

ALJ REGIONAL HOLDINGS, INC.
244 Madison Avenue, PMB 358
New York, NY 10016
(212) 883-0083

November 19, 2012

Dear Stockholder:

ALJ Regional Holdings, Inc. (the “Company”) is proposing to purchase for cash up to 30,000,000 shares of its common stock, par value \$0.01 per share, from its existing stockholders, subject to the terms set forth in the enclosed Offer to Purchase and the related Letter of Transmittal (which together, as they may be amended and supplemented from time to time, constitute the “Tender Offer”). The price paid by the Company will not be greater than \$0.86 or less than \$0.84 per share. The Company is conducting the Tender Offer through a procedure commonly referred to as a modified “Dutch auction.” This procedure allows you to select the price within the \$0.84 to \$0.86 price range at which you are willing to sell your shares to the Company. The actual purchase price will be determined by the Company in accordance with the terms of the Tender Offer. As an alternative to selecting a specific price, you may indicate that you are willing to sell your shares at whatever price is determined by the Company, which could result in your receipt of a price per share as low as \$0.84. All shares purchased under the Tender Offer will receive the same price. You may tender all or only a portion of your shares, subject to proration if more than 30,000,000 shares are tendered at or below the price determined by the Company.

The terms and conditions of the Tender Offer are explained in detail in the enclosed Offer to Purchase and the related Letter of Transmittal. The Tender Offer is conditioned on the consummation of the Merger (as defined in the Offer to Purchase). We encourage you to read these materials carefully before making any decision with respect to the Tender Offer. The instructions on how to tender shares are also explained in detail in the accompanying materials.

Our Board of Directors has approved the Tender Offer. However, none of the Company, its Board of Directors, the Information Agent or the Depositary is making any recommendation to you as to whether you should tender or refrain from tendering your shares or as to the price or prices at which you should choose to tender your shares. You should make your own decision based on your views as to the value of the Company’s shares and the Company’s prospects, as well as your liquidity needs, investment objectives and other individual considerations. You should discuss whether to tender your shares with your broker or other financial or tax advisor.

THE TENDER OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON DECEMBER 24, 2012, UNLESS EXTENDED BY THE COMPANY.

If you have any questions regarding the Tender Offer or need assistance in tendering your shares, you may contact AST Phoenix Advisors, the Information Agent for the Tender Offer, at the telephone number set forth on the back cover page of the Offer to Purchase. Requests for additional copies of the Offer to Purchase or the Letter of Transmittal may also be directed to the Information Agent.

Sincerely,

/s/ John Scheel
John Scheel
President and Chief Executive Officer