a portion of which SCL purchased and used during the fourth quarter of 2007 and the balance of approximately \$32 million SCL was contractually required to purchase and use in early 2007. As a result, inventories of the Company at March 31, 2007 and December 31, 2006 included \$12 million and \$32 million, respectively, of copper rod purchased for resale to SCL. There was \$0.2 and \$4.2 million due from SCL included in accounts receivable from affiliate as of March 31, 2007 and December 31, 2006, respectively.

Notes receivable from affiliate

During 2006 Alpine made demand loans to SCL bearing interest at LIBOR plus 3.0% per annum. At December 31, 2006 such loan balance was \$3.3 million. The loan was repaid in full during March 2007.

2. Inventories

At March 31, 2007 and December 31, 2006, the components of inventories were as follows:

	March 31, 2007	December 31, 2006
	(in thousands)	
Raw materials	\$12,531	\$31,732
Work in process.....	1,930	6,176
Finished goods.....	513	—
Total gross inventories	14,974	37,908
Lower of cost or market adjustment	(498)	(1,620)
LIFO reserve.....	(440)	(363)
Inventories, net	\$14,036	\$35,925

The inventories shown above include \$13.4 and \$37.9 million of gross inventory as of March 31, 2007 and December 31, 2006, 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. Therefore, such interim results are subject to adjustment in future periods to reflect final year-end LIFO inventory valuation.

3. Investments in affiliates

Synergy Cables Ltd.

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

On February 27, 2007, SCL, announced a public offering of units ("Units") of its securities consisting of newly issued convertible and non-convertible bonds, warrants to purchase additional non-convertible bonds through three months following the offering date, and warrants to purchase common stock of SCL through March 2011. The Units offering was fully subscribed and consummated on March 18, 2007. Assuming full exercise of the warrants, gross proceeds from the Units offering will total approximately \$44.0 million. As of May 15, 2007 proceeds from the Units offering totaled approximately \$28.0 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.

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 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. Dividends on Wolverine Preferred Stock are payable quarterly at a rate of 8%. The Company accrued \$0.1 million of said dividends during the first quarter of 2007 for its share of dividends since the time of its investment, which is included in dividend and interest income in the statement of operations. Wolverine is entitled to defer dividends in certain circumstances at a higher dividend rate. The Wolverine Preferred Stock will vote with the 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 15%. Wolverine manufactures copper and copper alloy tubular products.

On March 29, 2007, the board of directors of Wolverine granted Alpine an option (the “Option”) under the Wolverine Tube, Inc. 2007 Non-Qualified Stock Option Plan to purchase 4,399,059 shares of common stock of Wolverine, or 6% 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 Option shares; \$1.40 per share as to a tranche of 30% of the Option shares; and \$2.20 per share as to a tranche of 30% of the Option shares. The Option vests on a pro rata basis among the three tranches listed above in five equal successive annual installments of 20%, commencing on March 29, 2008. The term of the Option expires on, and is exercisable by Alpine as to vested Option shares until, March 29, 2017.

4. Acquisitions

Posterloid Corporation

On February 23, 2007, Alpine, through its newly formed wholly owned subsidiary Alpine Signage Holdings Inc., acquired 100% of the capital stock of Posterloid Corporation (“Posterloid”) for a purchase price of \$2.9 million in cash plus a contingent payment of up to \$0.5 million subject to achievement by Posterloid of certain cumulative performance levels through February 2010. Alpine has guaranteed payment of such contingent obligation. Posterloid is a designer and manufacturer of menu boards and signage for the food service industry and financial institutions.

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.

The assets and liabilities included in the condensed consolidated financial statements relating to the discontinued operations of Exeon are as follows:

	ASSETS	March 31, 2007	December 31, 2006
(in thousands)			
Current assets:			
Accounts receivable		\$ 41	\$ 156
Inventories.....		—	37
Assets held for sale		314	315
Other current assets.....		1,344	1,529
Total current assets		<u>\$1,699</u>	<u>\$ 2,037</u>
LIABILITIES			
Current liabilities:			
Accounts payable		\$ 151	\$ 202
Accrued expenses.....		902	1,374
Deferred income taxes and income taxes payable.....		—	607
Total current liabilities.....		<u>\$1,053</u>	<u>\$ 2,183</u>
Net assets (liabilities)		<u>\$ 646</u>	<u>\$ (146)</u>

The revenues and pretax income included in the accompanying statement of operations which is included in the condensed consolidated financial statements contained herein related to the operations sold in the Exeon Sale are as follows:

	Three Months Ended March 31,	
	<u>2007</u>	<u>2006</u>
Net Sales	\$ —	\$60,066
Pretax income (loss).....	—	17,304

6. Other long-term liabilities

At March 31, 2007 and December 31, 2006 other long-term liabilities consist of the following:

	March 31, 2007	December 31, 2006
(in thousands)		
Tax contingency reserve.....	\$ —	\$17,786
Other long-term liabilities	1,367	1,390
	<u>\$1,367</u>	<u>\$19,176</u>

During 2001, the Company entered into commercial transactions intended to offset the potential impact of interest rate changes on the Company's investments, including the investment of the net cash proceeds from the sale of an equity investment. The Company claimed tax benefits from these transactions of \$11.2 million and \$3.2 million in 2001 and 2002, respectively. At December 31, 2001, the Company established a tax contingency reserve on its balance sheet corresponding to realized tax benefits. Upon adoption of FIN 48 as of January 1, 2007, the Company reversed the tax contingency reserve based upon external supporting documentation, the expiration of various statutory periods and evaluation of the reserve based on FIN 48 guidelines.

7. Series A Cumulative Convertible Preferred Stock

During 2003, Alpine completed the issuance and sale of 18,264 shares of a new issue of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") to its directors, certain officers and shareholders for a purchase price of \$380 per share, or an aggregate of approximately \$6.9 million. Holders of the 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 Series A Preferred Stock originally was convertible into shares of Alpine common stock (par value \$0.10 per share (the "Common Stock")), at the option of the holder, at the rate of 691 shares of Common Stock per share of Series A Preferred. As a result of a special dividend declared

by the Company on August 24, 2004, the conversion rate increased to 743.01. Since the market price of the Common Stock on the subscription dates (June 23, 2003 and November 10, 2003) was higher than the original conversion price of \$0.55 per share, a beneficial conversion feature of \$3.8 million was recorded as a reduction to the mandatorily redeemable series A cumulative preferred stock line of the balance sheet with the offset to capital in excess of par.

The Company may cause conversion of the Series A Preferred Stock into Common Stock under specified circumstances. The 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 Series A Preferred Stock at a cash price of \$380 per share plus (i) accrued and unpaid dividends and (ii) if the change of control occurs prior to December 31, 2007, all dividends that would be payable from the redemption date through December 31, 2007.

During the three month period ended March 31, 2007, 11 shares of the Series A Preferred Stock were converted into 8,173 shares of Common Stock.

8. Comprehensive income (loss)

The components of comprehensive income (loss) for the three month periods ended March 31, 2007 and 2006 were as follows:

	Three Months Ended	
	March 31,	
	<u>2007</u>	<u>2006</u>
	(in thousands)	
Net income (loss)	\$(430)	\$20,227
Change in unrealized gains (losses) on securities, net of tax	—	421
Comprehensive income (loss)	<u>\$(430)</u>	<u>\$20,648</u>

9. Earnings Per Share

The computation of basic and diluted income (loss) per share for the three month periods ended March 31, 2007 and 2006 is as follows:

	Three Months Ended March 31,					
	<u>2007</u>			<u>2006</u>		
	<u>Net Income</u>	<u>Weighted</u>	<u>Per Share</u>	<u>Net Income</u>	<u>Weighted</u>	<u>Per Share</u>
	<u>(loss)</u>	<u>Average</u>	<u>Amount</u>	<u>(loss)</u>	<u>Average</u>	<u>Amount</u>
		<u>Shares</u>			<u>Shares</u>	
Basic and diluted earnings (loss) per share						
Net loss from continuing operations	\$ (256)	11,230	\$ (0.02)	\$ (600)	16,321	\$ (0.03)
Adjustments:						
Preferred stock dividends	(97)	11,230	(0.01)	(107)	16,321	(0.01)
Loss attributable to common stock from						
continuing operations	\$ (353)	11,230	\$ (0.03)	\$ (707)	16,321	\$ (0.04)
Income from sale of Exeon Inc., net of tax	—		—	15,383	16,321	0.94
Income (loss) from discontinued operations, net of tax	(174)	11,230	(0.02)	5,444	16,321	0.33
Net income (loss) applicable to common stock per basic common share	<u>\$ (527)</u>	<u>11,230</u>	<u>\$ (0.05)</u>	<u>\$ 20,120</u>	<u>16,321</u>	<u>\$ 1.23</u>

The Company has excluded the assumed exercise of certain 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 and the assumed exercise of all stock options (1.0 million), vesting of restricted stock grants (0.7 million) and conversion of all preferred stock (12,828 preferred shares convertible into 9.4 million common shares) from the Company's earnings per share calculation for the three month period ended March 31, 2006, as the impact for both periods would be anti-dilutive due to the loss from continuing operations for those periods.

10. Stock based compensation plans

Alpine currently has one employee stock option incentive plan: the 1997 Stock Option Plan (the "1997 Plan"). The 1997 Plan has 1,500,000 shares of common stock reserved for issuance. There were 110,444 and 107,109 shares of Common Stock available under the 1997 Plan as of March 31, 2007 and December 31, 2006, respectively. Participation in the 1997 Plan is generally limited to key employees and consultants of Alpine and its subsidiaries. The 1997 Plan provides for the granting of incentive and non-qualified stock options and stock appreciation rights. 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 ten years from the date of grant. During the quarters ended March 31, 2007 and 2006 no options were granted under the 1997 Plan.

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 Common Stock or stock options in lieu of cash payment. During the first quarter of 2007, 15,994 non-qualified stock options and 6,845 shares of restricted Common Stock were granted to non-employee directors. All options and restricted stock granted during 2007 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 Common 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, 2007, there are 45,064 shares available for issuance. During the quarter ended March 31, 2007, the Executive Compensation and Organization 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 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 is 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 to participating executives. All executives elected to defer the receipt of the shares under this Plan. At March 31, 2007, a total of 1,995,855 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 \$0.8 million and \$0.9 million as of March 31, 2007 and December 31, 2006, respectively.

The following table summarizes restricted stock activity for the three month period ended March 31, 2007:

	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, 2006.....	168,693	\$ 3.20	79,524	\$ 1.92
Granted	—	—	6,845	2.10
Vested	(38,334)	2.53	(13,026)	0.95
Nonvested balance at March 31, 2007.....	<u>130,359</u>	<u>3.40</u>	<u>73,343</u>	<u>2.11</u>
Unrecognized Compensation Costs	\$259,221		\$74,150	
Weighted Average Period Remaining	2.3	Years	2.0	Years

Excluded from the table above are 563,590 shares as of both March 31, 2007 and December 31, 2006, 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 \$0.5 million of unamortized compensation expense related to such matching contribution shares as of March 31, 2007 that is expected to be recognized over a weighted average period of 3.3 years.

The following table summarizes stock option activity for the three months ended March 31, 2007.

	Shares	Weighted-Average Exercise Price	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
	Outstanding	Price	Terms (in years)	Value
Outstanding at December 31, 2006	992,021	\$ 1.26	6.50	\$1,076,273
Exercised	(1,666)	0.76		
Canceled	(3,335)	0.76		
Granted	15,994	2.10		
Outstanding at March 31, 2007	<u>1,003,014</u>	<u>\$ 1.28</u>	6.31	\$1,902,492
Options exercisable at March 31, 2007	863,264	\$1.13	5.97	\$1,785,883

The weighted average grant-date fair value of options granted for the three month periods ended March 31, 2007 and 2006 was \$1.84 and \$2.48, respectively. The aggregate intrinsic value of options exercised for the three month period ended March 31, 2007 was \$2.14 per share.

Information with respect to stock-based compensation plan stock options outstanding and exercisable at March 31, 2007 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	Weighted Average Exercise Price
\$0.450-\$0.650	180,040	5.95	\$ 0.6001	180,040	\$ 0.6001	\$ 0.6001
\$0.76	353,852	6.23	0.7600	353,852	0.7600	0.7600
\$0.875—\$2.700	412,532	6.62	1.3570	299,583	1.1268	1.1268
\$3.100—\$9.813	45,384	6.49	4.3109	18,583	5.9646	5.9646
\$10.438—\$17.938	11,206	2.31	13.3286	11,206	13.3286	13.3286
	<u>1,003,014</u>	6.31	1.2779	<u>863,264</u>	1.1291	1.1291

On January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), “Share-Based Payment,” (“SFAS 123(R)”) which requires the measurement and recognition of compensation expense for all share-based payment awards made to employees and directors based on estimated fair values. SFAS 123(R) supersedes the Company’s previous accounting under Accounting Principles Board Opinion No. 25, “Accounting for Stock Issued to Employees” (“APB 25”) for periods beginning in fiscal 2006.

The Company adopted SFAS 123(R) using the modified prospective transition method, which requires the application of the accounting standard as of January 1, 2006, the first day of the Company’s fiscal year 2006. The Company’s financial statements as of and for the three and three month periods ended March 31, 2007 and 2006 reflect the impact of SFAS 123(R). In accordance with the modified prospective transition method, the Company’s financial statements for prior periods have not been restated to reflect, and do not include, the impact of SFAS 123(R). Total compensation expense related to all stock based compensation plans (including restricted stock) for the three months ended March 31, 2007 and 2006, was \$0.3 million and \$0.2 million, respectively. The incremental impact of adopting SFAS 123(R) included in the three month periods ended March 31, 2007 and 2006 was \$23,000 and \$40,000, respectively.

SFAS 123(R) requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company’s Statement of Operations. Prior to the adoption of SFAS 123(R), the Company accounted for stock-based awards to employees and directors using the intrinsic value method in accordance with APB 25 as allowed under Statement of Financial Accounting Standards No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”).

There were 1,666 options exercised during the three month period ended March 31, 2007. Cash received from option exercises under all share-based payment arrangements for the three month period ended March 31, 2007 was \$1,266. Cash received from option exercises for the three months ended March 31, 2006 was approximately \$185,000.

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>	
	<u>2007</u>	<u>2006</u>
Risk free interest rate	4.60%	4.83%
Expected life	2.0	2.0
Expected volatility	138%	154%
Expected dividend yield	0%	0%