SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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FILER

ALPINE GROUP INC /DE/
CIK:**4164**| IRS No.: **221620387** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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SIC: **3357** Drawing & insulating of nonferrous wire

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2004

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM ------------ TO ------------

COMMISSION FILE NUMBER 1-9078

THE ALPINE GROUP, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	22-1620387
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
ONE MEADOWLANDS PLAZA EAST RUTHERFORD, NEW JERSEY (Address of principal executive offices)	07073 (Zip code)

Registrant's telephone number, including area code 201-549-4400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes |_| No |X|

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT JULY 30, 2004
Common Stock, $.10 Par Value	13,091,068

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 and, therefore, do not include all information and footnotes required by accounting principles generally accepted in the United States of America. However, in the opinion of management, all adjustments (which, except as disclosed elsewhere herein, consist only of normal recurring accruals) necessary for a fair presentation of the results of operations for the relevant periods have been made. Results for the interim periods are not necessarily indicative of the results to be expected for the year. These financial statements should be read in conjunction with the summary of significant accounting policies and the notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

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THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	JUNE 30, 2004	DECEMBER 31, 2003
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 904	$ 465
Marketable securities, at fair value	5,659	6,761
Accounts receivable (less allowance for doubtful accounts of $330 and $263 at June 30, 2004 and December 31, 2003, respectively)	42,345	32,328
Inventories, net (Note 4)	34,132	37,169
Current assets of discontinued operations	9,682	7,534
Other current assets	3,072	3,577
Total current assets	95,794	87,834
Property, plant and equipment, net	16,856	15,241
Assets of discontinued operations	1,896	1,766
Other long-term assets	2,578	2,947
Total assets	$ 117,124	$ 107,788
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility (Note 7)	$ 31,680	$ 17,189
Current portion of long-term debt (Note 8)	54	137
Accounts payable	15,447	21,088
Accrued expenses	8,786	11,294
Current liabilities of discontinued operations	2,637	2,223
Deferred income taxes and income taxes payable	8,174	7,644
Total current liabilities	66,778	59,575
Long-term debt, less current portion (Note 8)	3,509	3,777
Deferred income taxes	17,274	17,595
Other long-term liabilities	1,488	1,475
Warrant	1,250	1,000
Minority interest in subsidiary	2,849	2,686
Liabilities of discontinued operations	149	157
Mandatorily redeemable series A cumulative preferred stock (18,264 shares issued; 17,083 and 18,174 outstanding at June 30, 2004 and December 31, 2003, respectively) (Note 9)	5,249	5,665
Commitments and contingencies		
Stockholder's equity:		
9% cumulative convertible preferred stock at liquidation value	177	427
Common stock, $.10 par value; (25,000,000 authorized; 22,903,931 and 22,146,884 shares issued at June 30, 2004 and December 31, 2003, respectively)	2,290	2,214
Capital in excess of par value	167,291	165,706
Accumulated other comprehensive income (loss)	(37)	57
Accumulated deficit	(56,866)	(58,201)
Treasury stock, at cost (11,077,433 and 11,109,872 shares at June 30, 2004 and December 31, 2003, respectively)	(93,828)	(93,861)
Receivable from stockholders	(449)	(484)
Total stockholders' equity	18,578	15,858
Total liabilities and stockholders' equity	$ 117,124	$ 107,788

</TABLE>

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

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<TABLE>
<CAPTION>

<S>	THREE MONTHS ENDED JUNE 30, 2004 <C>	2003 <C>
Net sales	$ 76,678	$ 80,154
Cost of goods sold	70,100	74,885
Gross profit	6,578	5,269
Selling, general and administrative expenses	6,042	8,363
Restructuring and other charges	1,158	2,391
Operating loss	(622)	(5,485)
Interest expense	(673)	(804)
Other income (expense), net	228	14
Loss before income taxes, minority interest, equity in earnings of affiliate and discontinuedoperations	(1,067)	(6,275)
Income tax benefit	327	2,453
Loss before minority interest, equity in earnings of affiliate and discontinued operations	(740)	(3,822)
Minority interest in income of subsidiary	(6)	--
Equity in earnings of affiliate	--	(806)
Loss from continuing operations	(746)	(4,628)
Income from discontinued operations, net of taxes	892	854
Net income (loss)	146	(3,774)
Preferred stock dividends	(139)	(10)
Net income (loss) applicable to common stock	$ 7	$ (3,784)
Net income (loss) per share of common stock: Basic and diluted:		
Loss from continuing operations	$ (0.06)	$ (0.31)
Income from discontinued operations	0.07	0.06
Preferred stock dividends	(0.01)	--
Net income (loss) per basic and diluted share of common stock	$ 0.00	$ (0.25)
Weighted average shares outstanding (basic and diluted)	12,815	15,107

</TABLE>

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	SIX MONTHS ENDED JUNE 30, 2004 <C>	2003 <C>
Net sales	$ 158,019	$ 169,508
Cost of goods sold	141,253	158,452
Gross profit	16,766	11,056
Selling, general and administrative expenses	12,105	17,388
Restructuring and other charges	2,906	4,976
Operating income (loss)	1,755	(11,308)
Interest expense	(1,285)	(1,852)
Other income, net	145	100
Income (loss) before income taxes, minority interest, equity in earnings of affiliate and discontinued operations	615	(13,060)

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Income tax (provision) benefit	(425)	5,125
Income (loss) before minority interest, equity in earnings of affiliate and discontinued operations	190	(7,935)
Minority interest in income of subsidiary	(163)	--
Equity in earnings of affiliate	--	267
Income (loss) from continuing operations	27	(7,668)
Income from discontinued operations, net of taxes	1,595	1,580
Net income (loss)	1,622	(6,088)
Preferred stock dividends	(287)	(19)
Net income (loss) applicable to common stock	$ 1,335	$ (6,107)
Net income (loss) per share of common stock:		
Basic and diluted:		
Income (loss) from continuing operations	$ 0.00	$ (0.51)
Income from discontinued operations	0.13	0.10
Preferred stock dividends	(0.02)	--
Net income (loss) per basic and diluted share of common stock	$ 0.11	$ (0.41)
Weighted average shares outstanding (basic and diluted)	12,467	15,019

</TABLE>

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(IN THOUSANDS, EXCEPT SHARE DATA)
(UNAUDITED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30, 2004	
	SHARES	AMOUNT
<S>	<C>	<C>
9% cumulative convertible preferred stock:		
Balance at beginning of period	427	$ 427
Preferred stock redemption	(250)	(250)
Balance at end of period	177	177
Common stock:		
Balance at beginning of period	22,146,884	2,214
Stock options exercised	3,166	1
Shares issued pursuant to Series A Preferred Stock conversion	753,881	75
Balance at end of period	22,903,931	2,290
Capital in excess of par value:		
Balance at beginning of period		165,706
Compensation expense related to stock options / grants net of vested shares		1,243
Shares issued pursuant to Series A Preferred Stock conversion		340
Stock options exercised		2
Balance at end of period		167,291
Accumulated other comprehensive deficit:		
Balance at beginning of period		57
Change in unrealized losses on securities, net of tax		(94)
Balance at end of period		(37)
Accumulated deficit:		
Balance at beginning of period		(58,201)
Net income		1,622

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Dividends on preferred stock	(287)
Balance at end of period	(56,866)
Treasury stock:	
Balance at beginning of period	(93,861)
Stock options and grants	33
Balance at end of period	(93,828)
Receivable from stockholders:	
Balance at beginning of period	(484)
Forgiveness of officer loans	35
Balance at end of period	(449)
Total stockholders' equity	$ 18,578

</TABLE>

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)
(UNAUDITED)

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,	
	2004	2003
<S>	<C>	<C>
Cash flows from operating activities:		
Net income (loss)	$ 1,622	$ (6,088)
Adjustments to reconcile net income (loss) to net cash provided by (used for) continuing operating activities:		
Net income from discontinued operations	(1,595)	(1,580)
Depreciation and amortization	360	355
Amortization of deferred debt issuance costs and accretion of debt discount	296	253
Compensation expense related to stock options and grants	1,278	409
Deferred income tax	208	(2,659)
Gain on sale of fixed assets	(274)	--
Minority interest in income (losses) of subsidiary	163	(267)
Increase in fair value of warrant	250	--
Change in assets and liabilities:		
Accounts receivable	(10,016)	14,170
Inventories	3,037	32,101
Other current and non-current assets	217	(1,453)
Accounts payable and accrued expenses	(7,687)	(2,292)
Other, net	(328)	908
Cash flows provided by (used for) continuing operating activities	(12,469)	33,857
Cash flows from investing activities:		
Capital expenditures	(2,555)	(3,919)
Proceeds from sale of assets	681	3,364
Proceeds from sale of investments	1,349	1,296
Cash flows provided by (used for) investing activities	(525)	741
Cash flows from financing activities:		
Borrowings (repayments) under revolving credit facility, net	14,491	(38,773)
Repayments of long-term borrowings	(440)	(44)
Other, net	(341)	3,030
Cash flows provided by (used for) financing activities	13,710	(35,787)
Cash flow provided by (used for) discontinued operations	(277)	3,838
Net increase in cash and cash equivalents	439	2,649
Cash and cash equivalents at beginning of period	465	8,139
Cash and cash equivalents at end of period	$ 904	$ 10,788

Supplemental disclosures:

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Cash paid for interest	$ 920	$ 1,937
Cash paid (refunded) for income taxes, net	$ 1,379	$ (1,323)

</TABLE>

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

THE ALPINE GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2004
(UNAUDITED)

1. GENERAL

BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

The accompanying unaudited 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). The Company records all affiliate companies with ownership of greater than 20%, but not majority-controlled, using the equity method of accounting.

Prior to December 11, 2002, Alpine's operations include the consolidated results of its then controlled subsidiary Superior TeleCom Inc. ("Superior") and Superior's then majority-owned subsidiary Superior Cables Ltd. ("Superior Israel"). As a result of the vesting of certain Superior restricted stock arrangements in 2002, Alpine's common equity ownership in Superior declined from 50.2% at December 31, 2001 to 48.9%. Notwithstanding the decline in Alpine's direct equity ownership in Superior through December 11, 2002, Alpine had a controlling interest in Superior based on its additional indirect equity ownership position (including certain common share voting interests controlled by Alpine). In connection with Alpine's acquisition of Superior's electrical wire business and DNE Systems Inc. (the "Electrical Acquisition")--(see Note 2), certain changes were made with respect to Alpine's indirect voting interests such that Alpine no longer controlled Superior. Additionally, Alpine acquired approximately 47% of Superior Israel from Superior as part of the Electrical Acquisition. Accordingly, effective for periods after December 11, 2002, Superior and Superior Israel are accounted for under the equity method and are no longer consolidated with Alpine.

On March 3, 2003, Superior and its U.S. subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code. On October 22, 2003, Superior's Joint Plan of Reorganization, as amended and related disclosure statement was confirmed by order of the United States Bankruptcy Court for the District of Delaware and became effective on November 10, 2003 (the "Plan of Reorganization"). The Plan of Reorganization provided for the cancellation of all equity and debt interests held in Superior by the Company.

As a result of the accumulated net losses incurred by Superior, Alpine had recorded losses in excess of its investment in Superior of $865.9 million at December 11, 2002. This negative investment was required under accounting principles generally accepted in the United States of America to be reflected in Alpine's consolidated balance sheet, notwithstanding the fact that Alpine was not obligated to fund any operating losses or deficits of Superior. Upon implementation of the Plan of Reorganization, Alpine eliminated its negative investment in Superior and recognized a corresponding gain of $865.9 million in the fourth quarter of 2003. This gain was partially offset by the reversal of $11.6 million of accumulated other comprehensive loss related to Superior resulting in a net gain of $854.3 million.

Alpine was incorporated in New Jersey in 1957 and reincorporated in Delaware in 1987. Alpine is a holding company which over the past five years has held major investments in industrial manufacturing companies. Subsequent to the Electrical Acquisition, Alpine's principal operations consisted of Essex Electric Inc., engaged in the manufacture and sale of electrical wire and cable, DNE Systems, Inc., a manufacturer of multiplexers and other communications and electronic products and a 47% equity interest in Superior Israel. On June 18, 2004, Alpine entered into an agreement to sell DNE Systems, Inc. The transaction was closed on July 29, 2004 (the "DNE Sale"). Accordingly, DNE Systems, Inc. has been accounted for and classified as a discontinued operation in these financial statements and prior year results have been reclassified as discontinued operations. See note 12 for a description of the DNE Sale.

RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the

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current period presentation.

STOCK-BASED COMPENSATION

The Company applies the intrinsic-value based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations including Financial Accounting Standards Board (FASB) Interpretation No. 44, Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25, issued in March 2000, to account for its stock-based compensation plans. Under this method, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, established accounting and disclosure requirements using a fair-value based method of accounting for stock-based employee compensation plans. As allowed by SFAS No. 123, the Company has elected to continue to apply the intrinsic-value based method of accounting described above, and has adopted only the disclosure requirements of SFAS No. 123. The following table illustrates the effect on net income (loss) if the fair value based method had been applied to all outstanding and unvested awards in each period.

	THREE MONTHS ENDED JUNE 30, 2004	THREE MONTHS ENDED JUNE 30, 2003
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
Net income (loss), as reported	$ 146	$(3,774)
Add stock-based employee compensation expense included in reported net income (loss), net of tax	541	128
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(630)	(159)
Pro forma net income (loss)	57	(3,805)
Preferred stock dividends	(139)	(10)
Proforma net loss - applicable to common stock	$ (82)	$(3,815)
Net income (loss) per share:		
Basic - as reported	$ 0.00	$ (0.25)
Basic - pro forma	$ (0.01)	$ (0.25)
Diluted - as reported	$ 0.00	$ (0.25)
Diluted - pro forma	$ (0.01)	$ (0.25)

	SIX MONTHS ENDED JUNE 30, 2004	SIX MONTHS ENDED JUNE 30, 2003
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
Net income (loss), as reported	$ 1,622	$(6,088)
Add stock-based employee compensation expense included in reported net income (loss), net of tax	829	243
Deduct total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(1,006)	(327)
Pro forma net income (loss)	1,445	(6,172)
Preferred stock dividends	(287)	(19)
Proforma net income (loss) - applicable to common stock	$ 1,158	$(6,191)
Net income (loss) per share:		
Basic - as reported	$ 0.11	$ (0.41)

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Basic - pro forma	$ 0.09	$ (0.41)
Diluted - as reported	$ 0.11	$ (0.41)
Diluted - pro forma	$ 0.09	$ (0.41)

</TABLE>

The effects of applying SFAS No. 123 in the pro forma disclosure are not necessarily indicative of future amounts, since the estimated fair value of stock options is amortized to expense over the vesting period and additional options may be granted in future years. The fair value for these options was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for the six months ended June 30, 2004 and 2003, respectively: dividend yield of 0% for both periods; expected volatility of 117% and 99%, risk-free interest rate of 3.7% and 2.2%, and expected life of two years for both periods. The weighted average per share fair value of options granted (using the Black-Scholes option-pricing model) for the six months ended June 30, 2004 and 2003 was $1.06 and $0.52, respectively. A total of 151,196 stock options were granted, 15,000 cancelled and 3,166 exercised during the six month period ended June 30, 2004.

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the Company's employee and consultant stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimates, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of such stock options.

The Company amortizes the value of the restricted stock grants evenly over the vesting periods, based upon the market value of the stock as of the date of the grant.

NEW ACCOUNTING STANDARD

In March 2004, the Emerging Issues Task Force (EITF) reached a consensus on the remaining portions of EITF 03-01, The Meaning of Other - Than-Temporary Impairment and Its Application to Certain Investments, effective for the first fiscal year or interim period beginning after June 15, 2004. EITF 03-01 provides new disclosure requirements for other-than-temporary impairments on debt and equity investments. Investors are required to disclose quantitative information about: (i) the aggregate amount of unrealized losses, and (ii) the aggregate related fair values of investments with unrealized losses, segregated into time periods during which the investment has been in an unrealized loss position of less than 12 months and greater than 12 months. In addition, investors are required to disclose the qualitative information that supports their conclusion that the impairments noted in the qualitative disclosure are not other-than-temporary. The adoption of this EITF is not expected to have a material impact on our results of operations or financial condition.

2. ELECTRICAL ACQUISITION

On December 11, 2002, Alpine, through Alpine Holdco Inc. ("Alpine Holdco") a newly formed, wholly-owned subsidiary of Alpine, acquired the following assets and securities from Superior: (1) substantially all of the assets, subject to related accounts payable and accrued liabilities, of Superior's electrical wire business, which is currently owned and operated by Essex Electric Inc. ("Essex Electric"), a newly formed, then wholly-owned subsidiary of Alpine Holdco; (2) all of the outstanding shares of capital stock of DNE Systems, Inc. ("DNE Systems") a manufacturer of multiplexers and other communications and electronic products; and (3) all of the outstanding shares of capital stock of Texas SUT Inc. and Superior Cable Holdings (1997) Ltd., which together own approximately 47% of Superior Israel, the largest Israeli-based producer of wire and cable products. This acquisition is referred to as the "Electrical Acquisition." The aggregate purchase price was approximately $87.4 million in cash (including $2.5 million of out-of-pocket costs) plus the issuance of a warrant to Superior to purchase 199 shares of the common stock of Essex Electric. The warrant is recorded as a liability in the consolidated balance sheet and is evaluated and adjusted to fair value on a quarterly basis, with $0.1 and $0.3 million of expense recorded in other income (expense) for the three and six month periods ended June 30, 2004, respectively. The warrant is only exercisable during the 30 day period prior to its expiration on December 11, 2007 or upon the earlier occurrence of certain specified transactions generally involving a change in control of or a sale of the assets of Alpine Holdco or Essex Electric.

In connection with the Electrical Acquisition, Alpine Holdco, Essex Electric and Superior entered into a Supply and Transitional Services Agreement (the "Transitional Agreement"). Under the Transitional Agreement, Essex

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Electric, among other things, agreed to purchase from Superior certain specified quantities of its overall requirements of copper rod. The specified quantities represent a range of Essex Electric's estimated total annual copper rod requirements for use in its wire manufacturing process. The purchase price for copper rod specified in the Transitional Agreement was based on the COMEX price plus an adder to reflect conversion to copper rod. The Transitional Agreement also provided for Superior's provision of certain administrative services to Alpine Holdco and Essex Electric. Charges for these services were generally based on actual usage or an allocated portion of the total cost to Superior. On November 7, 2003, the Transitional Agreement was replaced by a new supply and services agreement between Superior Essex Inc. (the successor company to Superior pursuant to the Plan of Reorganization) and Essex Electric (the "Supply Agreement"). The Supply Agreement includes the supply by Superior Essex Inc. to Essex Electric of copper rod, on similar pricing terms, for 2004 and the provision of certain specified administrative services for a limited time in 2004. The Supply Agreement expires on December 31, 2004 but may be terminated at any time prior to that by mutual consent of Superior Essex Inc. and Essex Electric. Additionally, the parties may terminate various services provided for under the agreement upon certain prior notice as provided therein. Superior Essex Inc. may terminate its obligations to supply copper rod upon 30 days' notice given any time after January 1, 2004 if Essex Electric has purchased less than certain minimum quantities of copper rod, tested on a quarterly basis, specified in the agreement. The total cost of copper rod purchased under the Transitional Agreement and the Supply Agreement for the three and six month periods ending June 30, 2004 and 2003 was $22.3 and $37.8 million, and $20.9 and $59.5 million, respectively. The cost for administrative services under the Transitional Agreement and the Supply Agreement for the three and six month periods ending June 30, 2004 and 2003 was $0.5 and $1.1 million, and $1.3 and $2.6 million, respectively.

3. ASSET SALES

In February 2003, the Company sold its plant in Lafayette, Indiana together with the related equipment and inventory which comprised substantially all of its industrial wire business. The total purchase price was approximately $12.6 million in cash which approximated the book value of the assets sold. Additionally, the Company is leasing its Orleans, Indiana plant to the purchaser for an annual rental of $350,000. The original lease expired in February 2004 but has been extended on a month-to-month basis. The net carrying value of the Orleans plant was $0.8 million at June 30, 2004.

In September 2003, the Company sold its plant in Anaheim, California subject to a leaseback arrangement which, at the Company's option may extend through December 31, 2004. The total gain on the sale was $2.6 million, $2.0 million of which was recognized in 2003, $0.2 million in both the first and second quarters of 2004 and the remainder will be amortized in the third quarter of 2004.

4. INVENTORIES

At June 30, 2004 and December 31, 2003, the components of inventories were as follows:

	JUNE 30, 2004	DECEMBER 31, 2003
	(IN THOUSANDS)	
Raw materials	$4,905	$15,358
Work in process	6,909	4.417
Finished goods	36,707	26,401
	48,521	46,176
LIFO reserve	(14,389)	(9,007)
	$34,132	$37,169

The inventories shown above are all 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 the inventory levels and costs at the same time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation. During the current quarter the company recorded an estimated decrement of $0.9 million to cost of goods sold.

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5. COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) for the three months ended June 30, 2004 and 2003 and the six months ended June 30, 2004 and 2003 were as follows:

	THREE MONTHS ENDED JUNE 30, 2004	THREE MONTHS ENDED JUNE 30, 2003
	(IN THOUSANDS)	
Net income (loss)..................................	$146	$(3,774)
Foreign currency translation adjustment.............	--	(8)
Change in unrealized losses on securities, net of tax	(34)	92
Comprehensive income (loss).........................	$112	$(3,690)

	SIX MONTHS ENDED JUNE 30, 2004	SIX MONTHS ENDED JUNE 30, 2003
	(IN THOUSANDS)	
Net income (loss)..................................	$1,622	$(6,088)
Foreign currency translation adjustment.............		(8)
Change in unrealized losses on securities, net of tax	(94)	(19)
Comprehensive income (loss).........................	$1,528	$(6,115)

6. RESTRUCTURING AND OTHER CHARGES

During the three and six month periods ended June 30, 2004 and 2003, the Company recorded $1.2 and $2.9 million for 2004, and $2.4 and $5.0 million for 2003, respectively, of restructuring and other charges. The second quarter 2004 charges primarily include $0.8 million related to the relocation and installation of certain equipment from closed facilities into the Florence, Alabama manufacturing location, $0.2 million related to freight costs to relocate inventory and $0.2 million in facility costs relating to idled warehousing space. For the six month period ending June 30, 2004 the charges consisted primarily of $1.4 million related to the relocation and installation of certain equipment from closed facilities into the Florence, Alabama manufacturing location, $1.0 million for costs associated with starting up the new manufacturing processes at Florence and freight to relocate displaced products and $0.6 million in facility costs relating to idled warehousing space.

The following table illustrates the restructuring reserve and the 2004 related activities:

<TABLE>
<CAPTION>

<S>	DECEMBER 31, 2003 <C>	CHARGES <C>	PAYMENTS <C>	JUNE 30, 2004 <C>
		(IN THOUSANDS)		
Employee severance.......................................	$ 972	$ --	$ (936)	$36
Facility exit costs......................................	29	556	(585)	--
Equipment and inventory relocation costs and other costs...	--	2,349	(2,349)	--
	$1,001	$2,905	$(3,870)	$36

</TABLE>

7. REVOLVING CREDIT FACILITY

In connection with the Electrical Acquisition (see Note 2), Alpine Holdco entered into a Loan and Security Agreement (the "Revolving Credit Facility "), dated as of December 11, 2002, by and among Alpine Holdco, Essex Electric, DNE Manufacturing and Service Company ("DNE Manufacturing") and DNE Technologies, Inc. ("DNE Technologies") as borrowers and DNE Systems as Credit Party (such parties sometimes collectively are called "Companies") certain

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financial institutions party thereto as lenders, Congress Financial Corporation, as documentation agent, and Foothill Capital Corporation, as arranger and administrative agent. The Revolving Credit Facility was last amended on December 8, 2003.

Effective concurrently with the consummation of the DNE Sale (see note 12) on July 29, 2004, the lenders, released each of DNE Systems, DNE Technologies, and DNE Manufacturing from all of their obligations under the Revolving Credit Facility (the "DNE Parties"), released all property of the DNE Parties from the liens granted for the benefit of the lenders under the Revolving Credit Facility and all of the outstanding and issued capital stock of the DNE Parties from the pledge thereof delivered in connection with the Revolving Credit Facility, and the DNE Parties no longer are "Borrowers" or a "Credit Party", as the case may be, under the Revolving Credit Facility. Accordingly, from and after July 29, 2004, the DNE Parties are not included in the term "Companies".

Subsequent to the closing of the DNE Sale, it is anticipated that the Revolving Credit Facility will be amended to reflect modifications in covenants and other aspects of the Loan Agreement impacted as a result of the DNE Sale.

The terms of the Revolving Credit Facility provided for a maximum committed amount of $100 million at its inception which, at the request of the Companies was reduced to $70 million on December 8, 2003. Borrowing availability is determined by reference to a borrowing base which permits advances to be made at various net valuation rates against various assets of the Companies. Interest is payable monthly in cash in arrears and is based on, at Alpine Holdco's option, LIBOR or prime rates plus a fixed margin. The weighted average interest

rate at June 30, 2004 and December 31, 2003 was 4.9% and 4.5%, respectively. The Revolving Credit Facility also provides for maintenance of financial covenants and ratios relating to minimum EBITDA and tangible net worth, and includes restrictions on capital expenditures, payment of cash dividends and incurrence of indebtedness. Alpine Holdco was in compliance with all applicable covenants at June 30, 2004. Outstanding obligations under the Revolving Credit Facility are secured by a lien on all of the Companies' tangible and intangible assets, other than the investment in Superior Israel. The obligations under the Revolving Credit Facility are without recourse to Alpine. Unless previously accelerated as a result of default, the Revolving Credit Facility matures in December 2007. However, in accordance with Emerging Issues Task Force Issue 95-22, Balance Sheet Classification of Borrowings outstanding under Revolving Credit Agreements That Include Both a Subjective Acceleration Clause and a Lock-Box Arrangement, borrowings under the Revolving Credit Facility have been classified as a current liability.

The Companies may terminate the Revolving Credit Facility at any time upon 45 days prior written notice and payment of all outstanding borrowings, together with unpaid interest, and a termination fee equal to 0.75% of the maximum committed amount. At any time after December 11, 2004, the Companies may, upon 30 days prior written notice, permanently reduce the maximum committed amount without penalty or premium. At June 30, 2004 and December 31, 2003, outstanding borrowings under the Revolving Credit Facility were $31.7 million and $17.2 million, respectively. At June 30, 2004, the Companies had $18.0 million of borrowing availability. No dividends may be paid by Alpine Holdco without prior consent of the lenders. On July 29, 2004 the lenders expressly consented to the distribution by Alpine Holdco to Alpine of the sale proceeds from the DNE Sale.

8. LONG-TERM DEBT

At June 30, 2004 and December 31, 2003, long-term debt consists of the following:

<TABLE>
<CAPTION>

	JUNE 30, 2004	DECEMBER 31, 2003
	(IN THOUSANDS)	
<C>	<C>	<C>
6% Junior Subordinated Notes, net of $1.2 million discount....	$3,147	$3,059
Other..	416	855
	3,563	3,914
Less current portion of long-term debt.......................	54	137
	$3,509	$3,777

</TABLE>

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On August 4, 2003, the Company completed an exchange offer whereby holders of its common stock exchanged 3,479,656 shares for $4.3 million principal amount of 6% Junior Subordinated Notes (the "Subordinated Notes") issued by the Company plus a nominal amount of cash in lieu of fractional notes. The Subordinated Notes were initially recorded at an amount equal to the fair value of the common stock exchanged resulting in an initial discount of $1.4 million. The discount is being accreted over the term of the Subordinated Notes using the effective interest rate method. The Subordinated Notes accrue interest at 6% per annum payable in cash semiannually each December 31 and June 30. The Subordinated Notes are the Company's general unsecured obligations subordinated and subject in right of payment to all of the Company's existing and future senior indebtedness, which excludes trade payables incurred in the ordinary course of business. The Company will be required to repay one-eighth of the outstanding principal amount of the Subordinated Notes commencing on June 30, 2007 and semiannually thereafter, so that all of the Subordinated Notes will be repaid by December 31, 2010. The Subordinated Notes are redeemable, at the Company's option, in whole at any time or in part from time to time, at the principal amount to be redeemed plus accrued and unpaid interest thereon to the redemption date, together with a premium if the Subordinated Notes are redeemed prior to 2007. In addition, the Company must offer to redeem all of the Subordinated Notes at the redemption price then in effect in the event of a change of control. The Subordinated Notes were issued under an indenture which does not subject the Company to any financial covenants.

The "Other" debt caption represents a loan established in 1999 with Raytheon Aircraft Credit Corporation to finance the purchase of a 12.5% interest in an aircraft. The loan is payable monthly through May 2011.

9. SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK

On June 23, 2003 the Company completed a private placement of 8,287 shares of a new issue of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") to its directors and certain officers for a purchase price of $380 per share, or an aggregate of approximately $3.1 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. Each share of Series A Preferred Stock is convertible at the option of the holder into 691 shares of Alpine common stock from and after November 11, 2003; provided that the

purchasing officers and directors have agreed not to convert until such time as they are advised by the Company that it has a sufficient number of authorized but unissued shares of common stock of the Company to permit such conversion. The Company may cause conversion of the Series A Preferred Stock into common stock after March 31, 2004, if the Company's 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 Company's common stock for any 20 consecutive trading days equals or exceeds 300% of the conversion price then in effect. 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.

Holders of the Series A Preferred Stock are entitled to vote their shares on an as-converted basis together with the Company's common stockholders. In addition, the Company may not (a) enter into a merger, sale of all or substantially all of its assets or similar transaction without the approval of holders of at least a majority of the shares of Series A Preferred Stock, or (b) alter or change the powers, preferences or special rights (including, without limitation, those relating to dividends, redemption, conversion, liquidation preference or voting) of the shares of Series A Preferred Stock so as to affect them materially and adversely, or issue any senior stock, without the approval of holders of at least a majority of the shares of Series A Preferred Stock. In the event of any liquidation, dissolution or winding up of Alpine, after the payment of the liquidation preference in respect of any senior stock, holders of the Series A Preferred Stock will be entitled to receive the liquidation price of $380 per share plus an amount equal to (a) if the liquidation, dissolution or winding up occurs prior to December 31, 2007, all dividends that would be payable on a share of Series A Preferred Stock from the date of liquidation, dissolution or winding up through December 31, 2007 and (b) any accrued and unpaid dividends to the payment date, before any payment is made to the holders of common stock or any other junior securities, subject to certain exceptions.

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On November 10, 2003, the Company completed the sale of 9,977 shares of Series A Preferred Stock pursuant to a rights offering to holders of the Company's common stock. Holders of the Company's common stock were offered a right to purchase one share of Series A Preferred Stock at a price of $380 per share for each 500 shares of common stock held on September 29, 2003. The terms of the Series A Preferred Stock are the same as that purchased by the officers and directors in the private placement discussed in the preceding paragraph except that the purchased shares of Series A Preferred stock are currently convertible. Total proceeds received from the sale were $3.8 million.

During the three and six month periods ended June 30, 2004 there were 1,076 and 1,091 shares of Series A Preferred Stock, respectively, converted to 743,516 and 753,881 shares of the Company's common stock, respectively.

10. INCOME (LOSS) PER SHARE

The computation of basic and diluted income (loss) per share for the three months ended June 30, 2004 and 2003 is as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,					
	2004			2003		
	NET INCOME	SHARES	PER SHARE AMOUNT	NET LOSS	SHARES	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loss from continuing operations	$ (746)		$ (0.06)	$ (4,628)		$ (0.31)
Income from discontinued operations	892		0.07	854		0.06
Net income (loss)	146		0.01	$ (3,774)		(0.25)
Less: preferred stock dividends	(139)		(0.01)	(10)		
Basic and diluted income (loss) per common share .	$ 7	12,815	$ 0.00	$ (3,784)	15,107	$ (0.25)

</TABLE>

The computation of basic and diluted income (loss) per share for the six months ended June 30, 2004 and 2003 is as follows:

<TABLE>
<CAPTION>

	SIX MONTHS ENDED JUNE 30,					
	2004			2003		
	NET INCOME	SHARES	PER SHARE AMOUNT	NET LOSS	SHARES	PER SHARE AMOUNT
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income (loss) from continuing operations	$ 27		$ 0.00	(7,668)		(.51)
Income from discontinued operations	1,595		0.13	1,580		.10
Net income (loss)	$ 1,622		0.13	$ (6,088)		(.41)
Less: preferred stock dividends	(287)		(0.02)	(19)		
Basic and diluted income (loss) per common share .	$ 1,335	12,467	$ 0.11	$ (6,107)	15,019	$ (0.41)

</TABLE>

The Company has excluded the assumed conversion of the Series A Preferred Stock from the diluted earnings per share calculation for all periods as the impact would be anti-dilutive. Stock options and unvested stock awards that may be exercised in the future, with respect to 3.3 million and 2.4 million shares of common stock outstanding at June 30, 2004 and 2003, respectively, have been excluded from the computation of diluted earnings per share because to do so would be antidilutive for all periods presented. The dilutive impact of the warrant held by Superior (to acquire common shares of Essex Electric) is estimated to be minimal for the three and six months ended June 30, 2004 and antidilutive for the three and six months ended June 30, 2003.

11. BUSINESS SEGMENTS

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The Company's reportable segments prior to second quarter 2004 consisted of electrical wire (Alpine's 90% owned subsidiary, Essex Electric Inc) and communications and electronic products (DNE). During the second quarter 2004, we classified the communications and electronic products segment as discontinued operations. See Note 12 for additional information about our discontinued operations. Subsequent to the classification of DNE as discontinued operations, the Company has only one business segment.

12. DISCONTINUED OPERATIONS

On June 21, 2004 the Company entered into an agreement to sell DNE Systems, its wholly-owned defense electronics subsidiary, to ULTRA Electronics Defense, Inc., a wholly-owned subsidiary of Ultra Electronics Holdings plc, a United Kingdom-based company that is listed on the London Stock Exchange (the "DNE Sale"). The purchase price is $40 million in cash at closing plus the Company may receive an additional cash payment of up to $3 million if a certain performance based measure is achieved in 2005. The sale was consummated on July 29, 2004 and a pretax book gain of approximately $30 million, net of expenses, is expected to be recorded in the third quarter of 2004. The assets and liabilities of DNE have been reclassified to discontinued operations in the June 30, 2004 and December 31, 2003 balance sheets presented herein. Likewise, DNE's results of operations for the three and six month periods ended June 30, 2004 and 2003 have been reclassified to income from discontinued operations.

The major components of DNE's assets and liabilities classified as discontinued operations in the June 30, 2004 and December 31, 2003 balance sheets herein are presented below:

	JUNE 30, 2004	DECEMBER 31, 2003
	(IN THOUSANDS)	
Accounts receivable......................	$3,484	$2,232
Inventories..............................	5,434	5,118
Other current assets.....................	764	184
Total current assets.................	9,682	7,534
Property, plant and equipment, net........	1,896	1,766
Total assets..........................	11,578	9,300
Accounts payable.........................	1,528	765
Accrued expenses.........................	1,109	1,458
Total current liabilities............	2,637	2,223
Other long term liabilities..............	149	157
Total liabilities.....................	2,786	2,380
Total net assets.........................	$8,792	$6,920

The revenue and income before taxes of DNE that is classified in discontinued operations for the three and six month periods ended June 30, 2004 and 2003 are presented below:

	THREE MONTHS ENDED JUNE 30:		SIX MONTHS ENDED JUNE 30:	
	(IN THOUSANDS)			
	2004	2003	2004	2003
Revenues................	$ 6,808	$7,109	$13,704	$15,297
Income before taxes.....	$ 1,564	$1,450	$ 2,769	$ 2,723

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

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The Alpine Group, Inc. ("Alpine") is a holding company which over the past five years has owned controlling equity interests in industrial businesses which have been operated as subsidiaries. Alpine currently owns approximately 90% of Essex Electric Inc. ("Essex Electric"), which is engaged in the manufacture and sale of electrical wire.

On December 11, 2002, Alpine's wholly-owned subsidiary, Alpine Holdco Inc. ("Alpine Holdco") acquired Essex Electric and DNE Systems, Inc ("DNE Systems") from Superior TeleCom Inc. ("Superior") and all of the outstanding shares of capital stock of Texas SUT Inc. and Superior Cable Holdings (1997) Ltd., which together own approximately 47% of Superior Cables Ltd., the largest Israeli based producer of wire and cable products, which we sometimes refer to as "Superior Israel". The purchase included the issuance of a warrant (the "Warrant") to Superior to purchase 199 shares of the common stock of Essex Electric Inc. We sometimes refer to this acquisition as the "Electrical Acquisition". In September 2003, Alpine Holdco subscribed for and purchased 681 newly issued shares of common stock of Essex Electric. In October 2003, Superior exercised its rights under a securityholders agreement to subscribe for and purchase 169 shares of newly issued common stock of Essex Electric. As a result Alpine Holdco and Superior currently own approximately 90% and 10%, respectively, of the total outstanding stock of Essex Electric. Superior's Warrant to purchase 199 shares of the capital stock of Essex Electric currently represents approximately 9.9% of the capital stock of Essex Electric. On June 18, 2004, Alpine entered into an agreement to sell DNE Systems. The transaction closed on July 29, 2004. Accordingly, DNE Systems has been accounted for and classified as a discontinued operation in these financial statements. See note 12 for a description of this transaction.

IMPACT OF COPPER PRICE FLUCTUATIONS ON OPERATING RESULTS

Copper is one of the principal raw materials used by the Company. Fluctuations in the price of copper affect per unit product pricing and related revenues. However, the cost of copper has not had a material impact on profitability as the Company, in most cases, has the ability to adjust prices billed for its products to properly match the copper cost component of its inventory shipped.

RESULTS OF OPERATIONS--THREE MONTH PERIOD ENDED JUNE 30, 2004 AS COMPARED TO THE THREE MONTH PERIOD ENDED JUNE 30, 2003

Sales for the quarter ended June 30, 2004 were $76.7 million, a decrease of 4% compared to sales of $80.2 million for the quarter ended June 30, 2003. The comparative sales decrease is due to lower shipments of electrical wire by Essex Electric resulting from its consolidation of production facilities and reduction of manufacturing capacity to reduce its exposure to certain geographic markets, distribution channels and product lines during implementation of its restructuring and repositioning strategy. The sales decrease during the second quarter of 2004 versus the second quarter of 2003 was partially offset by a significant increase (61%) in the cost of copper, Essex Electric's principal manufacturing cost item. After adjusting for and eliminating the comparative difference in the market price of copper, sales for the quarter ended June 30, 2004 declined 31% from the quarter ended June 30, 2003 due primarily to a decrease in the volume of copper equivalent pounds shipped partially offset by an improvement in per unit pricing. The volume decline was anticipated and is due largely to the impact of the restructuring and repositioning program being implemented at Essex Electric.

Gross profit for the quarter ended June 30, 2004 was $6.6 million, a 25% increase of $1.3 million as compared to gross profit of $5.3 million for the quarter ended June 30, 2003. The gross profit margin for the quarter ended June 30, 2004 was 9%, compared to a gross profit margin of 7% for the quarter ended June 30, 2003. The increased margin percentage reflects higher pricing and mix changes in products and markets in which Essex Electric competes.

Selling, general and administrative expense ("SG&A expense") for the quarter ended June 30, 2004 was $6.0 million, a decrease of 29%, as compared to SG&A expense of $8.4 million for the quarter ended June 30, 2003 due primarily to cost reductions at Essex Electric in connection with implementation of its restructuring. Included in SG&A expense for the quarter ended June 30, 2004 is approximately $0.5 million of expense related to accounting for certain stock options on a variable accounting basis. Excluding this charge, SG&A expense for the quarter ended June 30, 2004 decreased by 35% from the 2003 comparable quarter.

Restructuring and other charges at Essex Electric of $1.2 million for the three months ended June 30, 2004 are described in Note 6.

The Company's operating loss for the quarter ended June 30, 2004 was $0.6 compared to an operating loss of $5.5 million for the comparable 2003

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quarter. The increase in operating income is due to higher pricing, product mix changes and SG&A expense reductions at Essex Electric.

Interest expense for the quarter ended June 30, 2004 was $0.7 million, representing a decrease of $0.1 million from the comparative 2003 quarter period. The decrease is due primarily to a decrease of approximately $8.0 million in the average borrowings under the Revolving Credit Facility offset partially by the interest expense on the 6% Junior Subordinated Notes issued in August 2003.

RESULTS OF OPERATIONS--SIX MONTH PERIOD ENDED JUNE 30, 2004 AS COMPARED TO THE SIX MONTH PERIOD ENDED JUNE 30, 2003

Sales for the six month period ended June 30, 2004 were $158.0 million, a decrease of 7% compared to sales of $170.0 million for the six month period ended June 30, 2003. The comparative sales decrease is due to lower shipments of electrical wire by Essex Electric resulting from its consolidation of production facilities and reduction of manufacturing capacity to reduce its exposure to certain geographic markets, distribution channels and product lines during the implementation of its restructuring and repositioning initiatives. The sales decrease was also impacted by the sale of the automotive and industrial wire product lines in the first quarter of 2003, which contributed approximately $8.0 million in sales in the first quarter of 2003. The sales decrease was partially offset by the significant increase (58%) in the cost of copper, Essex Electric's principal manufacturing cost item, in the first half of 2004 compared to the copper costs in the first half of 2003. After adjusting for and eliminating the comparative difference in the market price of copper, sales for the six month period ended June 30, 2004 declined 31% from the six month period ended June 30, 2003 due to a decline in the volume of copper equivalent pounds shipped partially offset by an improvement in per unit pricing. The volume decline was anticipated and is due largely to the impact of the restructuring and repositioning program being implemented at Essex Electric.

Gross profit for the six month period ended June 30, 2004 was $16.8 million, a 43% increase of $5.7 million as compared to gross profit of $11.1 million for the six month period ended June 30, 2003. The gross profit margin for the six month period ended June 30, 2004 was 11%, compared to a gross profit margin of 7% for the six month period ended June 30, 2003. The increased margin percentage reflects higher pricing and mix changes in products and markets in which Essex Electric competes.

Selling, general and administrative expense ("SG&A expense") for the six month period ended June 30, 2004 was $12.1 million, a decrease of 30%, as compared to SG&A expense of $17.4 million for the six month period ended June 30, 2003 due primarily to cost reductions at Essex Electric in connection with implementation of its restructuring. Included in SG&A expense for the six month period ended June 30, 2004 is approximately $0.7 million of expense related to accounting for certain stock options on a variable accounting basis. Excluding this charge, SG&A expense for the six month period ended June 30, 2004 decreased by 34% from the 2003 comparable period.

Restructuring and other charges at Essex Electric of $2.9 million for the six month period ended June 30, 2004 are described in Note 6.

The Company's operating income for the six month period ended June 30, 2004 was $1.8 million compared to an operating loss of $11.3 million for the comparable 2003 period. The increase in operating income is due to higher pricing, product mix changes and SG&A expense reductions at Essex Electric.

Interest expense for the six month period ended June 30, 2004 was $1.3 million, representing a decrease of $0.6 million from the prior year six month period. The decrease is due primarily to a decrease of approximately $24.0 million in the average borrowings under the Revolving Credit Facility offset partially by the interest expense on the 6% Junior Subordinated Notes issued in August 2003.

LIQUIDITY AND CAPITAL RESOURCES

ALPINE HOLDCO

The Electrical Acquisition was financed by approximately $10 million of Alpine's cash and cash equivalents and borrowings by Alpine Holdco under a Loan and Security Agreement (the "Revolving Credit Facility"), dated as of December 11, 2002, by and among Alpine Holdco, Essex Electric, DNE Manufacturing Company and DNE Technologies, Inc. as borrowers and DNE Systems as credit party (such

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parties sometimes collectively are called the "Companies"), certain financial institutions party thereto as lenders, Congress Financial Corporation, as documentation agent, and Foothill Capital Corporation, as arranger and administrative agent. Upon consummation of the acquisition, approximately $78 million was outstanding under the Revolving Credit Facility. The Revolving Credit Facility was last amended on December 8, 2003.

Effective concurrently with the consummation of the DNE Sale (see note 12) on July 29, 2004, the lenders, released each of DNE Systems, DNE Technologies, and DNE Manufacturing from all of their obligations under the Revolving Credit Facility (the "DNE Parties"), released all property of the DNE Parties from the liens granted for the benefit of the lenders under the Revolving Credit Facility and all of the outstanding and issued capital stock of the DNE Parties from the pledge thereof delivered in connection with the Revolving Credit Facility, and the DNE Parties no longer are "Borrowers" or a "Credit Party", as the case may be, under the Revolving Credit Facility. Accordingly, from and after July 29, 2004, the DNE Parties are not included in the term "Companies".

Subsequent to the closing of the DNE Sale, it is anticipated that the Revolving Credit Facility will be amended to reflect modifications in covenants and other aspects of the Loan Agreement impacted as a result of the DNE Sale.

The terms of the Revolving Credit Facility provided for a maximum committed amount of $100 million at its inception which, at the request of the Companies, was reduced to $70 million on December 8, 2003. Borrowing availability is determined by reference to a borrowing base which permits advances to be made at various net valuation rates against various assets of the Companies. Interest is payable monthly in cash in arrears and is based on, at Alpine Holdco's option, LIBOR or prime rate plus a fixed margin. The weighted average interest rate at June 30, 2004 was 4.9%. The Revolving Credit Facility also provides for maintenance of financial covenants and ratios relating to minimum EBITDA and tangible net worth, and includes restrictions on capital expenditures, payment of cash dividends and incurrence of indebtedness. Outstanding obligations under the Revolving Credit Facility are secured by a lien on all of the Companies' tangible and intangible assets, other than the investment in Superior Israel and the assets of DNE, as described above. The obligations under the Revolving Credit Facility are without recourse to Alpine. Unless previously accelerated as a result of default, the Revolving Credit Facility matures in five years. However in accordance with Emerging Issues Task Force Issue 95-22, Balance Sheet Classification of Borrowings outstanding under Revolving Credit Agreements That Include Both a Subjective Acceleration Clause and a Lock-Box Arrangement, borrowings under the Revolving Credit Facility have been classified as a current liability. The Companies may terminate the Revolving Credit Facility at any time upon 45 days prior written notice and payment of all outstanding borrowings, together with unpaid interest, and a termination fee equal to 0.75% of the maximum committed amount. At any time after December 11, 2004, the Companies may, upon 30 days prior written notice, permanently reduce the maximum committed amount without penalty or premium. At June 30, 2004 and December 31, 2003, outstanding borrowings under the Revolving Credit Facility were $31.7 million and $17.2 million, respectively. At June 30, 2004 the Companies had $18.0 million of borrowing availability. No dividends may be paid by Alpine Holdco without prior consent of the lenders. On July 29, 2004 the lenders expressly consented to the distribution by Alpine Holdco to Alpine of the sale proceeds from the DNE Sale. Alpine Holdco was in compliance with all applicable covenants at June 30, 2004.

The Company estimates that Alpine Holdco (including its subsidiaries) capital expenditures for 2004 will approximate between $6 to $8 million. Essex Electric has implemented restructuring initiatives to rationalize manufacturing capacity, lower expenditures and reduce working capital, which are expected to result in costs of approximately $6 million during 2004. Incurrence of these costs is permissible under the terms of the Revolving Credit Facility. Based upon the amended terms of the Revolving Credit Facility and the projected performance of the Companies, Alpine believes that the Companies will be in compliance with the financial covenants provided for thereunder. However, in the event of any noncompliance under the Revolving Credit Facility, Alpine believes that it would be able to obtain the necessary waivers from its lenders. Furthermore, if necessary, Alpine believes it could obtain refinancing on terms and conditions generally consistent or in the aggregate, similar to those contained in the Revolving Credit Facility. However, there can be no assurance that Alpine can obtain such waivers or that alternate financing would be available. Alpine believes that existing cash and cash equivalents, cash provided by operations and anticipated working capital reductions together with borrowings available under the Revolving Credit Facility will be sufficient to meet the capital needs of the Companies over the next twelve months.

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On August 4, 2003, the Company completed an exchange offer whereby holders of its common stock exchanged 3,479,656 shares for $4.3 million principal amount of 6% Junior Subordinated Notes (the "Subordinated Notes") issued by the Company plus a nominal amount of cash in lieu of fractional notes. The Subordinated Notes were initially recorded at an amount equal to the fair market value of the common stock exchanged resulting in an initial discount of $1.4 million. The discount is being accreted over the term of the Subordinated Notes using a level interest method. The Subordinated Notes accrue interest at 6% per annum payable in cash semiannually each December 31 and June 30. The Subordinated Notes are the Company's general unsecured obligations, subordinated and subject in right of payment to all of the Company's existing and future senior indebtedness, which excludes trade payables incurred in the ordinary course of business. The Company will be required to repay one-eighth of the outstanding principal amount of the Subordinated Notes commencing on June 30, 2007 and semiannually thereafter, so that all of the Subordinated Notes will be repaid by December 31, 2010. As such, there are no principal payments due in 2004. The Company must offer to redeem all of the Subordinated Notes at the redemption price then in effect in the event of a change of control. The Subordinated Notes were issued under an indenture that does not subject the Company to any financial covenants.

On June 23, 2003, Alpine completed a private placement of 8,287 shares of a new issue of Series A Cumulative Convertible Preferred Stock (the "Series A Preferred Stock") to its directors and certain officers for a purchase price of $380 per share, or an aggregate of approximately $3.1 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. Each share of Series A Preferred Stock is convertible at the option of the holder into 691 shares of Alpine common stock beginning on November 11, 2003. However, the officers and directors have agreed not to exercise the convertible option until advised by the Company that it has a sufficient number of authorized but unissued shares of common stock to permit such conversion. Since the market price of the common stock on the commitment date (June 23, 2003) was $0.76 per share and the conversion price is $0.55 per share, a beneficial conversion feature of $1.2 million was recorded as a reduction to the Mandatory redeemable series A cumulative preferred stock line of the balance sheet with the offset to capital in excess of par. The conversion feature will be recorded as a dividend at the time there are a sufficient number of authorized but unissued shares of common stock to permit such conversion. The Company may cause conversion of the Series A Preferred Stock into common stock if the Company's 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 Company's common stock for any 20 consecutive trading days equals or exceeds 300% of the conversion price then in effect. 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.

Holders of the Series A Preferred Stock are entitled to vote their shares on an as-converted basis together with the Company's common stockholders. In addition, the Company may not (a) enter into a merger, sale of all or substantially all of its assets or similar transaction without the approval of holders of at least a majority of the shares of Series A Preferred Stock, or (b) alter or change the powers, preferences or special rights (including, without limitation, those relating to dividends, redemption, conversion, liquidation preference or voting) of the shares of Series A Preferred Stock so as to affect them materially and adversely, or issue any senior stock, without the approval of holders of at least a majority of the shares of Series A Preferred Stock. In the event of any liquidation, dissolution or winding up of Alpine, after the payment of the liquidation preference in respect of any senior stock, holders of the Series A Preferred Stock will be entitled to receive the liquidation price of $380 per share plus an amount equal to (a) if the liquidation, dissolution or winding up occurs prior to December 31, 2007, all dividends that would be payable on a share of Series A Preferred Stock from the date of liquidation, dissolution or winding up through December 31, 2007 and (b) any accrued and unpaid dividends to the payment date, before any payment is made to the holders of common stock or any other junior securities, subject to certain exceptions. Proceeds from the sale of the Series A Preferred Stock were used to reduce existing indebtedness and for general corporate purposes.

On November 10, 2003, the Company completed the sale of 9,977 shares of Series A Preferred Stock pursuant to a rights offering to holders of the Company's common stock. Holders of the Company's common stock were offered a right to purchase one share of Series A Preferred Stock at a price of $380 per share for each 500 shares of common stock held on September 29, 2003. The terms of the Series A Preferred Stock are the same as that purchased by the officers and directors in the private placement discussed above; however the Series A

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Preferred Stock purchased through the rights offering are currently convertible. Total proceeds received from the sale were $3.8 million. The recording of dividends, if any, on the Series A Preferred Stock will reduce the Company's earnings per share in the period recorded. Since the market price of the common stock on the date of issuance (November 10, 2003) was $0.92 per share and the conversion price is $0.55 per share, a beneficial conversion feature of $2.6 million was recorded. This was recorded as a dividend since the shares were immediately convertible, offset with a credit to capital in excess of par.

During the three month period ended June 30, 2004, the Company retired 250 shares of its 9% cumulative convertible senior preferred stock at its stated liquidation value of $1,000 per share.

As of June 30, 2004 Alpine has unrestricted cash, cash equivalents and marketable securities of approximately $6.6 million. Alpine's current and anticipated sources of liquidity include existing cash and cash equivalents (including the net proceeds from the DNE Sale), and management fees from Alpine Holdco. Pursuant to a management agreement with Alpine Holdco dated December 11, 2002, so long as no event of default exists or is created by such payment under the Revolving Credit Facility, Alpine is entitled to receive from Alpine Holdco an annual management fee (together with any unpaid management fees from prior years), which was increased from $1.0 million to $1.8 million, (effective January 1, 2004) and is reimbursed for all direct costs incurred by it related to the business of Alpine Holdco. Alpine's ability to receive distributions from Alpine Holdco is restricted under the terms of the Revolving Credit Facility to a maximum of $1.8 million of the aforementioned management fee, amounts representing Alpine's tax liability in respect of the operations of Alpine Holdco, plus $250,000 per year.

On July 29, 2004, Alpine Holdco distributed to Alpine the proceeds from the DNE Sale, net of expenses, of approximately $37 million in accordance with the consent from the lenders previously described.

Since 1993, Alpine has been a party to a guaranty of Superior's lease obligations relating to Superior's manufacturing facility in Brownwood, Texas. The lease currently provides for monthly payments of $56,000 subject to adjustments for changes in the consumer price index. 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 $10 million. Any further extensions would amount to a guarantee of approximately $0.7 million per year. 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 Superior and expects that Superior will perform as tenant thereunder and continue to pay its obligations. In addition, Alpine would have a claim for indemnification and reimbursement from Superior in respect of any amounts paid by Alpine as guarantor.

Superior Israel's operations are funded and financed separately, with recourse to Superior Israel but otherwise on a non-recourse basis to Alpine.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's exposure to market risk primarily relates to interest rates on long-term debt and copper futures used to minimize the price risk associated with copper prices. The cost of copper, the Company's most significant raw material has been subject to significant volatility over the past several years. At December 31, 2003, the Company had approximately $13 million of copper futures contracts, representing 12 million copper pounds, outstanding as non-designated derivative instruments. These contracts were entered into to hedge 12 million copper pounds of inventory purchased in December 2003, for sale in the first quarter of 2004. These contracts were recorded at fair value at December 31, 2003 with any price fluctuations reflected in current earnings in 2003, and were liquidated in the first quarter of 2004, when the underlying asset (i.e. inventory) was sold.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures was carried out by the Company under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded

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that the Company's disclosure controls and procedures have been designed and are being operated in a manner that provides reasonable assurance that the information required to be disclosed by the Company in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. A system of controls, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. There have been no changes in the Company's internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Except for the historical information herein, the matters discussed in this Form 10-Q include forward-looking statements that may involve a number of risks and uncertainties. Actual results may vary significantly based on a number of factors, including, but not limited to, risks in product and technology development, market acceptance of new products and continuing product demand, prediction and timing of customer orders, the impact of competitive products and pricing, changing economic conditions, including changes in short-term interest rates and other risk factors detailed in the Company's most recent filings with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

(a) EXHIBITS

10(gg)*	Stock Purchase Agreement Between Alpine Holdco Inc. and Ultra Electronics Defense, Inc., Dated as of June 18, 2004
31.1*	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32*	Certification of the Company's Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) REPORTS ON FORM 8-K None

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* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE ALPINE GROUP, INC.

Date:August 12, 2004

By: /s/ David A. Owen

David A. Owen
Chief Financial Officer
(duly authorized officer and principal financial and accounting officer)

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EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Steven S. Elbaum, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Alpine Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting,

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to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2004

/s/ Steven S. Elbaum

Steven S. Elbaum
Chief Executive Officer

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EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David A. Owen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Alpine Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting,

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to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 12, 2004

/s/ David A. Owen

David A. Owen
Chief Financial Officer

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EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 10-Q of The Alpine Group, Inc. (the "Company") for the period ended June 30, 2004 (the "Periodic Report"), the undersigned, Steven S. Elbaum, Chief Executive Officer of the Company, and David A. Owen, Chief Financial Officer of the Company hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of our knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 12, 2004

/s/ STEVEN S. ELBAUM

Steven S. Elbaum
Chief Executive Officer

/s/ DAVID A. OWEN

David A. Owen
Chief Financial Officer

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