

Corporate governance

1. Group structure and shareholders

1.1 Group business

With the shareholders' approval of a new investment strategy, Alpine Select AG is aiming to achieve attractive absolute returns through investments in securities of Swiss and foreign corporations, taking advantage of particular corporate events or circumstances. Accordingly, the Company invested in a number of Swiss companies, which, in view of the manageable risk exposure, provided interesting investment opportunities.

1.2 Company and group structure

Alpine, with registered offices at Bahnhofstrasse 23, Zug, Switzerland, is a joint stock company incorporated on 17 September 1997 under the laws of Switzerland and listed on the SIX Swiss Exchange.

Sumara AG is the only subsidiary of the Company.

1.3 Significant shareholders

The Company received two notifications of Trinsic AG on 23 May 2008 and 29 May 2008, exceeding the 15% threshold on 23 May 2008 and falling below the 15% threshold shortly thereafter on 28 May 2008. The Company did not receive any other notifications in 2008.

Management transactions were regularly reported to the SIX Swiss Exchange.

as at 31 December	2008	2007
Fabrel AG		
Seestrasse 50, 6052 Hergiswil:		
- Number of shares (including 140 shares directly held by Hans Müller)	3'634'515	3'500'000
- Percentage	22.91%	22.06%
Beneficial owner is Hans Müller, 6052 Hergiswil		
Trinsic AG		
Artherstrasse 21, 6300 Zug:		
- Number of shares (including 70'000 shares directly held by Daniel Sauter)	2'330'955	2'207'267
- Percentage	14.69%	13.91%
Beneficial owners are Daniel Sauter, 6300 Zug and Michel Vukotic, 8706 Meilen		

To the Company's best knowledge, there are no shareholder agreements in place.

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For information required under Art. 663c para 3, Swiss Code of Obligations please see section 5.3 (Share ownership of directors and officers).

1.4 Cross-Shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Share capital

As of 31 December 2008, the share capital of the Company amounts to CHF 317'282.88 and is divided into 15'864'144 registered shares with a nominal value of CHF 0.02 per share. The share capital is fully paid-in. Each registered share carries one voting right.

The shares are listed on the SIX Swiss Exchange and are traded in Swiss Francs (symbol: ALPN; SSN: 1.919.955; ISIN: CH 0019199550). As per 31 December 2008, Alpine's market capitalization was CHF 175 million.

2.2 Authorized share capital

The Board of Directors is authorized to increase the share capital at any time until 25 May 2009 by an amount not exceeding CHF 158'641.44 through the issue of up to 7'932'072 registered shares to be fully paid-in with a nominal value of CHF 0.02 each. Increases by underwriting and by partial amounts are allowed. The date of issue of the new shares, their issue price, the kind of the contribution, the conditions to exercise the subscription rights and the date of the dividend entitlement are determined by the Board of Directors. The newly issued registered shares are subject to the transfer restrictions pursuant to Art. 6 of the Articles of Association.

The Board of Directors may exclude the subscription rights of shareholders and assign them to third parties in case the new registered shares are used in connection with a merger with a company, an acquisition of enterprises, parts of an enterprise or participations in investment companies by share exchange or in order to finance the acquisition of enterprises, parts of enterprises or participations in investment companies. Registered shares for which subscription rights have been granted but that have not been executed shall be sold at market conditions.

2.3 Conditional share capital

The share capital may be increased by an amount not exceeding CHF 113'315.00 through the issue of a maximum of 5'665'750 registered shares to be fully paid-in with a

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nominal value of CHF 0.02 each through the exercise of conversion or option rights in connection with bonds or similar instruments issued by the Company or by its subsidiary or through the exercise of option rights granted to shareholders.

The respective owners of option and/or conversion rights are entitled to subscribe the new shares. Actual shareholders' subscription rights on such new shares are excluded. The Board of Directors shall determine the conditions of the option and/or conversion rights.

The Board of Directors is authorized to restrict or exclude the shareholders' pre-emption rights on the issue of bonds or similar instruments connected to option and/or conversion rights if these bonds are served to finance or refinance the acquisition of enterprises, parts of enterprises or participations in companies or new investments. If pre-emption rights are excluded by a resolution of the Board of Directors, then (1) the bonds or similar instruments shall be issued at the respective market conditions and new shares shall be issued at the respective conditions of the option and/or conversion rights; (2) the exercise period shall not exceed ten years for conversion rights and five years for option rights from the respective date of issuance; (3) the price of the conversion or the option rights or their calculation procedure shall be determined at market conditions; with respect to the shares of the Company, they shall derive from the stock market price.

The acquisition of shares through the exercise of option and/or conversion rights as well as each following assignment of the shares is restricted by Art. 6 of the Articles of Association.

2.4 Changes in share capital

On 11 December 2006 the share capital was increased to CHF 317'282.88 by the issuance of 4'532'613 registered shares with a nominal value of CHF 0.02 each. Since then the share capital remained unaltered. All figures in this report as well as historic figures have been adjusted for these capital increases.

2.5 Treasury shares

The last annual shareholder's meeting held 28 April 2008 entitled the Board of Directors to purchase treasury shares at a maximum of 20% of the share capital. In 2008 the Company acquired 2'051'917 treasury shares with a nominal value of CHF 0.02 each, corresponding to 12.93% of the share capital, via the second trading line at the SIX Swiss Exchange. Further purchases took place in 2009. As announced on 17 February 2009 the share re-purchase program was terminated as per 31 March 2009. The exact figure was notified in a press release after the close of markets on 31 March 2009.

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The Board of Directors proposes to the shareholders at the forthcoming annual shareholder's meeting on 30 April 2009 to reduce the share capital from CHF 317'282.88 to the notified figure published in the forthcoming press release by means of cancellation of a maximum of 3'172'828 shares with a nominal value of CHF 0.02 each and to adjust Art. 4 of the Articles of Association of the Company accordingly.

2.6 Shares and participation certificates

The Company's share capital consists of 15'864'144 registered shares with a nominal value of CHF 0.02 each. There are no preferential rights or similar rights. Each share carries one vote and has full dividend rights. There are no voting right restrictions and each shareholder can exercise his voting rights at the shareholders' meetings (see section 2.8 on nominees). There are no participation certificates.

2.7 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.8 Limitation on share transferability and nominee registration

Registered shareholders are those recognized as such by a corresponding entry in the Company's share register. Holders of shares shall be entitled, upon application, to be entered as registered shareholders with full voting rights as long as they explicitly declare that the shares were acquired for their own account (Art. 6 para. 2 of the Articles of Association).

Non-certified registered shares may only be transferred through assignment. For an assignment to be valid, notice to the Company is required (Art. 5 para. 2 of the Articles of Association).

In accordance with Art. 6 para. 3 of the Articles of Association, persons who do not declare in their application to hold the shares for their own account („Nominees“) will be registered in the Company's register with voting rights up to 9% of the share capital as registered in the Register of Commerce. Nominees who are bound by capital, voting power, management or in another manner or who coordinate their actions by agreement, union or in any other manner in order to elude the transfer restrictions are to be considered as one Nominee when applying this provision. Beyond this limitation, Nominees shall be registered as shareholders with voting rights only if the respective Nominee discloses name, address, nationality and shareholdings of the persons for the account of whom he holds 1% or more of the share capital as registered in the Register of Commerce (Art. 6 para. 4 of the Articles of Association).

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With the reservation of Art. 653c para. 3 of the Swiss Code of Obligations, these restrictions apply to the acquisition of registered shares by exercising subscription, option as well as conversion rights (Art. 6 para. 7 of the Articles of Association). The alleviation or withdrawal of restrictions upon the transfer of registered shares requires a resolution of the shareholders' meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented shares' nominal value.

2.9 Convertible bonds and warrants

The Company does not have convertible bonds and/or warrants outstanding

3. Board of Directors

The duties of the Board of Directors of the Company and its subsidiary Sumara AG, Zug are defined in the Swiss Code of Obligations, the Articles of Association and the Organizational Rules of the Company.

3.1 Members of the Board of Directors

The members of the Board of Directors are:

Daniel J. Sauter

Born 1957, executive Chairman (since 1 January 2004), Swiss, term of office: 2001/2009

From 1976 to 1983, Daniel J. Sauter held various positions in Swiss banks, including Bank Leu AG, Zurich; from 1983 to 1998 he was Senior Partner and CFO of Glencore International AG, Baar and from 1994 to 2001 CEO and Managing Director of Xstrata AG, Zug.

Hans Müller

Born 1947, non-executive Director, Swiss, term of office: 2006/2009

Hans Müller held various positions in the Swiss machine industry from 1978 to 1996. Since 1997 he is Chairman and Managing Director of Fabrel AG, Hergiswil. Hans Müller has over thirty years of experience in portfolio management and is member of the Board of Directors of various privately held companies. He holds a degree from the University of St. Gallen (lic. oec. HSG).

Walter Geering

Born 1943, executive Director, Swiss, term of office: 2007/2009

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From 1959 to 1994 he held different positions with banks in Switzerland and abroad, including 12 years in the general management of Swiss Volksbank and then served as CEO of LBBW Schweiz AG, a subsidiary of the Landesbank Baden-Württemberg AG from 1995 to 2006. Walter Geering is a financial analyst and has a management degree from the University of Zurich.

The non-executive board member was not previously member of the management and no significant business relationships exist between him and the Company.

3.2 Other activities

Daniel J. Sauter is a board member of Sika AG, Baar; Charles Vögele Holding AG, Pfäffikon; Sulzer AG, Winterthur; Julius Baer Holding AG, Zürich; Model Holding AG, Weinfelden and Chairman of Trinsic AG, Zug.

Hans Müller is Chairman and Managing Director of Fabrel AG, Hergiswil.

Walter Geering is a board member of Tiberius Asset Management AG, Zug as well as a board member of one of its subsidiaries.

Members of the Board of Directors are currently not involved in permanent management consultancy functions for important Swiss and foreign interest groups. They are not in charge of or hold any official function or political assignment.

3.3 Election and term of office

The members of the Board of Directors are elected by the annual shareholders' meeting. Each member is elected individually for a period of one year and can be reelected. The Board of Directors constitutes itself. It appoints its chairman and a secretary who does not need to be a member of the Board of Directors.

In accordance with Art. 13 the Articles of Association the Board of Directors comprises of a minimum of three and a maximum of nine members.

3.4 Internal organizational structure, delegated authorities and management board

Daniel J. Sauter is the executive Chairman of the Board of Directors. The Board of Directors has not established any committees. The nature of the Company's business dictates that the Board of Directors takes an active role in defining the Company's investment strategy whilst delegating management and control tasks to the Company's executives. A formalized internal control system is in place since November 2007.

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Accounting functions and some administrative tasks have been outsourced to third parties who supply the Board of Directors with weekly and quarterly reports and adhere to the internal control system. The Board of Directors convenes at least four times a year. During 2008 the Board of Directors convened eight times. Meetings normally last half a day.

3.5 Areas of responsibility

The Board of Directors assumes the responsibilities as stipulated in Art. 716 ff. of the Swiss Code of Obligations. The primary functions of the Board, as specified in the Company's Organizational Rules and Investment Guidelines, are:

- to ultimately direct the Company and to issue the necessary directives and, in particular, to develop Company strategies;
- to discuss and review investment opportunities and to take investment decisions;
- to establish organizational policies, in particular to issue and amend the Organizational Rules;
- to organize the accounting, the financial control and the financial planning;
- to appoint and recall the persons entrusted with the management and representation of the Company and to grant signatory power;
- to ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law, the Company's Articles of Association, regulations and directives;
- to prepare the business report as well as the shareholders' meeting and to implement the resolutions;
- to inform the judge in the event of over-indebtedness;
- to pass resolutions regarding the subsequent payment of capital with respect to not fully paid-in shares; to pass resolutions regarding increases in share capital as far as they are within the competence of the Board of Directors (Art. 651 para. 4 Swiss Code of Obligations) as well as the adoption of capital increases and the amendments to the Articles of Association entailed therewith;
- to verify the professional qualifications of the specially qualified auditors.

The Board of Directors delegates the management of the Company entirely to the Company's executives unless otherwise provided by law. The Company's Articles of Association and the Organizational Rules are published on the Company's Web Site (www.alpine-select.ch/profile.html).

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3.6 Information and control instruments

In order to control and review the Company's activities, the Board of Directors is provided by the Management with weekly reports, monthly management accounting and investment reportings as well as ad-hoc information concerning major business activities. A formalized internal control system is in place to monitor the major work processes monthly.

4. Management

4.1 Members of management

The management of the Company and its subsidiary Sumara AG, Zug consists of:

Daniel J. Sauter

Daniel J. Sauter acts as the Executive Chairman of the Company on a part-time basis since January 2004. For further information see section 3.1.

Walter Geering

Walter Geering is the Chief Executive Officer of the Company. For further information see section 3.1.

4.2 Other activities and interests

See section 3.2 for Daniel J. Sauter and Walter Geering.

Members of the management of the Company are not currently involved in permanent management consultancy functions for significant Swiss and foreign interest groups. They are not in charge of any official or political function.

4.3 Management contracts

Neither management contracts nor agreements of a similar nature exist.

5. Compensation, shareholdings and loans

5.1 Content and method of determining compensation

In accordance with Art. 17 of the Articles of Association, the members of the Board of Directors and the Management are entitled to an annual compensation as determined by the Board of Directors once a year and to be reimbursed for any out of pocket expenses they incur on behalf of the Company.

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The annual compensation has no performance-related component and the compensation is rendered in the form of a fixed cash payment. There are no management incentive schemes which foresee the issuance of shares or share options.

5.2 Allocation of shares

In 2008 no shares were allocated to members of the Board of Directors, officers of the Company or parties closely linked to such persons.

5.3 Share ownership of directors and officers

At 31 December 2008 executive members of the Board of Directors and parties closely linked to such persons held directly and indirectly an aggregate of 2'373'955 shares of which Daniel Sauter held 2'330'955 shares and Walter Geering 43'000 shares. The non-executive member of the Board of Directors, Hans Müller and parties closely linked to him held 3'634'515 shares. The officers are identical with the executive members of the board. All transactions were reported to the SIX Swiss Exchange.

5.4 Options

No options have been issued.

5.5 Additional fees and remuneration

No additional fees and remunerations have been paid to officers or members of the Board of Directors.

5.6 Loans to members of the Board of Directors and officers

No loans have been granted to members of the Board of Directors and officers or parties closely linked to such persons.

5.7 Compensation

Each member of the Board of Directors is entitled to receive CHF 25'000 compensation per year. The compensation is paid out in cash and the payment is made after the Annual General Meeting. Members of the Board of Directors who are employed by the Company have waived their compensation payments and are instead remunerated by a fixed monthly salary. Compensation may include variable payments. Such payments are decided upon by the Board of Directors after the Annual General Meeting. Variable

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payments for 2008 have been waived by the Members of the Board of Directors. Therefore no relating accruals are considered below as of 31 December 2008.

in CHF	2008	2007
Board of Directors		
Daniel Sauter, chairman	179'139	177'746
Hans Müller, member ¹⁾	26'900	26'900
Walter Geering, member ²⁾	180'807	104'969
Total	386'846	309'615
Officer		
Walter Geering ²⁾	0	109'195
Total	0	109'195
Former Board of Directors		
Hermann Strehler ³⁾	0	102'440
Total	0	102'440

Neither share nor stock option plans exist.

There were no other payments in 2008 and no other accruals as of 31 December 2008.

1) Including 7.6% value added tax

2) Walter Geering joined the Company in September 2006. He was elected as a member of the Board of Directors in May 2007.

3) Hermann Strehler resigned as member of the Board of Directors in May 2007; he continued to work as an officer for the Company until November 2007 on a part-time basis.

6. Shareholders' participation rights

6.1 Voting right restrictions

There are no voting right restrictions.

6.2 Statutory quorums

The general meeting of the shareholders passes its resolutions and carries out its elections with an absolute majority of the share votes represented except to the extent legal or statutory provisions provide otherwise.

A resolution of the shareholders' meeting passed by at least two thirds of the represented share votes and the absolute majority of the represented nominal value of the shares is required for:

- the cases listed in Art. 704 para. 1 Swiss Code of Obligations;
- the alleviation or withdrawal of restrictions upon the transfer of registered shares;

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- the conversion of registered shares into bearer shares;
- the dissolution of the Company followed by the liquidation;
- the recall of the members of the Board of Directors according to Art. 705 para. 1 Swiss Code of Obligations;
- the amendment of Art. 13 of the Articles of Association concerning election and term of office of the members of the Board of Directors;
- the removal from the Articles of Association of increased requirements for resolutions of the shareholder's meeting, especially those of Art. 12 of the Articles of Association.

6.3 Convening of shareholders' meetings

In addition to the legal provisions, the following rules are set forth in Art. 8 para. 3 and Art. 9 para. 2 of the Articles of Association:

- Extraordinary shareholders' meetings shall be convened by the Board of Directors within 60 days after shareholders representing at least 10% of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon;
- The shareholders' meeting shall be convened by mail to the shareholders and usufructuaries at least 20 days prior to the meeting day. The convening letter shall state the day, time and place of the meeting, the agenda, the proposals of the Board of Directors and the proposal of the shareholders who have requested the shareholders' meeting or that an item to be included on the agenda.

6.4 Items on the agenda

Shareholders representing at least 10% of the share capital may request that items be included in the agenda of a shareholders' meeting. Such requests must be filed in writing setting forth the items to be discussed and the proposals to be decided upon, at least 45 days prior to the respective shareholders' meeting.

6.5 Registration in the shareholders' register

The deadline for the inscription of registered shareholders into the share register in view of their participation in the shareholders' meeting is established every year by the Board of Directors. It is usually settled about 10 days before the shareholders' meeting. No exception can be granted.

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7. Changes in control and defensive measures

7.1 Mandatory offer

There is no statutory obligation for opting out or opting up.

7.2 Change of control clauses

There exist no agreements or statutory requirements which could affect or influence a change in control of the Company. In particular, no special agreement exists that provides any benefit to the members of the Board of Directors or the officers of the Company as a consequence of a takeover (change of control clauses).

8. Auditors

8.1 Duration of mandate and term of office

On 28 April 2008 the shareholders' meeting elected Ernst & Young AG, Zurich („Ernst & Young“) for a term of one year as auditors. Ernst & Young has been the Company's auditors since its incorporation in 1997. Since 2007, Walter Keck is auditor in charge for Alpine and its subsidiary.

8.2 Audit fees

For the years 2008 audit fees amounted to CHF 116'100 (2007: CHF 110'000).

8.3 Additional fees

For the years 2008 (as well as for 2007) no other fees were paid to Ernst & Young for services rendered other than reported in section 8.2.

8.4 Surveillance and control instruments

The work of external auditors and their independence is assessed and examined by the Chairman of the Board of Directors and the Chief Executive Officer in a planning meeting with the auditors as well as in meetings during the audit and in a post audit meeting.

9. Information policy

The Company maintains a transparent and pertinent information policy and complies with the ad-hoc publicity guidelines.

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Shareholders are regularly informed through the following means:

- The annual report, published in English. In accordance with legal requirements, the report is published at least 20 days before the convening of the shareholders' meeting. A copy of the report is posted to all shareholders registered in the share register upon their request;
- The semi-annual report, published in English;
- Quarterly reports, published in English;
- Monthly reports, published in English;
- Weekly net asset value reports;
- Ad-hoc releases, as required.

Information is disclosed through:

- Reuters: ALPN.S;
- Bloomberg: ALPN SW EQUITY;
- Finanz und Wirtschaft, Zurich;
- Internet: www.alpine-select.ch/news, RSS or E-Mail