



Impac Mortgage Holdings, Inc. Provides Strategic Update

October 20, 2008

IRVINE, Calif., Oct. 20 /PRNewswire-FirstCall/ -- Impac Mortgage Holdings, Inc. (NYSE: IMH), or the "Company" a Maryland corporation, being taxed as a real estate investment trust ("REIT"), announces the following update of its strategic initiatives.

With respect to the restructure of the Company's outstanding trust preferred securities, we are in final negotiations with three of the four trusts, which consists of \$78.6 million of the outstanding \$99.2 million of trust preferred securities. Further, as previously announced, in July 2008, the Company's stockholders approved the potential issuance of common shares in excess of 20 percent of the existing common shares in connection with a possible exchange of the Company's Series B and Series C Preferred Stock for common shares. We hope to complete an exchange offer by the end of the year.

The Company is also pleased to announce that it has executed a sublease agreement for approximately 90 thousand square feet of its offices in Irvine, CA. This new sublease agreement combined with the potential reduction and elimination of the preferred stock dividends through a possible exchange offering and resolution of restructuring almost all of the trust preferred securities is expected to provide the Company annual lease expense savings, interest expense savings and dividend reduction totaling between \$23 and \$25 million beginning in the fourth quarter 2008.

The Company also anticipates completing the acquisition of a special servicer, which we expect to be closed by the end of this year, and anticipates creating a new REO disposition business, "Real Estate Owned Solutions," beginning in December 2008. With the current level of revenues and expenses, and based on the anticipated net revenues from these new businesses, the Company does not anticipate the need to raise capital to fund these new businesses. We will concentrate on growing all of these businesses as the Company's new focus will be mortgage and real estate services, and mortgage asset management.

Mr. Joseph R. Tomkinson, Chairman and Chief Executive Officer of Impac Mortgage Holdings, Inc. commented that, "The restructuring of the trust preferred securities, the anticipated completion of a preferred stock exchange offering and the reduced lease expense is expected to significantly improve the Company's cash flow. This accomplishment will also provide the Company the opportunity to grow its new businesses in 2009."

The Company plans to update its stockholders as more progress is made in regards the strategic direction of the Company.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements, some of which are based on various assumptions and events that are beyond our control, may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "should," "could," "anticipate," "proposed," "possible," or similar terms or variations on those terms or the negative of those terms and include statements related to a potential preferred stock exchange offering, the modification of outstanding trust preferred securities, the closing of an acquisition of a special servicer, the creation of a new REO disposition business, expense savings, anticipated net revenues and need to raise capital. The forward-looking statements are based on current management expectations. Actual results may differ materially as a result of several factors, including, but not limited to management's ability to successfully implement the current strategies and initiatives, including the reduction of operating expenses; our ability to reduce operating expenses and other outstanding liabilities, such as the ability to successfully modify outstanding trust preferred obligations during October 2008 or at all; our ability to reduce dividend payments on preferred stock through an exchange offer and to implement and complete an exchange offer prior to the end of the year; the need to seek additional capital in order to grow or maintain our current and anticipated business operations; risks related to the acquisition of a special servicing platform, which involve or require, among other things, continuing due diligence, which could reveal matters not now known that affect our decision to seek to complete the acquisition on different terms than those announced or at all, obtaining necessary approvals and consents, including regulatory approvals related to servicing, which consents and approvals may be delayed or unobtainable, difficulties and delays in obtaining regulatory approvals for the proposed transaction, potential difficulties in meeting conditions set forth in the definitive purchase agreement, and the parties' timely performance of their respective pre-closing covenants and the satisfaction of other conditions, some of which may be beyond the control of the parties or render the acquisition uneconomical; the Company's ability to successfully integrate the new servicing platform with its existing services; and the Company's ability to successfully manage through the current market environment.

For a discussion of these and other risks and uncertainties that could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the period ended December 31, 2007 and subsequent quarterly reports on Form 10-Q and 10-Q/A. This press release speaks only as of its date and we do not undertake, and specifically disclaim any obligation, to publicly release the results of any revisions that may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

This press release is not an offer to buy, tender or exchange our securities. If an offer is made, it will be exempt from registration under the Securities Act of 1933, as amended, in accordance with Section 3(a)(9) thereof and will be made pursuant to materials distributed only to the holders of our Series B and Series C Preferred Stock.

About the Company

Impac Mortgage Holdings, Inc. is a mortgage REIT, which through its Long Term Investment Operations is primarily invested in non-conforming Alt A mortgage loans (Alt-A) and to a lesser extent small balance commercial and multi-family loans. The Company is organized as a REIT for tax purposes, which generally allows it to pass through earnings to stockholders without federal income tax at the corporate level.

For additional information, questions or comments, please call Justin Moio in Investor Relations at (949) 475-3988 or email jmoio@impacompanies.com. Web site: <http://www.impacompanies.com>

SOURCE Impac Mortgage Holdings, Inc.