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

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ANNUAL AUDITED REPORT
FORM X-17 A-5
PART III

SEC FILE NUMBER
8-50269

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/08 AND ENDING 12/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Alpine Partners, L.P.**

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

100 Union Avenue
(No. and Street)

SEC MAIL
Mail Processing
Section

MAR 02 2009

Cresskill
(City)

New Jersey
(State)

07626
(Zip Code)

Washington, DC

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Gerald Post

(201) 871-0866
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG, LLP

(Name - if individual, state last, first, middle name)

345 Park Avenue
(Address)

New York
(City)

NY
(State)

10154
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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SEC 1410 (06-02)

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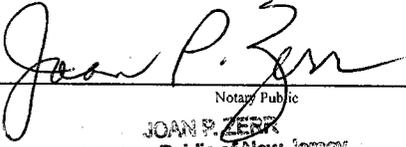
OATH OR AFFIRMATION

I, Gerald Post, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Alpine Partners, L.P., as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature
Vice President, Eckert Corp., General Partner of
Alpine Partners, L.P.

Title



Notary Public
JOAN P. ZERR
A Notary Public of New Jersey
My Commission Expires July 20, 2011

This report** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

ALPINE PARTNERS, L.P.

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Partners
Alpine Partners, L.P.:

We have audited the accompanying statement of financial condition of Alpine Partners, L.P. (the Partnership), including the condensed schedule of investments, as of December 31, 2008, and the related statement of income, changes in partnership capital, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alpine Partners, L.P. as of December 31, 2008, and the results of its operations, the changes in partnership capital, and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

February 27, 2009

ALPINE PARTNERS, L.P.
Statement of Financial Condition
December 31, 2008

Assets

Cash and cash equivalents	\$ 194,692
Deposits with clearing organizations	1,708,216
Securities owned, at fair value (cost \$104,513,998) (note 5)	84,511,137
Receivables from brokers, dealers, and clearing organizations (notes 4 and 5)*	117,602,031
Receivable from affiliates (note 3)	270,827
Dividends and interest receivable	427,134
Other assets	2,019
	<u>2,019</u>
Total assets	\$ 204,716,056
	<u>204,716,056</u>

Liabilities and Partnership Capital

Liabilities:

Securities sold, not yet purchased, at fair value (cost \$68,879,914) (note 5)	\$ 45,949,234
Payables to brokers, dealers, and clearing organizations (notes 4 and 5)*	7,861,669
Payable to affiliates (note 3)	556,980
Dividends and interest payable	142,644
Accounts payable, accrued expenses, and other liabilities	77,992
	<u>77,992</u>

Total liabilities	54,588,519
	<u>54,588,519</u>

Commitments and contingencies

Partnership capital:

General partner	5,074
Limited partners	150,122,463
	<u>150,122,463</u>

Total partnership capital (note 6)	150,127,537
	<u>150,127,537</u>

Total liabilities and partnership capital	\$ 204,716,056
	<u>204,716,056</u>

* Includes \$4,600 of securities borrowed which have been reloaned to other counterparties.

See accompanying notes to financial statements.

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

	Value
Securities owned, at fair value (56.29%):	
Common stock (29.61%):	
Communications (5.83%)	\$ 8,759,672
Consumer (0.69%)	1,031,865
Energy (0.87%)	1,308,348
Financial (5.64%)	8,467,186
Healthcare (3.36%)	5,026,185
Industrial (4.28%)	6,426,706
Manufacturing (6.13%)	9,207,533
Media and entertainment (0.04%)	63,124
Pharmaceutical (1.17%)	1,759,286
Technology (0.36%)	541,637
Utilities (1.24%)	1,864,187
Total common stock (cost \$48,745,043)	44,455,729
Convertible bonds (20.66%):	
Communications (0.32%)	485,034
Energy (1.15%)	1,724,346
Financial (3.15%)	4,726,932
Healthcare (4.96%)	7,440,540
Industrial (4.75%)	7,128,103
Internet (1.15%)	1,722,722
Manufacturing (0.91%)	1,370,416
Pharmaceutical (1.45%)	2,190,579
Technology (2.82%)	4,234,584
Total convertible bonds (cost \$42,204,231)	31,023,256
Preferred stock (1.81%):	
Energy (0.47%)	709,836
Healthcare (0.99%)	1,486,129
Industrial (0.35%)	520,177
Total preferred stock (cost \$4,857,661)	2,716,142
Options (0.01%):	
Healthcare (0.00%)	675
Industrial (0.01%)	10,838
Total options (cost \$11,438)	11,513
Exchange traded funds (0.77%):	
Financial (0.51%)	765,919
Other (0.26%)	392,715
Total exchange traded funds (cost \$1,212,326)	1,158,634

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

		<u>Value</u>
Other securities (1.75%):		
Communications (0.02%)	\$	23,680
Consumer (0.00%)		4,750
Energy (1.64%)		2,464,607
Financial (0.00%)		3,036
Internet (0.05%)		75,639
Manufacturing (0.04%)		<u>56,726</u>
Total other securities (cost \$2,410,354)		<u>2,628,438</u>
Distressed bonds (0.77%):		
Consumer (0.77%)		<u>1,157,100</u>
Total distressed bonds (cost \$1,945,547)		<u>1,157,100</u>
Privately held securities (0.91%):		
Communications (0.22%)		334,000
Consumer (0.41%)		606,509
Energy (0.08%)		124,950
Financial (0.12%)		175,005
Industrial (0.05%)		74,567
Real estate (0.01%)		19,091
Technology (0.02%)		<u>26,203</u>
Total privately held securities (cost \$3,127,398)		<u>1,360,325</u>
Total securities owned, at fair value (cost \$104,513,998)	\$	<u><u>84,511,137</u></u>
		Percentage of Investment in securities, at fair value
Country composition:		
United States	\$	75,942,133
Canada		4,412,924
Channel Islands		2,451,907
Bermuda		583,200
Chile		491,057
China		392,715
Israel		<u>237,201</u>
	\$	<u><u>84,511,137</u></u>
		<u>89.86%</u>
		5.22
		2.90
		0.69
		0.58
		0.46
		0.28
		<u>99.99%</u>

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

		<u>Value</u>
Securities sold, not yet purchased, at fair value (30.61%):		
Common stock (23.86%):		
Communications (3.98%)	\$	5,971,364
Energy (1.45%)		2,174,823
Financial (6.36%)		9,543,182
Healthcare (2.41%)		3,616,433
Industrial (2.54%)		3,819,174
Internet (0.69%)		1,033,730
Manufacturing (1.33%)		1,990,887
Pharmaceutical (2.66%)		3,997,847
Technology (2.44%)		<u>3,669,933</u>
Total common stock (proceeds \$57,529,755)		<u>35,817,373</u>
Options (0.02%):		
Energy (0.01%)		22,000
Industrial (0.01%)		<u>12,480</u>
Total options -short (cost \$38,120)		<u>34,480</u>
Exchange traded funds (6.73%):		
Manufacturing (0.27%)		403,726
Other (5.22%)		7,832,832
Utilities (1.24%)		<u>1,860,823</u>
Total exchange traded funds (proceeds \$11,312,039)		<u>10,097,381</u>
Total securities sold, not yet purchased, at fair value (proceeds \$68,879,914)	\$	<u>45,949,234</u>
	Securities sold, not yet purchased, at fair value	Percentage of securities sold, not yet purchased, at fair value
Country composition:		
United States	\$ 43,104,609	93.81%
Canada	2,298,478	5.00
Spain	<u>546,147</u>	<u>1.19</u>
	<u>\$ 45,949,234</u>	<u>100.00%</u>

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

	Value
Total return equity swaps (0.07%):	
Unrealized depreciation on total return equity swaps	\$ <u>99,615</u>

Unrealized appreciation and depreciation on total return swaps and futures are recorded within receivables from brokers, dealers, and clearing organizations and payables to brokers, dealers, and clearing organizations, respectively.

	Notional amount of total return equity swaps	Percentage of notional amount of total return equity swaps
Country composition:		
Great Britain	\$ 2,815,814	70.70%
United States	1,166,981	29.30
	\$ 3,982,795	100.00%

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

	Shares	Value
Shorts against the box – held long (54.71%):		
Communications (2.63%)		\$ 3,948,597
Energy (1.79%)		2,694,004
Financial (13.01%):		
Travelers Companies Inc (7.14%)	237,157	10,719,496
Other (5.87%)		8,808,157
Total financial		19,527,653
Healthcare (3.70%)		5,548,479
Industrial (1.57%)		2,356,927
Internet (0.47%)		702,378
Manufacturing (2.25%)		3,372,808
Media and entertainment (5.07%)		7,610,991
Pharmaceutical (16.00%):		
Amerisourcebergen Corp. (12.84%)	540,676	19,280,506
Other (3.16%)		4,746,789
Total pharmaceutical		24,027,295
Technology (2.60%):		3,896,979
Other – Thermo Fisher Scientific Inc (5.62%)	247,968	8,448,270
Total shorts against the box – held long (cost \$135,311,488)		\$ 82,134,381

ALPINE PARTNERS, L.P.
Condensed Schedule of Investments
December 31, 2008

	<u>Shares</u>	<u>Value</u>
Shorts against the box – held short (54.71%):		
Communications (2.63%)		\$ 3,948,597
Energy (1.79%)		2,694,004
Financial (13.01%):		
Travelers Companies Inc (7.14%)	237,157	10,719,496
Other (5.87%)		8,808,157
Total financial		<u>19,527,653</u>
Healthcare (3.70%)		5,548,479
Industrial (1.57%)		2,356,927
Internet (0.47%)		702,378
Manufacturing (2.25%)		3,372,808
Media and entertainment (5.07%)		7,610,991
Pharmaceutical (16.00%):		
Amerisourcebergen Corp. (12.84%)	540,676	19,280,506
Other (3.16%)		4,746,789
Total pharmaceutical		<u>24,027,295</u>
Technology (2.60%):		3,896,979
Other – Thermo Fisher Scientific Inc (5.62%)	247,968	8,448,270
Total shorts against the box – held short (proceeds \$168,075,487)		<u>\$ 82,134,381</u>

Unless otherwise noted investment percentages are based upon a percentage of total partnership capital.

See accompanying notes to financial statements.

ALPINE PARTNERS, L.P.

Statement of Income

Year ended December 31, 2008

Revenues:

Interest earned from borrowed securities	\$ 2,374,792
Trading and arbitrage losses	(5,300,505)
Dividend income	2,853,606
Interest income	2,158,173
	<hr/>
Total revenues	2,086,066

Expenses:

Interest incurred on loaned securities	838,780
Advisory fee (note 3)	4,442,087
Operating expenses (note 3)	1,003,535
Interest expense (note 3)	2,952,534
Dividends on securities sold short	1,336,422
Commissions and clearing costs	992,955
Legal fees and other professional services	239,340
Compensation of the general partner (note 3)	50,000
	<hr/>
Total expenses	11,855,653
	<hr/>
Net loss	\$ (9,769,587)

See accompanying notes to financial statements.

ALPINE PARTNERS, L.P.

Statement of Changes in Partnership Capital

Year ended December 31, 2008

	<u>General partner</u>	<u>Limited partners</u>	<u>Total</u>
Balance as of December 31, 2007	\$ 1,000	198,891,095	198,892,095
Capital contributions	—	19,782,771	19,782,771
Capital withdrawals	—	(58,777,742)	(58,777,742)
Net income (loss)	4,074	(9,773,661)	(9,769,587)
Balance as of December 31, 2008	\$ <u>5,074</u>	<u>150,122,463</u>	<u>150,127,537</u>

See accompanying notes to financial statements.

ALPINE PARTNERS, L.P.

Statement of Cash Flows

Year ended December 31, 2008

Cash flows from operating activities:	
Net loss	\$ (9,769,587)
Adjustments to reconcile net loss to net cash provided by operating activities:	
(Increase) decrease in operating assets:	
Securities owned, at fair value	141,455,951
Deposits with clearing organizations	550,000
Receivables from brokers, dealers, and clearing organizations	30,832,742
Receivable from affiliate	(239,325)
Dividends and interest receivable	(76,137)
Increase (decrease) in operating liabilities:	
Securities sold, not yet purchased, at fair value	(12,544,692)
Payables to brokers, dealers, and clearing organizations	(111,849,964)
Payable to affiliates	229,144
Dividends and interest payable	(331,429)
Accounts payable, accrued expenses, and other liabilities	(435,612)
Net cash provided by operating activities	<u>37,821,091</u>
Cash flows from financing activities:	
Capital contributions	19,782,771
Capital withdrawals	(58,777,742)
Net cash used in financing activities	<u>(38,994,971)</u>
Net decrease in cash and cash equivalents	(1,173,880)
Cash and cash equivalents, beginning of year	<u>1,368,572</u>
Cash and cash equivalents, end of year	<u>\$ 194,692</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest	\$ 3,068,092

See accompanying notes to financial statements.

ALPINE PARTNERS, L.P.

Notes to Financial Statements

December 31, 2008

(1) Organization and Nature of Business

Alpine Partners, L.P. (the Partnership) is a limited partnership organized under the laws of New Jersey. The general partner (Eckert Corporation) is a corporation whose sole shareholder is also a limited partner.

The Partnership trades equity securities, convertible debt, options, swaps, futures contracts, and other financial instruments for its own account. These trading activities are primarily related to merger arbitrage.

The Partnership is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation.

Profits and losses are allocated as follows:

- a. Net profits, after a 12% priority distribution to the limited partners (as defined in the Partnership Agreement), but only until the Partnership shall earn a 20% return, are allocated 70% to the limited partners and 30% to the general partner. Subsequent to the Partnership earning a 20% return, net profits are allocated 80% to the limited partners and 20% to the general partner.
- b. Net losses are allocated first to the general partner based on its share of capital (as defined), and the remaining net losses are allocated to the limited partners. Net profits allocated to the general partner are not subject to reduction by net losses if a limited partner withdraws capital and a portion of the withdrawal represents profits in excess of the priority distribution.

(2) Significant Accounting Policies

(a) Securities

Investment transactions are accounted for as of the trade date. Exchange-traded equity securities are valued at the last sales price on the principal exchange on which the security is traded. If there is no trading volume for a particular valuation day, the last bid price is used. For equity securities traded in the over-the-counter market, the security is valued at the last sale price, or if no sale, at the latest bid price available. Debt securities are valued on the basis of prices obtained from an independent pricing source or broker quotes. The pricing source may utilize various pricing methodologies that incorporate both models (which consider factors such as yield, quality, coupon rate, maturity, issue type, quoted prices for similar securities, prepayment speeds and trading characteristics) and dealer-supplied valuations to derive a valuation. Investments (including certain private equity and distressed debt investments) which are not readily marketable are valued at their estimated fair value as determined by the general partner. Short against the box represents equity securities sold, not yet purchased, for which Alpine has a corresponding equity securities-owned position.

Securities borrowed and securities loaned are carried at contract value. Interest income and expense on securities borrowed and loaned transactions are recorded as interest earned from borrowed securities and interest incurred on loaned securities, respectively, in the accompanying statement of income.

ALPINE PARTNERS, L.P.

Notes to Financial Statements

December 31, 2008

(b) Foreign Currency Translation

Assets and liabilities denominated in foreign currencies are translated at year-end spot exchange rates, with resulting gains and losses reflected in the accompanying statement of income as a component of trading and arbitrage gains.

(c) Cash Equivalents

The Partnership considers demand deposits and short-term fixed income highly liquid investments with original maturities of less than three months to be cash equivalents.

(d) Taxes

In accordance with federal income tax regulations, income taxes are the responsibility of the individual partners. Consequently, no provision or liability for federal income taxes has been reflected in the accompanying financial statements. As a New Jersey limited partnership, the Partnership is subject to a minimal New Jersey tax filing fee.

(e) Trading and Arbitrage Gains

Trading and arbitrage gains includes both net realized and unrealized gains and losses on securities owned and securities sold.

(f) Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including the valuation of certain investments, disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Fair Value Measurements

In September 2006, the FASB released Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157) which provides guidance in using fair value to measure assets and liabilities and enhances disclosures about fair value measurements. The Partnership adopted FAS 157 as of January 1, 2008. The impact of adopting FAS 157 did not have a material effect on the Fund's results of operations or net assets.

FAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FAS 157 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

ALPINE PARTNERS, L.P.

Notes to Financial Statements

December 31, 2008

Level 2 – Quoted prices for instruments that are identical or similar in markets that are not active and model-derived valuations for which all significant inputs are observable, either directly or indirectly in active markets;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

The hierarchy requires the use of observable market data when available. As required by FAS 157, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following is a summary of the levels within the fair value hierarchy for the Fund's assets and liabilities as of December 31, 2008:

	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Securities owned, at fair value:				
Common stock	\$ 44,455,729	—	—	44,455,729
Convertible bonds	—	31,023,256	—	31,023,256
Preferred stock	—	2,716,142	—	2,716,142
Options	—	11,513	—	11,513
Exchange traded funds	1,158,634	—	—	1,158,634
Other securities	—	2,494,823	133,615	2,628,438
Distressed bonds	—	—	1,157,100	1,157,100
Privately held investments	—	—	1,360,325	1,360,325
Total assets	<u>\$ 45,614,363</u>	<u>36,245,734</u>	<u>2,651,040</u>	<u>84,511,137</u>
Securities sold, not yet purchased, at fair value:				
Common stock	\$ 35,817,373	—	—	35,817,373
Options	—	34,480	—	34,480
Exchange traded funds	10,097,381	—	—	10,097,381
Total liabilities	<u>\$ 45,914,754</u>	<u>34,480</u>	<u>—</u>	<u>45,949,234</u>

ALPINE PARTNERS, L.P.

Notes to Financial Statements

December 31, 2008

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Partnership has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category in the table below may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

Assets	Balance at January 1, 2008	Realized and unrealized gains (losses)	Purchases, sales, and settlements	Net transfers in and/or (out) of Level 3	Balance at December 31, 2008
Securities owned, at fair value	\$ 3,738,488	(953,496)	(133,952)	—	2,651,040

Realized and unrealized gains and losses are included in trading and arbitrage losses in the Statement of Income. The change in unrealized losses for the period ended December 31, 2008 for investments still held at December 31, 2008 of \$1.0 million is reflected in Trading and arbitrage losses in the Statement of Income.

The Partnership holds financial instruments for which limited or no observable market data is available. Fair value measurements for these instruments fall within Level 3 of the fair value hierarchy of FASB Statement No. 157, *Fair Value Measurements*. These fair value measurements are based primarily upon our own estimates and are often calculated based on our current pricing policy, the current economic and competitive environment, the characteristics of the instrument, credit, interest, and currency rate risks, and other such factors. Therefore, the results cannot be determined with precision, cannot be substantiated by comparison to quoted prices in active markets, and may not be realized in a current sale or immediate settlement of the asset or liability. Additionally, there are inherent uncertainties in any fair value measurement technique, and changes in the underlying assumptions used, including discount rates, liquidity risks, and estimates of future cash flows, could significantly affect the fair value measurement amounts.

(3) Transactions with Related Parties

The Partnership is a limited partnership, managed by the general partner. The partnership agreement provides that the compensation of the general partner shall not exceed \$50,000 per year without the consent of 75% of the limited partners' interests.

An agreement exists between the Partnership and a company that is owned by the spouse of the sole shareholder of the Partnership's general partner (the trading advisor) to provide research assistance and advice in connection with merger arbitrage transactions and trading decisions for the Partnership in return for an advisory fee. The trading advisor is also engaged as trading advisor for eight other entities in a business similar to the Partnership's. Similar trading strategies are employed by the trading advisor for these eight other entities. The advisory fee, which is included in the accompanying statement of income, is determined monthly and is 0.2% of the Partnership's average capital balance during such month.

Pursuant to agreements between the Partnership and five of the eight other entities engaged in a business similar to that of the Partnership (the Agreements), the Partnership will share with the five other entities all

ALPINE PARTNERS, L.P.

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realized and unrealized gains and losses derived from its distressed securities in order to permit such entities to participate, on a substantially parallel basis, in the economic equivalent of such investments without undue effort or expense.

Any party receiving an allocation of a participation in respect of such distressed securities investments shall monthly, receive from, or pay to, as appropriate, Alpine, an amount equal to any profit or loss attributable to such investments during the month. Profits and losses are allocated pro rata among the parties based upon the underlying capital of each entity.

In accordance with the Agreements, the entities will also pay monthly interest to the Partnership, an amount reflecting the use of capital for holding such investments. Interest payments are based upon the current 30-day LIBOR rate applied to the Partnership's pro rata allocation of the underlying distressed and futures securities portfolio.

An agreement exists between the Partnership and an affiliate of the Partnership's general partner. This affiliate (the administrative affiliate) performs various administrative services including research, back-office operations, trade executions, and other personnel services, as well as furnishes office space, to the Partnership. The Partnership shares services provided by the administrative affiliate with eight other entities engaged in a business similar to the Partnership's. During 2008, total administrative fees were \$553,625, which are included in operating expenses in the statement of income.

The amounts due to and from affiliates incurred as of December 31, 2008 are as follows:

	Balance December 31, 2008
Due to:	
A&T Management	\$ 307,376
Administrative affiliate	42,819
Alpine Partners, L.P.	37,226
Alpine Associates Offshore Fund, Ltd.	22,793
Alpine Associates Offshore Fund II, Ltd.	28,984
Alpine Associates II, L.P.	117,782
	<u>\$ 556,980</u>
Due from:	
Alpine Associates, L.P.	<u>\$ 270,827</u>

The Partnership did not incur any interest expense during the year pertaining to related party balances.

(4) Receivables from and Payables to Brokers, Dealers, and Clearing Organizations

As of December 31, 2008, receivables from and payables to brokers, dealers, and clearing organizations included approximately \$109.3 million of securities borrowed and approximately \$2.8 million of securities loaned, respectively.

ALPINE PARTNERS, L.P.

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December 31, 2008

Securities borrowed and securities loaned transactions are reported as collateralized financing transactions. Securities borrowed transactions require the Partnership to deposit cash with the lender. With respect to securities loaned, the Partnership receives collateral in the form of cash in an amount generally in excess of the fair value of securities loaned. The Partnership monitors the fair value of securities borrowed and loaned on a daily basis, with additional collateral obtained or refunded as necessary. As of December 31, 2008, the Partnership has received securities with a fair value of approximately \$107.4 million related to its securities borrowed transactions. As of December 31, 2008, the Partnership has pledged securities with a fair value of approximately \$4,691 related to its securities loaned transactions. Alpine continues to report assets it has pledged as collateral in secured borrowings and other arrangements when the secured party cannot sell or re-pledge the assets.

(5) Financial Instruments with Off-Balance Sheet Risk and Concentrations of Credit Risk

In the normal course of business, the Partnership's activities involve execution, settlement, and financing of various securities transactions primarily on U.S. and European stock and futures exchanges. These activities may expose the Partnership to counterparty risk. Such counterparties represent principally major brokerage institutions. The Partnership monitors the credit standing of counterparties with whom it conducts business. Risk is further controlled by monitoring the fair value of pledged securities on a daily basis and requiring adjustments of collateral levels in the event of excess market exposure.

The Partnership may be exposed to off-balance sheet market risk for securities sold, not yet purchased, should the value of such securities rise. Additionally, futures contracts are subject to market risk. The Partnership monitors such off-balance sheet market risk and takes appropriate action to reduce such risk as required.

The Partnership enters into exchange-traded equity index futures and equity option positions to hedge its trading and arbitrage positions. The Partnership will also enter into exchange-traded interest rate and foreign exchange futures to hedge interest rate and currency exposures. The Partnership also enters into certain swap contracts for purposes other than hedging. All derivative instruments are recorded at fair value in the statement of financial condition with the resultant changes in fair value of derivatives recorded as a component of trading and arbitrage gains in the accompanying statement of income. The following notional amounts of these derivatives as of December 31, 2008 are not reflected in the statement of financial condition but are indicators of volume of transactions.

Equity options	\$	499,250
Total return equity swaps:		
Great Britain		2,815,814
Canada		1,166,981
	\$	<u>3,982,795</u>

ALPINE PARTNERS, L.P.

Notes to Financial Statements

December 31, 2008

(6) Net Capital

The Partnership is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 (the Rule). Under the alternative method permitted by the Rule, the required net capital, as defined, shall be the greater of \$250,000 or 2% of aggregate debit items, as defined. As of December 31, 2008, the Partnership's net capital was \$128,114,485, which was \$127,864,485 in excess of regulatory requirements. Capital may not be withdrawn from the Partnership to the extent that capital is required to maintain continued compliance with the Rule.

Proprietary accounts held at Credit Suisse LLC, Deutsche Bank AG and J.P. Morgan Chase, (collectively, the Brokers) (PAIB Assets) are considered allowable assets in the computation of net capital pursuant to an agreement between the Partnership and the Brokers, which requires, among other things, the Brokers to perform a computation of PAIB Assets similar to the customer reserve computation set forth in SEC Rule 15c3-3.

(7) Commitments and Contingencies

In its normal course of business, the Partnership is subject to examinations and requests for information from its regulators. The Partnership has complied with these requests and does not expect the resolution of any will result in a material adverse effect on the Partnership's financial position or results of operations.

(8) Financial Highlights

Financial highlights for the Partnership for the year ended December 31, 2008 were as follows:

Total return	(5.07)%
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Total return is calculated based on net assets for the limited partner class taken as a whole. An individual investor's return may vary from these returns based on the timing of capital transactions.

The following table presents net investment loss and operating expenses to average net asset ratios for the year ended December 31, 2008:

Net investment loss	(1.97)%
Operating expenses	5.30

The net investment loss and operating expense ratios are calculated based on average monthly net assets of limited partners. Net investment loss is calculated based on interest earned from borrowed securities, dividends, and interest less total expenses. Operating expenses are calculated based on total expenses less interest incurred on loaned securities. The computation of such ratios are based on the amount of net investment loss and operating expenses assessed to an individual limited partner's capital may vary from these ratios based on the timing of capital transactions.

ALPINE PARTNERS, L.P.

Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2008

Computation of net capital:		
Total partners' capital		\$ 150,127,537
Deduction and/or charges:		
Nonallowable assets	\$ (5,418,709)	
Other	22,732	(5,395,977)
		<u>144,731,560</u>
Net capital before haircut on firm securities		144,731,560
Haircuts on firm securities		<u>16,617,075</u>
Net capital		128,114,485
Computation of alternative net capital requirements:		
Minimum net capital requirement		<u>250,000</u>
Excess net capital		\$ <u><u>127,864,485</u></u>
Net capital in excess of 5% of aggregate debit items or 120% of minimum net capital requirements, whichever is greater		\$ 127,814,485

The above computation does not differ materially from the Partnership's computation of net capital filed with FOCUS Form X-17A-5 Part IIA as filed on January 27, 2009 with the Financial Industry Regulatory Authority.

See accompanying independent auditors' report.

Schedule I

ALPINE PARTNERS, L.P.
Schedule of Nonallowable Assets
December 31, 2008

<u>Description</u>	<u>Amount</u>
Securities owned, not readily marketable, at fair value	\$ 5,145,863
Receivables from affiliates	270,827
Interest receivables on nonallowable assets	—
Other assets	<u>2,019</u>
Total nonallowable assets	<u>\$ 5,418,709</u>

See accompanying independent auditors' report.

Schedule II

ALPINE PARTNERS, L.P.

Computation for Determination of Reserve Requirements for Broker-Dealers Under Rule 15c3-3

December 31, 2008

	<u>Amount</u>
Credit balances:	
Free credit balance and other credit balance in customers' security accounts	\$ —
Monies borrowed collateralized by securities carried for the accounts of customers	—
Monies payable against customers' securities loaned	—
Customers' securities failed to receive	—
Credit balances in firm accounts which are attributable to principal sales to customers.	—
Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days	—
Market value of short security count differences over 30 calendar days old	—
Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days	—
Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days.	—
Other	—
Total credits	\$ <u>—</u>
Debit balances:	
Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to	\$ —
Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	—
Failed to deliver of customers' securities not older than 30 calendar days	—
Margin required and on deposit with the Options: Clearing Corporation for all options contracts written or purchased in customer accounts	—
Margin related to security futures products written, purchased or sold in customer accounts required and on deposit with a clearing agency or a derivative clearing organization	—
Market value of stock dividends, stock splits and similar distributions	—
Other	—
Aggregate debit items	—
less 3% (for alternative method only)	—
Total 15c3-3 debits	\$ <u>—</u>

Note – There are no differences between this computation and the amended computation filed by the Company on Securities and Exchange Commission Form X-17A-5 as of January 27, 2009.

See accompanying independent auditor's report.



KPMG LLP
345 Park Avenue
New York, NY 10154

**Independent Auditors' Report on
Internal Control Pursuant to SEC Rule 17a-5**

The Partners
Alpine Partners, L.P.:

In planning and performing our audit of the financial statements of Alpine Partners, L.P., (the Partnership) as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the SEC), we have made a study of the practices and procedures followed by the Partnerships including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e). Because the Partnership does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Partnership in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System;
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as requires by Rule 15c3-3.

Management of the Partnership is responsible for establishing and maintaining internal controls and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Partnership has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Partnership's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the General Partner, Limited Partners, management, the SEC, the Financial Industry Regulatory Authority and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be used and should not be used by anyone other than these specified parties.

KPMG LLP

February 27, 2009



ALPINE PARTNERS, L.P.

Financial Statements and Schedules

(With Independent Auditors' Report on Internal Control
Pursuant to SEC Rule 17a-5)

December 31, 2008

(With Independent Auditors' Report Thereon)