



Alesco Financial Inc. Buys Back Over 56% of Convertible Debt and Suspends Regular Quarterly Cash Dividend for Third Quarter of 2008

Philadelphia, Pennsylvania – September 11, 2008 – Alesco Financial Inc. (NYSE: AFN), a specialty finance real estate investment trust, today announced that the Company has bought back \$78.8 million aggregate principal amount of its 7.625% Contingent Convertible Senior Notes due 2027 for \$33.0 million in cash, or an average price of \$41.8. The purchases were made in the open market and in privately negotiated transactions and generated \$45.8 million in book gains which are expected to be recorded in the quarter ending September 30, 2008.

The previously disclosed tax losses the Company has incurred in 2008 are expected to eliminate taxable income for the year ending December 31, 2008, including the \$45.8 million of gains noted above. As a result, the Company's board of directors has decided to suspend the dividend for the third quarter of 2008. Decisions regarding future dividends will continue to consider projections regarding our taxable income and liquidity position and will remain subject to the review and approval of the board of directors.

James McEntee, President and CEO, said, "As I have said in the past, we have the liquidity to be patient and a management team focused on taking advantage of opportunities as they arise as evidenced by the retirement of over 56% of the Convertible debt for under 42 cents on the dollar. As of June 30, 2008, available unrestricted cash was approximately \$120 million, or nearly \$90 million after completing the debt buy back. We believe we remain positioned to capitalize on distressed pricing of certain assets in the marketplace, which may include our own securities."

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 & Company, a global alternative fixed-income asset manager. For more information, please visit www.alescofinancial.com.

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