

Offer to Purchase for Cash
by
ALJ REGIONAL HOLDINGS, INC.
of
Up to 30,000,000 Shares of Its Common Stock
At a Purchase Price Not Greater Than \$0.86 Nor Less Than \$0.84 Per Share

THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER 24, 2012, UNLESS THE COMPANY EXTENDS THE TENDER OFFER.

November 19, 2012

To Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees:

ALJ Regional Holdings, Inc., a Delaware corporation (the "Company"), is proposing to purchase for cash up to 30,000,000 shares of its common stock, par value \$0.01 per share, at a price per share not greater than \$0.86 nor less than \$0.84, net to the seller in cash, less applicable withholding taxes and without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 19, 2012, and the related Letter of Transmittal, (which together, and as each may be amended or supplemented from time to time, constitute the "Tender Offer"). Capitalized terms used herein and not defined herein have the meanings given to them in the Offer to Purchase. The description of the Tender Offer in this letter is only a summary and is qualified by all of the terms and conditions of the Tender Offer set forth in the Offer to Purchase and the Letter of Transmittal. Please furnish copies of the enclosed materials to those of your clients for whom you hold shares registered in your name or in the name of your nominee.

Given the prices specified by tendering stockholders and the number of shares properly tendered and not properly withdrawn, the Company will select the lowest purchase price between (and including) \$0.84 and \$0.86 per share (the "Purchase Price") that will enable it to purchase 30,000,000 shares, or a lower number depending on the number of shares properly tendered and not properly withdrawn. If less than 30,000,000 shares are properly tendered and not properly withdrawn, the Company will buy all the shares that are properly tendered and not properly withdrawn. The Company will pay the same Purchase Price for each share of common stock purchased under the Tender Offer.

All shares properly tendered before the "expiration date" (as defined in Section 1 of the Offer to Purchase) at prices at or below the Purchase Price and not validly withdrawn will be purchased by the Company at the Purchase Price, net to the seller in cash, less applicable withholding taxes and without interest, upon the terms and subject to the conditions of the Tender Offer, including the "odd lot," proration and conditional tender provisions thereof. See Section 1 of the Offer to Purchase. Shares tendered at prices in excess of the Purchase Price and shares that the Company does not accept for purchase because of proration or conditional tenders will be returned at the Company's expense to the stockholders that tendered such shares, as promptly as practicable after the expiration date. The Company expressly reserves the right, in its sole discretion, to purchase more than 30,000,000 shares under the Tender Offer, subject to applicable law. The Company may also reduce the number of shares it is purchasing below 30,000,000, if it determines, in its sole and absolute discretion, that it is necessary to do so in order to preserve its ability to use its net operating losses ("NOLs") to offset federal income taxes in the future. Under Section 382 of the Internal Revenue Code, the Company's ability to use the NOLs would be limited to the extent that it was to experience an "ownership change" as defined therein. Any such reduction would be on a pro-rata basis, except for "odd lots" (lots held by owners of less than 100 shares), which it will purchase on a priority basis as described in further detail below.

If, at the expiration date, the number of shares that are properly tendered at or below the Purchase Price and not properly withdrawn exceeds 30,000,000 (or such greater number of shares as the Company may elect to purchase, subject to applicable law), the Company will buy shares on the basis described as follows:

- first, from all holders of "odd lots" (holders of less than 100 shares) who properly tender all of their shares of such at or below the Purchase Price and do not properly withdraw them before the expiration date and who complete the section captioned "Odd Lots" on the Letter of Transmittal;
- second, on a pro rata basis from all other stockholders who properly tender shares at or below the Purchase Price, other than stockholders who tender conditionally and whose conditions are not satisfied; and
- third, only if necessary to permit the Company to purchase 30,000,000 shares (or such greater number of shares as the Company may elect to purchase, subject to applicable law) from holders who have tendered shares subject to the condition that we purchase a specified minimum number of the holder's shares if the Company purchases any of the holder's shares in the Tender Offer (for which the condition was not initially satisfied) at or below the Purchase Price by random lot, to the extent feasible. To be eligible for purchase by random lot, stockholders whose shares are conditionally tendered must have tendered all of their shares.

The Tender Offer is not conditioned on any minimum number of shares being tendered. The Tender Offer is, however, subject to other conditions, including the consummation of the Merger (as defined in the Offer to Purchase). See Section 7 of the Offer to Purchase.

For your information and for forwarding to your clients for whom you hold shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated November 19, 2012;
2. A form of letter to clients, which you may send to your clients for whom you hold shares registered in your name or in the name of your nominee, with an accompanying Instruction Form provided for obtaining such clients' instructions with regard to the Tender Offer;
3. The Letter of Transmittal, for your use and for the information of your clients, together with accompanying instructions, Form W-9, and Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Form W-9; and
5. A return envelope addressed to American Stock Transfer & Trust Company, LLC, as Depository for the Tender Offer.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE TENDER OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER 24, 2012, UNLESS THE TENDER OFFER IS EXTENDED.

UNDER NO CIRCUMSTANCES WILL INTEREST BE PAID ON THE PURCHASE PRICE, INCLUDING BUT NOT LIMITED TO, BY REASON OF ANY DELAY IN MAKING PAYMENT.

No fees or commissions will be payable to brokers, dealers, commercial banks, trust companies or any person for soliciting tenders of shares under the Tender Offer other than fees paid to the Information Agent and the Depository, as described in the Offer to Purchase. The Company will, however, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the enclosed materials to their customers who are beneficial owners of shares held by them as a nominee or in a fiduciary capacity. The Company will pay or cause to be paid any stock transfer taxes applicable to our purchase of shares pursuant to the Tender Offer, except as otherwise provided in the Offer to Purchase and Letter of Transmittal (see Instruction 9 of the Letter of Transmittal). No broker, dealer, bank, trust company or fiduciary shall be deemed to be an agent of the Company, the Information Agent, the Depository or any affiliate of the foregoing for purposes of the Tender Offer.

For shares to be properly tendered pursuant to the Tender Offer, the Depositary must timely receive the stock certificates or confirmation of receipt of such shares under the procedure for book-entry transfer, together with a properly completed and duly executed Letter of Transmittal, including any required signature guarantees or an "agent's message" (as defined in the Offer to Purchase and the Letter of Transmittal) and any other documents required pursuant to Tender Offer.

None of the Company, its Board of Directors, the Information Agent or the Depositary makes any recommendation to any stockholder as to whether to tender or refrain from tendering all or any shares or as to the price or prices at which to tender. Holders of shares must make their own decision as to whether to tender shares and, if so, how many shares to tender and at which prices.

Any questions or requests for assistance may be directed to the Depositary or the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase. You may obtain additional copies of the enclosed materials and direct questions and requests for assistance to the Information Agent, AST Phoenix Advisors.

Very truly yours,

AST Phoenix Advisors

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS WILL MAKE YOU OR ANY OTHER PERSON AN AGENT OF THE COMPANY, THE INFORMATION AGENT, OR THE DEPOSITARY OR ANY AFFILIATE OF THE FOREGOING, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.