



ALESCO FINANCIAL INC.

Alesco Financial Inc. Announces Tax Reporting Information for 2006 Common Stock Distributions

Philadelphia, Pennsylvania – January 29, 2007 – Alesco Financial Inc. (NYSE: AFN), a specialty finance real estate investment trust, today announced tax reporting information (Federal Form 1099) for the year 2006 distributions on its common stock, as well as 2006 distributions to holders of common stock of Alesco Financial Trust. Alesco Financial Inc. completed a merger with Alesco Financial Trust on October 6, 2006.

The federal income tax character of the 2006 regular quarterly dividends paid with respect to Alesco Financial Inc. common stock is as follows:

Alesco Financial Inc.

Character of Items of Income Included in Distributions per Share

<u>Declaration</u> <u>Dates</u>	<u>Record</u> <u>Dates</u>	<u>Payment</u> <u>Dates</u>	<u>Total</u> <u>Distribution</u>	<u>Ordinary</u> <u>Income</u> <u>Dividend</u>	<u>Qualified</u> <u>Dividends</u> <u>(incl. in</u> <u>Ord. Div.)</u>	<u>Return of</u> <u>Capital</u>
3/7/2006	3/16/2006	3/30/2006	0.030000	0.030000	0.000000	0.000000
5/5/2006	5/12/2006	5/26/2006	0.030000	0.030000	0.000000	0.000000
8/21/2006	9/1/2006	9/14/2006	0.030000	0.030000	0.000000	0.000000
9/25/2006	10/5/2006	10/16/2006	0.500000	0.500000	0.000000	0.000000
10/18/2006	11/1/2006	12/15/2006	0.280000	0.280000	0.000000	0.000000
		Totals	<u>0.870000</u>	<u>0.870000</u>	<u>0.000000</u>	<u>0.000000</u>

Participants should refer to their Form 1099, which will be mailed the last week of January, and contact Mellon Investor Services at 888-395-8037 for further information. Taxability of the 2006 common stock distributions is not indicative of the taxability of future distributions.

Holders of common stock of Alesco Financial Trust received 2006 dividend payments of \$1.68 per share. The federal income tax character of the 2006 regular quarterly dividends paid with respect to Alesco Financial Trust common stock is as follows:

Alesco Financial Trust

Character of Items of Income Included in Distributions per Share

<u>Declaration</u> <u>Dates</u>	<u>Record</u> <u>Dates</u>	<u>Payment</u> <u>Dates</u>	<u>Total</u> <u>Distribution</u>	<u>Ordinary</u> <u>Income</u> <u>Dividend</u>	<u>Qualified</u> <u>Dividends</u> <u>(incl. in</u> <u>Ord. Div.)</u>	<u>Return of</u> <u>Capital</u>
4/19/2006	4/29/2006	5/6/2006	0.200000	0.200000	0.006895	0.000000
7/19/2006	7/31/2006	8/10/2006	0.330000	0.330000	0.011377	0.000000
8/31/2006	10/2/2006	10/5/2006	1.150000	1.150000	0.039646	0.000000
Totals			<u>1.680000</u>	<u>1.680000</u>	<u>0.057918</u>	<u>0.000000</u>

With respect to the regular quarterly dividends, qualified dividend amounts represent distributions from taxable REIT subsidiaries, and will be taxed at the 15% maximum dividend tax rate for those stockholders who qualify, generally non-corporate taxpayers meeting certain holding period requirements. Ordinary income amounts represent the amount of the distributions which will be taxable at ordinary income rates. The Form 1099 Box 1a amount will include both the qualified dividends and the ordinary income amounts.

This information represents the final income allocations for shares of common stock of Alesco Financial Trust. Stockholders should refer to their Form 1099 which will be mailed in late January and contact American Stock Transfer & Trust Company at 718-921-8200 for further information.

About Alesco Financial Inc.

Alesco Financial Inc. is a specialty finance REIT headquartered in Philadelphia, Pennsylvania and trades on the New York Stock Exchange under the symbol "AFN". Alesco is externally managed by Cohen & Company Management, LLC, a subsidiary of Cohen and Company, a leading structured credit investment management firm.

Forward-Looking Statements

Information set forth in this release contains forward-looking statements, which involve a number of risks and uncertainties. Alesco cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained or implied in the forward-looking information.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the failure of Alesco to successfully execute its business plans or gain access to additional financing, the availability of additional loan portfolios for future acquisition, continued qualification as a REIT and the cost of capital. Additional factors that may affect future results are contained in Alesco's filings with the SEC, which are available at the SEC's web site www.sec.gov and Alesco's web site www.alescofinancialtrust.com. Alesco disclaims any obligation to update and revise statements contained in these materials based on new information or otherwise.

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Investors:

John Longino
Chief Financial Officer
215-701-9687
jlongino@cohenandcompany.com

Media:

Joseph Kuo
Kekst and Company
212-521-4863