

Impac Mortgage Holdings Inc. Settlement
C/O Administar Services Group, LLC
P.O. Box 24398
Jacksonville, FL 32241-4398

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

SHARON PAGE, on Behalf of Herself All
Others Similarly Situated,

Plaintiff,

v.

IMPAC MORTGAGE HOLDINGS, INC.,
JOSEPH R. TOMKINSON, WILLIAM S.
ASHMORE, JAMES WALSH, FRANK P.
FILIPPS, STEPHAN R. PEERS, WILLIAM
E. ROSE, LEIGH J. ABRAMS, GRETCHEN
D. VERDUGO, SHERALEE URBANO,
THE IMPAC MORTGAGE HOLDINGS,
INC. EMPLOYEE COMPENSATION AND
BENEFITS COMMITTEE, and DOES 1
through 20,

Defendants.

CASE NO.:
SACV-07-1447-AG (MLGx)

CLASS ACTION

**NOTICE OF CLASS ACTION
SETTLEMENT**

To all persons who are Participants in or beneficiaries of the Impac Companies 401(k) Savings Plan (the "Plan") for whose individual accounts the Plan held an interest in the common stock of Impac Mortgage Holdings, Inc. between May 6, 2006 and March 31, 2009.

**PLEASE READ THIS CLASS NOTICE CAREFULLY.
A FEDERAL COURT AUTHORIZED THIS CLASS NOTICE.
THIS IS NOT A SOLICITATION.**

This Class Notice advises you of a proposed Settlement. The Settlement provides for an issuance of shares of common stock of Impac Mortgage Holdings, Inc. ("Impac"), by Defendants, valued at \$300,000 on the day before the date of issuance, to be divided

For more information you may go to the website of Class Counsel (<http://www.ssbny.com>) or call toll-free 800-337-4983 (please indicate that you are calling about the Impac 401(k) settlement). Please do not call the Company or the Court as they cannot answer your questions.

among Members of the Settlement Class. The payment of court-awarded attorneys' fees and court-approved expenses will not be taken out of this amount but rather will be made separately. The Settlement resolves a lawsuit over whether Impac and others alleged to be fiduciaries of the Plan breached fiduciary duties in violation of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. § 1001 *et seq.* This Class Notice contains summary information about the Settlement. The terms and conditions of the Settlement are set forth in a Stipulation of Settlement (the "Stipulation of Settlement"), which is on file with the Court. Terms capitalized in this Class Notice but not defined in the Class Notice have the meanings assigned to them in the Stipulation of Settlement. You should read the entire Class Notice carefully because your legal rights are affected whether you act or not.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
YOU CAN DO NOTHING NO ACTION IS NECESSARY TO RECEIVE PAYMENT INTO YOUR PLAN ACCOUNT	<p>You do not need to do anything for the Settlement to be approved. If the Settlement is approved by the Court and you are a Member of the Settlement Class, you will not need to do anything to receive payment.</p> <p>If you are a current Plan participant and are authorized to receive a payment, Impac will deposit the payment into your individual Plan account.</p> <p>If you are a Member of the Settlement Class and no longer are a participant in the Plan, an account will be reestablished in your name and your Settlement proceeds will be deposited into that Plan account.</p>
YOU CAN OBJECT (BY SEPTEMBER 7, 2009)	You can write to the Court if you don't like the Settlement.
YOU CAN GO TO A HEARING (ON SEPTEMBER 14, 2009)	You can ask to speak in Court about the fairness of the Settlement

Your rights and options, and the date by which you must object if you are opposed to the Settlement, are explained in this Class Notice.

For more information you may go to the website of Class Counsel (<http://www.ssbny.com>) or call toll-free 800-337-4983 (please indicate that you are calling about the Impac 401(k) settlement). Please do not call the Company or the Court as they cannot answer your questions.

BASIC INFORMATION

1. *Why did I get this notice package?*

You or someone in your family may have been a participant or a beneficiary in the Plan and held in a Plan account an interest in the common stock of Impac (“IMH Stock”) at any time between May 6, 2006 and March 31, 2009 (the “Class Period”). The Court sent you this Class Notice because you may have a right to know about a proposed Settlement of this lawsuit and about all of your options, before the Court decides whether to approve the Settlement. This package explains the lawsuit, the Settlement, and your legal rights. The Court in charge of the case is the United States District Court for the Central District of California, Southern Division, and the case is known as *Page v. Impac Mortgage Holdings, Inc., et al.*, SACV-07-1447-AG(MLGx) (C.D. Cal.). The person who sued (Sharon Page) is called the Plaintiff, and the people they sued, Impac, Joseph R. Tomkinson, William S. Ashmore, James Walsh, Frank P. Philipps, Stephan R. Peers, William E. Rose, Leigh J. Abrams, Gretchen D. Verdugo, Sheralee Urbano, and The Impac Mortgage Holdings, Inc. Employee Compensation and Benefits Committee, are called the Defendants.

2. *How do I get more information?*

To obtain more information about the Settlement, you can read the Complaint and the full Stipulation of Settlement, which are on file with the Court. You can also contact the attorneys who represent the Plaintiff in the lawsuit at the phone numbers provided in Item 13, below or visit the website of www.ssbny.com for more information on the Settlement. **Please do not contact the Court, Impac, or the Plan’s recordkeeper. They will not be able to answer your questions.**

3. *What is this lawsuit about?*

In the Complaint, Plaintiff alleges that Defendants were fiduciaries of the Plan and that they breached fiduciary duties owed to the Plan’s participants, including Plaintiff, by, among other things, continuing to permit investment in IMH Stock and failing to take appropriate ameliorative action when such investments allegedly became imprudent. Plaintiff alleges that Defendants did not comply with their alleged duties to review, evaluate, and monitor the suitability of the Plan’s investment in Impac stock and failed to provide accurate material information to the Plan’s participants. The Complaint seeks equitable and compensatory relief pursuant to ERISA §§ 409, 502(a)(2) and 502(a)(3), specifically the restoration by Defendants to the Plan of losses allegedly arising as the result of Defendants’ alleged breaches of fiduciary duties.

Defendants have denied and continue to deny each of the claims and allegations of wrongdoing contained in the Complaint. Defendants specifically deny, among other things, the allegations that Defendants breached any fiduciary duties or any other provisions of ERISA in connection with the acquisition or retention of IMH Stock by the Plan during the Class Period, or before, and deny that they in any way misrepresented the operations or security of Impac or the value of Impac stock either directly or indirectly to the Plan’s participants. Defendants deny that Plaintiff or the Plan is entitled to any relief.

4. *Why is this being done on behalf of the Plan?*

In a claim brought under section 502(a)(2) of ERISA, one court resolves the issues for the Plan and all Plan participants. Because the wrongful conduct alleged by Plaintiff in this case affected the Plan and all Plan participants in a similar way, Plaintiff filed this case on behalf of the Plan under Section 502(a)(2). The relief available under this section of ERISA benefits the Plan and all Plan participants.

5. *Why is there a Settlement?*

Rather than continuing with the case, both sides agreed to a Settlement. By agreeing to a Settlement, parties avoid the costs and risk of trial and appeal, and the Plan participants for whose individual accounts the Plan held an interest in IMH Stock will get a share of the Settlement proceeds. The Plaintiff who filed this suit and her attorneys believe that the Settlement is in the best interest of the Plan and all Plan participants whose accounts held interests in IMH Stock.

6. *How do I know if I am part of the Settlement?*

For more information you may go to the website of Class Counsel (<http://www.ssbny.com>) or call toll-free 800-337-4983 (please indicate that you are calling about the Impac 401(k) settlement). Please do not call the Company or the Court as they cannot answer your questions.

Everyone who fits the following description is a Member of the Settlement Class and is therefore included in the Settlement:

All persons who are Participants in or beneficiaries of the Plan at any time during the Class Period and whose accounts included investments in IMH Stock.

7. Are there exceptions to being included?

You are not included in the Settlement Class if you are a Defendant in the case, if you are currently an officer or director of Defendant Impac or were an officer or director of Defendant Impac during the Class Period, if you are an immediate family member of a Defendant, or if you are an heir, successor, or assign of any of the foregoing.

8. I'm still not sure if I'm included.

If you are still not sure whether you are included, you may contact the class attorneys listed in Item 13.

9. Can I exclude myself from the Settlement?

In some other class action contexts, class members have the opportunity to exclude themselves from a settlement. This is sometimes referred to as "opting out" of the settlement. **You do not have the right to exclude yourself from the Settlement in this case.** Because of the way ERISA operates, this Settlement will bind the Plan and all Plan participants. Some breach of fiduciary duty claims must be brought by participants on behalf of the Plan, and any judgment or resolution necessarily applies to all Plan participants and beneficiaries. As such, it is not possible for any participants or beneficiaries to exclude themselves from the benefits of the Settlement. **Therefore, you will be bound by any judgments or orders that are entered in this Action, and, if the Settlement is approved, you will be deemed to have released each and all of the Defendants, and certain parties related to the Defendants, from any and all claims that were or could have been asserted in this case on your behalf or on behalf of the Plan under Section 502(a)(2) of ERISA or otherwise included in the Release in the Stipulation of Settlement, other than your right to obtain the relief provided to you, if any, by the Settlement.**

Although you cannot opt-out of the Settlement, you can object to the Settlement and ask the Court not to approve the Settlement. See question 16.

THE SETTLEMENT BENEFITS

10. What does the Settlement provide?

A Common Stock Settlement Amount consisting of shares of IMH Stock valued at the average value per share on the day before the date of issuance at no less than \$300,000 (the "Common Stock Settlement Amount") will be divided among the Members of the Settlement Class. The shares of stock that comprise the Common Stock Settlement Amount are the "Settlement Shares."

In addition, investment training classes taught by a retirement plan investment professional will be made available to Members of the Settlement Class, free of charge, at or near the Impac headquarters in Irvine, California. The schedule of classes can be found at <http://ir.impaccompanies.com>, by following the links to "Presentations > Calendar of Events."

11. How Much Will My Payment Be?

The Settlement Shares will be divided among the Members of the Settlement Class on a pro rata basis reflecting such Members' interest in the Impac Stock Fund during the Class Period.

The Court has preliminarily approved a formula for calculating such Members' payments, which provides as follows:

- A. THE PORTION OF THE SETTLEMENT SHARES TO BE ALLOCATED TO THE PLAN ACCOUNT OF EACH MEMBER OF THE SETTLEMENT CLASS SHALL BE CALCULATED AS SET FORTH IN THE TABLE ATTACHED AS EXHIBIT 1 TO THE STIPULATION OF SETTLEMENT, ON FILE WITH THE COURT.**
- B. EXHIBIT 1 ATTACHED TO THE STIPULATION OF SETTLEMENT PROVIDES A PERCENTAGE FOR EACH MEMBER OF THE SETTLEMENT CLASS BASED ON SUCH MEMBER'S PROPORTIONATE SHARE OF THE TOTAL LOSS OF THE VALUE OF THE PLAN'S HOLDING OF IMH STOCK DURING THE CLASS PERIOD.**
- C. EACH SUCH PERCENTAGE, MULTIPLIED BY THE NUMBER OF SETTLEMENT SHARES, WILL YIELD THE NUMBER OF SHARES THAT WILL BE ALLOCATED TO EACH SUCH MEMBER OF THE SETTLEMENT CLASS, ROUNDED DOWN TO THE NEAREST WHOLE SHARE.**
- D. THE PLAN ADMINISTRATOR SHALL IDENTIFY ALL MEMBERS OF THE SETTLEMENT CLASS WHOSE ALLOCATION OF SETTLEMENT SHARES IS VALUED AT LESS THAN FIVE DOLLARS (\$5.00). ALL SUCH MEMBERS OF THE SETTLEMENT CLASS SHALL RECEIVE AN ALLOCATION OF ZERO SETTLEMENT SHARES, AND THE ALLOCATION OTHERWISE DISTRIBUTABLE TO SUCH MEMBERS OF THE SETTLEMENT CLASS SHALL BE REDISTRIBUTED AMONG MEMBERS OF THE SETTLEMENT CLASS WHOSE ALLOCATION OF SETTLEMENT SHARES IS VALUED AT FIVE DOLLARS (\$5.00) OR GREATER IN ACCORDANCE WITH THEIR PERCENTAGE ALLOCATION OF THE SETTLEMENT SHARES, AS DETERMINED ABOVE.**

The formula for calculating the payments for each Member of the Settlement Class was developed to provide for an equitable allocation of the Settlement Shares. It is based on a preliminary estimate of damages and is not intended to (and does not) reflect an exact method of calculating damages.

12. How will I receive My Payment?

You do not need to file a claim for recovery.

A. MEMBERS OF THE SETTLEMENT CLASS WHO HAVE ACTIVE PLAN ACCOUNTS (“PARTICIPANT MEMBERS”): AS SOON AS PRACTICABLE AFTER DEPOSIT INTO THE PLAN OF THE SETTLEMENT SHARES, THE PLAN ADMINISTRATOR SHALL CAUSE TO BE DEPOSITED INTO EACH MEMBER OF THE PARTICIPANT MEMBER’S ACCOUNT HIS OR HER ALLOCATION OF THE SETTLEMENT SHARES AS CALCULATED ABOVE. THE DEPOSITED AMOUNT SHALL BE TREATED FOR ALL PURPOSES UNDER THE PLAN AS ASSETS OF THE PLAN PROPERLY CREDITED TO THAT MEMBER OF PARTICIPANT MEMBER’S ACCOUNT.

B. MEMBERS OF THE SETTLEMENT CLASS WHO HAVE INACTIVE PLAN ACCOUNTS (“FORMER PARTICIPANT MEMBERS”): AS SOON AS PRACTICABLE AFTER DEPOSIT INTO THE PLAN OF THE SETTLEMENT SHARES, THE PLAN ADMINISTRATOR WILL REESTABLISH A PLAN ACCOUNT IN THE NAME OF EACH FORMER PARTICIPANT MEMBER TO WHOM SETTLEMENT SHARES ARE TO BE ALLOCATED UNDER THE STIPULATION OF SETTLEMENT FOR PURPOSES OF RECEIVING THE ALLOCATION OF SETTLEMENT SHARES AS CALCULATED ABOVE. THE PLAN ADMINISTRATOR WILL, THROUGH STANDARD MAILINGS, NOTIFY THE FORMER PARTICIPANT MEMBER OF HIS OR HER ALLOCATION.

THE LAWYERS AND PLAINTIFF REPRESENTING YOU

13. Do I have a lawyer in this case?

The law firms of Stull, Stull & Brody and Gainey & McKenna have been representing the Plaintiff who seeks to bring claims on behalf of the Plan and its participants. If you want to be represented by your own lawyer, you may hire one at your own expense. If you would like to discuss the case or the proposed settlement with the Plaintiff's lawyers, feel free to do so. They may be contacted as follows:

Edwin J. Mills	Thomas J. McKenna
STULL, STULL & BRODY	GAINEY & MCKENNA
6 East 45 th Street	295 Madison Avenue
New York, NY 10017	4th Floor
Telephone: (212) 687-7230	New York, NY 10017
Facsimile: (212) 490-2022	Telephone: (212) 983-1300
	Facsimile: (212) 983-0383

14. How will the lawyers be paid? What may the Plaintiff receive?

If the Settlement is approved by the Court, Plaintiff's Counsel may make an application to the Court for payment from Impac of up to \$300,000 in payment for attorneys' fees and expenses relating to the prosecution and litigation of this action, and the administration and implementation of the Settlement. You are not responsible for paying any part of the attorneys' fees or expenses. The Plaintiff's motion for payment of attorneys' fees and expenses will be considered at the Fairness Hearing.

Sharon Page is the named Plaintiff in the case. Plaintiff's Counsel may make an application to the Court for a Case Contribution Award of up to two thousand five hundred dollars (\$2,500) to the Plaintiff, for her contributions to the case. If any Case Contribution Award is made by the Court, it will not be taken out of the Common Stock Settlement Amount.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or some part of it.

15. What does it mean to object?

Objecting is simply telling the Court that you do not like something about the Settlement.

16. How do I tell the Court that I don't like the Settlement?

You can object to the Settlement if you dislike any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the Settlement in *Page v. Impac Mortgage Holdings, Inc., et al.*, SACV-07-1447-AG(MLGx) (C.D. Cal.). Be sure to include your name, address, telephone number, your signature, proof of your status as a Plan participant or beneficiary, and the reasons you object to the Settlement. You must identify in your objection the names of any witnesses you intend to call at the hearing and any exhibits you intend to introduce. **You must file your objection with the Clerk of Court at the address listed below no later than September 7, 2009. You must also mail a copy of your objection, postmarked no later than September 7, 2009, to Plaintiff's and Defendants' counsel listed below. If you fail to follow these deadlines, the Court will not consider your objection.**

ALL PAPERS SUBMITTED MUST INCLUDE THE CASE NAME AND NUMBER, *Page v. Impac Mortgage Holdings, Inc., et al.*, SACV-07-1447-AG(MLGx) (C.D. Cal.) ON THE FIRST PAGE AND MUST BE DELIVERED TO THE FOLLOWING THREE ADDRESSES:

For more information you may go to the website of Class Counsel (<http://www.ssbny.com>) or call toll-free 800-337-4983 (please indicate that you are calling about the Impac 401(k) settlement). Please do not call the Company or the Court as they cannot answer your questions.

COURT	PLAINTIFF'S COUNSEL	DEFENDANTS' COUNSEL
Clerk of the Court United States District Court Central District of California Southern Division Ronald Reagan Federal Building and U.S. Courthouse 411 West Fourth Street Room 1053 Santa Ana, CA 92701-4516	Edwin J. Mills Stull, Stull & Brody 6 East 45th Street New York, NY 10017 Thomas J. McKenna Gainey & McKenna 295 Madison Avenue 4th Floor New York, NY 10017	Michele D. Johnson Latham & Watkins LLP 650 Town Center Dr, 20 th Floor Costa Mesa, CA 92626

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you are not required to do so.

17. When and where will the Court decide whether to approve the Settlement?

The Court will hold a Fairness Hearing at 10:00 a.m., on Monday, September 14, 2009, at the United States District Court for the Central District of California, Southern Division, Ronald Reagan Federal Building and U.S. Courthouse, 411 West Fourth Street, Courtroom 10D, Santa Ana, CA 92701-4516. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. The Judge will also consider Plaintiff's application for payment of attorneys' fees and expenses at the Fairness Hearing. If there are objections, the Court will consider them. Judge Guilford will listen to people who have asked to speak at the hearing. At or after the hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

18. Do I have to go to the fairness hearing?

No, Plaintiff's Counsel will answer any questions that Judge Guilford may have. You may attend the hearing at your own expense or pay an attorney to appear on your behalf. Even if you submit an objection, you still do not have to appear in Court. As long as your objection is filed with the Court and sent to the lawyers identified in Item 16 by September 7, 2009, the Court will consider it. You also may pay your own lawyer to attend, but it is not necessary.

19. May I speak at the hearing?

You may ask the Court for permission to speak at the Fairness Hearing. To do so, you must send a letter saying that it is your "Notice of Intention to Appear in *Page v. Impac Mortgage Holdings, Inc., et al.*, SACV-07-1447-AG(MLGx) (C.D. Cal.)." Please be sure to include your name, address, telephone number, and your signature. Your Notice of Intention to Appear must be filed with the Court and mailed to the attorneys listed above in question 16 no later than September 7, 2009.

IF YOU DO NOTHING

20. What happens if I do nothing at all?

The Settlement does not require you to do anything in order to receive the benefits if it is approved by the Court.

GETTING MORE INFORMATION

21. Are there more details about the Settlement?

This Class Notice summarized the proposed Settlement. More details are in the Stipulation of Settlement, which is on file with the Court. You may also contact Class Counsel identified in item 13 if you have questions about the Settlement.

PLEASE do not contact the Court or Impac if you have any questions.

Date: July 31, 2009

For more information you may go to the website of Class Counsel (<http://www.ssbny.com>) or call toll-free 800-337-4983 (please indicate that you are calling about the Impac 401(k) settlement). Please do not call the Company or the Court as they cannot answer your questions.