CURRENT REPORT

Date of Report (Date of Earliest Event Reported):

November 18, 2012

ALJ Regional Holdings, Inc.

(Exact Name of Issuer as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

244 Madison Avenue, PMB #358

New York, New York 10016

(Address of Principal Executive Offices of Issuer) (Zip Code)

(212) 883-0083

(Issuer's Telephone Number, Including Area Code)

Entry Into a Material Definitive Agreement.

Merger Agreement and Tender Offer

On November 18, 2012, ALJ Regional Holdings, Inc. (Pink Sheets: ALJJ) ("**ALJ**") and KES Acquisition Company, its majority-owned subsidiary ("**KES**"), entered into a definitive merger agreement (the "**Merger Agreement**") for the sale of KES to Optima Specialty Steel, Inc. ("**Optima**") for $112.5 million in cash (the "**Merger**"). The transaction will be effected as a merger of Optima's wholly owned subsidiary KES Optima Acquisition Inc. with and into KES with KES surviving as a wholly owned subsidiary of Optima. The Merger was unanimously approved by the ALJ Board of Directors.

Additionally, ALJ announced that it is launching a self-tender offer (the "**Tender Offer**") to use approximately 50% of its expected cash immediately following closing of the Merger to acquire up to approximately 50% of its outstanding common stock. The Tender Offer is structured as a modified "Dutch auction" tender offer for up to 30,000,000 shares of ALJ's common stock at a price per share not greater than $0.86 and not less than $0.84. The Tender Offer will be conditioned upon the closing of the Merger and, assuming satisfaction of the closing conditions, is expected to close in late December 2012. ALJ intends to retain the remaining proceeds from the Merger for future acquisitions. At this time no specific acquisition targets have been designated and there can be no guarantee that ALJ will designate a suitable target within any particular time frame, or at all. Further, even if identified, there is no guarantee ALJ will be successful in acquiring such target on commercial terms or at all. Such a target company (or assets) might be in any industry. In the event that ALJ is not successful in acquiring one or more operating businesses within a reasonable period of time, the ALJ Board of Directors will determine an appropriate course of action with respect to ALJ's remaining cash-on-hand.

Under the terms of the Merger Agreement, Optima and KES Optima Acquisition Inc. will, and will cause the surviving corporation to, recognize the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "**Union**") as the bargaining representative for KES' employees and accept and continue to honor the terms of the 2008 Agreement, dated as of May 4, 2008, by and between KES and the Union.

Acquisition Financing and Other Closing Conditions

The closing of the Merger is conditioned upon the successful closing by Optima of its planned acquisition debt financing arrangements and certain related transactions (the "**Acquisition Financing**").

The closing of the Merger is also subject to customary conditions, including approval by ALJ's stockholders and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The obligation of each of the parties to consummate the Merger is also conditioned upon the other parties' representations and warranties being true and correct and the other parties having performed in all material

respects their obligations under the Merger Agreement. Each of the parties made customary representations, warranties and covenants in the Merger Agreement.

The Merger Agreement contains certain termination rights for ALJ, KES and Optima, including, without limitation, if the Merger is not consummated on or before February 28, 2013 and if the approval of the stockholders of ALJ or KES is not obtained. The Merger Agreement further provides that, upon termination of the Merger Agreement under specified circumstances, including certain terminations in connection with an alternative business combination transaction as permitted by the terms of the Merger Agreement, KES may be required to pay Optima a termination fee of $3,375,000. The Merger Agreement also provides that the Merger Agreement may be terminated, without payment of any termination fee, by ALJ or KES at any time prior to December 31, 2012, if Optima is not able to complete the Acquisition Financing by approximately December 20, 2012. Further, the Merger Agreement may be terminated by ALJ, KES or Optima if the Acquisition Financing is not completed by February 28, 2013. If the Merger Agreement is not terminated by December 31, 2012 and is later terminated because the Acquisition Financing is not completed by February 28, 2013, Optima must pay KES a termination fee of $3,375,000.

Stockholder Meeting and Expected Closing

ALJ expects to hold a special meeting of stockholders for consideration of the proposed Merger on or about December 21, 2012. ALJ expects that the Merger, subject to the satisfaction of the closing conditions (including stockholder approval), will close on or about December 21, 2012 and that the Tender Offer will close shortly thereafter in late December.

Voting Agreements

Also on November 18, 2012, each of the members of ALJ's board of directors entered into a Stockholder Support Agreement with Optima (the "**Stockholder Support Agreement**"), pursuant to which each director has agreed (solely in his capacity as a stockholder) to, among other things, vote all shares of capital stock of ALJ held by him (i) in favor of the adoption of the Merger Agreement, (ii) in favor of each of the other actions contemplated by the Merger Agreement, (iii) in favor of any action required in furtherance of effecting the Merger and (iv) against any alternative business combination transaction. The directors collectively beneficially own 14,266,578 shares of ALJ common stock (comprising 24.9% of the outstanding ALJ common stock), all of which are subject to the Stockholder Support Agreement. Additionally, Mr. Ravich is the holder of an option to acquire 2,000,000 shares of ALJ common stock and any such shares of ALJ common stock that Mr. Ravich acquires pursuant to such option are also subject to the Stockholder Support Agreement. The Stockholder Support Agreement terminates upon a termination of the Merger Agreement in accordance with its terms.

A stockholder with beneficial ownership of more than 5% of the outstanding stock of ALJ has entered into an agreement to tender his shares in the Tender Offer and to vote in favor of the Merger (the "**Voting and Tender Agreement**"). Pursuant to the Voting and Tender Agreement, Jess Ravich, ALJ's chairman and an owner of 19.5% of ALJ's outstanding common stock, has also entered into an agreement not to tender any of his shares in the Tender Offer. The

Voting and Tender Agreement terminates upon, among other things, a change in recommendation of the Board of Directors of ALJ.

Postponement of Listing

In connection with the Merger and Tender Offer, ALJ has decided to postpone any re-listing of its stock on a national exchange until such time when it has substantial operations and the Board determines that the cost of such listing is warranted and beneficial to ALJ stockholders.

Information about the Merger Agreement and Other Documents

The foregoing descriptions of the Merger Agreement, the Stockholder Support Agreement and the Voting and Tender Agreement are not a complete description of all of the parties' rights and obligations under the Merger Agreement, the Stockholder Support Agreement and the Voting and Tender Agreement, as applicable, and are qualified in their entirety by reference to such agreements, each of which is filed as an exhibit hereto, and is incorporated herein by reference.

The Merger Agreement and the above description have been included to provide investors and stockholders with information regarding the terms thereof. They are not intended to provide any other factual information about ALJ, KES, Optima or their respective subsidiaries or affiliates. The representations, warranties and covenants contained in the Merger Agreement were made only for purposes of that agreement and as of specific dates; were solely for the benefit of the parties to the Merger Agreement; and may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made by each contracting party to the other for the purposes of allocating contractual risk between them that differ from those applicable to investors. Investors should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or condition of ALJ, KES, Optima or any of their respective subsidiaries, affiliates or businesses. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by ALJ. Accordingly, investors should read the representations and warranties in the Merger Agreement not in isolation but only in conjunction with the other information about ALJ and KES that ALJ includes in reports, statements and other filings provided to stockholders or otherwise made publicly available.

About ALJ Regional Holdings, Inc.

ALJ is the parent company of KES Acquisition Company, the owner and operator of a steel mini-mill near Ashland, Kentucky producing both merchant bar quality flats (MBQ Bar Flats), and special bar quality steel flats (SBQ Bar Flats).

How to Find Further Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval. ALJ will deliver a proxy statement and other relevant documents to its stockholders in connection with the special meeting of ALJ stockholders to be held to approve the proposed Merger. Additionally, an Offer to Purchase and other relevant documents describing the Tender Offer in detail will be delivered upon the launch of the Tender Offer. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, WE URGE STOCKHOLDERS AND INVESTORS TO READ THE PROXY STATEMENT (INCLUDING ALL AMENDMENTS AND SUPPLEMENTS THERETO) AND TENDER OFFER DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER AND PROPOSED TENDER OFFER. The proposals for the Merger will be made solely through the proxy statement and any offers to buy securities will be made solely through the tender offer documents. Copies of the proxy statement and tender offer documents (when they become available) may be obtained free of charge from ALJ or its representatives. Stockholders will also be able to obtain, free of charge, copies of the proxy statement, tender offer documents and certain other documents (when they become available) of ALJ in connection with the Merger and the Tender Offer at the Pink Sheets website at http:// www.pinksheets.com and www.aljregionalholdings.com. For additional information about the Merger and Tender Offer, please contact our Information Agent as set forth below:

AST Phoenix Advisors
110 Wall Street, 27th Floor
New York, NY 10005
Banks and brokers call (212) 493-3910
All others call toll free (877) 478-5038

Forward-Looking Statements

This announcement contains, or may contain, "forward-looking statements" concerning ALJ. Generally, the words "believe," "anticipate," "expect," "may," "should," "could," and other future-oriented terms identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to the following: (i) the proposed Tender Offer; (ii) the anticipated timing of the stockholder meeting, completion of the proposed Merger and the proposed Tender Offer; (iii) the Acquisition Financing and (iv) assumptions underlying any of the foregoing statements.

These forward-looking statements are based upon the current beliefs and expectations of the management of ALJ and involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond ALJ's ability to control or estimate precisely and include, without limitation: (i) the failure to satisfy any of the conditions to complete the Merger, including the receipt of the required stockholder approval and completion of the Acquisition Financing; (ii) the occurrence of any event, change or other circumstances that could

give rise to the termination of the Merger Agreement or failure of the Merger; (iii) the outcome of any legal proceedings instituted in connection with the proposed Merger; (iv) uncertainties as to the amount, if any, of our cash that ALJ stockholders may receive in the future; (v) the risk that anticipated benefits from the Merger and post-closing operations of ALJ may not be realized or may take longer to realize than expected; (vi) the risk that estimated or anticipated costs, charges and liabilities to be incurred in connection with effecting the contemplated transactions may differ from or be greater than anticipated; (vii) the effect of any regulatory approvals or conditions imposed on us in connection with the Merger; (viii) ALJ's ability to identify appropriate acquisition targets in the future and to consummate acquisitions on commercially reasonable terms and (ix) changes in tax laws or regulations regarding the use and/or preservation of ALJ's net operating loss carryforwards.

ALJ is subject to general business risks, including its success in continuing to settle its outstanding obligations from its prior business activities, results of tax audits, its ability to retain and attract key employees, acts of war or global terrorism, and unexpected natural disasters and other risks and uncertainties, including those detailed from time to time in its periodic reports (whether under the caption Risk Factors or Forward Looking Statements or elsewhere). ALJ cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. Neither ALJ nor any other person undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise.

Participants in the Solicitation

The directors and executive officers of ALJ may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed transaction. ALJ plans to issue a proxy statement in connection with the solicitation of proxies to approve the proposed transaction. Information regarding ALJ's directors and executive officers and their respective interests in ALJ and KES by security holdings or otherwise is available in its Annual Report for the year ended September 30, 2011 and will be included in the Proxy Statement once it becomes available.

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EXHIBITS

Number	Description
1.	Agreement and Plan of Merger dated November 18, 2012 by and among KES Acquisition Company, ALJ Regional Holdings, Inc., Optima Specialty Steel, Inc. and KES Optima Acquisition Inc.
2.	Form of Stockholder Support Agreement.
3.	Form of Voting and Tender Agreement.
4.	Press Release dated November 19, 2012.
5.	Form of Press Release Announcing Tender Offer.

SIGNATURES

The Issuer has duly caused this Current Report to be signed on its behalf by the undersigned hereunto duly authorized.

ALJ Regional Holdings, Inc.

By:/s/ John Scheel
John Scheel
Chief Executive Officer

Exhibit No. 1

Execution Version

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

OPTIMA SPECIALTY STEEL, INC.

KES OPTIMA ACQUISITION INC.

ALJ REGIONAL HOLDINGS, INC.

AND

KES ACQUISITION COMPANY

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of November 18, 2012, by and among Optima Specialty Steel, Inc., a Delaware corporation ("Parent"), KES Optima Acquisition Inc., a Delaware corporation and a wholly owned subsidiary of Parent (the "Merger Sub"), ALJ Regional Holdings, Inc., a Delaware corporation and the Company's majority stockholder ("ALJ"), and KES Acquisition Company, a Delaware corporation (the "Company"). Each of the Company, ALJ, Parent and Merger Sub is a "Party" and together, the "Parties."

W I T N E S S E T H:

WHEREAS, each of the respective Boards of Directors of Parent, Merger Sub, ALJ and the Company have approved this Agreement and the merger, pursuant to this Agreement, of the Merger Sub with and into the Company (the "Merger") on the terms and conditions contained herein and in accordance with the Delaware General Corporation Law (the "DGCL").

NOW, THEREFOR, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the Parties agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1 Certain Defined Terms. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in this Article 1.

"Action" shall mean any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority or any arbitrator.

"Affiliate" shall mean, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Agreement" has the meaning ascribed to such term in the first paragraph hereof.

"ALJ" shall mean ALJ Regional Holdings, Inc., a Delaware corporation.

"ALJ Board" shall mean ALJ's Board of Directors.

"ALJ's Periodic Reports" shall have the meaning ascribed to such term in Section 5.7.

"Business Day" shall mean any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in The City of New York.

"Closing Date Disbursements" shall mean the sum of (a) the Company Debt Payoff Amount and (b) the Company Transaction Expenses.

"Closing Net Working Capital" shall mean the Net Working Capital as of the Closing.

"Collective Bargaining Agreement" shall mean that certain 2008 Agreement, dated as of May 4, 2008, by and between the Company and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union.

"Company Board" shall mean the Company's Board of Directors.

"Company Capital Stock" shall mean the Company Common Stock and the Company Preferred Stock.

"Company Common Stock" shall mean both the Series A Common Stock and the Series B Common Stock.

"Company Common Stock Merger Consideration" shall mean an aggregate amount of cash equal to the difference obtained by subtracting from the Total Purchase Price the sum of (a) the Closing Date Disbursements and (b) the Preferred Stock Purchase Consideration, as set forth in the certificate contemplated by Section 8.3(d).

"Company Debt" shall mean, without duplication, all (a) obligations of the Company for borrowed money whether evidenced by notes, bonds or similar instruments (including all unpaid principal and accrued and unpaid interest owed by the Company under the Credit Agreement and under the Subordinated Loans), (b) any interest on and any premiums, prepayment or termination fees, or other fees, costs or expenses (including breakage costs) due upon prepayment of or in connection with, in each case, any of the foregoing, (c) any payment obligations for bonuses or other compensation to the Company's employees that are triggered as a result of the execution of this Agreement or the consummation of the Merger, (d) any amounts payable by the Company upon termination of the Management Agreement and (e) any amounts payable by the Company to ALJ pursuant to the Tax Sharing Agreement.

"Company Debt Payoff Amount" shall mean an amount of cash equal to the aggregate amount of Company Debt as of the Closing Date.

"Company's Fourth Restated Certificate of Incorporation" means the Company's Fourth Restated Certificate of Incorporation filed with the Secretary of State of the State of Delaware on May 26, 2010.

"Company Group" shall mean the group of corporations, of which the Company is a member and ALJ is the parent, that files a consolidated U.S. federal income Tax Return.

"Company Preferred Stock" shall mean the Company's Series A Preferred Stock, par value $0.0001 per share, designated as "Preferred Stock" and containing the rights, privileges and preferences set forth in the Company's Fourth Restated Certificate of Incorporation.

"Company Stockholders" shall mean the holders of Company Capital Stock as of immediately prior to the Effective Time.

"Company Takeover Proposal" means any proposal or offer from any Person or group of Persons relating to: (i) a merger, consolidation, tender offer, exchange offer, binding share exchange, joint venture, dissolution, recapitalization, liquidation, business combination or other

similar transaction involving the Company or ALJ; (ii) the acquisition after the date hereof by any Person in any manner of a number of shares of any class of equity securities of the Company or ALJ equal to or greater than fifteen percent (15%) of the voting securities of the Company or ALJ, as applicable, outstanding before such acquisition; or (iii) the acquisition by any Person in any manner, directly or indirectly, of assets that constitute fifteen percent (15%) or more of the net revenues, net income or assets of the Company or ALJ, in each case other than the Merger.

"Company Transaction Expenses" shall mean all fees and expenses of all third parties providing the Company with services (including legal, accounting and tax services) in connection with the Merger and the other transactions contemplated by this Agreement, including the negotiation, preparation and drafting of this Agreement, including the fees of Houlihan Lokey Capital, Inc., Roth Capital Partners, LLC, Morrison & Foerster LLP, Mountjoy Chilton Medley LLP and fees related to proxy solicitation, if any.

"Confidentiality Agreement" shall mean that certain Non-Disclosure Agreement, dated as of March 8, 2012, by and among the Company and Parent.

"Control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Credit Agreement" shall mean that certain Amended and Restated Revolving Credit, Term Loan and Security Agreement, dated as of September 30, 2011, by and among the Company, the lenders from time to time a party thereto and PNC Bank, National Association, as agent for the lenders.

"Disclosure Schedules" mean the schedules that are attached to this Agreement and qualify the representations and warranties contained herein.

"Employee" shall mean any employee of the Company.

"Employment Contract" shall mean any written employment agreement between the Company, on the one hand, and an employee, on the other hand, which is not terminable by the employer on ninety (90) days' notice or less without material cost or penalty.

"Environmental Laws" shall mean any Law currently in effect addressing, relating to or otherwise governing the protection of the environment, or worker health and safety as related to exposures to Hazardous Materials, or the treatment, storage, handling, transport, disposal or management of Hazardous Materials, including the implementation of response actions to remedy spills, releases or discharges of Hazardous Materials.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person that, together with the Person specified, would be treated as a single employer under Section 414 of the Code.

"Fee and Reimbursement Agreement" shall mean that certain Fee and Reimbursement Agreement, dated as of September 30, 2011, by and between the Company, on the one hand, and Jess Ravich, the Ravich Revocable Trust of 1989 and the Ravich Children Permanent Trust on the other hand.

"Financing Confirmation Date" shall mean the date that is fourteen (14) Business Days after the date that the Company delivers its audited balance sheet as of September 30, 2012 and the related audited statements of operations, common stockholders' equity and cash flows for the fiscal year then ended, including the notes thereto, together with (i) the report thereon of Mountjoy Chilton Medley LLP to Parent and (ii) confirmation from Mountjoy Chilton Medley LLP to Parent as to the agreed form of customary letters of comfort and consent from Mountjoy Chilton Medley LLP to be included in the offering memorandum in connection with the Note Offering.

"Financing Minimum Threshold" shall mean gross proceeds to Parent from the Note Offering, in immediately available funds, of not less than Fifty Million Dollars ($50,000,000).

"Financing Shortfall" shall mean an amount equal to the difference between (i) the aggregate gross proceeds that Parent has received in the Note Offering and (ii) the Financing Minimum Threshold.

"GAAP" shall mean United States generally accepted accounting principles in effect as of the date of this Agreement or, in the case of the Financial Statements, in effect as of the date thereof or during the periods covered thereby.

"Governmental Authority" shall mean any United States or foreign, federal, state, provincial, territorial or local or any foreign government, governmental, executive branch, regulatory or administrative authority, agency or commission or any court, tribunal or judicial body, including state attorneys general.

"Governmental Order" shall mean any order, writ, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Materials" shall mean any substance, material or waste listed or classified as "hazardous", "toxic", "carcinogenic", "mutagenic", or "radioactive", or otherwise designated as a pollutant or contaminant under any applicable Environmental Law, including petroleum, asbestos or polychlorinated biphenyls.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Independent Contractor Contract" shall mean any written consulting agreement between the Company, on the one hand, and a consultant, on the other hand, which is not terminable by the Company on ninety (90) days' notice or less without material cost or penalty.

"IRS" shall mean the U.S. Internal Revenue Service.

"Knowledge" shall mean (a) with respect to Parent or Merger Sub, the actual knowledge (after reasonable inquiry) of the executive officers of Parent; (b) with respect to the Company, the actual knowledge (after reasonable inquiry) of the executive officers of the Company and of the executive officers of ALJ and (c) with respect to ALJ, the actual knowledge (after reasonable inquiry) of the executive officers of ALJ.

"Law" shall mean any statute, law, ordinance, regulation or rule of any Governmental Authority, in each case, solely to the extent that such statute, law, ordinance, regulation and rule is applicable.

"Liabilities" shall mean any and all liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured.

"Lien" shall mean any security interest, pledge, mortgage, lease, lien (statutory of otherwise), charge or other encumbrance of any kind.

"Management Agreement" shall mean that certain Amended and Restated Management Services Agreement, dated February 28, 2005, by and between KES Acquisition Company, LLC and Pinnacle Steel, LLC, as amended.

"Material Adverse Effect" shall mean any change, development, event or occurrence (each an "Event") that has, either individually or in the aggregate with other changes, developments, events or occurrences, a material adverse effect on (a) the business, results of operations or condition (financial or otherwise), or results of operations of the Company, taken as a whole, or (b) the ability of the Company to consummate the transactions contemplated by this Agreement, other than any Event (i) affecting companies in the ferrous metals or steelmaking businesses generally, (ii) resulting from general economic, business, social, political or regulatory conditions, (iii) resulting from the announcement of this Agreement (including any impact of the announcement on employees or contract counterparties), (iv) resulting from any actions required under this Agreement to obtain any approval, waiver or consent from any Person or Governmental Authority, (v) resulting from changes in Laws, rules or regulations of general applicability or of applicability generally within the industry or geographic area in which the Company is located or interpretations thereof by Governmental Authority, (vi) resulting from changes in GAAP, (vii) due to the Company's failure to meet internal projections or forecasts (it being understood that the facts and circumstances underlying any such failure that are not otherwise excluded from the definition of a "Material Adverse Effect" may be considered in determining whether there has been a Material Adverse Effect), (viii) resulting from any Actions made or brought by any of the current or former stockholders of ALJ (on their own behalf or on behalf of ALJ) resulting from, relating to or arising out of this Agreement or any of the transactions contemplated hereby, (ix) resulting from the failure of the Company to obtain the prior written consent of the counterparty under that certain Equipment Lease (as defined in Schedule 4.3) for the transactions contemplated hereby, or (x) resulting from any action or omission taken with the prior written consent of Merger Sub or Parent, or as otherwise expressly permitted or required by this Agreement, or any action otherwise taken by Merger Sub, Parent or any of their respective Affiliates, except, with respect to clauses (i), (ii) and (v), to the extent that

any such Event, alone or in combination, disproportionately has a greater adverse impact on the Company, taken as a whole, as compared to other companies in the ferrous metals or steelmaking businesses in the United States (and then only to such greater extent).

"Net Working Capital" shall mean the positive or negative amount of the current assets minus the current liabilities of the Company in accordance with GAAP, but including for these purposes only those current asset and current liability line item accounts of the Company set forth on the pro forma net working capital statement of the Company attached hereto as **Exhibit A**.

"Organizational Documents" mean any of the following, as applicable: (a) the articles or certificate of incorporation and the bylaws of a corporation; (b) the limited liability company or operating agreement and the certificate of formation of a limited liability company; (c) the partnership agreement and any statement of partnership of a general partnership; (d) the limited partnership agreement and the certificate of limited partnership of a limited partnership; (e) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person; and (f) any amendment to any of the foregoing.

"Permitted Liens" shall mean (a) liens for Taxes, assessments and governmental charges or levies not yet due and payable or, if due are not subject to penalties for delinquent payment or which are actively being contested and for which adequate reserves have been recorded in line items in the Financial Statements, (b) Liens in respect of property or assets imposed by Law which were incurred in the ordinary course of business, such as carriers', warehousemen's, materialmen's and mechanics' liens and other similar liens, (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations, (d) present or future land use planning/zoning, building codes, entitlement and other land use and environmental regulations imposed by any Governmental Authority, (e) Liens that will be discharged or released prior to the Closing, (f) as to any Leased Property, any Lien affecting the interest of the lessor thereof, (g) Liens set forth on Section 1.1 of the Company Disclosure Schedule, (h) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other similar obligations, and (i) easements, rights of way, covenants, conditions, restrictions and other similar matters and other non-monetary title defects and Liens that do not substantially or materially detract from or interfere with the present or intended use of the Owned Real Property, the Leased Real Properties, or the operation of the business of the Company or the value of the property encumbered thereby.

"Person" shall mean any individual, partnership, firm, corporation, association, trust, unincorporated organization, joint venture, limited liability company or other entity.

"Preferred Stock Purchase Consideration" shall mean an aggregate amount of cash equal to the product obtained by multiplying (a) the total number of shares of Company Preferred Stock issued and outstanding as of immediately prior to the Effective Time by (b) the Preferred Stock Per Share Amount.

"Preferred Stock Per Share Amount" shall mean the sum of (a) One Thousand Dollars ($1,000) (*i.e.*, the Original Series A Issue Price (as defined in the Company's Fourth Restated

Certificate of Incorporation)) and (b) the aggregate amount of accrued dividends on each share of such Company Preferred Stock outstanding and unpaid as of the Closing Date as set forth in the certificate contemplated by Section 8.3(d).

"Proprietary Right" shall mean any patent, copyright, trademark, service mark, trade name, brand name, logo or custom software application, and any application to register any of the foregoing.

"Regulations" shall mean the Treasury Regulations (including temporary regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal Tax statutes.

"Required Votes" shall mean the affirmative vote of the holders of a majority of: (a) the outstanding shares of Series A Common Stock in favor of the adoption of this Agreement and approval of the Merger and (b) the outstanding shares of ALJ Common Stock in favor of the Merger.

"Return or Returns" shall mean all returns, declarations, reports, claims for refund or information returns or statements relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof filed or to be filed with any Governmental Authority.

"Section 338(h)(10) Election" shall mean an election to have the provisions of Section 338(h)(10) of the Code and corresponding or similar provisions of state and local law apply to the Merger.

"Separate Return or Return(s)" shall mean any Return that is not a consolidated, combined or unitary Return.

"Series A Common Stock" means the Company's Series A Common Stock par value $0.0001 per share, designated as "Series A Common Stock" with the rights and privileges set forth in the Company's Fourth Restated Certificate of Incorporation.

"Series A Common Stock Merger Consideration" shall mean an amount in cash equal to the product obtained by multiplying (a) the Company Common Stock Consideration by (b) a fraction the numerator of which shall be the aggregate number of shares of Series A Common Stock issued and outstanding as of immediately prior to the Effective Time, as set forth in the certificate contemplated by Section 8.3(d) and the denominator of which shall be the aggregate number of shares of Company Common Stock issued and outstanding as of immediately prior to the Effective Time, as set forth in the certificate contemplated by Section 8.3(d).

"Series A Common Stock Per Share Amount" shall mean an amount in cash equal to the quotient obtained by dividing (a) the Series A Common Stock Merger Consideration by (b) by the aggregate number of shares of Series A Common Stock issued and outstanding as of immediately prior to the Effective Time, as set forth in the certificate contemplated by Section 8.3(d).

"Series B Common Stock" means the Company's Series B Common Stock par value $0.0001 per share, designated as "Series B Common Stock" with the rights and privileges set forth in the Company's Fourth Restated Certificate of Incorporation.

"Series B Common Stock Per Share Amount" shall mean an amount in cash equal to the Series A Common Stock Per Share Amount.

"Series B Common Stock Purchase Consideration" shall mean an aggregate amount of cash equal to the product obtained by multiplying (a) the total number of shares of Series B Common Stock issued and outstanding as of immediately prior to the Effective Time by (b) the Series B Common Stock Per Share Amount.

"Subordinated Loans" means those certain loans issued by the Company pursuant to the Subordinated Financing Agreement dated as of July 20, 2009, by and among the Company, the lenders from time to time a party thereto and Ableco, L.L.C., as collateral agent and administrative agent, as amended.

"Subsidiaries" shall mean any and all corporations, partnerships, limited liability companies and other entities with respect to which the Company, directly or indirectly, owns 50% or more of the securities having the power to elect members of the board of directors or similar body governing the affairs of such entity.

"Superior Company Proposal" means any written offer made by a third party that (a) if consummated would result in such third party acquiring, directly or indirectly, at least a majority of the voting power of the Company Common Stock or all or substantially all the assets of the Company, including through an acquisition of a majority of the voting power of the capital stock of ALJ and (b) that the Company Board or ALJ Board has determined in good faith, after consultation with its outside counsel and financial advisers, to be (i) superior from a financial point of view to the holders of Company Capital Stock or ALJ Capital Stock, as applicable, to the Merger (after consulting with an independent financial advisor of nationally recognized reputation), taking into account all the terms and conditions of such proposal and this Agreement and (ii) reasonably capable of being consummated by such third party.

"Tax" or "Taxes" shall mean any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Tax Sharing Agreement" shall mean that certain Amended and Restated Tax Sharing Agreement, dated as of February 23, 2007, by and between the Company and ALJ.

"Total Purchase Price" shall mean an amount equal to One Hundred Twelve Million Five Hundred Thousand Dollars ($112,500,000).

Section 1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

Term	Section
Acquisition Agreement	Section 7.2(b)
Agreement	Preamble
ALJ Common Stock	Section 7.14
ALJ's Periodic Reports	Section 5.7(a)
ALJ Stockholders' Meeting	Section 5.8
Audited Financial Statements	Section 4.7(a)
Balance Sheet Date	Section 4.7(a)
Certificate of Merger	Section 2.1(f)
Change in Recommendation	Section 7.2(b)
Change in Recommendation Notice	Section 7.2(b)
Closing	Section 2.2
Closing Balance Sheet	Section 2.5(c)
Closing Date	Section 2.2
Company	Preamble
D&O Insurance	Section 7.10(b)
DGCL	Recitals
Effective Time	Section 2.1(f)
Employee Benefit Plans	Section 4.16(a)
ERISA Plans	Section 4.16(a)
Event	Section 1.1 (Material Adverse Effect definition)
Financial Statements	Section 4.7(a)
"hereof," "herein" and "hereunder"	Section 1.3
"include," "includes" and "including"	Section 1.3
Indemnified D&O Liability	Section 7.10
Indemnified D&O Party/Parties	Section 7.10
Interim Financial Statements	Section 4.7.(a)
Inventory Certificate	Section 2.5(b)
Inventory Test Date	Section 2.5(a)
Lease	Section 4.17(a)
Leased Property/ Leased Properties	Section 4.17(a)
Material Contracts	Section 4.13(a)
Merger	Recitals
Merger Sub	Preamble
Notes	Section 7.23
Note Offering	Section 7.23
Outside Date	Section 9.1(b)
Owned Improvements	Section 4.17(a)

Owned Real Property	Section 4.18(a)
Parent	Preamble
Party/Parties	Preamble
Permits	Section 4.14
Proxy Statement	Section 5.8
Release	Section 2.3(a)
Reverse Termination Fee	Section 9.3
Roth	Section 5.9
Stock Purchase Agreement	Section 2.3(a)
Surviving Corporation	Section 2.1(a)
Termination Fee	Section 9.2(b)
Union	Section 7.18
"without limitation"	Section 1.3

Section 1.3 Other Interpretive Provisions. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement, in each case, unless otherwise specified. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

ARTICLE 2. THE MERGER AND THE CLOSING

Section 2.1 The Merger.

(a) Surviving Corporation. Subject to the provisions of this Agreement and the DGCL, at the Effective Time, the Merger Sub shall be merged with and into the Company, and the separate corporate existence of the Merger Sub shall cease. The Company shall be the surviving corporation in the Merger (hereinafter sometimes called the "Surviving Corporation") and shall continue its corporate existence under the laws of the State of Delaware under the name "KES Acquisition Company" until thereafter duly changed and shall be a wholly owned subsidiary of Parent after the Merger. The Merger shall have the effects set forth in the DGCL. Without limiting the generality of the foregoing and subject thereto, as of the Effective Time, all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall be vested in the Surviving Corporation, and all Liabilities and duties of the Company and Merger Sub shall be the Liabilities and duties of the Surviving Corporation.

(b) Certificate of Incorporation. At and after the Effective Time, the Certificate of Incorporation of the Company attached to the Certificate of Merger filed in the State of Delaware, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter duly amended.

(c) Bylaws. At and after the Effective Time, the bylaws of the Company will be amended to read as set forth on **Exhibit B** and, as so amended, such bylaws shall be the bylaws of the Surviving Corporation until thereafter duly amended.

(d) Directors. At and after the Effective Time, the directors of the Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected and qualified.

(e) Officers. At and after the Effective Time, the officers of the Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation and will hold office from the Effective Time until their respective successors are duly elected and qualified.

(f) Effective Time. On the Closing Date and subject to the terms and conditions hereof, the Parties shall cause the Merger to be consummated by the filing of a certificate of merger meeting the requirements of the DGCL (the "Certificate of Merger") with the Secretary of State of the State of Delaware.

The date and time at which the Merger shall become effective shall be the date and time specified in the Certificate of Merger filed with the Secretary of the State of the State of Delaware (or at such subsequent time as Parent and the Company shall agree), such time being herein referred to as the "Effective Time."

Section 2.2 Closing. The closing of the Merger (the "Closing") shall take place at 10:00 a.m. (Pacific Time), on a date to be specified by the Parties, which shall be as soon as practicable, but in no event later than the second Business Day after satisfaction or waiver of all of the conditions (other than conditions that by their nature are to be satisfied at the Closing and are expected to be satisfied at the Closing) set forth in Article 8 hereof (the "Closing Date"), at or directed from the offices of Morrison & Foerster LLP, 755 Page Mill Road, Palo Alto, California 94304, unless another date or place is agreed to in writing by the Parties.

Section 2.3 Closing Deliveries.

(a) At the Closing, the Company will deliver or cause to be delivered to the Parent:

(i) a certificate of merger, signed on behalf of the Company, in accordance with the DGCL and in form reasonably satisfactory to the Parent;

(ii) a release in the form of **Exhibit C** duly executed by ALJ (the "Release");

(iii) the stock purchase agreement in substantially the form of **Exhibit D** (the "Stock Purchase Agreement") duly executed by each of the holders of the Company Preferred Stock and the Series B Common Stock;

(iv) a certificate in the form of **Exhibit E** of the secretary or assistant secretary of the Company dated as of the Closing Date and attaching with respect to the Company (A) a certificate of good standing of the Company certified by the Secretary of State of the State of Delaware and each other jurisdiction where the Company is authorized to do business, each issued not more than five Business Days prior to the Closing Date; (B) all

resolutions of the board of directors of the Company relating to this Agreement and the transactions contemplated by this Agreement; and (C) incumbency and signatures of the officers of the Company executing this Agreement or any other agreement contemplated by this Agreement;

(v) certificates representing all outstanding shares of the Company Preferred Stock, the Series A Common Stock and the Series B Common Stock not already held by Parent or Merger Sub;

(vi) a funds flow letter in substantially the form of **Exhibit F** duly executed by the Company (the "Funds Flow Letter");

(vii) all appropriate payoff and release letters, in form and substance reasonably satisfactory to the Parent, evidencing the repayment in full of all Company Debt and the corresponding release (or written commitment to release promptly) of any Lien that each holder of Company Debt may have with respect to the Company or any of its assets; and

(viii) such other documents, instruments and agreements as the Parent reasonably requests for the purpose of consummating the transactions contemplated by this Agreement.

(b) At the Closing, Parent will deliver or cause to be delivered to the Company or such other parties designated by the Company:

(i) a certificate of merger, signed on behalf of the Merger Sub, in accordance with the DGCL and in form reasonably satisfactory to the Company;

(ii) certificates in the form of **Exhibit E** of the secretary or assistant secretary of each of Parent and Merger Sub dated as of the Closing Date and attaching with respect to each (A) a certificate of good standing certified by the Secretary of State of the State of Delaware and each other jurisdiction where such Party is authorized to do business, each issued not more than five Business Days prior to the Closing Date; (B) all resolutions of the board of directors of Parent and Merger Sub relating to this Agreement and the transactions contemplated by this Agreement; and (C) incumbency and signatures of the officers of Parent and Merger Sub executing this Agreement or any other agreement contemplated by this Agreement;

(iii) the Total Purchase Price by wire transfer in immediately available funds to the applicable payees and in accordance with the instructions set forth in the Funds Flow Letter;

(iv) such other documents, instruments and agreements as the Company reasonably requests for the purpose of consummating the transactions contemplated by this Agreement.

Section 2.4 Tax Withholding. Payments under this Agreement shall be made free and clear of, and without deduction for, any Taxes; provided that, prior to Closing, Parent shall have received from ALJ a properly completed and executed IRS Form W-9 (or other evidence

satisfactory to Parent) indicating that no "back-up" withholding is required pursuant to Section 3406 of the Code in connection with the payment of the Total Purchase Price.

Section 2.5 Closing Net Working Capital.

(a) Inventory Testing. The Company shall conduct an inventory count at the Company's facilities in order to determine the Inventory as of 7:00 a.m. on December 2, 2012 (the "Inventory Test Date") (it being understood that the Company measures its days on a 24-hour basis beginning at 7:00 a.m. each morning). Such inventory count shall begin at approximately 8:00 p.m. on Friday, November 30, 2012 and shall continue through the following day as necessary to complete the inventory count. Each of the Parent and Merger Sub and their respective representatives shall have the right to attend and participate in such inventory count.

(b) Inventory Certificate. At the conclusion of the inventory count, the Company shall produce and provide to Parent and Merger Sub a certificate setting forth a statement of the Inventory (the "Inventory Certificate"). Immediately prior to Closing, the Company shall deliver an update to the Inventory Certification containing reasonable adjustments to Inventory as it believes are necessary in order to reflect any operations that occur after 7:00 a.m. on the Inventory Test Date. Such Inventory Certificate and the update thereto shall be signed by an authorized representative of the Company and shall contain supporting documentation and calculations. Parent and Merger Sub shall have the right to review the Inventory Certificate, the update thereto and supporting materials and to inspect the Company's facilities in order to determine whether Parent and Merger Sub concur with the information set forth in the Inventory Certificate and update thereto.

(c) Closing Balance Sheet. No later than two Business Days prior to the Closing Date, the Company will prepare and deliver to Parent an unaudited balance sheet of the Company as of the close of business on the Closing Date (the "Closing Balance Sheet"). The Closing Balance Sheet will be prepared in accordance with GAAP in a manner consistent with the methods and practices used to prepare the Interim Financial Statements. The Company will deliver with the Closing Balance Sheet (i) a statement setting forth the Company's calculation of the Closing Net Working Capital based on the Closing Balance Sheet and (ii) a certification of each of the Company's chief executive officer and chief financial officer that the Closing Balance Sheet fairly presents the financial condition and results of operations of the Company as of the Closing Date.

(d) Procedure if Parties Concur with Closing Balance Sheet. Assuming the parties agree on the information set forth in the Closing Balance Sheet, the Parties shall use the Closing Net Working Capital as stated therein for purposes of determining whether the condition set forth in Section 8.3(e) has been fulfilled.

(e) Procedure if Parties Do Not Concur with Closing Balance Sheet. If the Parties do not agree on the information set forth in the Closing Balance Sheet, the Parties shall use their reasonable best efforts to meet and reach an agreement thereon. If such agreement has not been reached by the expected Closing, the parties shall, subject to the Parties' rights of termination pursuant to Article 9, delay the Closing of the Merger until such time as the parties agree on the Closing Balance Sheet and the Closing Net Working Capital; provided, however,

that in the event of such delay, in determining the appropriate Closing Balance Sheet and Closing Net Working Capital, the Parties shall take into account changes in Net Working Capital that occur through the actual Closing Date and shall adjust the Closing Balance Sheet accordingly.

(f) Provision of Information. For purposes of complying with this Section 2.5, the Company will furnish to Parent such work papers and other documents and information relating to the Net Working Capital items as Parent may request and are available to the Company (or its independent public accountants).

ARTICLE 3. CONVERSION OF COMPANY CAPITAL STOCK

Section 3.1 Manner and Basis of Converting Company Capital Stock.

(a) Merger Sub Common Stock. Each share of common stock of the Merger Sub that is issued and outstanding as of immediately prior to the Effective Time shall, by operation of law and by virtue of the Merger and without any action on the part of the holders of the Company Capital Stock or the Merger Sub, be converted into a validly issued, fully paid and non-assessable share of common stock, $0.0001 par value, of the Surviving Corporation.

(b) Company Capital Stock Owned By Merger Sub. All Company Capital Stock owned by Merger Sub, Parent or any direct or indirect wholly owned subsidiary of Parent or Merger Sub immediately prior to the Effective Time, including without limitation the Company Preferred Stock and the Series B Common Stock being acquired by Merger Sub pursant to the Stock Purchase Agreement, will be canceled and retired without any conversion thereof, and no payment or distribution will be made and no consideration of any kind will be delivered with respect thereto.

(c) Conversion of Company Preferred Stock. As of the Effective Time, by operation of law and by virtue of the Merger and without any action on the part of any holder of any shares of Company Preferred Stock, each share of Company Preferred Stock that is issued and outstanding (other than shares of Company Preferred Stock to be cancelled in accordance with subsections (b) or (e) hereof) as of immediately prior to the Effective Time shall be converted into the right to receive cash, without interest, in an amount equal to the Preferred Stock Per Share Amount.

(d) Conversion of Company Common Stock. As of the Effective Time, by operation of law and by virtue of the Merger and without any action on the part of any holder of any shares of Company Common Stock, each share of Company Common Stock that is issued and outstanding (other than shares of Company Common Stock to be cancelled in accordance with subsections (b) or (e) hereof) as of immediately prior to the Effective Time shall be converted into the right to receive cash, without interest, in an amount equal to the Series A Common Stock Per Share Amount or Series B Common Stock Per Share Amount, as the case may be.

(e) Treasury Stock. Each share of Company Capital Stock that is owned by the Company immediately prior to the Effective Time will automatically be cancelled and retired and will cease to exist, and no consideration will be delivered in exchange therefor.

(f) Cancellation and Retirement of Company Preferred Stock and Company Common Stock. At the Effective Time, all shares of Company Preferred Stock and Company Common Stock issued and outstanding immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares of Company Preferred Stock and Company Common Stock shall, to the extent such certificate represents such shares, cease to have any rights with respect thereto, except the right to receive the Preferred Stock Per Share Amount, the Series A Common Stock Per Share Amount or Series B Common Stock Per Share Amount, as the case may be.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Each representation and warranty contained in any section of this ARTICLE 4 is qualified by all disclosures made in the Disclosure Schedules of the Company that correspond or are reasonably related to such section in this Agreement. Except as set forth in the Disclosure Schedules, the Company hereby represents and warrants as of the date hereof (except to the extent that the representation or warranty states that it is accurate only as of an earlier date) to the Parent and Merger Sub that the statements set forth in this Article 4 are true and correct:

Section 4.1 Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate power to own, lease or operate its properties and assets and to carry on its business as it is now being conducted. The Company is duly licensed or qualified to do business in each jurisdiction in which the nature of its business or the ownership, leasing or operating of its properties makes such license or qualification necessary except where the failure to be so licensed or qualified would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. True, complete and correct copies of the Organizational Documents of the Company have been made available by the Company to Parent.

Section 4.2 Authority; Enforceability. The Company has all requisite corporate power and authority to execute and deliver this Agreement and, subject to obtaining the Required Votes, to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly authorized by all necessary corporate action on the part of the Company (subject to obtaining the Required Votes). This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its respective terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law) and the discretion of courts in granting equitable remedies.

Section 4.3 Non-Contravention. Except as set forth on Schedule 4.3, the execution, delivery and performance by the Company of this Agreement does not (a) violate or result in the breach of any provision of the Organizational Documents of the Company, (b) subject to obtaining the Required Votes and the consents referred to in Section 4.4 below, violate, in any

material respect, any Law or Governmental Order applicable to the Company or any of its respective assets or properties, or (c) subject to obtaining the authorizations, consents and approvals referred to in Section 4.4 below, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment or acceleration of, or result in the creation of any Lien (other than Permitted Liens) on any of the assets or properties of the Company pursuant to any note, bond, mortgage or indenture, agreement, lease, license, permit or franchise to which the Company is a party or by which any of such assets or properties is bound, except for such breaches, defaults, consents, rights and Liens as would not, individually or in the aggregate, reasonably be expected to have a value of $100,000 or more.

Section 4.4 Governmental Consents. The execution, delivery and performance by the Company of this Agreement does not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority as a condition to the consummation of the transactions contemplated herein or therein, except for (a) the Certificate of Merger, as provided in Section 2.1, (b) filings under the HSR Act, (c) those that may be required by the nature of the business or ownership of Parent or its Affiliates (other than the Company upon the Closing), and (d) those set forth on Schedule 4.4.

Section 4.5 Capital Structure of the Company.

(a) Capital Stock. Set forth on Schedule 4.5(a) is the number of authorized, issued and outstanding shares of Company Capital Stock and the record owners thereof as of the date hereof. All of such issued and outstanding shares of Company Capital Stock have been duly authorized, validly issued and are fully paid and nonassessable and issued free of any preemptive rights. No shares of Company Capital Stock are held in treasury or are authorized or reserved for issuance. Except as set forth on Schedule 4.5(a), there are no equity securities of any class of the Company, or any security exchangeable into or exercisable for such equity securities, authorized, issued, reserved for issuance or outstanding.

(b) Options, Warrants and Other Securities. Except as set forth on Schedule 4.5(b), there are no outstanding securities, options, warrants, calls, rights, contracts or any other agreements between or among the Company, on one hand, and any of the Company Stockholders or any third party, on the other hand, requiring the sale, purchase, redemption or issuance by the Company of any shares of Company Capital Stock or any securities or other instruments convertible into, exchangeable for or evidencing the right to purchase any shares of Company Capital Stock. The Company is not a party to any governance agreements, stockholders' rights agreements, voting trusts, or other agreements with respect to the voting interests of the Company. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the Company. No holder of Company Debt has any right to convert or exchange such Company Debt for any equity securities or other securities of the Company. No holder of Company Debt has any rights to vote for the election of directors of the Company.

Section 4.6 Subsidiaries. The Company has no Subsidiaries and the Company does not own, control or have any rights to acquire, directly or indirectly, any capital stock or other equity interests or debt instruments of any Person.

Section 4.7 Financial Information.

(a) Schedule 4.7 contains true and correct copies of (i) the audited balance sheet of the Company as of September 30, 2011 and the related audited statements of operations, common stockholders' equity and cash flows for the fiscal year then ended, including the notes thereto, together with the report thereon of Mountjoy Chilton Medley LLP (the "Audited Financial Statements") and (ii) the unaudited balance sheet of the Company as of September 30, 2012 (the "Balance Sheet Date") and the related unaudited statements of operations, common stockholders' equity and cash flows for the twelve months then ended, including the notes thereto (the "Interim Financial Statements," and together with the Audited Financial Statements, the "Financial Statements"). The Financial Statements (A) present fairly in all material respects the consolidated financial condition, operations and cash flow (and changes in financial position, if any) of the Company as of the dates thereof or for the periods covered thereby (subject, in the case of unaudited interim statements, to normal and recurring year-end adjustments, which may include an adjustment to the carrying value of inventory on a lower of cost or market basis) and (B) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (provided that the Interim Financial Statements do not contain notes or other presentation items that may be required by GAAP).

(b) Since September 30, 2009 no representative of the Company or ALJ has received any written complaint, allegation or claim alleging that the Company has engaged in questionable accounting or auditing practices that has not been resolved.

Section 4.8 Accounts Receivable; Bank Accounts.

(a) All notes and accounts receivable of the Company represent or will represent valid obligations arising from sales actually made or services actually performed in the ordinary course of business. Such notes and accounts receivable are as of the date hereof current and collectible, net of the respective reserve set forth in the corresponding line items in the Interim Financial Statements or on the accounting records of the Company as of the Closing Date, as the case may be (which reserves have been calculated consistent with the past custom and practice of the Company). As of the date hereof, there is no contest, claim, defense or right of setoff, other than returns in the ordinary course of business, relating to the amount or validity of such note or account receivable. Schedule 4.8(a) sets forth an accurate and complete list and the aging of all notes and accounts receivable as of the Balance Sheet Date.

(b) Schedule 4.8(b) sets forth an accurate and complete list of the names and addresses of all banks and financial institutions in which the Company has an account, deposit, safe-deposit box, line of credit or other loan facility or relationship, or lock box or other arrangement for the collection of accounts receivable, with the names of all Persons authorized to draw or borrow thereon or to obtain access thereto.

Section 4.9 Inventories. All inventories of the Company are of a quality and quantity usable and, with respect to finished goods, salable in the ordinary course of business. None of such inventory is slow-moving, obsolete, damaged, defective or of below-standard quality, and all of which has been or will be written off or written down to net realizable value in the Audited Financial Statements, the Interim Financial Statements or the accounting records of the Company

as of the Closing Date in accordance with the past custom and practice of the Company. The values at which such inventories are carried reflect the inventory valuation policy of the Company, which is in accordance with GAAP. The quantities of each item of inventory are not excessive, but are reasonable in the present circumstances of the Company's businesses. Since the date of the Financial Statements, the Company has continued to replenish inventories in the ordinary course of business and at a cost not exceeding market prices prevailing at the time of purchase. All inventories are maintained at the facilities of the Company and no inventory is held on a consignment basis. The Company does not have any commitments to purchase inventory other than in the ordinary course of business.

Section 4.10 No Undisclosed Liabilities; Company Debt. There are no material Liabilities of the Company required by GAAP to be set forth or reserved for on the Financial Statements or the notes thereto other than Liabilities (a) set forth or reserved against on the Financial Statements, (b) incurred since the Balance Sheet Date in the ordinary course of business or (c) Liabilities expressly contemplated or permitted by this Agreement. Except as set forth on Schedule 4.10, the Company does not have any Company Debt as of the date hereof.

Section 4.11 Absence of Certain Changes or Events. Except as expressly contemplated by this Agreement, from the Balance Sheet Date through the date hereof, (a) the Company has conducted its business in all material respects only in the ordinary course and consistent with past practice, and (b) there has not been any Event that has had or could reasonably be expected to have a Material Adverse Effect.

Section 4.12 Assets. The Company has good and marketable title to, or in the case of leased properties and assets, valid leasehold interests in, all of its properties and assets, tangible or intangible, free and clear of any Liens other than Permitted Liens. The Company owns or leases all tangible assets used in or necessary to conduct its business as currently conducted. Each such tangible asset is in all material respects in good operating condition and repair, ordinary wear and tear excepted, is free from latent and patent defects, is suitable for the purposes for which it is being used by the Company and has been maintained in accordance with normal industry practice.

Section 4.13 Contracts.

(a) Schedule 4.13 sets forth a true and complete list as of the date hereof of each contract to which the Company is a party or by which it is bound of the following types (collectively, the "Material Contracts"):

(i) contracts containing covenants limiting the freedom of the Company after the date hereof to (A) engage in any line of business in any geographic area or (B) sell any steel or steel products;

(ii) partnership, limited liability company or joint venture agreements;

(iii) contracts which require payments by the Company after the date hereof in excess of Two Hundred Fifty Thousand Dollars ($250,000) and which are not terminable on notice of thirty (30) days or less without penalty;

(iv) mortgages, pledges, security agreements, deeds of trust or other similar instruments creating or purporting to create a Lien materially affecting any material Leased Property, Owned Improvements or Owned Real Property;

(v) contracts (other than this Agreement) for the sale of any material assets of the Company after the date hereof, other than contracts made in the ordinary course of business;

(vi) contracts requiring the Company to provide to any Person services having a value in excess of Two Hundred Fifty Thousand Dollars ($250,000) during any one-year period where such services have not yet been performed, or the Company to receive services from any Person having a value in excess of Two Hundred Fifty Thousand Dollars ($250,000) during any one (1) year period where such services have not yet been paid for;

(vii) leases or contracts involving the lease of personal property used in the business of the Company and involving rental payments therefor in excess of One Hundred Thousand Dollars ($100,000) per year;

(viii) contracts providing for the guarantee of indebtedness of any other Person;

(ix) collective bargaining agreement or similar contracts with any labor union or other employee organization;

(x) Employment Contracts;

(xi) Independent Contractor Contracts;

(xii) contracts pursuant to which (A) the Company has acquired any right, title or interest in, under or to any Proprietary Right owned by any third party that are material to the conduct of the Company's business, other than off the shelf licenses and other generally available Proprietary Rights, including with respect to software, or (B) the Company has licensed or otherwise granted rights in any Proprietary Rights to any Person;

(xiii) any mortgage, indenture, guarantee, loan or credit agreement, security agreement or other material Contract relating to items identified in subclause (a) of the definition of Company Debt, other than accounts receivables and payables in the ordinary course of business;

(xiv) any contract which provides for severance, termination or similar termination-related pay to any current or former directors, officers, employees or consultants or other independent contractors of the Company; or

(xv) any settlement agreement with respect to any pending or threatened Action entered into within three years prior to the date of this Agreement.

(b) Each of the Material Contracts is as of the date hereof in full force and effect, and is a legal, valid and binding obligation of the Company and, to the Knowledge of the Company, of each other party thereto, enforceable against each such party in accordance with its terms, in each case in all material respects. Neither the Company nor, to the Company's Knowledge, any other party to any such Material Contract is in breach or default under any such Material Contract and no event has occurred or circumstance exists that (with or without notice, lapse of time or both) would constitute a breach or default by the Company or, to the Company's Knowledge, by any such other party, or give rise to any right of revocation, withdrawal, suspension, acceleration, cancellation, termination, modification, imposition of additional obligations or loss of rights under, result in any payment becoming due under, result in the imposition of any Liens on any of the Company Capital Stock or any of the properties or assets of the Company under, or otherwise give rise to any right on the part of any Person to exercise any remedy or obtain any relief under, the Material Contract, nor has the Company as of the date hereof received any written notice alleging the same. Except as set forth on Schedule 4.13, the execution and performance of this Agreement and the consummation of the transactions contemplated hereby will not require the consent of any third party or result in any change, payment or loss of material rights under any Material Contract. True and correct copies of all Material Contracts have been made available to Parent.

Section 4.14 Compliance with Law. The Company has been since September 30, 2009 (giving effect to any remedial efforts by the Company), and as of the date hereof is, in material compliance with all Laws applicable to it. The Company has not received at any time since September 30, 2009 any notice or other communication from any Governmental Authority or any other Person regarding any actual, alleged or potential violation of, or failure to comply with, any applicable Law or Governmental Order that has not been resolved in all material respects. The Company has all governmental permits, licenses, approvals and authorizations necessary for the conduct of its business as presently conducted (the "Permits") and is in material compliance with the terms of the Permits. Schedule 4.14 sets forth an accurate and complete list of the Permits, all of which are valid and in full force and effect. Since September 30, 2009, the Company has not made any sales or consummated any other transactions outside the United States.

Section 4.15 Litigation. Except for (a) non-material claims incidental to the business of the Company (including non-material Actions for negligence, workers' compensation claims, so-called "slip and fall" claims and the like) and (b) inspections and reviews customarily made by any Governmental Authority, Schedule 4.15 sets forth a complete list as of the date hereof of all Actions pending or threatened by the Company and all Actions pending or, to the Knowledge of the Company, threatened against the Company, including the name of the claimant and the status of such Action. The Company is not a party to any Governmental Order other than those generally applicable to participants in the Company's industry. The Company is not in default under any Governmental Order. As of the date hereof, there are no Actions pending or, to the Company's Knowledge, threatened against the Company which would prevent, enjoin or materially delay the Merger.

Section 4.16 Employee Benefits.

(a) Schedule 4.16(a) identifies each "employee benefit plan," as defined in Section 3(3) of ERISA (such plans being hereinafter referred to collectively as the "ERISA Plans"), each material employment, consulting, severance or other similar contract, arrangement or policy and each stock option, stock purchase, stock appreciation right or other stock-based incentive, deferred compensation plan or arrangement, incentive compensation, bonus, severance, change-in-control, or termination pay, hospitalization or other medical, disability, life or other insurance, supplemental unemployment benefits, profit-sharing, pension, or retirement plan, program, agreement or arrangement and each other employee benefit plan, program, agreement or arrangement, that is currently maintained by, contributed to or required to be contributed to by the Company or an ERISA Affiliate of the Company for the benefit of any current or former director, employee or consultant of the Company (each an "Employee Benefit Plan" and collectively, the "Employee Benefit Plans"). The Company has no formal plan or commitment, whether legally binding or not, to create any additional Employee Benefit Plan or modify or change any existing Employee Benefit Plan that would affect any current or former employee or director of the Company. No ERISA Plan provides benefits to any person who is not an Employee, former Employee or a dependant of an Employee or former Employee.

(b) With respect to each of the Employee Benefit Plans, the Company has heretofore delivered or made available to Parent true and complete copies of each of the following documents, as applicable:

(i) a copy of the Employee Benefit Plan documents (including all amendments thereto) for each written Employee Benefit Plan or a written description of any Employee Benefit Plan that is not otherwise in writing;

(ii) a copy of the annual report or IRS Form 5500 Series, if required under ERISA, with respect to each ERISA Plan for the last three (3) Plan years ending prior to the date of this Agreement for which such a report was filed;

(iii) a copy of the actuarial report, if required under ERISA, for the most recent Plan year available ending prior to the date of this Agreement;

(iv) a copy of the most recent Summary Plan Description, if required under ERISA, with respect to each ERISA Plan;

(v) if the Employee Benefit Plan is funded through a trust or any other funding vehicle, a copy of the trust or other funding agreement (including all amendments thereto) and the latest financial statements thereof, if any; and

(vi) the most recent determination letter received from the IRS with respect to each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code.

(c) Neither the Company nor any ERISA Affiliate of the Company has during the last six (6) years established, maintained or contributed to, or had an obligation to maintain or contribute to, any (i) "multiemployer plan" as defined in sections 4001(a)(3) and 3(37) of ERISA; (ii) pension plan subject to Title IV of ERISA; (iii) voluntary employees' beneficiary association under Section 501(c)(9) of the Code, (iv) organization or trust described in Section

501(c)(17) or 501(c)(20) of the Code, (v) a "multiple employer plan" within the meaning of Section 4063 or 4064 of ERISA; or (vi) a welfare benefit fund as defined in Section 419(e) of the Code.

(d) Each of the Employee Benefit Plans has been operated and administered in all material respects in accordance with its terms and applicable Laws (including ERISA, the Code, the Patient Protection and Affordable Care Act of 2010 as amended and any and all applicable state insurance laws that may apply). No transaction prohibited by Section 406 of ERISA and no "prohibited transaction" under Section 4975(c) of the Code that could result in a liability for the Company has occurred with respect to any Employee Benefit Plan.

(e) Each ERISA Affiliate of the Company has complied in all material respects with the provisions of ERISA Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code and the provisions of the Health Insurance Portability and Accountability Act of 1996, as amended.

(f) No Employee Benefit Plan or collective bargaining agreement provides health benefits (whether or not insured) with respect to employees or former employees (or any of their beneficiaries) of the Company or any of its Subsidiaries after retirement or other termination of service (other than coverage or benefits required to be provided under Part 6 of Title I of ERISA or any other similar applicable Law).

(g) There are no pending or, to the Company's knowledge, threatened or anticipated claims by or on behalf of any Employee Benefit Plan, by any Employee or beneficiary under any such Employee Benefit Plan or otherwise involving any such Employee Benefit Plan (other than routine claims for benefits).

(h) Neither the execution and delivery of this Agreement nor the consummation of each of the transactions contemplated hereby will (either alone or in combination with another event): (i) result in any payment becoming due, or increase the amount of any compensation due, to any employee or former employee of the Company; (ii) increase any benefits otherwise payable under any Employee Benefit Plan; (iii) result in the acceleration of the time of payment or vesting of any such compensation or benefits; (iv) result in the triggering or imposition of any restrictions or limitations on the rights of the Company to amend or terminate any Employee Benefit Plan; or (v) entitle the recipient of any payment or benefit to receive a "gross up" payment or indemnification payment for any income or other taxes that might be owed with respect to such payment or benefit.

(i) Each ERISA Plan subject to Section 401(a) of the Code has received a favorable determination letter on which it can currently rely or opinion letter from the U.S. IRS that it is qualified under Section 401(a) of the Code and that its related trust is exempt from federal income tax under Section 501(a) of the Code and each such ERISA Plan complies in form and in operation with the requirements of the Code and meets the requirements of Section 401(a) of the Code. No event has occurred or circumstance exists that could give rise to disqualification or loss of tax-exempt status of any such ERISA Plan or trust.

(j) Each Employee Benefit Plan that provides deferred compensation subject to Section 409A of the Code is in compliance in all material respects with applicable guidance under Section 409A of the Code in form and operation.

(k) The Company does not own or have any obligation under any "key man" or other life insurance policy that is not immediately terminable by the Company without penalty or additional cost and there is no obligation of the Company, contractual or otherwise, to continue any such life insurance policy.

Section 4.17 Properties.

(a) Leased Real Property.

(i) Schedule 4.17(a) contains an accurate and complete description (by street address of the subject leased real property, the date and term of the lease, sublease or other occupancy right, the name of the parties thereto, each amendment thereto and the aggregate annual rent payable thereunder) of all land, buildings, structures, fixtures, improvements and other interests in real property which is subject to a real property lease (each, a "Lease") to which the Company is a party (each such property a "Leased Property" and collectively, the "Leased Properties") as of the date of this Agreement. Schedule 4.17(a) also contains a list as of the date hereof of all material leasehold improvements that are owned by the Company and that are located at any Leased Property (the "Owned Improvements"). The Owned Improvements are structurally sound and are in all material respects in good operating condition and repair, ordinary wear and tear excepted.

(ii) (A) each Lease is a valid and subsisting agreement and is in full force and effect in accordance with the terms thereof and (B) the Company has a valid leasehold interest in and to the Leased Properties, free and clear of Liens other than Permitted Liens.

(iii) True and correct copies of the Leases have been made available to Parent prior to the date hereof, together with amendments thereto.

(iv) The Company has not received written notice from any Governmental Authority asserting a material violation of applicable Laws with respect to any Leased Property that remains uncured as of the date hereof.

(v) Except as set forth on Schedule 4.17(a), the Company has not received written notice of any material default by it with respect to any Lease, which remains uncured beyond any applicable notice and cure period.

(vi) With respect to each Lease, the Company has not exercised or given any notice of exercise of, nor has any lessor or landlord exercised or given any notice of exercise by such party of, any option, right of first offer or right of first refusal contained in any such Lease. The rental set forth in each Lease is the actual rental being paid, and there are no separate agreements or understandings with respect to the same. Each Lease grants the tenant under the lease the exclusive right to use and occupy the demised premises thereunder.

(vii) The Company is in peaceful and undisturbed possession of the Leased Properties, and there are no contractual or legal restrictions that preclude or restrict the ability of the Company to use such Leased Properties for the purposes for which they are currently being used. The Company has not subleased, licensed or otherwise granted to any Person the right to use or occupy any portion of the Leased Properties, and the Company has not received notice of any claim of any Person to the contrary.

(viii) To the Company's Knowledge, the current use and operation of the Leased Properties complies in all material respects with applicable zoning and other land use Laws in effect as of the date hereof regulating the use or occupancy of the Leased Properties or the activities conducted thereon.

Section 4.18 Owned Real Property.

(a) Schedule 4.18(a) sets forth a true, correct and complete list of the addresses and locations of all real property owned by the Company (the "Owned Real Property"). The Company has delivered to Parent accurate and complete copies of (i) all deeds and other instruments (as recorded) by which the Company acquired its interests in the Owned Real Property and (ii) all title reports, surveys, title policies and appraisals available to the Company with respect to the Owned Real Property. There are no outstanding options, rights of first offer or rights of first refusal to purchase any Owned Real Property or any portion thereof or interest therein.

(b) The Company has good and marketable fee simple title to the Owned Real Property, free and clear of any Liens other than Permitted Liens. The Company is in peaceful and undisturbed possession of the Owned Real Property, and there are no contractual or legal restrictions that preclude or restrict the ability of the Company to use such Owned Real Property for the purposes for which it is currently being used.

(c) To the Company's Knowledge, the current use and operation of the Owned Real Property complies in all material respects with applicable zoning and other land use Laws in effect as of the date hereof regulating the use or occupancy of the Owned Real Property or the activities conducted thereon.

(d) Since September 30, 2009, the Company has not received any written claim or right of adverse possession by any Person with respect to the Owned Real Property that has not been resolved.

(e) Since September 30, 2009, the Company has not received a written notice from any Governmental Authority asserting a material violation of applicable Laws with respect to the Owned Real Property that remains uncured as of the date hereof. Since September 30, 2009, the Company has not received written notice that any portion of the Owned Real Property is subject to a Governmental Order for sale, condemnation, expropriation or taking (by eminent domain or otherwise) by any Governmental Authority, the result of which could reasonably be expected to have a Material Adverse Effect.

(f) The Company has not leased, licensed or otherwise granted to any Person the right to use or occupy any portion of the Owned Real Property, and the Company has not received notice of any claim of any Person to the contrary.

(g) All buildings, structures, fixtures and other improvements included in the Owned Real Property are structurally sound and are in all material respects in good operating condition and repair, ordinary wear and tear excepted.

Section 4.19 Proprietary Rights. Schedule 4.19 contains an accurate and complete list of all registrations or applications for registration for Proprietary Rights owned by the Company or material Proprietary Rights licensed by the Company, in each case including the registration or application number, the jurisdiction and the owner thereof. All such registrations or applications have been duly filed or registered (as applicable) with the applicable Governmental Authorities, and maintained, including the submission of all necessary filings and fees in accordance with the legal and administrative requirements of the appropriate jurisdictions. Except as set forth in Schedule 4.19, the Company has not granted to any Person any material right, license, covenant not to sue or other immunity with respect to the Company's Proprietary Rights. No material claims have been asserted or, to the Company's Knowledge have been threatened, by any third party based on the use by, or challenging the ownership of the Company, of any Proprietary Right that the Company owns, licenses or uses. To the Company's Knowledge, the business of the Company as currently conducted does not violate the Proprietary Rights of any third parties. To the Company's Knowledge, there are no material infringing uses of the Company's Proprietary Rights by third parties. Notwithstanding the generality of any other representations and warranties in this Agreement, this Section 4.19 shall be deemed to contain the only representations and warranties in this Agreement with respect to Proprietary Rights.

Section 4.20 Environmental Laws. Except as set forth on Schedule 4.20, the Company: (a) is and for the past three (3) years has been in compliance in all material respects with all applicable Environmental Laws; (b) possesses and is in compliance with all material permits, approvals and authorizations required under applicable Environmental Laws in order to operate all aspects of the business of the Company, any Leased Property, or any Owned Real Property; and (c) is not a party to any judicial, administrative, or arbitral proceeding or to any Governmental Order which proceeding or Governmental Order relates to compliance with any Environmental Law or to responsibility for investigation, cleanup, exposure to, or release of any Hazardous Materials in connection with the business of the Company or at any Leased Property or Owned Real Property, and, to the Company's Knowledge, no such proceeding or Governmental Order is threatened. Except as set forth on Schedule 4.20, to the Company's Knowledge, there has been no unauthorized or unlawful spill, release or disposal of any Hazardous Materials in connection with the operation of the business of the Company, or, to the Company's Knowledge, by any third party, at the Leased Property or Owned Real Property that has not been remediated to the satisfaction of the relevant Governmental Authority. To the Company's Knowledge, no Hazardous Materials from the Company's operations have been disposed of at any third party site or location that has been listed on the federal Comprehensive Environmental Response, Compensation and Liability Act's National Priority List or any similar lists of contaminated sites maintained by any state environmental agencies or Governmental Authorities. Except as set forth on Schedule 4.20, the Leased Property and Owned Real

Property do not contain any (v) landfills or surface impoundments; (w) underground storage tanks; (x) asbestos-containing materials; (y) equipment using PCBs; or (z) underground injection wells. Copies of all material reports, audits, assessments, studies, tests, evaluations and reviews and all material correspondence with any Governmental Authorities in the Company's or its environmental consultant's possession relating to compliance with or liability under Environmental Laws or the investigation, clean up, release, or disposal of, or exposure to, Hazardous Materials have been made available to Parent. Notwithstanding the generality of any other representations and warranties in this Agreement, this Section 4.20 shall be deemed to contain the only representations and warranties in this Agreement with respect to Environmental Laws, Hazardous Materials and the environment.

Section 4.21 Contracts with Certain Persons. Schedule 4.21 sets forth each contract in effect as of the date hereof between the Company, on the one hand, and an Affiliate thereof, on the other hand.

Section 4.22 Taxes.

(a) All material Tax Returns required to be filed by, or with respect to, the Company or the Company Group have been timely filed (except those under valid extension, as set forth on Schedule 4.22) with the proper Governmental Authority, and all such Tax Returns are materially correct and complete. All Taxes shown as due on such Tax Returns have been paid to the appropriate Governmental Authority.

(b) Except as set forth on Schedule 4.22, (i) no deficiencies for Taxes of the Company or the Company Group have been claimed, proposed, assessed, or threatened in writing by any Governmental Authority; and (ii) there are no pending investigations or claims for or relating to any Tax liability of the Company or the Company Group.

(c) Except as set forth on Schedule 4.22, there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any Tax Returns required to be filed by or with respect to the Company or the Company Group, nor is any request for any such agreement or waiver pending.

(d) There are no Liens for Taxes (other than Permitted Liens) on any assets or properties of the Company or the Company Group.

(e) The Company is not a party to or bound by any Tax allocation, indemnification or sharing agreement other than the Tax Sharing Agreement and any indemnification agreements or similar arrangements with directors and executive officers.

(f) Neither the Company nor the Company Group has engaged in any "listed transaction" or any other "reportable transaction" for purposes of Regulations Sections 1.6011-4(b) or Section 6111 of the Code or any analogous provision of state or local law for which reporting to the IRS or other tax authority is required (taking into account published guidance thereunder).

(g) No member of the Company Group is or has ever been a member of an affiliated group within the meaning of Section 1504(a) of the Code or any similar group defined

under a similar provision of foreign, state or local law (other than a group the common parent of which is ALJ) filing a consolidated return for U.S. federal or state income Tax purposes.

(h) Except as set forth on Schedule 4.22, (i) no audit or other proceeding with respect to any material amount of Taxes due from the Company or the Company Group, or any Tax Return of the Company or the Company Group, is pending, being conducted or threatened by any Governmental Authority; and (ii) neither the Company nor the Company Group has received written notice of any claim by any authority in a jurisdiction where neither the Company nor the Company Group files any Tax Returns that either is or may be subject to the imposition of any Tax by that jurisdiction. Each assessed deficiency resulting from any audit or other proceeding with respect to Taxes by any Governmental Authority has been timely paid and fully satisfied.

(i) Neither the Company nor any member of the Company Group has been a "controlled corporation" or a "distributing corporation" in any distribution occurring during a three-year period ending on the date hereof that was purported or intended to qualify for tax-free treatment pursuant to Section 355(a) of the Code.

(j) Neither the Company nor any member of the Company Group is a party to any joint venture, partnership or other arrangement that is treated as a partnership for federal income Tax purposes.

(k) All material Taxes required to be withheld or collected by the Company and the Company Group have been withheld and collected and, to the extent required by law, timely paid to the appropriate Governmental Authority.

(l) The Company has not made any payments, is not obligated to make any payment, and is not a party to any agreement, contract, arrangement or plan that under any circumstances could obligate it to make any payment that will not be deductible under Section 280G of the Code, or that would be subject to an excise Tax under Section 4999 of the Code.

Section 4.23 Brokers. Except for Houlihan Lokey Capital, Inc. and Roth Capital Partners, LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

Section 4.24 Employee and Labor Matters. The Company is in material compliance with all applicable Laws respecting employment. Except as set forth on Schedule 4.24, as of the date hereof there are no material pending claims against the Company under any workers compensation plan or policy or for long-term disability. Except as set forth on Schedule 4.24, there are no material Actions, administrative charges, grievances, labor disputes, unfair labor practice charges or grievances pending or, to the Knowledge of the Company, threatened in writing, between the Company and any of its Employees, contractors or consultants. To the Knowledge of the Company, there is no material labor strike, slowdown, work stoppage, or lockout actually pending or threatened against the Company. Except as set forth on Schedule 4.24, the Company is not presently a party to or bound by, any collective bargaining agreement

or union contract with respect to any Employee and as of the date hereof no collective bargaining agreement is being currently negotiated with respect to any Employee.

Section 4.25 Insurance. Schedule 4.25 sets forth a list as of the date hereof of all material insurance policies and bonds relating to the assets, properties, business, operations, Employees, officers or directors of the Company. The business operations and all insurable assets and properties of the Company are insured for its benefit under insurance policies and fidelity bonds (including financial institutions bond, property and casualty insurance, professional liability insurance and workers' compensation insurance), of the type and in amounts customarily carried by Persons conducting businesses similar to the Company's business. Except as set forth on Schedule 4.25, the Company has not received any written notice of cancellation (that has not been revoked) or written notice of a material amendment of any such insurance policy or bond which would reasonably be expected to have a Material Adverse Effect and is not in material default under any such policy or bond. Except as set forth on Schedule 4.25, there is no claim by the Company pending under any of such policies or bonds as to which coverage has been denied or disputed by the underwriters of such policies or bonds or in respect of which such underwriters have reserved their rights. All premiums payable under all such policies and bonds have been timely paid and the Company has otherwise complied with the terms and conditions of all such policies and bonds, in each case, in all material respects.

Section 4.26 Required Votes. The Required Votes are the only votes of the holders of any class or series of the Company's or ALJ's capital stock necessary to adopt this Agreement or approve the Merger.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES OF ALJ

ALJ hereby represents and warrants as of the date hereof (except to the extent that the representation or warranty states that it is accurate only as of an earlier date) to Parent and Merger Sub that the statements set forth in this Article 5 are true and correct:

Section 5.1 Organization. ALJ is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted.

Section 5.2 Authorization; Enforceability. ALJ has all necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining the Required Votes, to perform its obligations hereunder. The execution and delivery by ALJ of this Agreement and the performance by ALJ of its obligations hereunder have been duly authorized by all necessary corporate action on the part of ALJ (subject to obtaining the Required Votes). This Agreement has been duly executed and delivered by ALJ and, assuming due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding agreement of ALJ, enforceable against ALJ in accordance with its respective terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and general equitable principles (whether

considered in a proceeding in equity or at law) and the discretion of courts in granting equitable remedies.

Section 5.3 No Violations.

(a) Except for (i) recordation of the Certificate of Merger and (ii) filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of the HSR Act, no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the consummation by ALJ of the transactions contemplated hereby, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on ALJ or the Company.

(b) Neither the execution and delivery of this Agreement by ALJ nor compliance by ALJ with any of the terms or provisions hereof, will (i) violate any provision of the Organizational Documents of ALJ, (ii) assuming that the Required Votes and the authorizations, consents and approvals referred to in Section 5.3(a) are obtained, violate any Law or Governmental Order applicable to ALJ, or any of its properties or assets or (iii) assuming that the authorizations, consents and approvals referred to in Section 5.3(a) are obtained, violate, result in the loss of any material benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of ALJ under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which ALJ is a party, or by which it or any of its properties or assets is bound, except, in the case of clauses (ii) and (iii) above, for such violations, breaches, defaults, losses, terminations of rights thereof, accelerations or Lien creations which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on ALJ.

Section 5.4 Title to and Transfer of the Shares. ALJ owns all of the outstanding shares of the Company's Series A Common Stock free and clear of any Liens (other than Permitted Liens). The Company's Series A Common Stock held by ALJ is not subject to any voting trust agreement or other contract, including any contract restricting or otherwise relating to the voting, dividend rights or disposition of such shares.

Section 5.5 Litigation. As of the date hereof, there are no claims, suits, actions or proceedings pending or, to ALJ's Knowledge, threatened in writing, nor are there, to the Knowledge of ALJ, any investigations or reviews pending or threatened in writing against, relating to or affecting ALJ or any of its subsidiaries or Affiliates that (a) seek to delay or prevent the consummation of the Merger or (b) would reasonably be expected to affect adversely the ability of ALJ to fulfill its obligations hereunder.

Section 5.6 Brokers. Except for Houlihan Lokey Capital, Inc. and Roth, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of ALJ.

Section 5.7 Periodic Reports.

(a) ALJ has publicly provided annual reports with respect to its consolidated operating results and financial condition through the Pink Sheets website at (www.pinksheets.com) for the fiscal years ended September 30, 2009, 2010 and 2011 and has publicly provided quarterly reports for the first three quarters of its fiscal year ending September 30, 2012 (collectively, "ALJ's Periodic Reports"). Each such report did not, at the time it was filed (or, if amended prior to the date hereof, as of the date of such amendment), contain any untrue statement of a material fact, or omit to state a material fact, required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements set forth in ALJ's Periodic Reports (i) present fairly in all material respects the consolidated financial condition, operations and cash flow (and changes in financial position, if any) of ALJ as of the dates thereof or for the periods covered thereby (subject, in the case of unaudited interim statements, to normal and recurring year-end adjustments) and (ii) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (provided that any interim financial statements do not contain notes or other presentation items that may be required by GAAP).

Section 5.8 Proxy Statement. The proxy statement to be sent to the stockholders of ALJ in connection with the special meeting of the stockholders of ALJ (the "ALJ Stockholders' Meeting") to consider the approval of the Merger (such proxy statement, as amended or supplemented, being referred to herein as the "Proxy Statement") shall not, on the date first mailed to the stockholders of the ALJ, and at the time of the ALJ Stockholders' Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not false or misleading. Notwithstanding the foregoing, ALJ makes no representation or warranty with respect to any information supplied by Parent, Merger Sub or any of their representatives for inclusion in the Proxy Statement or any other document disseminated to ALJ's stockholders in connection with this Agreement and the Merger.

Section 5.9 Fairness Opinion. Prior to the execution of this Agreement, the ALJ Board received an opinion from Roth Capital Partners, LLC ("Roth") to the effect that, as of the date thereof and based upon and subject to the various qualifications and assumptions set forth therein, the consideration to be received in connection with the Merger by ALJ is fair, from a financial point of view, to ALJ and to the holders of ALJ Common Stock.

Section 5.10 Section 338(h)(10) Election. ALJ is eligible to make a Section 338(h)(10) Election with respect to the Merger.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES OF PARENT AND THE MERGER SUB

Each representation and warranty contained in this Article 6 is qualified all disclosures made in the section of the Disclosure Schedules of Parent and the Merger Sub that correspond or are reasonably related to such section in this Agreement. Except as set forth in such Disclosure

Schedules, Parent and Merger Sub hereby jointly and severally represent and warrant as of the date hereof (except to the extent that the representation or warranty states that it is accurate only as of an earlier date) to the Company that the statements set forth in this Article 6 are true and correct:

Section 6.1 Organization. Each of Parent and Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted.

Section 6.2 Authorization. Each of Parent and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent and Merger Sub of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized and approved by their respective Boards of Directors and by Parent as the sole stockholder of Merger Sub and no other corporate action on the part of Parent or Merger Sub is necessary to authorize the execution and delivery by Parent and Merger Sub of this Agreement and the consummation by them of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and Merger Sub, and, assuming due and valid authorization, execution and delivery hereof by the Company and ALJ, is a valid and binding obligation of each of Parent and Merger Sub, enforceable against each of them in accordance with its terms, except that such enforceability may be limited by (a) bankruptcy, insolvency, moratorium or other similar laws affecting or relating to the enforcement of creditors' rights generally or (b) general principles of equity.

Section 6.3 No Violations.

(a) Except for (i) recordation of the Certificate of Merger as required by the DGCL and (ii) filings, permits, authorizations, consents and approvals as may be required under, and other applicable requirements of the HSR Act, no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the consummation by Parent and Merger Sub of the Merger, other than such other consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Parent or Merger Sub.

(b) Neither the execution and delivery of this Agreement by Parent or Merger Sub, nor the consummation by Parent or Merger Sub of the Merger, nor compliance by Parent or Merger Sub with any of the terms or provisions hereof, will (i) conflict with or violate any provision of the Organizational Documents of Parent or Merger Sub or (ii) assuming that the authorizations, consents and approvals referred to in Section 6.3(a) are obtained, (A) violate any Law or Governmental Order applicable to Parent, Merger Sub, or any of their respective properties or assets or (B) violate, conflict with, result in the loss of any material benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien (other than Permitted Liens) upon any of the properties or assets of Parent or Merger Sub under, any of the terms,

conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Parent or Merger Sub is a party, or by which they or any of their respective properties or assets may be bound or affected, except, in the case of clause (ii) above, for such violations, conflicts, breaches, defaults, losses, terminations of rights thereof, accelerations or Lien creations which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on Parent or Merger Sub.

Section 6.4 Merger Sub's Operation and Capitalization. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated hereby and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger. The authorized capital stock of Merger Sub consists of 1000 shares of common stock, $0.01 par value per share, all of which shares have been validly issued, are fully paid and nonassessable and are owned by Parent free and clear of any Liens.

Section 6.5 Litigation. There are no claims, suits, actions or proceedings pending or, to Parent or Merger Sub's Knowledge, threatened in writing, nor are there, to the Knowledge of Parent and Merger Sub, any investigations or reviews pending or threatened in writing against, relating to or affecting Parent or Merger Sub or any of their respective subsidiaries or Affiliates that (a) seek to question, delay or prevent the consummation of the Merger or (b) would reasonably be expected to affect adversely the ability of Parent or Merger Sub to fulfill its obligations hereunder.

Section 6.6 Stock Ownership. Neither Parent nor Merger Sub nor any of their respective subsidiaries beneficially own any shares of Company Capital Stock or any shares of capital stock of ALJ.

Section 6.7 Availability of Funds. Subject always to consummation of the Note Offering and receipt by Parent of the Financing Minimum Threshold, as of the date hereof and continuing through the Effective Time, Parent and Merger Sub collectively have sufficient funds in immediately available U.S. dollars on hand or available through legally binding equity commitments to satisfy all of their obligations under this Agreement, including the payment and funding of the Closing Date Disbursements, the Preferred Stock Purchase Consideration and the Company Common Stock Merger Consideration and to pay all fees and expenses related to the transactions contemplated by this Agreement payable by them.

Section 6.8 Investment Intent. Parent and Merger Sub are acquiring the Company Capital Stock for their own account solely for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act of 1933.

Section 6.9 Independent Investigation. Each of Parent and Merger Sub acknowledge and agree that (a) they have undertaken an independent investigation and verification of the business, operations and financial condition of the Company and (b) except for the express representations and warranties set forth in Article 4 and Article 5 they have not been induced by or relied upon any representation, warranty or other statement, express or implied, made by the

Company, ALJ or any of their respective stockholders, officers, directors, employees, Affiliates, advisors, agents or other representatives or any other Person.

Section 6.10 Brokers, Finders and Investment Bankers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent or Merger Sub.

Section 6.11 Proxy Statement. The information supplied by Parent and Merger Sub for inclusion in the Proxy Statement, if any, shall not, as of the date that the Proxy Statement is first mailed to the stockholders of ALJ, and at the time of the ALJ Stockholders' Meeting, contain any untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not false or misleading, or necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the ALJ Stockholders' Meeting that shall have become false or misleading. Notwithstanding the foregoing, Parent and Merger Sub make no representation or warranty with respect to any information supplied by ALJ, the Company or any of their respective representatives for inclusion in any of the foregoing documents.

ARTICLE 7. CERTAIN COVENANTS AND AGREEMENTS

Section 7.1 Conduct of Business Prior to the Closing. Except as contemplated by this Agreement and except as set forth on Schedule 7.1, pending the Closing, the Company shall conduct its business in all material respects only in the ordinary course and consistent with past practice and shall exercise commercially reasonable efforts to preserve substantially intact its business organization and to preserve its business relationships. Without limiting the generality of the foregoing, except as contemplated by this Agreement and except as set forth in Schedule 7.1, subject to the requirements of Law or contract, the Company shall not do any of the following without the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned):

(a) merge or consolidate with, or acquire an interest in, any Person or otherwise acquire any material assets, except for purchases of inventory in the ordinary course of business consistent with past practice;

(b) sell or otherwise dispose of, or encumber, any material properties or assets, except pursuant to existing contracts or commitments, or for dispositions in the ordinary course of business consistent with past practice;

(c) incur, assume or guarantee any indebtedness for borrowed money, except pursuant to the Company's existing line of credit in the ordinary course of business;

(d) issue, sell, pledge, dispose of, grant, encumber or redeem any capital stock of the Company or other equity interests, notes, bonds or other securities of the Company, or any option, warrant or other right to acquire the same;

(e) increase the compensation or benefits payable by it to its employees or contractors except for increases in compensation or benefits in the ordinary course of business;

(f) enter into any Employment Contract or Independent Contractor Contract with any new employee or contractor which cannot be terminated by the Company upon notice of ninety (90) days or less without material penalty or premium and provides for annual salary after the date hereof in excess of Fifty Thousand Dollars ($50,000) per year;

(g) make any change in any material accounting policies customarily followed by it (other than changes required by GAAP);

(h) amend its Organizational Documents;

(i) enter into or make any material amendment, modification or other change to any management contracts, partnership agreements, joint venture agreements, limited liability operating agreements and/or any other Material Agreements or any contracts with an Affiliate of the Company other than in the ordinary course of business;

(j) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any Company Capital Stock;

(k) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its capital stock;

(l) make any loans, advances or capital contributions, except for Employee loans or advances for travel and reasonable business expenses and extended payment terms for customers, in each case subject to applicable Law and only in the ordinary course of business;

(m) authorize or make any commitment with respect to any capital expenditures or other expenditures in excess of Two Hundred Fifty Thousand Dollars ($250,000) for any particular fiscal year;

(n) make or direct to be made any equity investments in any entity (provided that any acquisitions of businesses, whether by acquisition of equity interests, assets, or other means, will be subject to clause (i) above);

(o) grant any severance or termination pay or benefits to any director, officer or other employee of the Company or establish, adopt or enter into any new Employee Benefit Plan;

(p) enter into any new line of business;

(q) make or change any Tax election, change an annual Tax accounting period, adopt or change any Tax accounting period, adopt or change any Tax accounting method, file any amended Tax Return, enter into any closing agreement with respect to Taxes, settle any Tax Claim or assessment relating to the Company, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax Claim or assessment relating to the Company in a manner that is not in the ordinary course of business,

destroy or dispose of any books and records with respect to Tax matters relating to periods beginning before the Effective Time and for which the statute of limitations is still open or under which a record retention agreement is in place with a Governmental Authority, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of the Company for any period ending after the Effective Time or decreasing any Tax attribute of the Company existing on the Closing Date, in either case by an amount that is material individually or in the aggregate with all other similar amounts;

(r) settle, pay, discharge or satisfy any Liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), including any Action, other than, in the ordinary course of business, and other than those that involve only the payment or receipt of money in an amount in the aggregate of less than Two Hundred Five Hundred Thousand Dollars ($250,000);

(s) enter into or amend any Contract that subjects the Company or Parent or any of its subsidiaries to any non-competition, "most-favored nation," or other exclusive rights of any type or scope or that otherwise restricts in a material respect the Company or, upon completion of the Merger, Parent or any of its subsidiaries, from engaging or competing in any line of business, in any location;

(t) except for any D&O insurance policy and related side policies, terminate, cancel, amend or modify any insurance coverage policy maintained by Company that is not promptly replaced by a comparable amount of insurance coverage; or

(u) announce an intention to enter into, or enter into, any formal or informal Contract or otherwise make a commitment to do any of the foregoing.

(v) Notwithstanding the foregoing, nothing in this Agreement is intended to give Parent or Merger Sub, directly or indirectly, the right to control or direct the business or operations of the Company at any time prior to the Effective Time.

Section 7.2 No Solicitation.

(a) Company Takeover Proposal.

(i) Until the Closing, neither ALJ nor the Company shall, and ALJ and the Company shall cause their respective Affiliates, directors, officers, stockholders, employees, agents, consultants and other advisors and representatives not to, directly or indirectly (i) solicit, initiate or knowingly encourage the submission of, any Company Takeover Proposal, or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information regarding the Company in connection with, or take any other action to facilitate knowingly the making of any inquiry or any proposal that constitutes, or would reasonably be expected to lead to, any Company Takeover Proposal. ALJ and the Company agree that any such negotiations in progress as of the date of this Agreement will be terminated or suspended during such period.

(ii) Notwithstanding the foregoing, prior to obtaining the Required Votes, ALJ or the Company may, in response to a Company Takeover Proposal made after the date hereof, that did not result from a breach of this Section 7.2 and that the ALJ Board or the Company Board determines in good faith after consultation with outside counsel and an independent financial advisor of nationally recognized reputation is or is reasonably likely to result in a Superior Company Proposal, or may result in a Superior Company Proposal after clarification from the Person making such Company Takeover Proposal regarding the material terms and conditions thereof, and subject to providing prior written notice of its decision to take such action to Parent: (A) furnish information with respect to ALJ or the Company to the person making such Company Takeover Proposal pursuant to a confidentiality agreement not less restrictive of the other party (except with respect to any standstill provision) than the Confidentiality Agreement, provided that all such information not previously provided to Parent is provided or made available on a substantially concurrent basis to Parent and (B) participate in discussions or negotiations with the person making such Company Takeover Proposal regarding such Company Takeover Proposal.

(b) Change in Recommendation.

(i) Except as set forth in this Section 7.2, neither the ALJ Board nor the Company Board, as applicable, shall (A) (1) withdraw or modify, or propose to withdraw or modify, the approval or recommendation by the Company Board or the ALJ Board of this Agreement or the Merger, as applicable, or (2) approve or recommend, or propose to approve or recommend, any Company Takeover Proposal (either (1) or (2) being a "Change in Recommendation") or (B) approve, cause or permit the Company or ALJ to enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement (each, an "Acquisition Agreement") relating to any Company Takeover Proposal.

(ii) Notwithstanding the foregoing, prior to obtaining the Required Votes, to the extent that the ALJ Board or the Company Board, as applicable, determines in good faith, after consultation with outside counsel, that a failure to do so would be inconsistent with the fiduciary obligations of the ALJ Board or Company Board, as applicable, under applicable Laws, the ALJ Board or Company Board, as applicable, may, in response to a Superior Company Proposal:

(A) make a Change in Recommendation or

(B) terminate this Agreement pursuant to Section 9.1(f) in order to enter into an Acquisition Agreement with respect to a Superior Company Proposal;

provided, however, that any such determination to make a Change in Recommendation or terminate this Agreement shall not be made prior to the second (2^{nd}) Business Day following delivery of a Change in Recommendation Notice to Parent. A "Change in Recommendation Notice" means a written notice to Parent from ALJ or the Company, as applicable, advising Parent that the ALJ Board or the Company Board, as applicable, is prepared to make a Change in Recommendation or to terminate this Agreement to accept a Superior Company Proposal (and if in connection with a Superior Company Proposal, specifying the terms and conditions of such

Superior Company Proposal and identifying the person making such Superior Company Proposal). Any material amendment to the price or any other material term of such Superior Company Proposal shall require a new Change in Recommendation Notice and a new two (2) Business Day period, as provided above. If promptly requested by Parent during such two (2) Business Day period after the delivery of any Change in Recommendation Notice, ALJ and the Company will engage in reasonable, good faith negotiations with Parent regarding any modifications to the terms and conditions of this Agreement proposed by Parent. If Parent proposes any such modifications to the terms and conditions of this Agreement, neither the Company nor ALJ may make a Change in Recommendation or terminate this Agreement pursuant to Section 9.1(f) unless and until the Board of Directors of the Company or ALJ, as the case may be, determines in good faith, after consultation with its outside counsel and financial advisers, that the Company Takeover Proposal resulting in the proposed Change in Recommendation continues to constitute a Superior Company Proposal, after taking into account any changes in the terms and conditions of this Agreement proposed by Parent in accordance with this Section 7.2(b)(ii)(C).

(c) Company Takeover Proposal Information. The Company or ALJ, as applicable, shall promptly, but in any event within forty-eight (48) hours of receipt by members of the Company Board or ALJ Board, as applicable, advise Parent orally and in writing of any Company Takeover Proposal or any inquiry with respect to, or that would reasonably be expected to lead to or contemplates, any Company Takeover Proposal (including the terms thereof and any change to the terms of any such Company Takeover Proposal or inquiry) and the identity of the person making any such Company Takeover Proposal or inquiry. The Company shall (i) keep Parent reasonably informed of the status of any such Company Takeover Proposal or inquiry, and (ii) promptly advise Parent of any material amendments to the terms of any such Company Takeover Proposal or inquiry.

(d) Required Disclosure. Nothing contained in this Section 7.2 or elsewhere in this Agreement shall prohibit the Company or ALJ from (i) complying with any Law requiring disclosure with respect to any Company Takeover Proposal to the stockholders of ALJ or the Company, as applicable, or (ii) making any disclosure to any of their respective stockholders if, in the good faith judgment of the Company Board or the ALJ Board, as applicable, after consultation with outside counsel, failure to so disclose could reasonably be expected to be inconsistent with their fiduciary duties under applicable Law.

(e) Waivers and Releases. Notwithstanding anything in this Agreement to the contrary, at any time prior to obtaining the Required Votes, the ALJ Board may grant a waiver or release under, or determine not to enforce, any standstill or similar agreement with respect to any class of equity securities of ALJ if the ALJ Board determines in good faith (after consultation with its outside legal counsel) that the failure to take such action could reasonably be expected to be inconsistent with its fiduciary duties under applicable Law.

Section 7.3 Access to Information. From the date hereof until the Closing, and except as limited by Law in the reasonable good faith judgment of the Company, the Company shall afford the employees, authorized agents and representatives of Parent, at Parent's sole risk and expense, with reasonable access, during normal business hours and upon reasonable advance notice, to the offices, properties, facilities, books and records (to the extent that such books and

records are located at the Company's offices in Ashland, Kentucky) of the Company, as Parent reasonably deems necessary or advisable, and to those Employees of the Company to whom Parent reasonably requests access. The foregoing shall not require the Company to permit any inspection, or to disclose any information, that in the Company's reasonable judgment is reasonably likely to result in waiver of any attorney-client privilege or the disclosure of any trade secrets of third parties or violate any obligations of the Company with respect to confidentiality. The Company shall not be required to take any action that would unreasonably disrupt its normal operations. All requests for information made pursuant to this Section 7.3 shall be directed to the Company's Chief Executive Officer, or such other officer, consultant or advisor of the Company as may be designated by it to receive such requests. All information obtained by Parent and its employees, agents and representatives pursuant to this Section 7.3 shall be kept confidential and treated in accordance with the Confidentiality Agreement.

Section 7.4 Regulatory and Other Authorizations; Notices and Consents.

(a) To the extent not already obtained, each of the Parties shall use all commercially reasonable efforts to obtain all permits, authorizations, consents, orders and approvals of all Government Authorities that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and will cooperate fully with the other Party in promptly seeking to obtain all such permits, authorizations, consents, orders and approvals. Each Party agrees to make an appropriate filing pursuant to the HSR Act with respect to the transactions contemplated by this Agreement as soon as practicable after the date hereof (if not already made) and in any event no later than five (5) Business Days following the date hereof. Each Party shall supply as promptly as practicable to the appropriate Governmental Authorities any additional information and documentary material that may be requested pursuant thereto.

(b) All filings, applications, notices, analyses, appearances, presentations, memoranda, submissions, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party before any Governmental Authority in connection with the approval of the contemplated transactions (except with respect to Taxes) shall require the joint approval of Parent and the Company and be under the joint control of Parent and the Company, acting with the advice of their respective counsel, it being the intent that the Parties will consult and cooperate with one another, and consider in good faith the views of one another, in connection with any such filing, application, notice, analysis, appearance, presentation, memorandum, submission, brief, argument, opinion and proposal; provided that nothing will prevent a Party from responding to or complying with a subpoena or other legal process required by Law or submitting factual information in response to a request therefor. In addition, except as prohibited by Law, each Party shall (i) promptly (and, in any event, within five (5) Business Days) notify the other Party of any communication to that Party from any Governmental Authority relating to the approval or disapproval of the transactions contemplated hereby; and (ii) not participate in any meetings or substantive discussions with any Governmental Authority with respect thereto without consulting with and offering the other Party a meaningful opportunity to participate in such meetings or discussions.

Section 7.5 Notice of Developments. Prior to the Closing, each Party shall, promptly after obtaining Knowledge of the occurrence (or non-occurrence) of any event, circumstance or

fact arising subsequent to the date of this Agreement which would result in the failure to satisfy the conditions set forth in Section 8.1, Section 8.2 or Section 8.3, as applicable, give notice thereof to the other Party. No notification pursuant to this Section 7.5 will be deemed to amend or supplement the Disclosure Schedules, prevent or cure any misrepresentation, breach of warranty or breach of covenant, or limit or otherwise affect any rights or remedies available to any Party.

Section 7.6 Resignations. On the Closing Date, the Company shall cause to be delivered to Parent duly signed resignations from the applicable members of the Company's board of directors, effective immediately after the Closing.

Section 7.7 Transfer Taxes. Parent will pay all transfer, documentary, sales, use, stamp, registration, value added and other similar Taxes and fees incurred in connection with the Merger, other than any such Taxes and fees imposed on holders of Company Capital Stock as a result of the Merger.

Section 7.8 Section 338(h)(10) Election. ALJ shall join with Parent in making a Section 338(h)(10) Election. ALJ will provide Parent with properly completed copies of IRS Form 8023 (and any required schedules thereto, and any corresponding state or local Tax forms) fifteen (15) calendar days prior to the Closing Date. Parent will review and provide comments as appropriate. For U.S. federal income Tax purposes (and, to the extent applicable, state and local Tax purposes), Parent and ALJ will report the Merger as a purchase and sale, respectively, of the assets of the Company in accordance with the Section 338(h)(10) Election, and will not take any position contrary thereto.

Section 7.9 Allocation of Total Purchase Price.

(a) The portion of the Total Purchase Price and other items properly includible in the deemed sales price of the assets of the Company pursuant to the Section 338(h)(10) Election will be allocated, for Tax purposes, among the Company's assets in a manner consistent with the provisions of Section 338 and Section 1060 of the Code and all Regulations promulgated thereunder (the "Allocation").

(b) Seven (7) calendar days prior to the Closing Date, Parent will prepare and deliver to ALJ and the Company a preliminary calculation of the Allocation. ALJ and the Company will provide comments prior to the Closing, which comments Parent will not reject unless such comments are unreasonable. On or before February 28, 2013, Parent will prepare and deliver to ALJ and the Company an IRS Form 8883 in connection with the Section 338(h)(10) Election, any similar allocation form required under state or local law and any other forms required to be filed under applicable law in connection with the Section 338(h)(10) Election, which forms will reflect the final calculation of the Allocation, which will not be materially different from the preliminary calculation of the Allocation unless agreed to by ALJ, the Company and Parent. The parties acknowledge that Parent may obtain a third-party appraisal, at Parent's expense, in connection with the Allocation and the preparation of IRS Form 8883.

(c) Parent, ALJ and the Company agree not to take any reporting position that is inconsistent with IRS Form 8883 (and any such similar forms) as filed, and will not take any position or action inconsistent therewith upon examination of any Tax Return, in any refund claim, in any litigation, investigation or otherwise; provided, however, that if, in any audit of any Tax Return of the Company by a Governmental Authority, the fair market values of the relevant assets of the Company are finally determined to be different from the fair market values set forth in IRS Form 8883 (and any such similar forms) as filed, Parent, ALJ and the Company may (but will not be obligated to) take any position or action consistent with the fair market values as finally determined in such audit. If any Governmental Authority disputes any portion of the Allocation set forth on IRS Form 8883 (or any similar form) as filed, the party receiving notice of the dispute will promptly notify the other party(ies) concerning resolution of the dispute.

Section 7.10 Indemnification.

(a) From and after the Effective Time until the sixth anniversary of the Effective Time, Parent shall cause the Surviving Corporation to comply with all obligations of the Company in existence or in effect on the date hereof under its Organizational Documents to indemnify, defend and hold harmless each person who is now, or has been at any time prior to the date of this Agreement or who becomes such prior to the Effective Time, an officer, director or fiduciary of the Company (the "Indemnified D&O Parties") against any and all losses, claims, damages, costs, expenses (including reasonable attorneys' fees and expenses), fines, Liabilities or judgments or amounts that are paid in settlement in connection with any claim, Action, suit, proceeding or investigation based in whole or in part on or arising in whole or in part out of the fact that such person is or was a director, officer or fiduciary of the Company whether pertaining to any action or omission existing or occurring at or prior to the Effective Time and whether asserted or claimed prior to, or at or after, the Effective Time ("Indemnified D&O Liabilities"), including all Indemnified D&O Liabilities based in whole or in part on, or arising in whole or in part out of, or pertaining to this Agreement or the transactions contemplated hereby; provided, however, that such indemnification shall be to the fullest extent the Surviving Corporation is permitted under the DGCL to indemnify its own directors, officers or fiduciaries. To the fullest extent not prohibited by law, from and after the Effective Time, all rights to indemnification as of the date hereof in favor of the Indemnified D&O Parties with respect to their activities as officers, directors or fiduciaries of the Company prior to the Effective Time, as provided in its Organizational Documents in effect on the date hereof, or otherwise in effect on the date hereof, shall survive the Merger and shall continue in full force and effect for a period of not less than six (6) years from the Effective Time, provided that in the event any claim or claims are asserted or made within such six-year period, all such rights to indemnification in respect of such claim or claims shall continue until the final disposition thereof. The Surviving Corporation shall not, for a period of six (6) years from the Effective Time, amend, waive or otherwise alter its Organizational Documents so as to impair or limit the Surviving Corporation's obligations to indemnify the Indemnified D&O Parties except as required by Law.

(b) Prior to the Effective Time, the Company may obtain a "tail" insurance policy with a claims period of six (6) years from the Effective Time with respect to directors' and officers' liability insurance in an amount and scope no less favorable than the existing policy of ALJ for claims arising from facts or events that occurred on or prior to the Effective Time at a cost that is reasonable and customary for tail insurance policies with ALJ's existing directors'

and officers' liability policy insurer or an insurer with a comparable insurer financial strength rating as ALJ's existing directors' and officers' liability policy insurer; provided that if the Company shall not have obtained such tail policy prior to the Effective Time, the Surviving Corporation will provide for a period of not less than six (6) years after the Effective Time an insurance policy for the Indemnified D&O Parties that provides coverage for events occurring at or prior to the Effective Time (the "D&O Insurance") that is not less favorable taken as a whole than the existing policy of ALJ or, if substantially equivalent insurance coverage is unavailable, the best available coverage; provided, however, that the Surviving Corporation shall not be required to pay an annual premium for the D&O Insurance in excess of one hundred fifty percent (150%) of the annual premium currently paid by ALJ for such insurance; provided further, however, that if the annual premium of such coverage exceeds such amount, the Surviving Corporation shall use its commercially reasonable efforts to obtain a policy with the greatest coverage available for a cost not exceeding such amount. The Company shall use commercially reasonable efforts to obtain competitive quotes (from insurance providers with comparable ratings) for such insurance coverage in an effort to reduce the cost thereof.

(c) Successors. In the event Parent or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then and in either such case, proper provisions shall be made so that the continuing or surviving entity or transferee, as appropriate, shall assume the obligations set forth in this Section 7.10.

Section 7.11 Efforts to Close. Subject in every case to compliance with Section 7.4, through the Closing Date, subject to the terms and conditions herein provided, the Parties will, and will cause the respective subsidiaries within their control to, use commercially reasonable efforts to take all reasonable actions and do all reasonable things necessary, proper or advisable, under Laws, contract or otherwise to consummate and make effective, as soon as reasonably practicable, the transactions contemplated hereby, including the satisfaction of all conditions thereto set forth herein, including, without limitation, reaching agreement on the information set forth in the Inventory Certificate and Closing Balance Sheet. Without limitation to the foregoing, through the Closing Date the Parties shall be obliged to keep each other reasonably informed of the steps taken in compliance with this Section 7.11 and the progress toward satisfying the closing conditions set forth in Article 8 including by communicating with each other on a regular basis with respect to progress made to date in respect of satisfaction of any and all of the closing conditions set forth in Article 8 and any issues arising in connection therewith which might reasonably be expected to delay or prevent such satisfaction.

Section 7.12 Further Assurances. Each Party covenants and agrees to prepare, execute, acknowledge, file, record, publish and deliver such other instruments, certificates and documents, and to take such other actions, as may be required by Law or reasonably requested by any other Party to carry out the purposes of this Agreement.

Section 7.13 Employee Matters; Employee Benefit Plans. Without limiting the obligations set forth in Section 7.18 herein, for a period of one (1) year after the Effective Time, Parent shall provide or cause the Company to provide compensation and benefits to the Employees that, taken as a whole, are substantially similar in the aggregate to those provided to

such employees as of the Effective Time, unless otherwise required on account of collective bargaining.

(a) With respect to any "employee benefit plan," as defined in Section 3(3) of ERISA, maintained by Parent or any of its affiliates in which Employees will be eligible to participate from and after the Effective Time, for purposes of determining eligibility to participate and vesting each Employee's service with the Company shall be treated as service with Parent or any of its subsidiaries; provided, however, that such service shall not be recognized for purposes of benefit accrual under any employee benefit plan or to any extent that such recognition would result in any duplication of benefits.

(b) Parent shall use its commercially reasonable efforts to waive, or cause to be waived, any pre-existing condition limitations, exclusions, actively-at-work requirements and waiting periods under any welfare benefit plan maintained by Parent or any of its affiliates in which Employees (and their eligible dependents) will be eligible to participate from and after the Effective Time, except to the extent that such pre-existing condition limitations, exclusions, actively-at-work requirements and waiting periods would not have been satisfied or waived under the comparable Employee Benefit Plan immediately prior to the Effective Time. Parent shall use its commercially reasonable efforts to recognize, or cause to be recognized, the dollar amount of all co-payments, deductibles and similar expenses incurred by each Employee (and his or her eligible dependents) during the calendar year in which the Effective Time occurs for purposes of satisfying such year's deductible and co-payment limitations under the relevant welfare benefit plans in which they will be eligible to participate from and after the Effective Time.

(c) The provisions contained in this Section 7.13 are included for the sole benefit of the Parties hereto and shall not create any right in any other Person, including any employees, former employees, any participant in any Employee Benefit Plan or any beneficiary thereof or any right to continued employment with the Company, provided, however, that any such termination is effected in accordance with applicable Law and the terms of the Collective Bargaining Agreement to the extent applicable.

Section 7.14 Company Required Vote. Immediately following the affirmative vote of a majority of the outstanding shares of common stock of ALJ ("ALJ Common Stock") in favor of the Merger, ALJ will deliver to the Company and to Parent, a written consent and approval of ALJ as the sole holder of the Company's Series A Common Stock approving the adoption of this Agreement and the Merger and such consent and approval shall not be amended, withdrawn, modified, superseded or otherwise changed in any manner prior to the earlier of Closing or the termination of this Agreement pursuant to Section 9.1 of this Agreement. ALJ and the Company acknowledge that the foregoing written consent and approval of ALJ, once delivered, will satisfy the requirements of subclause (a) of the definition of Required Votes.

Section 7.15 ALJ Stockholders' Meeting.

(a) ALJ shall prepare the Proxy Statement promptly after the execution of this Agreement, and shall use its commercially reasonable efforts to prepare the Proxy Statement within ten (10) business days after the date hereof. Parent shall provide promptly to ALJ such

information concerning Parent and Merger Sub as may be reasonably requested by ALJ for inclusion in the Proxy Statement. At the earliest practicable time ALJ shall cause the Proxy Statement to be mailed to its stockholders. Unless the Company Board or the ALJ Board shall have effected a Change in Recommendation in accordance with Section 7.2(b), prior to mailing the Proxy Statement, ALJ shall provide Parent and its counsel with a reasonable opportunity to review and comment on such materials in advance.

(b) If, at any time prior to the Effective Time, any event or information relating to ALJ, the Company, Parent, Merger Sub, or any of their Affiliates, should be discovered by ALJ, Parent or the Company which should be set forth in an amendment or supplement to the Proxy Statement, so that such document would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein not false or misleading, the Party which discovers such information shall promptly notify the other parties and ALJ shall cause an appropriate amendment or supplement describing such information to be disseminated to its stockholders.

(c) ALJ shall in accordance with applicable Law, Governmental Order and ALJ's Organizational Documents (i) use commercially reasonable efforts to duly call, give notice of, convene and hold a special meeting of its stockholders as promptly as practicable, and in any event (to the extent permissible under applicable Law and Governmental Order) within twenty-five (25) days, after the mailing of the Proxy Statement to the stockholders of ALJ, for the purpose of considering the approval of the Merger, and (ii) unless the ALJ Board shall have effected a Change in Recommendation in accordance with Section 7.2(b), (A) include in the Proxy Statement the ALJ Board's recommendation that the holders of ALJ Common Stock vote in favor of the Merger (which recommendation shall be deemed a part of the ALJ Board Recommendation), and (B) use its commercially reasonable efforts to solicit from the stockholders of ALJ proxies in favor of the Merger and secure the vote or consent of ALJ's stockholders as required by the DGCL or other applicable Law to effect the Merger. ALJ shall consult with Parent regarding the date of the ALJ Stockholders' Meeting and shall not postpone or adjourn the ALJ Stockholders' Meeting without the prior written consent of Parent; provided, however, that nothing herein shall prevent ALJ from postponing or adjourning (one time only for no more than five (5) business days in the case of clause (w)) the ALJ Stockholders' Meeting if and to the extent that:

(w) there are holders of an insufficient number of shares of ALJ Common Stock present or represented by a proxy at the ALJ Stockholders' Meeting to constitute a quorum at the ALJ Stockholders' Meeting and ALJ uses its commercially reasonable efforts during any such postponement or adjournment to obtain such a quorum,

(x) ALJ is required to postpone or adjourn the ALJ Stockholders' Meeting by applicable Law or Governmental Order and ALJ uses its commercially reasonable efforts to hold or resume the ALJ Stockholders' Meeting as soon as practicable,

(y) the ALJ Board shall have determined in good faith (after consultation with outside legal counsel) that it is required by Law or it is otherwise advisable in the exercise of its fiduciary duties to postpone or adjourn the ALJ Stockholders' Meeting,

including in order to give stockholders of ALJ sufficient time to evaluate any information or disclosure that ALJ has sent to its stockholders or otherwise made available to its stockholders by issuing a press release or otherwise (including in connection with any Change in Recommendation), or

(z) the ALJ Board or the Company Board shall have provided to Parent a Change in Recommendation Notice in accordance with Section 7.2(b)(ii), in which case the ALJ Board or the Company Board, as applicable, shall have the right, for each such Change in Recommendation Notice so delivered, to postpone or adjourn the Stockholders Meeting to a date no later than fifteen (15) business days after the date of delivery to Parent of such Change in Recommendation Notice.

(d) ALJ shall ensure that the ALJ Stockholders' Meeting is called, noticed, convened, held and conducted, and that all parties solicited by ALJ or its Affiliates in connection with the ALJ Stockholders' Meeting are solicited, in compliance in all material respects with all applicable Laws and Governmental Orders. The approval of the Merger and adjournment of the ALJ Stockholders' Meeting, as necessary, to solicit additional proxies if there are insufficient votes in favor of the Merger, shall be the only matters which ALJ shall propose to be acted on by the ALJ's stockholders at the ALJ Stockholders' Meeting unless otherwise approved in writing by Parent.

(e) At the ALJ Stockholders' Meeting, Parent and Merger Sub shall cause all ALJ capital stock then owned by them and their subsidiaries, if any, to be voted in favor of the Merger.

(f) Without limiting the generality of the foregoing, ALJ agrees that its obligation to duly call, give notice of, convene and hold the ALJ Stockholders' Meeting shall not be affected by any Change of Recommendation by ALJ or the Company. Unless this Agreement is terminated in accordance with Section 9.1, ALJ agrees that it shall not submit to the vote of the stockholders of ALJ any Company Takeover Proposal (whether or not a Superior Company Proposal) prior to the vote of the Company's stockholders with respect to the Merger at the ALJ Stockholders' Meeting.

(g) Each of the ALJ stockholders listed as signatories in the Stockholder Support Agreement attached hereto as **Exhibit G** (the "Stockholder Support Agreement") will execute and deliver to Parent the Stockholder Support Agreement concurrently with the Company's execution and delivery of this Agreement, pursuant to which such ALJ stockholders (a) agree to vote or cause to be voted, at the ALJ Stockholders' Meeting, in favor of the Merger and approval of this Agreement and transactions contemplated hereby, all shares of ALJ Common Stock now or later held of record or beneficially owned by such ALJ stockholder; and (b) agree to take or refrain from such other actions in the manner specified in the Stockholder Support Agreement.

Section 7.16 Obligations of Merger Sub. Prior to the earlier of the Effective Time or the termination of this Agreement in accordance with its terms:

(a) Merger Sub shall not, and Parent shall cause Merger Sub not to, undertake any business or activities other than in connection with this Agreement and engaging in the Merger.

(b) Parent shall take all action necessary to cause Merger Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and subject to the conditions set forth in this Agreement.

Section 7.17 Conduct of Parent and Merger Sub Prior to the Closing. Parent and Merger Sub shall not engage in any action or enter into any transaction or permit any action to be taken or transaction to be entered into that would reasonably be expected to materially delay the consummation of, or otherwise adversely affect, the Merger. Without limiting the generality of the foregoing, Parent shall not, and shall cause its subsidiaries not to, acquire (whether via merger, consolidation, stock or asset purchase or otherwise), or agree to so acquire, any material amounts of assets of or any equity in any Person or any business or division thereof, unless that acquisition or agreement would not (a) impose any delay in the obtaining of, or increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Authority necessary to consummate the Merger or the expiration or termination of any waiting period under applicable Law, or (b) increase the risk of any Governmental Authority entering an order prohibiting the consummation of the Merger or increase the risk of not being able to remove any such order on appeal or otherwise.

Section 7.18 Collective Bargaining Agreement. In accordance with Article IV, Section 1 of the Collective Bargaining Agreement, Parent and Merger Sub hereby agree to recognize, and will cause the Surviving Corporation to recognize upon the Closing, the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "Union") as the bargaining representative for the Employees, as such term is defined in the Collective Bargaining Agreement, and Parent accepts, and will cause the Surviving Corporation to accept, the Collective Bargaining Agreement with the Union establishing the terms and conditions of employment of such Employees. Parent shall cause the Surviving Corporation to continue to honor the Collective Bargaining Agreement in accordance with its terms.

Section 7.19 Financial Statements. Until the Closing, on or before the 21st day of each month, the Company will deliver to Parent unaudited financial statements of the Company as at and for the monthly period ending on the last day of the preceding month, which will include a balance sheet and statement of income.

Section 7.20 FIRPTA Certificate. Prior to Closing, ALJ shall provide Parent with a certification executed by ALJ and stating, under penalty of perjury, ALJ's U.S. taxpayer identification number and address and that ALJ is not a "foreign person" as defined in Section 1445 of the Code.

Section 7.21 Termination of Agreements. Prior to Closing, ALJ and the Company shall take such steps as are required to terminate, with effect from Closing, the Tax Sharing Agreement, the Management Agreement and the Fee and Reimbursement Agreement.

Section 7.22 "As Is" Purchase. PARENT ACKNOWLEDGES THAT IT WILL, SUBJECT ONLY TO ALJ'S OR THE COMPANY'S EXPRESS REPRESENTATIONS, WARRANTIES, COVENANTS, AND OBLIGATIONS IN THIS AGREEMENT, ACQUIRE THE COMPANY IN "AS IS" CONDITION, WITH ALL FAULTS, IN RELIANCE UPON PARENT'S INSPECTION THEREOF. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, AND WITHOUT LIMITING ALJ'S OR THE COMPANY'S EXPRESS REPRESENTATIONS AND WARRANTIES, NEITHER ALJ NOR THE COMPANY MAKES ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER WITH RESPECT TO ANY OF THE ASSETS OR LIABILITIES OF THE COMPANY, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATIONS OR WARRANTIES CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OF CONDITION, OR STATE OF REPAIR OF ANY OF THE ASSETS OF THE COMPANY, (B) THE COMPLIANCE OF ALJ OR THE COMPANY, OR ANY REAL PROPERTY OWNED OR LEASED BY IT, OR THE OPERATION OF ANY FACILITIES OF THE COMPANY, WITH LAW, OR (C) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY PERSONAL OR REAL PROPERTY OWNED OR LEASED BY THE COMPANY. PARENT HEREBY EXPRESSLY DISCLAIMS THE IMPLIED WARRANTY OF HABITABILITY, THE IMPLIED WARRANTY OF MERCHANTABILITY, THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND ALL IMPLIED WARRANTIES RELATING TO THE QUALITY OF OR OTHERWISE RELATING TO THE PHYSICAL CONDITION OF THE ASSETS OF THE COMPANY.

Section 7.23 Note Offering.

(a) Parent shall use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange, with reasonable best efforts by Parent to obtain a closing no later than the Outside Date, the sale of additional 12.500% senior secured notes due 2016 issued pursuant to the indenture dated as of December 5, 2011 among Parent, the Guarantors (as defined therein) and Wilmington Trust, National Association as trustee and as noteholder collateral agent (the "Notes"), for the Financing Minimum Threshold (the "Note Offering"). The Company acknowledges that the consummation of the Note Offering requires certain consents from Parent's existing senior lenders and noteholders and the execution of a supplemental indenture in respect thereof.

(b) The Company shall provide such reasonable cooperation in connection with the arrangement of the Note Offering as may be reasonably requested by Parent, including (i) participation in meetings, drafting sessions, presentations, road shows, due diligence and sessions with the financing sources, investors and rating agencies, (ii) furnishing Parent and the financing sources as promptly as practicable with financial and other pertinent information of the type and form customarily included in offering documents used in private placements under Rule 144A of the Securities Act (including pro forma financial information) and other documents required to satisfy any customary negative assurance opinion, to consummate the Note Offering at the time the Note Offering is to be consummated, (iii) assisting Parent and its financing sources in the preparation of (A) any offering documents, private placement memoranda and other informational and marketing materials for any portion of the Note Offering and (B) materials for rating agency presentations, (iv) reasonably cooperating with the marketing efforts

of Parent and the financing sources for any portion of the Note Offering, (v) executing and delivering any necessary pledge and security documents and otherwise reasonably facilitating the granting of a security interest (and perfection thereof) in collateral, guarantees, mortgages, other definitive financing documents or other certificates or documents as may be reasonably requested by Parent; provided that no such pledge or security document shall be effective prior to the Effective Time, (vi) obtaining customary authorization letters with respect to the offering memoranda and consents of accountants for use of their reports in any materials relating to the Note Offering and (vii) taking all corporate actions, subject to the occurrence of the Closing, necessary to permit the consummation of the Note Offering. Parent shall reimburse ALJ and the Company for all reasonable out-of-pocket legal and accounting fees and expenses incurred by the Company pursuant to this Section 7.23(b).

ARTICLE 8. CONDITIONS

Section 8.1 Conditions to Obligations of each Party to Effect the Merger. The obligation of each Party to effect the Merger and to take the other actions contemplated hereunder to be taken by it at the Closing is subject to the fulfillment or waiver of each of the following conditions:

(a) Required Votes. The Required Votes shall have been obtained on or prior to the Closing Date.

(b) Termination of Tax Sharing Agreement. The Tax Sharing Agreement and any similar agreements shall have been terminated in their entirety, provided, however, provision shall have been made for all payments thereunder for periods (including partial periods) prior to the Closing Date.

(c) Termination of Management Agreement and Fee and Reimbursement Agreement. Each of the Management Agreement and the Fee and Reimbursement Agreement shall have been terminated in its entirety. The Company shall not have made any payment under the Fee and Reimbursement Agreement.

(d) Closing Deliverables. Each of the Company and Parent shall have delivered or caused to have been delivered to one another or such other party designated by the Company, as applicable, the items required by Section 2.3.

(e) Stock Purchase Agreement. Merger Sub, the Company and all the holders of Company Preferred Stock and Series B Common Stock shall have duly executed the Stock Purchase Agreement and shall have duly complied with the terms thereof required to be complied with prior to the Closing, and the only item remaining in order to effect consummation of the securities purchases contemplated thereby shall be the payment of the relevant purchase funds to the holders of Company Preferred Stock and Series B Common Stock at the Closing.

Section 8.2 Conditions to Obligations of the Company to Effect the Merger. The obligation of the Company to effect the Merger and to take the other actions contemplated hereunder to be taken by it at the Closing is subject to the fulfillment or waiver of each of the following conditions (which may be waived in whole or in part by the Company):

(a) Representations, Warranties and Covenants. The representations and warranties of Parent and Merger Sub contained in this Agreement that (i) are contained in Section 6.2 or (ii) are qualified by materiality, including material adverse effect, shall be true and correct as of the date of this Agreement and as of the Closing Date and the representations and warranties of Parent and Merger Sub contained in this Agreement that are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, in each case as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date). The covenants and agreements contained in this Agreement to be complied with by Parent and Merger Sub at or before the Closing shall have been complied with in all material respects. The Company shall have received a certificate from Parent signed by an executive officer thereof with respect to the matters described in this Section 8.2(a).

(b) Regulatory Approvals. Any waiting period (and any extension thereof) under the HSR Act shall have expired or shall have been terminated.

(c) No Order. There shall not be in effect any Law or Governmental Order prohibiting the Merger.

(d) Third Party Consents. There shall have been obtained all approvals, consents, authorizations and waivers from third parties (who are not Governmental Authorities) listed on Schedule 8.2(d).

(e) Collective Bargaining Agreement. Parent and Merger Sub shall have taken all actions reasonably requested by the Union to evidence their agreement to recognize and accept the Collective Bargaining Agreement and the Surviving Corporation's obligation to recognize and honor the Collective Bargaining Agreement in accordance with its terms thereof.

Section 8.3 Conditions to Obligations of Parent and Merger Sub. The obligation of the Parent and Merger Sub to effect the Merger and to take the other actions contemplated hereunder to be taken by them at the Closing is subject to the fulfillment or waiver of each of the following conditions (which may be waived in whole or in part by the Parent):

(a) Representations and Warranties. The representations and warranties of the Company and ALJ contained in this Agreement that (i) are contained in Section 4.2, Section 4.5 and Section 5.3 or (ii) are qualified by materiality, including material adverse effect, shall be true and correct as of the date of this Agreement and as of the Closing Date and the representations and warranties of the Company and ALJ contained in this Agreement that are not referenced in the foregoing subclauses (i) and (ii) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, in each case as if made as of the Closing Date (other than such representations and warranties as are made as of another date, which shall be true and correct in all material respects as of such date). The covenants and agreements contained in this Agreement to be complied with by the Company or ALJ at or before the Closing shall have been complied with in all material respects. Parent shall have received certificates from each of the Company and ALJ signed by an executive officer thereof with respect to the matters described in this Section 8.3(a).

(b) Regulatory Approvals. Without limiting Section 7.4 and subject to Parent's compliance therewith, any waiting period (and any extension thereof) under the HSR Act applicable to the Merger contemplated hereby shall have expired or shall have been terminated.

(c) No Order or Action. There shall not be in effect any Law or Governmental Order directing that the Merger not be consummated or which has the effect of rendering it unlawful to consummate such transaction, and there must not have been commenced any Action that in any case could prevent or make illegal or restrain the consummation of the Merger.

(d) Closing Date Disbursements and Calculation of Merger Consideration. At least two (2) Business Days prior to the Closing Date, Parent shall have received a certificate, executed on behalf of the Company by an executive officer thereof, and attaching copies of payoff and release letters, in form and substance reasonably satisfactory to Parent, from all Persons to whom Company Debt is owed and which set out the amounts to be paid, setting forth the (i) Company Debt Payoff Amount, (ii) the Company Transaction Expenses, (iii) the Preferred Stock Purchase Consideration, (iv) Company Common Stock Merger Consideration, (v) the Series A Common Stock Merger Consideration, (vi) the Series B Common Stock Purchase Consideration, (vii) the Preferred Stock Per Share Amount, (viii) the Series A Common Stock Per Share Amount, (ix) the Series B Common Stock Per Share Amount, (x) the number of shares of Company Preferred Stock outstanding as of the Closing Date and each holder thereof, (xi) the number of shares of Company Common Stock outstanding as of the Closing Date, (xii) the number of shares of Series A Common Stock outstanding as of the Closing Date and each holder thereof and (xiii) the number of shares of Series B Common Stock outstanding as of the Closing Date and each holder thereof.

(e) Closing Net Working Capital. The Closing Net Working Capital shall be at least Twenty Four Million Dollars ($24,000,000).

(f) No Material Adverse Effect. Since the Balance Sheet Date, there shall not have occurred any Material Adverse Effect. Notwithstanding anything to the contrary set forth herein, the failure of the Company to obtain the prior written consent of the counterparty under that certain Equipment Lease (as defined in Schedule 4.3) for the transactions contemplated hereby, shall not constitute a Material Adverse Effect or give rise to any right to terminate this Agreement.

(g) Third Party Consents. There shall have been obtained all approvals, consents, authorizations and waivers from third parties (who are not Governmental Authorities) listed on Schedule 8.3(g).

(h) Note Offering. The Note Offering shall have been consummated (or shall be consummated simultaneously with the Closing) and Parent shall have received the Financing Minimum Threshold.

ARTICLE 9. TERMINATION

Section 9.1 Termination and Abandonment. Anything herein or elsewhere to the contrary notwithstanding, this Agreement may be terminated and the Merger contemplated herein may be abandoned at any time prior to the Effective Time, whether before or after the Required Votes have been obtained:

(a) by the mutual written consent of the Parent, on the one hand, and the Company and ALJ, on the other hand;

(b) by Parent, on the one hand, or ALJ or the Company, on the other hand, upon notice to the other, at any time after February 28, 2013 (the "Outside Date") if the Closing shall not have occurred on or prior to the Outside Date; provided, however, that the right to terminate this Agreement under this Section 9.1(b) shall not be available to any Party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(c) at any time prior to the Outside Date by Parent, on the one hand, or ALJ or the Company, on the other hand, upon notice to the other, if the terminating Party's conditions to Closing cannot be reasonably satisfied by the Outside Date; provided, however, that (i) Parent may not terminate this Agreement pursuant to this Section 9.1(c), if it or the Merger Sub has failed to comply with their respective obligations under this Agreement in any material respect and have not adequately cured any such failure to comply on or before the Outside Date and (ii) neither ALJ nor the Company may terminate this Agreement pursuant to this Section 9.1(c), if either ALJ or the Company has failed to comply with any of their obligations under this Agreement in any material respect and any such failure to comply has not adequately been cured on or before the Outside Date;

(d) by either Parent, on the one hand, or ALJ or the Company, on the other hand, upon notice to the other, if the Required Votes shall not have been obtained at or by the time immediately following the ALJ Stockholders' Meeting (giving effect to any adjournment or postponement thereof permitted by the terms hereof);

(e) prior to the Closing, by either Parent, on the one hand, or ALJ or the Company, on the other hand, upon notice to the other, if it is not then in material breach or default under this Agreement, of a material breach or default by the other Party under this Agreement that if not cured could result in failure of the conditions to Closing set forth in Article 8, which is not cured within thirty (30) days after receipt by the other Party of written notice from the terminating Party specifying with particularity such breach or default of this Agreement; or

(f) by the Company or ALJ, in accordance with Section 7.2(b); provided, however, that the Company or ALJ, as applicable, shall substantially concurrently with such termination enter into an Acquisition Agreement relating to such Superior Company Proposal.

(g) By ALJ or the Company, upon written notice to Parent, at any time after the Financing Confirmation Date but no later than December 31, 2012, if the Note Offering shall not have been consummated for the Financing Minimum Threshold on or prior to the Financing

Confirmation Date; unless within forty-eight (48) hours of the Financing Confirmation Date ALJ notifies Parent that (i) it will agree to receive the Financing Shortfall in Notes (at par) in lieu of cash or (ii) one or more designees of ALJ notify Parent that they will purchase Notes in an amount equal to the Financing Shortfall in the Note Offering.

Section 9.2 Termination Fee. The Company shall promptly pay to Parent the Termination Fee if this Agreement is terminated by:

(a) the Company or ALJ pursuant to Section 9.1(f); or

(b) either ALJ or the Company, on the one hand, or Parent, on the other hand, pursuant to Section 9.1(d) or by either ALJ or the Company, on the one hand, or Parent, on the other hand, pursuant to Section 9.1(b), provided that, within twelve (12) months of such termination, ALJ or the Company either enters into an Acquisition Agreement with respect to a Company Takeover Proposal in respect of which ALJ or the Company was engaging in discussions between the date of this Agreement and the date of such termination, which is subsequently consummated, or consummates a Company Takeover Proposal in respect of which ALJ or the Company was engaging in discussions between the date of this Agreement and the date of such termination (provided, however, that for purposes of this Section 9.2(b) only all references to fifteen percent (15%) in the definition of Company Takeover Proposal shall be references to fifty and one tenth percent (50.1%)).

In no event shall more than one Termination Fee be payable hereunder.

The "Termination Fee" shall be a fee equal to three percent (3%) of the Total Purchase Price. The Company shall pay the Termination Fee within three Business Days of a termination referenced in Section 9.2(a). The Company shall pay the Termination Fee within three Business Days of consummation of the Company Takeover Proposal referenced in Section 9.2(b).

Section 9.3 Reverse Termination Fee. Parent shall promptly pay to the Company the Reverse Termination Fee if this Agreement is terminated by:

(a) either ALJ or the Company, on the one hand, or Parent, on the other hand, pursuant to Section 9.1(b), if the Closing shall not have occurred on or prior to the Outside Date as a result of the condition set forth in Section 8.3(h) not being satisfied prior to the Outside Date; or

(b) by Parent pursuant to Section 9.1(c), if the reason for such termination is that the condition set forth in Section 8.3(h) cannot be reasonably satisfied by the Outside Date.

In no event shall more than one Reverse Termination Fee be payable hereunder. The Parties understand and agree that in no event shall Parent be required to pay the Reverse Termination Fee if the Termination Fee has already become due.

The "Reverse Termination Fee" shall be a fee equal to three percent (3%) of the Total Purchase Price. Parent shall pay the Reverse Termination Fee within three Business Days of a termination referenced in this Section 9.3.

Section 9.4 Effect of Termination. In the event of termination of this Agreement as provided in Section 9.1, this Agreement shall forthwith become void and of no further force or effect and there shall be no liability on the part of any Party except (a) as set forth in the last sentence of Section 7.3, Section 9.2, Section 9.3 and in Article 10 and (b) that nothing herein shall relieve any Party from liability for any willful breach of this Agreement. For purposes of this Agreement, "willful breach" shall mean a breach or failure to perform an obligation or agreement that is a consequence of an act undertaken by the breaching party with the actual knowledge that the taking of such act would, or would reasonably be expected to, cause a breach of this Agreement.

ARTICLE 10. MISCELLANEOUS PROVISIONS

Section 10.1 Non-Survival of Representations and Warranties. The representations, warranties and covenants of the Company, ALJ, Parent and Merger Sub contained in this Agreement, or any instrument delivered pursuant to this Agreement, shall terminate at the Effective Time, except the obligations set forth in Section 7.8, Section 7.9, Section 7.10, Section 7.13, Section 7.18, Section 9.2, Section 9.3 and Article 10 that by their terms survive the Effective Time shall survive.

Section 10.2 Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement, the agreements contemplated hereby and the transactions contemplated hereby and thereby shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred, provided, however, that Parent and the Company shall (if not already done so prior to the date hereof) jointly pay for all filing fees relating to antitrust, competition and foreign investment matters.

Section 10.3 Disclaimer Regarding Projections. In connection with Parent's investigation of the Company, Parent confirms that it has received from the Company and/or the representatives thereof certain projections and other forecasts and certain business plan information. Parent acknowledges that there are uncertainties inherent in attempting to make such projections and other forecasts and plans, that Parent is familiar with such uncertainties, that Parent is taking full responsibility for making its own evaluation of the adequacy and accuracy of all projections and other forecasts and plans so furnished to it, and that Parent is not relying on any such projections, forecasts or plans and shall have no claim against anyone with respect thereto. Accordingly, Parent acknowledges that the Company makes no representation or warranty with respect to such projections, forecasts or plans and that the Company makes only those representations and warranties explicitly set forth in Article 4.

Section 10.4 Materiality. There have been included in the Schedules, and may be included elsewhere in this Agreement, items which are not "material"; such inclusion shall not be deemed to be an acknowledgement by the Company that such items are "material" and shall not be used to further define the meaning of "material" for purposes of this Agreement.

Section 10.5 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service or by telecopy to the

respective parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

(a) If, prior to the Closing Date, to the Company:

KES Acquisition Company
P.O. Box 2119
Ashland, KY 41105-2119
Facsimile: (606) 929-1261
Attention: Chief Executive Officer

with a copy to:

Morrison & Foerster LLP
755 Page Mill Road
Palo Alto, CA 94304
Facsimile: (858) 523-2809
Attention: Christopher M. Forrester

(b) If to Parent:

Optima Specialty Steel, Inc.
200 South Biscayne Boulevard
Suite 3660
Miami, Florida 33131
Facsimile: (305) 375-7501
Attention: General Counsel

with a copy to:

Baker & McKenzie LLP
300 East Randolph Street, Suite 5000
Chicago, IL, 60601
Facsimile: (312) 698-2702
Attention: Edward J. West

Section 10.6 Public Announcements. No Party shall make, or cause to be made, any press release or public announcement in respect of this Agreement, the Merger or the transactions contemplated hereby or otherwise communicate with any news media regarding any of the foregoing without the prior written consent of the other parties, and the parties shall cooperate as to the timing and contents of any such press release or public announcement; provided, however, that a Party may, without the prior consent of the other parties, make such press release or public announcement as may be required by Law. The first public announcement by the parties of the transactions contemplated by this Agreement shall be in the

form of a joint press release to be jointly prepared and approved by each of Parent and the Company.

Section 10.7 Headings; Table of Contents. The descriptive headings contained in this Agreement and table of contents of this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.8 Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

Section 10.9 Entire Agreement. This Agreement and the Confidentiality Agreement constitute the entire agreement of the Parties with respect to the subject matter hereof and supersede all prior agreements and undertakings, both written and oral, among the Parties with respect to the subject matter hereof.

Section 10.10 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement may not be assigned by operation of law or otherwise by any Party without the prior written consent of the other Parties (which consent may be granted or withheld in the sole discretion of such other Parties), and any attempted assignment in violation of this Section 10.10 shall be void.

Section 10.11 No Third Party Beneficiaries. Except as provided in Section 7.10 and Section 7.18, this Agreement shall be binding upon and inure solely to the benefit of the Parties and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person other than the Parties any legal or equitable right, benefit or remedy of any nature whatsoever (including any rights as a third party beneficiary or otherwise) under or by reason of this Agreement.

Section 10.12 Amendment. This Agreement may not be amended except by an instrument in writing signed by the Parties.

Section 10.13 Waiver. Any Party may (a) extend the time for the performance of any of the obligations or other acts of any other Party, (b) waive any inaccuracies in the representations and warranties of another Party contained herein or in any document delivered by another Party pursuant hereto or (c) waive compliance with any of the agreements or conditions of another Party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the Party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The

failure of any Party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

Section 10.14 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to the choice of law doctrine of Delaware. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any federal court sitting in the County of New Castle, Delaware, unless there is no federal court jurisdiction, in which case the action or proceeding shall be heard and determined in any state court sitting in the County of New Castle, Delaware, and the Parties hereby irrevocably submit to the jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum. Each Party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such Party at its address specified in Section 10.5. Nothing in this Section 10.14 shall affect the right of any Party to serve legal process in any other manner permitted by Law. The consents to jurisdiction set forth in this Section 10.14 shall not constitute general consents to service of process in the State of Delaware and shall have no effect for any purpose except as provided in this Section 10.14 and shall not be deemed to confer rights on any person other than the Parties.

Section 10.15 Equitable Relief. The Parties agree that irreparable harm and significant damage, the amount of which would be difficult to estimate, would occur in the event that any of the provisions of this Agreement were not performed (or threatened to not be performed) in accordance with their specified terms or were otherwise breached (or threatened to be breached), thus making any remedy at Law or in damages inadequate. Accordingly, the Parties agree that they shall each be entitled to injunctive relief to prevent breaches (and to enforce specifically the terms and provisions) of this Agreement. Nothing herein shall be construed to limit the Parties' respective rights to other remedies, which shall be in addition to those set forth in this provision. Notwithstanding the foregoing or anything herein to the contrary, it is acknowledged and agreed that the Company shall not be entitled to seek specific performance of Parent's obligations under Section 7.23.

Section 10.16 Counterparts. This Agreement may be executed in one or more counterparts, and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures shall have the same force and effect as signatures.

Section 10.17 Construction. This Agreement and any documents or instruments delivered pursuant hereto shall be construed without regard to the identity of the Person who drafted the various provisions of the same. Each and every provision of this Agreement and such other documents and instruments reflects a negotiated outcome and as such shall be construed as though the Parties participated equally in the drafting of the same. Any rule of construction providing that a document or provision be construed against the drafting party shall not be applicable to this Agreement or such other documents and instruments.

Section 10.18 Exhibits and Schedules to this Agreement. All Annexes, Exhibits and Schedules hereto, or documents expressly incorporated into this Agreement, are hereby

incorporated into this Agreement and are hereby made a part hereof as if set out in this Agreement.

Section 10.19 Time of the Essence. Time is of the essence with respect to all dates and time periods set forth or referred to in this Agreement. The Parties acknowledge that each will be relying upon the timely performance by the other of its obligations hereunder as a material inducement to enter into this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the date first above written.

OPTIMA SPECIALTY STEEL, INC.

By: /s/ Mordechai Korf
Mordechai Korf
Executive Chairman

KES OPTIMA ACQUISITION INC.

By: /s/ Mordechai Korf
Mordechai Korf
Executive Chairman

KES ACQUISITION COMPANY

By: /s/ John Scheel
John Scheel
Chief Executive Officer

ALJ REGIONAL HOLDINGS, INC.

By: /s/ John Scheel
John Scheel
Chief Executive Officer

Exhibit No. 2

STOCKHOLDER SUPPORT AGREEMENT

STOCKHOLDER SUPPORT AGREEMENT, dated as of November 18, 2012 (this "**Agreement**"), among Optima Specialty Steel, Inc., a Delaware corporation ("**Parent**"), and the stockholders of ALJ Regional Holdings, Inc., a Delaware corporation (the "**Company**") listed on Schedule A hereto (each, a "**Stockholder**" and, collectively, the "**Stockholders**").

W I T N E S S E T H :

WHEREAS, Parent, KES Optima Acquisition Inc., a Delaware corporation and wholly owned subsidiary of Parent (the "**Merger Sub**"), KES Acquisition Company, a Delaware corporation ("**KES**"), and the Company propose to enter into an Agreement and Plan of Merger dated on or about the date hereof (as the same may be amended or supplemented, the "**Merger Agreement**"; providing for the merger of Merger Sub with and into KES. Capitalized terms used but not defined herein shall have the meanings set forth in the Merger Agreement.

WHEREAS, the Stockholders own the number of shares of common stock of the Company ("**Company Common Stock**") set forth on Schedule A hereto (collectively with any Company Common Stock acquired pursuant to Section 7 of this Agreement, the "**Subject Shares**"); and

WHEREAS, as a material condition to Parent's willingness to enter into the Merger Agreement, Parent has requested that the Stockholders agree, and the Stockholders have agreed (in such Stockholder's capacity as such and not in any other capacity, including as a director or officer of the Company, as applicable), to enter into this Agreement in connection with the Merger Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. Representations and Warranties of the Stockholders. Each Stockholder hereby represents and warrants (severally and not jointly) with respect to itself and its respective Subject Shares to Parent as follows:

(a) Authority; No Violation. Such Stockholder has all requisite legal capacity, power and authority to execute this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by such Stockholder of this Agreement and consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of such Stockholder. The execution, delivery and performance of this Agreement by such Stockholder will not violate or breach, and will not give rise to any violation or breach of, such Stockholder's certificate of incorporation or limited liability company agreement or other organizational documents (if such Stockholder is not an individual), or any Law, court, order, contract, instrument, arrangement or agreement to which such Stockholder is a party or is subject. Each Stockholder represents that any proxies heretofore given in respect of the Subject Shares that may still be in effect are not irrevocable, and such proxies are hereby revoked.

(b) Execution; Delivery; Enforceability. Such Stockholder has duly executed and delivered this Agreement, and this Agreement constitutes the valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and

(ii) is subject to general principles of equity. No consent or approval of, or registration or filing with, any Governmental Authority is required to be obtained or made by or with respect to such Stockholder in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, other than such consents, registrations or filings the failure of which to be obtained or made would not have a material adverse effect on such Stockholder's ability to perform its obligations hereunder.

(c) The Subject Shares. Such Stockholder is the sole beneficial owner of the Subject Shares listed on Schedule A across from its name, and has sole voting power and sole power of disposition with respect to all of such Subject Shares, free and clear of any Lien. None of the Subject Shares owned by it are subject to any voting trust or other voting agreement with respect to the Subject Shares, except as contemplated by this Agreement.

(d) Brokers. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Merger and the other transactions contemplated by the Merger Agreement based upon arrangements made by or on behalf of such Stockholder.

Section 2. Representations and Warranties of Parent. Parent hereby represents and warrants to each Stockholder as follows:

(a) Authority; No Violation. Parent has all requisite corporate power and authority to execute this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent of this Agreement and consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Parent. The execution, delivery and performance of this Agreement by Parent will not violate or breach, and will not give rise to any violation or breach of, Parent's certificate of incorporation or bylaws, or any Law, court, order, contract, instrument, arrangement or agreement by which such Parent is a party or is subject.

(b) Execution; Delivery; Enforceability. Parent has duly executed and delivered this Agreement, and this Agreement constitutes the valid and binding obligation of Parent, enforceable against Parent in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity. No consent or approval of, or registration or filing with, any Governmental Authority is required to be obtained or made by or with respect to Parent in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, other than such consents, registrations or filings the failure of which to be obtained or made would not have a material adverse effect on Parent's ability to perform its obligations hereunder.

Section 3. Covenants of the Stockholders. (a) Voting. Each Stockholder covenants and agrees with respect to itself and its respective Subject Shares as follows:

(i) at any meeting of Stockholders of the Company, and at any postponement or adjournment thereof, or in any other circumstances upon which any vote, consent or other approval with respect to the Merger Agreement, the Merger or any other transaction contemplated by the Merger Agreement is sought, such Stockholder shall (solely in its capacity as a stockholder of the Company) (i) if a meeting is held, appear at each such meeting or otherwise cause its Subject Shares to be counted as present for purposes of calculating a quorum and (ii) vote (or cause to be voted) its Subject Shares, to the extent its Subject Shares may vote on

the matter in question, in favor of the Merger and approval of the Merger Agreement and transactions contemplated thereby, including the approval and adoption of the Merger, the Merger Agreement or any related action reasonably required in furtherance thereof;

(ii) at any meeting of Stockholders of the Company, or at any postponement or adjournment thereof, or in any other circumstances upon which the Stockholder's vote, consent or other approval is sought, subject to its right to terminate this Agreement pursuant to Section 8 hereof, such Stockholder shall (solely in its capacity as a stockholder of the Company) vote (or cause to be voted) its Subject Shares, to the extent its Subject Shares may vote on the matter in question, against any (A) Company Takeover Proposal (other than the Merger Agreement and the Merger), (B) merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by KES or the Company, (C) amendment of the KES' or the Company's memorandum and articles of association or (D) other proposal or transaction involving the Company or any of its subsidiaries (including KES), which proposal or transaction would in any manner impede, delay, frustrate, prevent or nullify any provision of the Merger Agreement, the Merger or any other transaction contemplated by the Merger Agreement or change in any manner the voting rights of any class of the Company's or KES' capital stock. Such Stockholder shall not take or commit or agree to take any action inconsistent with the foregoing;

(iii) other than pursuant to this Agreement, such Stockholder shall not (A) sell, transfer, pledge, assign or otherwise dispose of (including by gift, merger or operation of Law), encumber, hedge or utilize any derivative to transfer the economic interest in (collectively, "**Transfer**"), or enter into any Contract, option or other arrangement (including any profit sharing arrangement) with respect to, any of its Subject Shares, other than pursuant to the Merger; *provided* that the Stockholder shall be permitted to distribute all or any portion of its Subject Shares to its general partners or limited partners if and only if such general partners or limited partners agree in writing to be bound by the restrictions set forth in this Agreement with respect to such Subject Shares or upon the death of such Stockholder, provided that, as a condition to such Transfer, the recipient agrees to be bound by this Agreement, (B) enter into any voting arrangement, whether by proxy, voting agreement or otherwise, or grant any powers of attorney, with respect to any of its Subject Shares, (C) permit any of its Subject Shares to become subject to any Lien, (D) request that the Company or the Company's depositary bank register a Transfer (book-entry or otherwise) of any of its Subject Shares (whether represented by a certificate or uncertificated) in contravention of this Agreement, (E) take any action that would make any representation or warranty of such Stockholder herein untrue or incorrect or have the effect of preventing or disabling such Stockholder from performing its obligations hereunder or (F) commit or agree to take any of the foregoing actions.

(iv) in the event and only in the event of a breach or threatened breach by such Stockholder of its obligations under Section 3(a)(i) or Section 3(a)(ii), such Stockholder hereby irrevocably grants to Parent (and any designee of Parent) a proxy (and appoints Parent or any such designee of Parent as its attorney-in-fact, with full power of substitution) to vote or grant a consent or approval with respect to all of its Subject Shares, for and in the name, place and stead of such Stockholder, for each of the matters set forth in Sections 3(a)(i) and 3(a)(ii). Such Stockholder hereby affirms that the irrevocable proxy set forth in this Section 3(a)(iv) is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of such Stockholder under this Agreement. Such Stockholder hereby further affirms that the irrevocable proxy is coupled with an interest, may under no circumstances be revoked and shall survive the death, dissolution,

bankruptcy or other incapacity of such Stockholder. Such Stockholder hereby ratifies and confirms all that such irrevocable proxy may lawfully do or cause to be done by virtue hereof. The irrevocable proxy granted hereunder shall automatically terminate upon the termination of this Agreement. Upon delivery of written request to do so by Parent, such Stockholder shall as promptly as practicable execute and deliver to Parent a separate written instrument or proxy that embodies the terms of the irrevocable proxy set forth in this Section 3(a)(iv).

(b) Capacity. Notwithstanding anything to the contrary in this Agreement, (i) such Stockholder is entering into this Agreement, and agreeing to become bound hereby, solely in its capacity as a beneficial owner of its Subject Shares and not in any other capacity (including without limitation any capacity as a director of the Company) and (ii) nothing in this Agreement shall obligate such Stockholder to take, or forbear from taking, any action as a director (including without limitation through the individuals that it has elected to the Board of Directors of the Company) or any other action, other than in the capacity as a stockholder of the Company with respect to the voting of its Subject Shares as specified in Sections 3(a)(i) and 3(a)(ii).

(c) Public Statements. No Stockholder shall issue any press release or make any other public statement with respect to the Merger Agreement, the Merger or any of the other transactions contemplated by the Merger Agreement without the prior written consent of Parent, except as may be required by applicable Law.

Section 4. Additional Matters. Each Stockholder shall, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further consents, document and other instruments as Parent may reasonably request for the purpose of effectively carrying out the transactions contemplated by this Agreement.

Section 5. Consent. Each Stockholder consents and authorizes Parent and the Company to publish and disclose in the Proxy Statement its identity and beneficial ownership of the Subject Shares and the nature of its commitments, arrangements and understandings under this Agreement.

Section 6. No Ownership Interest. Nothing contained in this Agreement shall be deemed to vest in Parent any direct or indirect ownership or incidence of ownership of or with respect to any Subject Shares. Except as provided in this Agreement, all rights, ownership and economic benefits relating to the Subject Shares shall remain vested in and belong to the Stockholder as listed on Schedule A.

Section 7. Notification of Acquisition of Additional Shares. At all times during the period commencing with the execution and delivery of this Agreement and continuing until termination hereof in accordance with Section 8, each Stockholder shall promptly notify Parent of the amount of any additional Company Common Stock and the number and type of any other voting securities of the Company acquired by such Stockholder, if any, after the date hereof.

Section 8. Termination. Except with respect to liability of any party for intentional breach of its obligations under this Agreement, all of the provisions of this Agreement shall terminate upon the earliest to occur of (a) the Effective Time, (b) the termination of the Merger Agreement in accordance with Article 9 thereof (including the payment in full of the Termination Fee, if required to be paid as a condition to the effectiveness of the termination of the Merger Agreement) or (c) delivery of written notice of termination of this Agreement from Parent to the Stockholders.

Section 9. General Provisions.

(a) Amendments. This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

(b) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service or by telecopy to Parent at the following address and to a Stockholder at its address set forth on Schedule A hereto (or at such other address for Parent or a Stockholder as shall be specified in a notice given in accordance with this Section 9(b)):

Optima Specialty Steel, Inc.
200 South Biscayne Boulevard
55th Floor
Miami, Florida 33131
Facsimile: (305) 375-7501
Attention: General Counsel

(c) Interpretation. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement, in each case, unless otherwise specified. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. For the avoidance of doubt, all of the obligations of the Stockholders hereunder are several and not joint.

(d) Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

(e) Counterparts. This Agreement may be executed in one or more counterparts, and by the parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Facsimile signatures shall have the same force and effect as signatures.

(f) Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

(g) No Third-Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties and their permitted assigns and nothing herein,

express or implied, is intended to or shall confer upon any other Person other than the parties any legal or equitable right, benefit or remedy of any nature whatsoever (including any rights as a third party beneficiary or otherwise) under or by reason of this Agreement.

(h) Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without reference to the choice of law doctrine of Delaware. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any federal court sitting in the County of New Castle, Delaware, unless there is no federal court jurisdiction, in which case the action or proceeding shall be heard and determined in any state court sitting in the County of New Castle, Delaware, and the parties hereby irrevocably submit to the jurisdiction of such courts in any such action or proceeding and irrevocably waive the defense of an inconvenient forum. Each party irrevocably consents to the service of any and all process in any such action or proceeding by the mailing of copies of such process to such party at its address specified in Section 9(b) or on Schedule A hereto, as applicable. Nothing in this Section 9(h) shall affect the right of any party to serve legal process in any other manner permitted by Law. The consents to jurisdiction set forth in this Section 9(h) shall not constitute general consents to service of process in the State of Delaware and shall have no effect for any purpose except as provided in this Section 9(h) and shall not be deemed to confer rights on any person other than the parties.

(i) Waiver of Jury Trial. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9(i).

(j) Merger Agreement. Each Stockholder understands and acknowledges that Parent is entering into the Merger Agreement in reliance upon such Stockholder's execution and delivery of this Agreement. Parent acknowledges that the Stockholders have been induced to enter into this Agreement based on the terms and conditions of the Merger Agreement.

(k) Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement may not be assigned by operation of law or otherwise by any party without the prior written consent of the other parties (which consent may be granted or withheld in the sole discretion of such other parties), and any attempted assignment in violation of this Section 9(k) shall be void.

(l) Equitable Relief. The parties agree that irreparable harm and significant damage, the amount of which would be difficult to estimate, would occur in the event that any of the provisions of this Agreement were not performed (or threatened to not be performed) in

accordance with their specified terms or were otherwise breached (or threatened to be breached), thus making any remedy at Law or in damages inadequate. Accordingly, the parties agree that they shall each be entitled to injunctive relief to prevent breaches (and to enforce specifically the terms and provisions) of this Agreement. Nothing herein shall be construed to limit the parties' respective rights to other remedies, which shall be in addition to those set forth in this provision.

[Signature Page Follows]

IN WITNESS WHEREOF, each party has duly executed this Agreement, all as of the date first written above.

OPTIMA SPECIALTY STEEL, INC.

By _____
Name:
Title:

STOCKHOLDERS:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

By _____
Name:
Title:

SCHEDULE A

Stockholder	Subject Shares (all Company Common Stock)

Notice

Exhibit No. 3

November 18, 2012

Board of Directors
ALJ Regional Holdings, Inc.
244 Madison Avenue, PMB 358
New York, NY 10016

Re: Voting Agreement; Proxy and Tender Offer

Gentlemen,

The undersigned are the beneficial owners (as defined in Rule 13d-3 under the Securities Exchange Act of 1934 (the "**Exchange Act**")) of the number of shares of common stock of ALJ Regional Holdings, Inc. ("**ALJ**") indicated below each of their respective signatures on the signature page hereto (each a "**Share**" and collectively, the "**Shares**"). The undersigned are aware of the proposed merger transaction (the "**Proposed Merger**") pursuant to which Optima Specialty Steel, Inc. will acquire ALJ's wholly owned subsidiary, KES Acquisition Company (the "**Company**"). The undersigned are also aware that, assuming that the Proposed Merger is consummated, ALJ intends to use a portion of the proceeds from the Proposed Merger to effect a tender offer for shares of ALJ's common stock at a price per share not greater than Eighty-Six Cents ($0.86) and not less than Eighty-Four Cents ($0.84) (the "**Proposed Tender**"). The undersigned understand and acknowledge that their respective agreements set forth herein (taken together, the "**Agreement**") are an inducement to ALJ's and the Company's willingness to enter into the Proposed Merger and to effect the Proposed Tender. Accordingly, each of the undersigned, intending to be legally bound, agrees as follows:

1. Undertaking to Support Proposed Merger.

    a. At every meeting of the shareholders of ALJ (including any adjournment or postponement thereof) each of the undersigned shall, or shall cause the holder of record on any applicable record date to (i) appear at such meeting or otherwise cause such Shares to be counted as present thereat for purposes of establishing a quorum and (ii) vote their respective Shares entitled to vote or consent (A) in favor of the Proposed Merger and any action required in furtherance thereof; and (B) in favor of any adjournment of such meeting, if necessary, to permit further solicitation and vote of proxies if there are insufficient votes at the time of such meeting to approve the Proposed Merger.

    b. Each of the undersigned shall retain at all times the right to vote their respective Shares in their sole discretion and without any other limitation on those matters other than those set forth in subclauses (A) and (B) above that are at any time or from time to time presented for consideration to ALJ's shareholders generally.

2. Participation in Proposed Tender.

   a. _____ (the "**Tendering Shareholder**"), irrevocably agrees and undertakes that as promptly as practicable after the commencement of the Proposed Tender, but in no event later than ten (10) business days after the commencement of the Proposed Tender, he shall tender into the Proposed Tender all of the Shares owned by him on the commencement of the Proposed Tender, free and clear of all claims, liens, encumbrances and security interests of any nature whatsoever ("**Encumbrances**") at a price of Eighty-Four Cents ($0.84) per share. If the Tendering Shareholder acquires any Shares after the Proposed Tender, he shall tender into the Proposed Tender such Shares within one (1) business day following the date that such Shares are acquired at a price of Eighty-Four Cents ($0.84) per share.

   b. The Tendering Shareholder agrees that once the Shares are tendered into the Proposed Offer he shall not withdraw such Shares unless the Proposed Offer shall have been terminated.

   c. _____ shall not tender into the Proposed Tender any Shares owned by it.

3. Prohibition on Transfer of Shares.

   a. Transfer Restrictions. None of the undersigned shall, with respect to any Share beneficially owned by them, directly or indirectly (i) sell, pledge, encumber, assign, grant an option with respect to, transfer, tender or dispose of any Share or any interest in such Share, or (ii) enter into an agreement or commitment to do any of the foregoing (any such action, a "**Transfer**"), except (1) upon the death of the undersigned, provided that, as a condition to such Transfer, the recipient agrees to be bound by this Agreement or (2) with the express written consent of ALJ. Any Transfer, or purported Transfer, of Shares in breach or violation of this Agreement shall be void and of no force or effect.

   b. Transfer of Voting Rights. None of the undersigned shall deposit (or cause or permit the deposit of) any of their respective Shares in a voting trust or grant any proxy or enter into any voting agreement or similar agreement in contravention of the obligations of the undersigned under this Agreement.

4. Directors and Officers. Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement shall limit or restrict any of the undersigned from acting in his capacity as a director or officer of ALJ or fulfilling the obligations of such office, including by voting, in his capacity as a director of ALJ, in the undersigned's sole discretion on any matter (it being understood that this Agreement shall apply to the undersigned solely in the undersigned's capacity as shareholders of ALJ).

5. Irrevocable Proxy. Each of the undersigned constitutes and appoints the Chief Executive Officer and Chief Financial Officer of ALJ, and each of them, with full power of substitution, as the proxies of such party with respect to the matters set forth herein, including, without limitation, the undertaking to vote in favor of the Merger and other matters set forth in Section 1, and hereby authorizes each of them to represent and to vote all of such undersigned's Shares in accordance with Section 1. The proxy granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of ALJ and the parties in connection with the transactions contemplated by this Agreement and, as such, is coupled with an interest and shall be irrevocable unless and until this Agreement terminates or expires pursuant to Section 12 hereof.

6. Representations and Warranties of the Undersigned. Each of the undersigned hereby represent and warrant to ALJ with respect to itself and any Shares beneficially owned by it as follows:

    a. Power; Binding Agreement. The undersigned has full power and authority to execute and deliver this Agreement and the Proxy, to perform its obligations hereunder. This Agreement has been duly executed and delivered by the undersigned and constitutes a valid and binding obligation of the undersigned, enforceable against the undersigned in accordance with its terms.

    b. No Conflicts. None of the execution and delivery by the undersigned of this Agreement, the performance by the undersigned of its obligations hereunder or the consummation by the undersigned of the transactions contemplated hereby will (i) result in a violation or breach of any agreement to which the undersigned is a party or by which the undersigned may be bound, or (ii) violate any order, writ, injunction, decree, judgment, statute, rule, or regulation applicable to the undersigned.

    c. Ownership of Shares. The undersigned (i) is the sole beneficial owner of the Shares set forth under its respective name on the signature page of this Agreement, free and clear of any Encumbrances, (ii) is the sole holder of stock options that are exercisable for the number of Shares set forth under its respective name on the signature page of this Agreement ("**Stock Options**"), all of which Stock Options and Shares issuable upon the exercise thereof are, are or will be, free and clear of any Encumbrances, and (iii) except as set forth on the signature page to this Agreement, does not own, beneficially or otherwise, any securities of ALJ.

    d. Voting Power. The undersigned has or will have sole voting power with respect to all of the Shares, with no limitations, qualifications or restrictions on such rights, subject to applicable federal securities laws and the terms of this Agreement.

7. Disclosure. Each of the undersigned shall permit ALJ to publish and disclose in any press release or other disclosure document that ALJ reasonably determines to be necessary or

desirable in connection with the Proposed Merger or the Proposed Tender, such undersigned's identity and ownership of Shares and the nature of such undersigned's commitments, arrangements and understandings under this Agreement.

8. Further Assurances. Subject to the terms and conditions of this Agreement, each of the undersigned shall use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary to fulfill such undersigned's obligations under this Agreement.

9. Stop Transfer Instructions. At all times commencing with the execution and delivery of this Agreement and continuing until the Termination Date (as defined below) in furtherance of this Agreement, each of the undersigned hereby authorizes ALJ or its counsel to notify ALJ's transfer agent that there is a stop transfer order with respect to all of the Shares of such undersigned (and that this Agreement places limits on the voting and transfer of such Shares).

10. No Obligation to Exercise Options or Warrants. Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement shall obligate the undersigned to exercise any Company Stock Option, warrant or other right to acquire stock of ALJ.

11. Termination. This Agreement shall terminate and be of no further force or effect on the earliest to occur of the following: (i) the termination of the definitive agreement for the Proposed Merger (the "**Merger Agreement**") pursuant to Article 9 thereof; (ii) the consummation of the Proposed Merger and Proposed Tender; (iii) the ALJ Board or Company Board makes a Change in Recommendation (as defined in the Merger Agreement); (iv) ALJ proposes to effect a tender offer for shares of ALJ at a price per share of less than Eighty-Four Cents ($0.84); or (v) solely with respect to obligations under Section 3, ALJ withdraws the Proposed Tender or makes a public announcement or otherwise notifies the undersigned that it does not intend to proceed with the Proposed Tender. Notwithstanding the foregoing, nothing set forth in this Section 11 or elsewhere in this Agreement shall relieve any party hereto from liability, or otherwise limit the liability of any party hereto, for any intentional breach of this Agreement prior to such termination. This Section 11 and Sections 4, and 12 (as applicable) shall survive any termination of this Agreement.

12. Miscellaneous. This Agreement constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior or contemporaneous representations, discussions, proposals, negotiations, conditions, communications and agreements, whether oral or written, between the parties relating to the subject matter hereof. No amendment, modification or waiver of any provision of this Agreement shall be effective unless in writing and signed by duly authorized signatories of all parties. The waiver by any party of a breach of or a default under any provision of this Agreement shall not be construed as a waiver of any subsequent breach of or default under the same or any other provision of this Agreement, nor shall any delay or omission on the part of any party to exercise or avail itself of any right or remedy that it has or may have hereunder operate as a waiver of any right or remedy. This Agreement shall be

governed by and construed in accordance with the laws of the State of Delaware, without reference to its conflicts of laws provisions. All disputes and controversies arising out of or in connection with this Agreement shall be resolved exclusively by the court of chancery or federal courts located in the State of Delaware, and each party hereto agrees to submit to the jurisdiction of said courts and agrees that venue shall lie exclusively with such courts. Should legal action arise concerning this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and related costs, in addition to any other relief which may be awarded by any court or other tribunal of competent jurisdiction. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. In the event that any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be invalid or unenforceable, the remaining portions hereof shall remain in full force and effect and such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed to the extent necessary to make such provision valid and enforceable. The parties hereto agree that they are entitled to immediate injunction or injunctions, without the necessity of proving the inadequacy of damages as a remedy and without the necessity of posting any bond or other security, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any U.S. federal court or any state court having jurisdiction, in addition to any other remedy to which the parties may be entitled at law or in equity.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the undersigned have executed and caused to be effective this Agreement as of the date first above written.

By: _____
Name:
Title:
Shares beneficially owned as of November 18, 2012:

By: _____
Name:
Title:
Shares beneficially owned as of November 18, 2012:

_____
Shares beneficially owned as of November 18, 2012:

_____
Shares beneficially owned as of November 18, 2012:

Acknowledged and agreed by:

ALJ REGIONAL HOLDINGS, INC.

By: _____
Name:
Title:

Exhibit No. 4

ALJ REGIONAL HOLDINGS, INC. ANNOUNCES
AGREEMENT TO SELL KES ACQUISITION COMPANY

Ashland, KY, November 19, 2012 — ALJ Regional Holdings, Inc. (Pink Sheets: ALJJ) ("**ALJ**") today announced that it and KES Acquisition Company, its majority-owned subsidiary ("**KES**"), have entered into a definitive merger agreement (the "**Merger Agreement**") for the sale of KES to Optima Specialty Steel, Inc. ("**Optima**") for $112.5 million in cash (the "**Merger**"). Following the repayment of all of KES' outstanding debt and preferred stock, as well as the transaction expenses related to the Merger, ALJ is expected to have cash-on-hand of approximately $51 million, or $0.86 per share, based on 59,467,498 fully diluted shares outstanding as of November 19, 2012.

Jess Ravich, Chairman of the Board, commented "I am very proud of what we have accomplished today for our stockholders. When the current members of the board joined ALJ, it had no operating business, less than one million dollars in cash, liabilities of over $14 million and an accumulated deficit of over $340 million. Through the hard work of the board, the support of our lenders and the amazing job of our employees and management company, Pinnacle Steel, LLC, *pro forma* for the merger, ALJ will have over $50 million in cash, no debt and stockholders' equity of over $50 million."

Additionally, ALJ announced that, in connection with the Merger, it is launching a self-tender offer (the "**Tender Offer**") to use approximately 50% of its expected cash immediately following closing of the Merger to acquire up to approximately 50% of its outstanding common stock. The Tender Offer is structured as a modified "Dutch auction" tender offer for up to 30,000,000 shares of ALJ's common stock at a price per share not greater than $0.86 and not less than $0.84. The Tender Offer will expire on December 24, 2012, unless extended. The Tender Offer is subject to certain terms and conditions, including the closing of the Merger and, assuming satisfaction of those conditions, is expected to close in late December 2012. A stockholder holding substantially in excess of 5% of ALJ's common stock has agreed to tender his shares in the Tender Offer and to vote in favor of the Merger. Mr. Ravich has agreed not to tender any of his shares in the Tender Offer and to vote in favor of the Merger. The remaining officers and directors of ALJ also have agreed to vote their shares in favor of the Merger.

In connection with the Merger and Tender Offer, ALJ has decided to postpone any re-listing of its stock on a national exchange until such time when it has substantial operations and the Board determines that

the cost of such listing is warranted and beneficial to ALJ stockholders.

Mr. Ravich continued, "By launching the Tender Offer, we are allowing those stockholders who desire liquidity and the ability to monetize the over 30% compounded IRR in ALJ's stock since I joined the board in 2006 to do so. Those stockholders who desire to keep their interests in ALJ may do so by not tendering." John Scheel, ALJ's CEO and a principal of Pinnacle Steel, LLC added, "It has been extremely gratifying to have taken a mill that was closed, re-open it and make it into a world class provider of SBQ and MBQ steel products."

Upon completion of the Merger, ALJ will have no or nominal operations and, other than the cash proceeds, no material assets. ALJ intends to retain the remaining proceeds from the Merger for future acquisitions. At this time no specific acquisition targets have been designated and there can be no guarantee that ALJ will designate a suitable target within any particular time frame, or at all. Further, even if a target is identified, there is no guarantee that ALJ will be successful in acquiring such target on commercial terms or at all. Such a target company (or assets) might be in any industry. In the event that ALJ is not successful in acquiring one or more operating businesses within a reasonable period of time, the Board of ALJ will determine an appropriate course of action with respect to ALJ's remaining cash-on-hand.

Under the terms of the Merger Agreement, a wholly owned subsidiary of Optima will be merged with and into KES with KES surviving the Merger as a wholly owned subsidiary of Optima. Optima will cause the surviving corporation to recognize the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the "**Union**") as the bargaining representative for KES' employees, and accept and continue to honor the terms of the May 4, 2008 agreement by and between KES and the Union.

The closing of the Merger is subject to customary conditions, including approval by ALJ's stockholders and review by U.S. regulators.

ALJ expects to hold a special meeting of stockholders for consideration of the proposed Merger on or about December 21, 2012. ALJ also expects that the Merger, which has been unanimously approved by ALJ's board of directors, subject to the satisfaction of the closing conditions including the approval of the Merger by ALJ's stockholders, will close on or about December 21, 2012 and that the Tender Offer will close shortly thereafter in late December.

The Merger Agreement contains certain termination rights for ALJ, KES and Optima, including, without limitation, if the Merger is not consummated on or before February 28, 2013 (including as a

result of Optima not obtaining financing) and if the approval of the stockholders of ALJ or KES is not obtained. The Merger Agreement also provides that the Merger Agreement may be terminated, by ALJ or KES at any time prior to December 31, 2012, if Optima has not been able to finance the Merger.

Houlihan Lokey Capital, Inc. and Roth Capital Partners, LLC acted as the financial advisors and Morrison & Foerster LLP acted as legal counsel to ALJ Regional Holdings, Inc. and KES Acquisition Company. Jefferies & Company, Inc. acted as the financial advisor and Baker & McKenzie acted as legal counsel to Optima.

Further detailed information about the Merger, including a copy of the Merger Agreement, can be found in the "Current Report" located electronically on ALJ's website at http://www.aljregionalholdings.com and at www.pinksheets.com.

About ALJ Regional Holdings, Inc.

ALJ is the parent company of KES Acquisition Company, the owner and operator of a steel mini-mill near Ashland, Kentucky producing both merchant bar quality flats (MBQ Bar Flats), and special bar quality steel flats (SBQ Bar Flats).

How to Find Further Information

This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval. ALJ will deliver a proxy statement and other relevant documents to its stockholders in connection with the special meeting of ALJ stockholders to be held to approve the proposed Merger. Additionally, an Offer to Purchase and other relevant documents describing the Tender Offer in detail are being distributed in connection with the launch of the Tender Offer. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION (INCLUDING ANY DECISION TO PARTICIPATE IN THE TENDER OFFER), WE URGE STOCKHOLDERS AND INVESTORS TO READ THE PROXY STATEMENT AND TENDER OFFER DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER AND PROPOSED TENDER OFFER. The proposals for the Merger will be made solely through the proxy statement and any offers to buy securities will be made solely through the tender offer documents, as they may be amended or supplemented. Copies of the proxy statement and tender offer documents (when they become available) may be obtained free of

charge from ALJ or its representatives. Stockholders will also be able to obtain, free of charge, copies of the proxy statement, tender offer documents and certain other documents (when they become available) of ALJ in connection with the Merger and the Tender Offer at the Pink Sheets website at http:// www.pinksheets.com and www.aljregionalholdings.com. For additional information about the Merger or Tender Offer, please contact our Information Agent as set forth below:

AST Phoenix Advisors
110 Wall Street, 27th Floor
New York, NY 10005
Banks and brokers call (212) 493-3910
All others call toll free (877) 478-5038

Forward-Looking Statements

This announcement contains, or may contain, "forward-looking statements" concerning ALJ. Generally, the words "believe," "anticipate," "expect," "may," "should," "could," and other future-oriented terms identify forward-looking statements. Forward-looking statements include, but are not limited to, statements relating to the following: (i) the proposed Merger and Tender Offer; (ii) statements set forth in the CEO's and Chairman's quotes; (iii) the anticipated timing of the stockholder meeting, completion of the proposed Merger and the proposed Tender Offer; (iv) expectations about completing the financing for the Merger and completion of the Merger and (v) assumptions underlying any of the foregoing statements.

These forward-looking statements are based upon the current beliefs and expectations of the management of ALJ and involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond ALJ's ability to control or estimate precisely and include, without limitation: (i) the failure to satisfy any of the conditions to complete the Merger, including the receipt of the required stockholder approval and completion of the financing; (ii) the occurrence of any event, change or other circumstances that could give rise to the termination of the Merger Agreement or failure of the Merger; (iii) the outcome of any legal proceedings instituted in connection with the proposed Merger; (iv) uncertainties as to the amount, if any, of our cash that ALJ stockholders may receive in the future; (v) the risk that anticipated benefits from the Merger and post-closing operations of ALJ may not

be realized or may take longer to realize than expected; (vi) the risk that estimated or anticipated costs, charges and liabilities to be incurred in connection with effecting the contemplated transactions may differ from or be greater than anticipated; (vii) the effect of any regulatory approvals or conditions imposed on us in connection with the Merger; (viii) ALJ's ability to designate appropriate acquisition targets in the future and to consummate acquisitions on commercially reasonable terms and (ix) changes in tax laws or regulations regarding the use and/or preservation of net operating losses. The Tender Offer is conditioned on the closing of the Merger, and so is effectively subject to all of the conditions of the Merger, as well as certain other conditions to the Tender Offer, as described in the Tender Offer documents.

ALJ also is subject to general business risks, including its success in continuing to settle its outstanding obligations from its prior business activities, results of tax audits, its ability to retain and attract key employees, acts of war or global terrorism, and unexpected natural disasters and other risks and uncertainties, including those detailed from time to time in its periodic reports (whether under the caption Risk Factors or Forward Looking Statements or elsewhere). ALJ cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement. Neither ALJ nor any other person undertakes any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise.

Participants in the Solicitation

The directors and executive officers of ALJ may be deemed to be participants in the solicitation of proxies in connection with the approval of the proposed transaction. ALJ plans to issue a proxy statement in connection with the solicitation of proxies to approve the proposed transaction. Information regarding ALJ's directors and executive officers and their respective interests in ALJ and KES by security holdings or otherwise is available in its Annual Report for the year ended September 30, 2011 and will be included in the Proxy Statement once it becomes available.

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Exhibit No. 5

ALJ Regional Holdings, Inc. Commences Tender Offer to Purchase Up to 30,000,000 Shares of Its Common Stock

November 19, 2012—ALJ Regional Holdings, Inc. (PINK: ALJJ) (the "**Company**") announced today that it intends to commence a modified "Dutch auction" tender offer for up to 30,000,000 shares of its common stock at a price per share not greater than $0.86 and not less than $0.84.

Under the tender offer, stockholders will have the opportunity to tender some or all of their shares at a price within the $0.84 to $0.86 per share price range. Based on the number of shares tendered and the prices specified by the tendering stockholders, the Company will determine the lowest per share price within the range that will enable the Company to purchase 30,000,000 shares of its common stock or such lesser number of shares that are properly tendered. If, based on the final purchase price determined in the tender offer, more than 30,000,000 shares of common stock are properly tendered and not properly withdrawn, then the Company will purchase shares tendered by such stockholders at or below the per share purchase price on a *pro rata* basis as specified in the offer to purchase. The Company also reserves the right to purchase up to an additional 2% of its common shares outstanding or reduce the number of shares it is purchasing below 30,000,000, if necessary in order to preserve its ability to use its net operating losses to offset federal income taxes in the future, without amending or extending the tender offer.

Stockholders whose shares are purchased in the offer will be paid the determined purchase price per share net in cash, less applicable withholding taxes and without interest, after the expiration of the offer period. The offer is not contingent upon any minimum number of shares being tendered, but is contingent upon the closing of the merger announced today between KES Acquisition Company *dba* Kentucky Electric Steel, the Company's majority owned subsidiary, and KES Optima Acquisition Inc., the wholly owned subsidiary of Optima Specialty Steel, Inc. The merger involves several conditions to closing, including that the buyer secure financing for the acquisition. The offer is subject to a number of other terms and conditions specified in the offer to purchase that is being distributed to stockholders. The offer will expire at 12:00 midnight, New York City time, on December 24, 2012, unless extended by the Company.

A stockholder holding substantially in excess of 5% of the Company's common stock has agreed to tender his shares in the tender offer and to vote in favor of the merger. Jess Ravich, the Company's Chairman, has agreed not to tender any of his shares in the tender offer and to vote in favor of the merger.

The information agent for the offer is AST Phoenix Advisors. None of the Company, its board of directors or the information agent is making any recommendation to stockholders as to whether to tender or refrain from tendering their shares into the tender offer. Stockholders must decide how many shares they will tender, if any, and the price within the stated range at which they will offer their shares for purchase by the Company.

This press release is for informational purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the Company's common stock. The offer is being

made solely by the offer to purchase and the related letter of transmittal. Investors are urged to read the offer to purchase and the related letter of transmittal because they contain important information. Investors may obtain each of these documents for free from AST Phoenix Advisors, the information agent for the tender offer, by directing such request to: AST Phoenix Advisors, 110 Wall Street, 27th Floor, New York, NY 10005, (877) 478-5038.

For further information regarding the merger announced today between KES Acquisition Company *dba* Kentucky Electric Steel, the Company's majority owned subsidiary, and KES Optima Acquisition Inc., the wholly owned subsidiary of Optima Specialty Steel, Inc., investors are urged to read the Company's current report dated November 18, 2012 posted at www.pinksheets.com and at www.aljregionalholdings.com.