

Other Operating Strategies Providing Earnings Growth

- Grow customer retention transactions
 - Mortgage Exchange ProgramSM
 - Refuse to LoseSM Campaign
 - \$200.4 million in loans originated or modified in Q1
- Adfitech Acquisition
 - Largest outsourced provider of post-closing QC in country
 - Operating for 23 years with over 545 clients
 - Creates in-house capability to support back office functions
 - Diversified revenue through mortgage services

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Yield Curve and Interest Rate Exposure is Minimal

As of March 31, 2007.

- 95% of Hybrid ARMs are financed with fixed and hedged borrowings (113% including forward-starting swaps)
- Portfolio duration gap is approximately negative two months
- Minimal portfolio value fluctuation

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Exceptional Borrower Profile

Average Loan Size	\$629,731
Original Effective LTV	67%
FICO Score	743
Full/Alternative Full	79%
Total Debt Ratio	32%
Median Annual Income	\$204,012
Age	47

As of March 31, 2007. Includes bulk and originated loans.

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We purchased Adfitech in 2006 to support our growing loan origination business. As a top provider of post-closing quality control, Adfitech helps us diversify our revenue sources as well as providing back office operational support.

By closely matching the duration of our hedged borrowings and our hybrid ARMs, we limit the impact that future changes in interest rates have on our earnings. This, in part, is why our performance has been consistent.

When considering the loans we make and the credit performance characteristics of these loans, our borrowers are exceptional.

Growing Customer Base

As of March 31, 2007.

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The Importance of Interest Rate Risk Management

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As our loan portfolio continues to grow so does our customer base. Since we retain all of the loans we purchase or originate, our servicing income continues to grow as well.

As a result of our disciplined approach to interest rate risk, our earnings have remained relatively stable, relative to what our earnings would be had we not been so disciplined.

Exceptional Credit Performance

As of March 31, 2007.

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Additional Earnings Drivers

- \$6.7 billion of hybrid ARMs repricing
 - Reset from average interest rate of 4.63% to current market rate
 - Resetting over the next 21 months
- Reduced premium amortization
 - Enhanced FAS 91 model
 - Continued slower prepayments relative to expectations

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Credit Quality Provides Exceptional Liquidity

As of March 31, 2007.

- 95% of ARM portfolio is AAA/AA
- Reduces the cost of capital
- Maximizes access to financing throughout a credit cycle

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As Thornburg Mortgage's Hybrid ARM assets reset over the next 21 months, these lower interest rate assets will be replaced with current market rates of interest. As that happens, our portfolio spread should improve.

By focusing only on high credit quality assets, we keep our credit losses and financing costs low. It also creates significant portfolio liquidity, which ensures our access to financing through a credit cycle.

Compelling Long-term Prospects (2007-2009)

- Grow total assets to \$95.7 billion
- Grow originations to \$15 billion
- Grow long-term capital to \$4.6 billion
- Provide consistent dividend income
- Deliver 12-15% annual total return to shareholders

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With our diversified business model, strong capital position and attainable business objectives, we feel very good about our prospects for the future.

Thornburg Mortgage[®]
Simply Exceptional

2007 SHAREHOLDER MEETING SUMMARY

07 CREATING OUR OWN FORMULA FOR SUCCESS

DEAR FELLOW SHAREHOLDERS:

Our annual shareholder meeting was held on Thursday, April 19, 2007 in Santa Fe, New Mexico, where our corporate headquarters is located. Shareholder representation at the meeting both in person and by proxy was outstanding, and we enjoyed meeting many of you in person. Approximately 114.1 million shares of common stock of the company were issued, outstanding and eligible to vote at the meeting, and 94% of those shares were represented at the meeting.


The business items on the agenda included the re-election of four Class I Directors. The nominees for Class I directors were Anne-Drue M. Anderson, David A. Ater, Larry A. Goldstone and Ike Kalangis. They were re-elected to serve for three-year terms and until their successors are duly elected and qualified. An overwhelming majority of shareholders voted for the re-election of all four nominees.

After completion of the business portion of the meeting, a presentation was given that reported on the company's accomplishments in 2006, its continued success in the first quarter of 2007 and its strategic goals for the next three years. We have included the same presentation here as a means to keep you informed as to the progress of your company.

On behalf of everyone at the company, we thank you, our shareholders, for your continued support and look forward to providing you with positive results for the remainder of 2007 and beyond.

SINCERELY,


Garrett Thornburg
 Chairman and
 Chief Executive Officer


Larry A. Goldstone
 President and
 Chief Operating Officer

Certain matters discussed in this presentation may constitute forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are based on current expectations, estimates and projections, and are not guarantees of future performance, events or results. Actual results and developments could differ materially from those expressed in or contemplated by the forward-looking statements due to a number of factors, including general economic conditions, interest rates, the availability of ARM securities and loans for acquisition and other risk factors discussed in the company's SEC reports, including its most recent annual report on Form 10-K. The company does not undertake to update, revise or correct any of the forward-looking information.

Consistent Results in 2006 Despite Difficult Environment

- Year end EPS of \$2.58 – versus \$2.79 a year ago
- Q4 EPS of \$0.68 – versus \$0.68 a year ago
- Dividend maintained at \$0.68 per share
- Total assets of \$52.7 billion – 24% year-over-year growth
- Loan originations of \$5.6 billion – up 13% year-over-year
- 60-day delinquent loans were 0.11%

As of December 31, 2006. 1

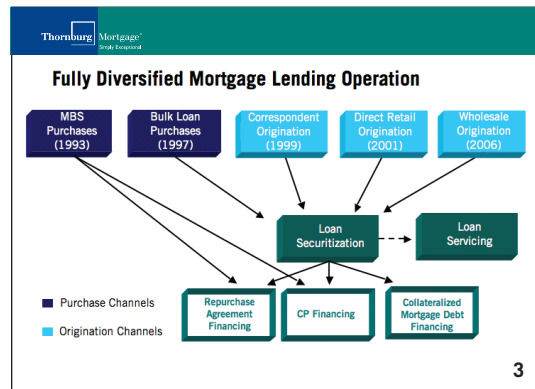
Thornburg Mortgage performed very well in 2006, despite the persistent flat yield curve and competitive environment. Thornburg Mortgage again delivered consistent results that our shareholders have come to expect.

Our Business Strategy

- Single-family residential mortgage lender
 - Primary focus on prime, jumbo ARM loans and MBS
 - Portfolio lender (focus on spread income)
 - Efficient operating model
 - Diverse financing and capital strategies
- Core strength – risk management
 - Active interest rate risk management
 - Diligent credit risk management

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Our unique approach to the mortgage business has allowed us to consistently deliver attractive dividend income and steady growth for our shareholders while effectively managing interest rate risk and credit risk.



Acquiring assets through multiple channels increases our access to the best-yielding mortgage assets and keeps our acquisition costs low.

Efficient Operating Model

Company	Operating Expenses	Taxes	Total
TMA	0.20%	0.00%	0.20%
First Republic	2.68%	0.00%	2.68%
WAMU	3.02%	0.00%	3.02%
American Home Mortgage	4.23%	0.00%	4.23%

- Highly efficient asset acquisition strategy
- Wholesale funding strategy
- Lack of legacy systems
- REIT tax advantage

Data represents non-interest operating expenses plus income taxes as a percentage of average assets. Operating data for TMA as of Q1 2007; as of Q4 2006 for all others. Operating expenses do not include amortization of goodwill or other intangible assets. 4

While our profitability is generated very much like a bank's profitability, our approach to the mortgage business is unique and highly efficient. Our cost structure is far lower than those of traditional mortgage portfolio lenders.

Purchased Assets Are Key Contributors to Growth

Year	MBS and PSL	Bulk Loans	Total
2000	\$989.3	\$0	\$989.3
2001	\$3,265.6	\$0	\$3,265.6
2002	\$7,142.3	\$0	\$7,142.3
2003	\$11,575.9	\$0	\$11,575.9
2004	\$14,600.7	\$0	\$14,600.7
2005	\$18,767.7	\$0	\$18,767.7
2006	\$14,455.0	\$3,845.0	\$18,300.0
Q1 2007	\$3,845.0	\$0	\$3,845.0

- 10% - 12% ROE target
- Acquire AA/AAA MBS opportunistically
- Acquire "A quality" mortgage loans

As of March 31, 2007. 5

We purchase high-quality assets to grow our balance sheet. In 2006, we increased our purchases of loans by purchasing \$6.1 billion of bulk loans and securitizing them in-house, helping us maintain our earnings in 2006.

Growing Originations Despite Industry Decline

Year	TMA Correspondent	TMA Retail	TMA Wholesale	Total Industry Originations
2003	\$4,005	\$0	\$0	\$11,000
2004	\$4,316	\$0	\$0	\$9,000
2005	\$4,963	\$0	\$0	\$10,000
2006	\$5,587	\$0	\$0	\$11,000
2007 YTD	\$1,724	\$0	\$0	\$11,000
2007E	\$6,800	\$0	\$0	\$11,000

Source: Mortgage Bankers Association of America's (MBA) Mortgage Finance Forecast dated March 13, 2007 and the company. 6

Since 2002, we have grown our origination business, on average, 25% year-over-year. Despite declining industry-wide originations, first quarter loan production was up by 20% year-over-year.

What TMA Brings to the Residential Mortgage Market

- An innovative and low cost "lending" platform
- Focus on sophisticated, jumbo borrowers
- Innovative products with competitive rates
- A commitment to simplify the lending process
- Common sense underwriting
- A personalized approach to lending

Building a Long-Term Relationship with the Borrower 7

Our focus on servicing our lending partners, on state-of-the-art mortgage technology and on sophisticated borrowers sets us apart from the traditional mortgage lender.

Financing Strategies Provide Earnings Support

- Continue to issue permanent Collateralized Mortgage Debt
 - \$19.2 billion outstanding
 - \$1.3 billion of "freed up" equity; \$14.0 billion in assets
 - Estimated annual EPS benefit of \$0.84
- Raise common equity at premiums to book value
 - Raised \$2.1 billion since 2000¹
 - Historical book value growth of 46%²
 - Estimated annual EPS benefit of \$1.06
- Continue to raise alternative long-term capital
 - \$788.1 million of unsecured debt and preferred stock
 - Estimated annual EPS benefit of \$0.22
 - Weighted average cost of 7.9%

¹ Through March 31, 2007. ² Percentage growth based on non-GAAP measures which exclude unrealized market value adjustments of (\$78.4m) as of Dec. 31, 2000 and (\$411.6m) as of March 31, 2007. 8

In this challenging business environment we have supplemented our core spread lending business with strategies designed to support earnings growth.

Lending Partnerships Providing Franchise Growth

- Correspondent Channel
 - Accounts for 33% of industry originations
 - 298 approved correspondents, up 41% from 2005
 - 21st largest correspondent lender in the country¹
- Wholesale Channel
 - Accounts for 29% of industry originations
 - \$332.4 million in closed loans since June 2006²
 - 20 sales reps in 5 regions
 - 411 approved mortgage broker firms with 3,862 LO relationships

¹ National Mortgage News Q4 2006 Quarterly Data report. ² Wholesale launched in June 2006. 9

Our correspondent and wholesale (broker) partnerships are important in helping us grow our lending business and customer relationships. These loans are underwritten with the same stringent standards that we require for all of our loans.