

Thornburg Mortgage[®]
Simply Exceptional

2007 Annual Shareholder Meeting

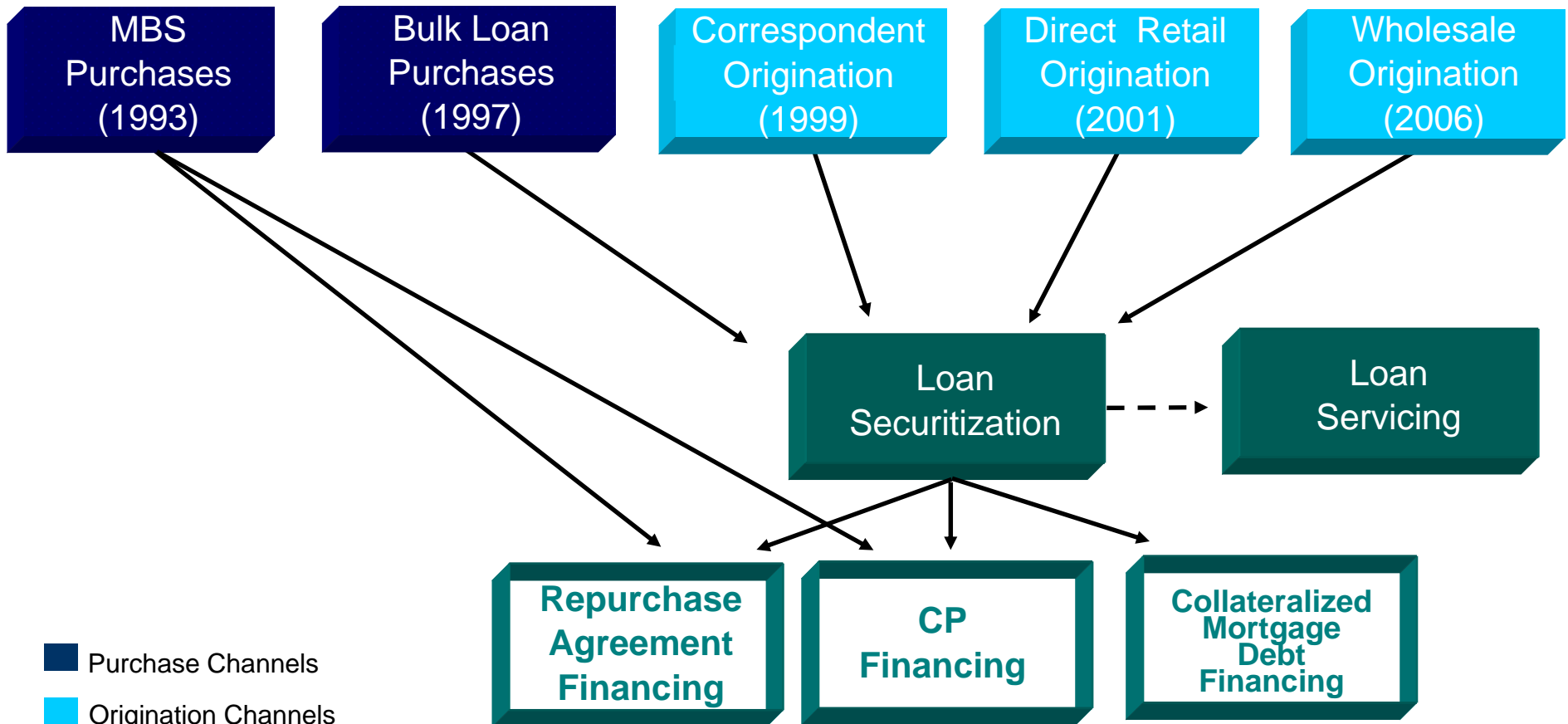
TMA
LISTED
NYSE

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.

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

Fully Diversified Mortgage Lending Operation



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%

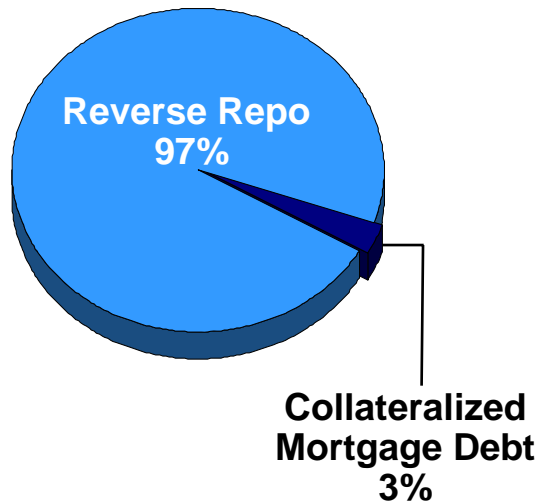
First Quarter Snap Shot

- Q1 EPS of \$0.62 – versus \$0.66 a year ago (\$0.64 taxable)
- Dividend maintained at \$0.68 per share – unchanged
- Total assets of \$55.2 billion – 20% year-over-year growth
- Loan originations of \$1.7 billion – up 20% year-over-year
- 60-day delinquent loans were 0.11%
- Increased likelihood of no dividend reduction

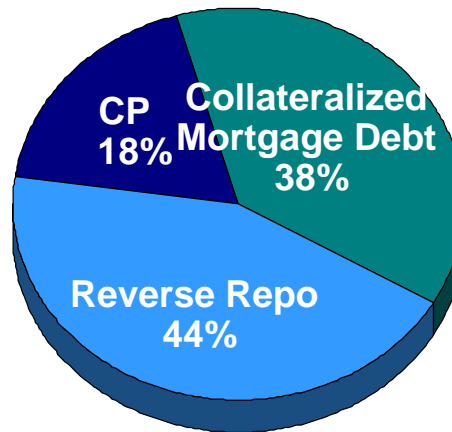
As of March 31, 2007.

Operating Debt Diversification¹

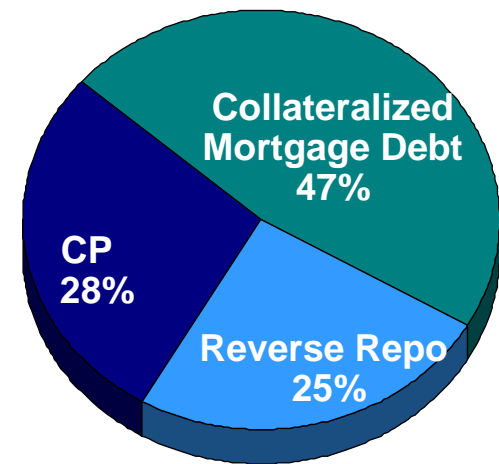
Year Ended 2002
\$8.7b



As of March 31, 2007
\$50.3b

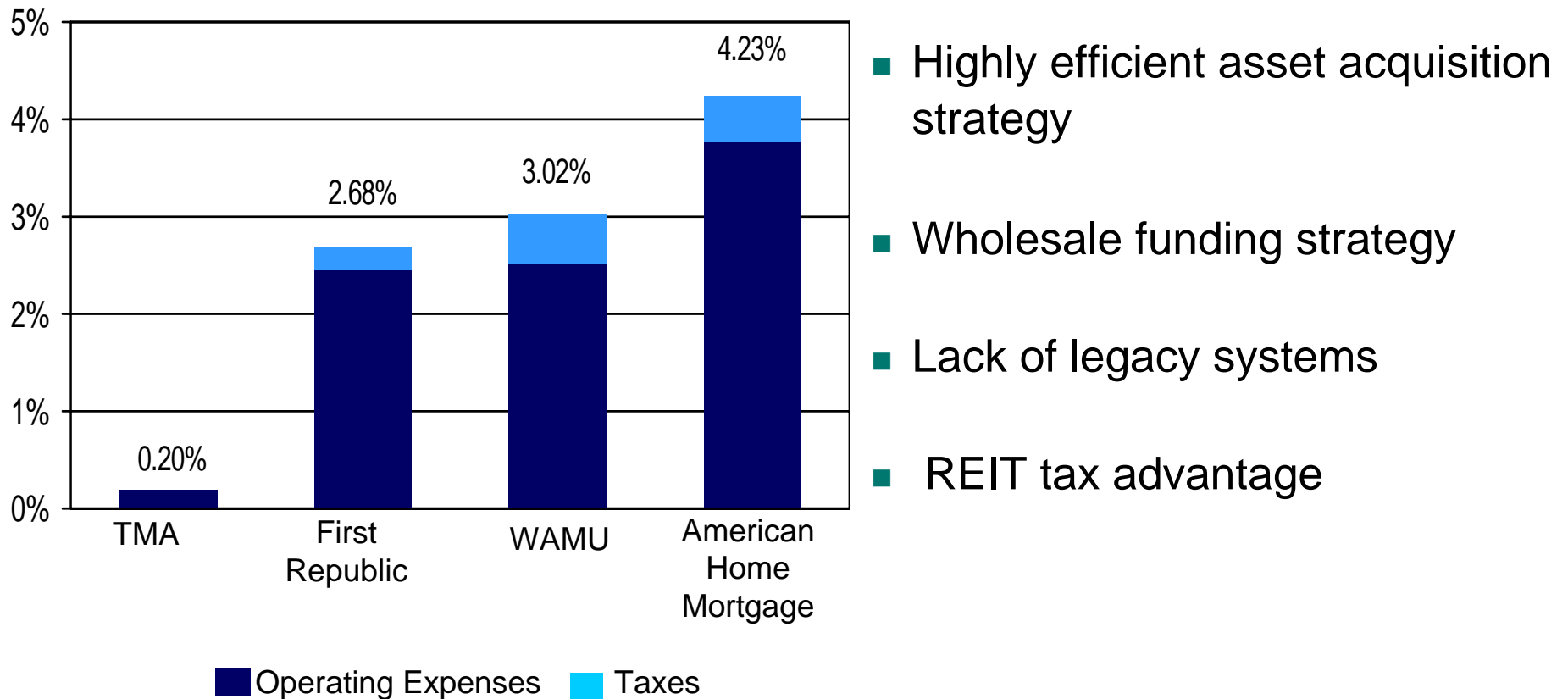


Projected
Year Ended 2009
\$90.8b



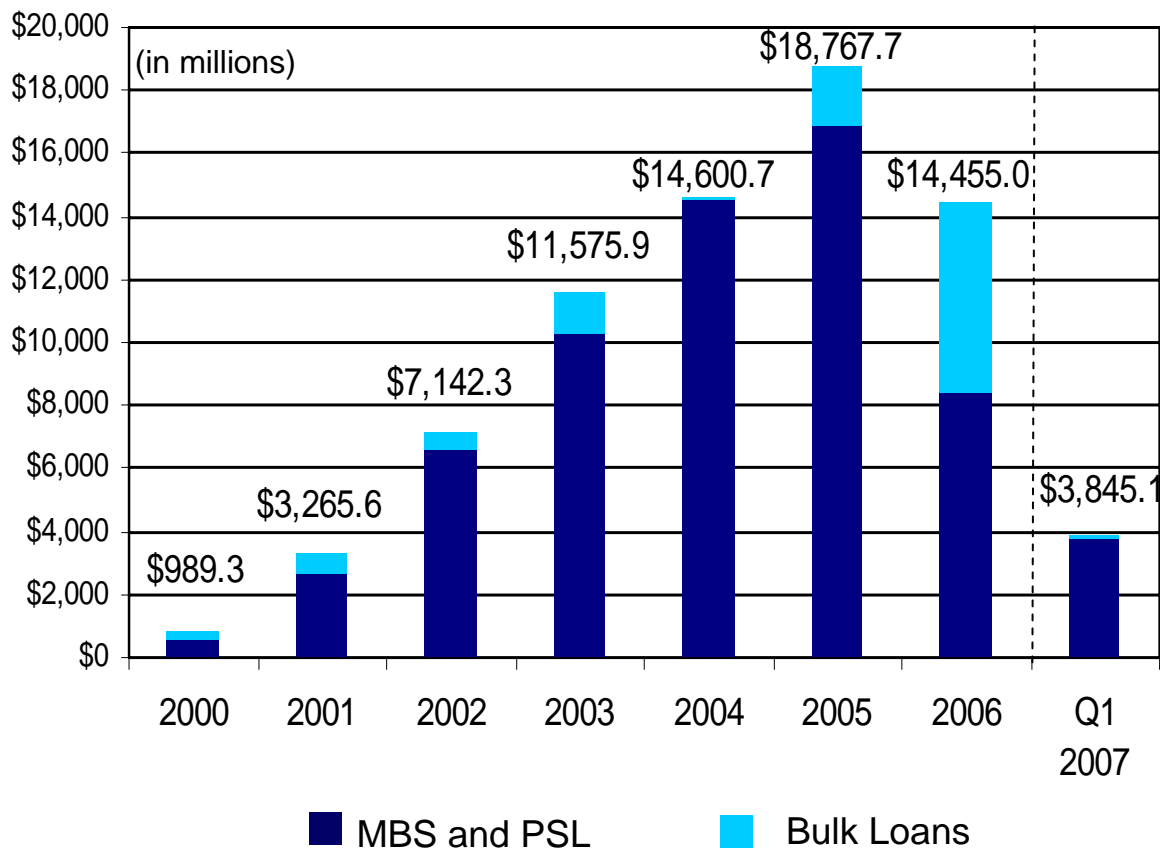
¹Excludes whole loan financing facilities.

Efficient Operating Model



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.

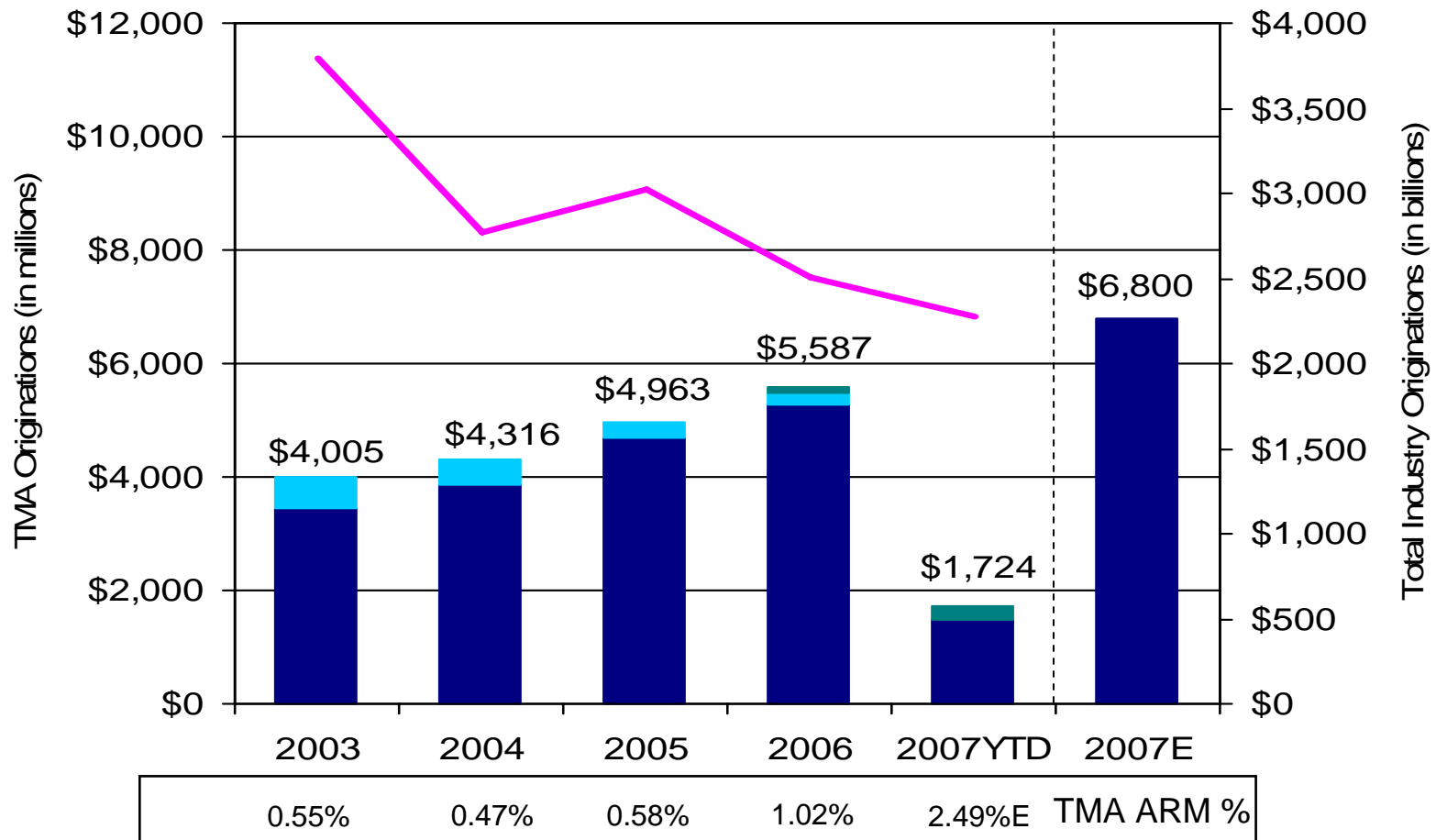
Purchased Assets Are Key Contributors to Growth



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

As of March 31, 2007.

Growing Originations Despite Industry Decline



■ Industry originations
 ■ TMA Correspondent
 ■ TMA Retail
 ■ TMA Wholesale

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

What TMA Brings to the Residential Mortgage Market

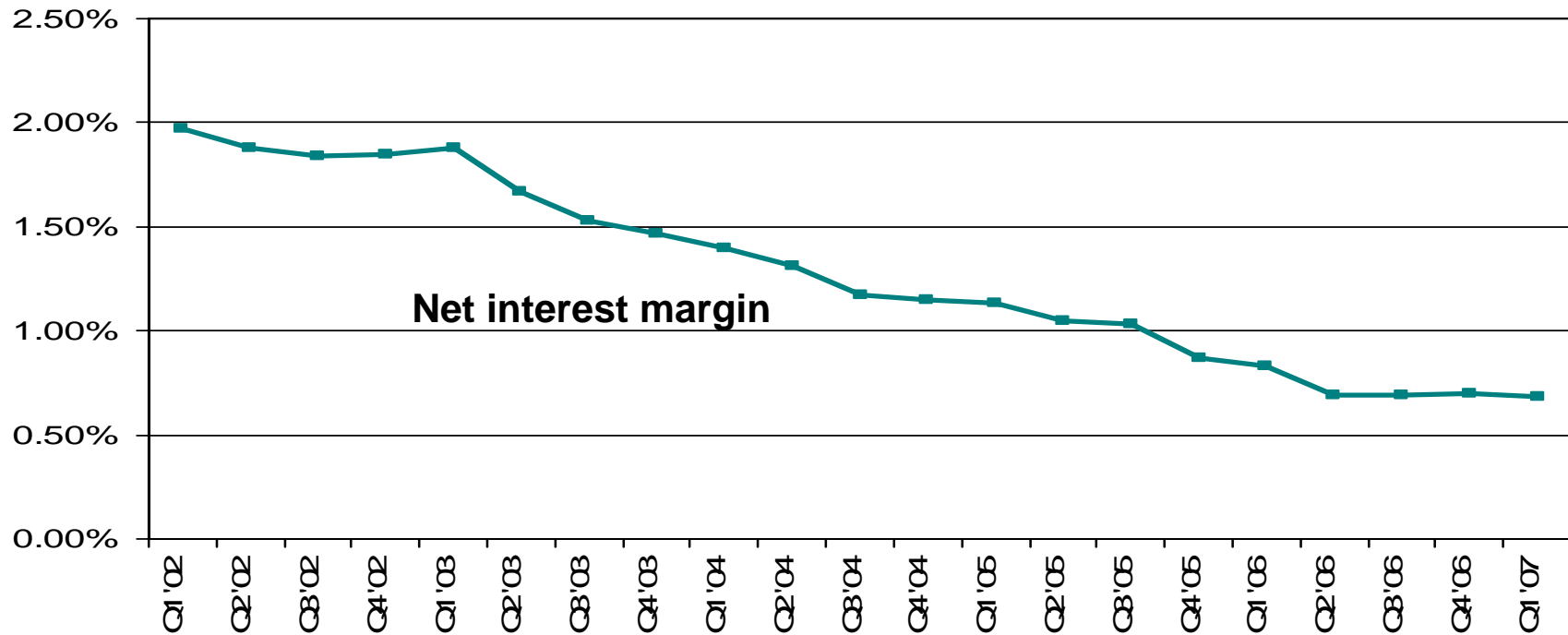
- An innovative and low cost “lending” platform
- Focus on sophisticated, jumbo borrowers
- Innovative products with competitive rates
- A commitment to simplify the lending process
- Common sense underwriting
- A personalized approach to lending

Building a Long-Term Relationship with the Borrower

Weathering a Challenging Environment

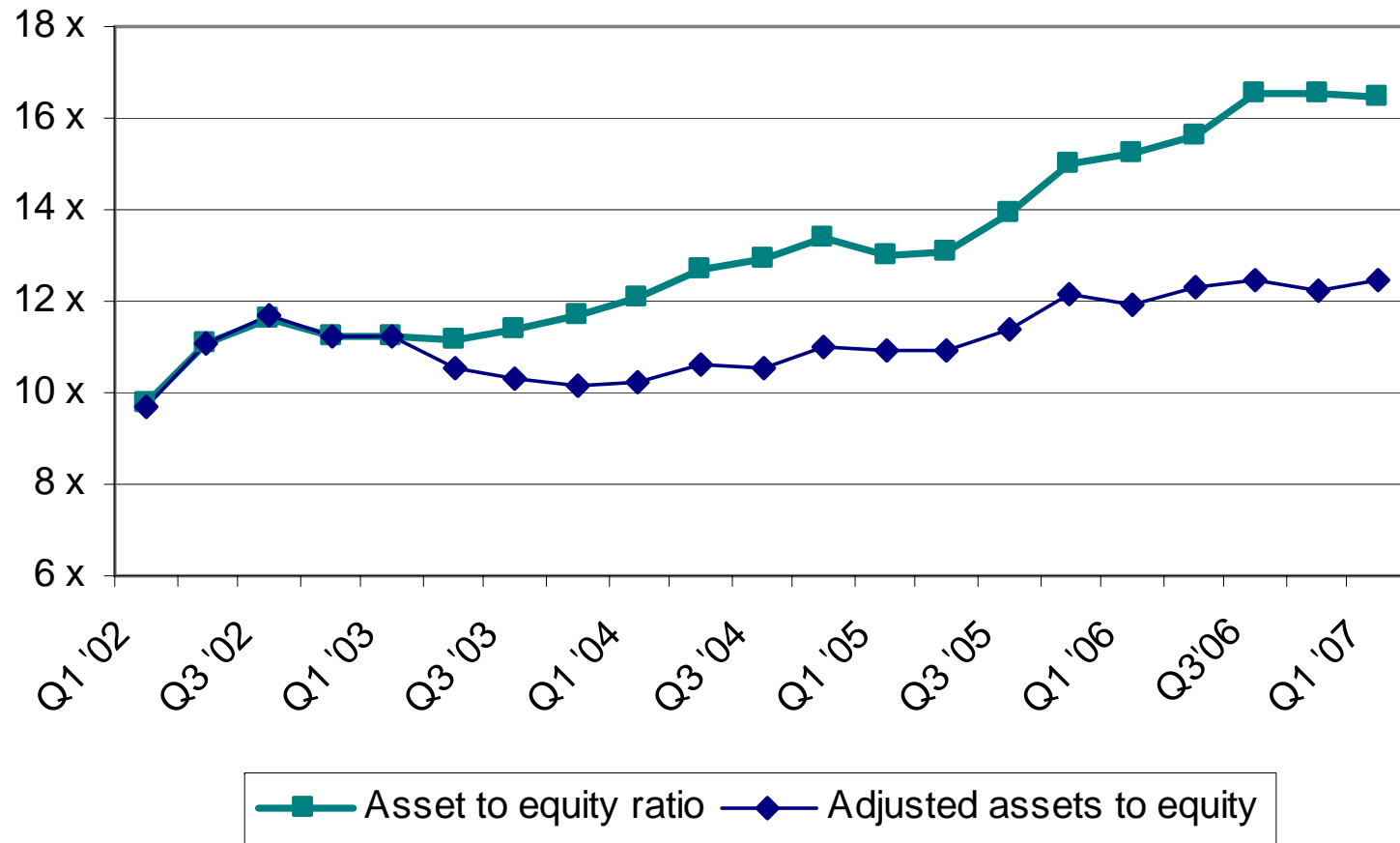
- 425 bp increase in Fed Funds rate since June 2004
- Flat/inverted yield curve environment
- Highly competitive market

Stabilizing Margins...

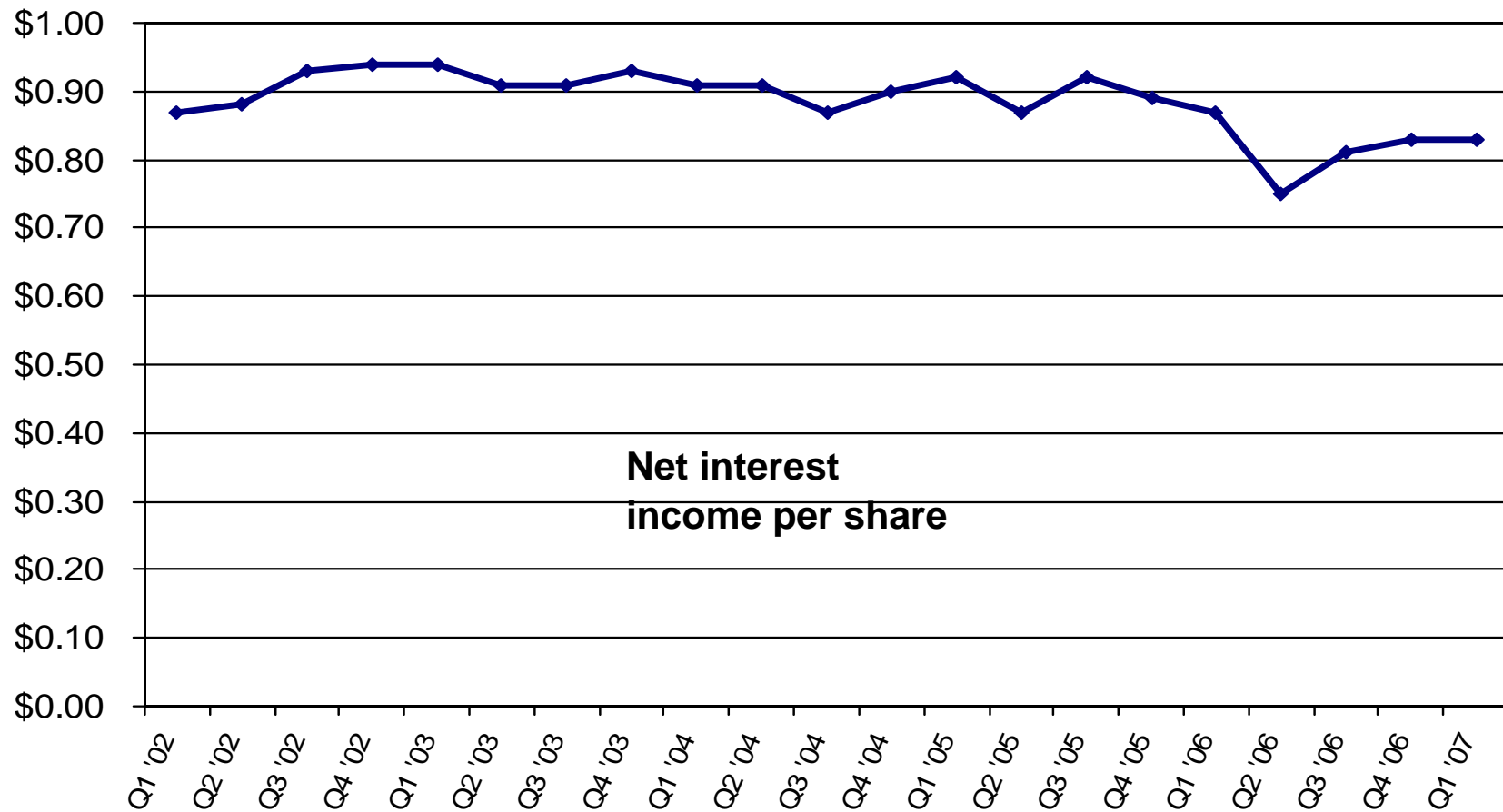


- Collateralized Mortgage Debt financing
- Cap hedges vs. swap hedges
- Unsecured debt
- Lag on traditional ARMs
- Tighter spreads on new assets
- Flattening of yield curve
- Replacement of hybrid hedge swaps

Asset to Long-Term Capital Ratios



...Modestly Impacting Net Interest Income¹



¹Includes net interest income and net servicing income.

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.

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.

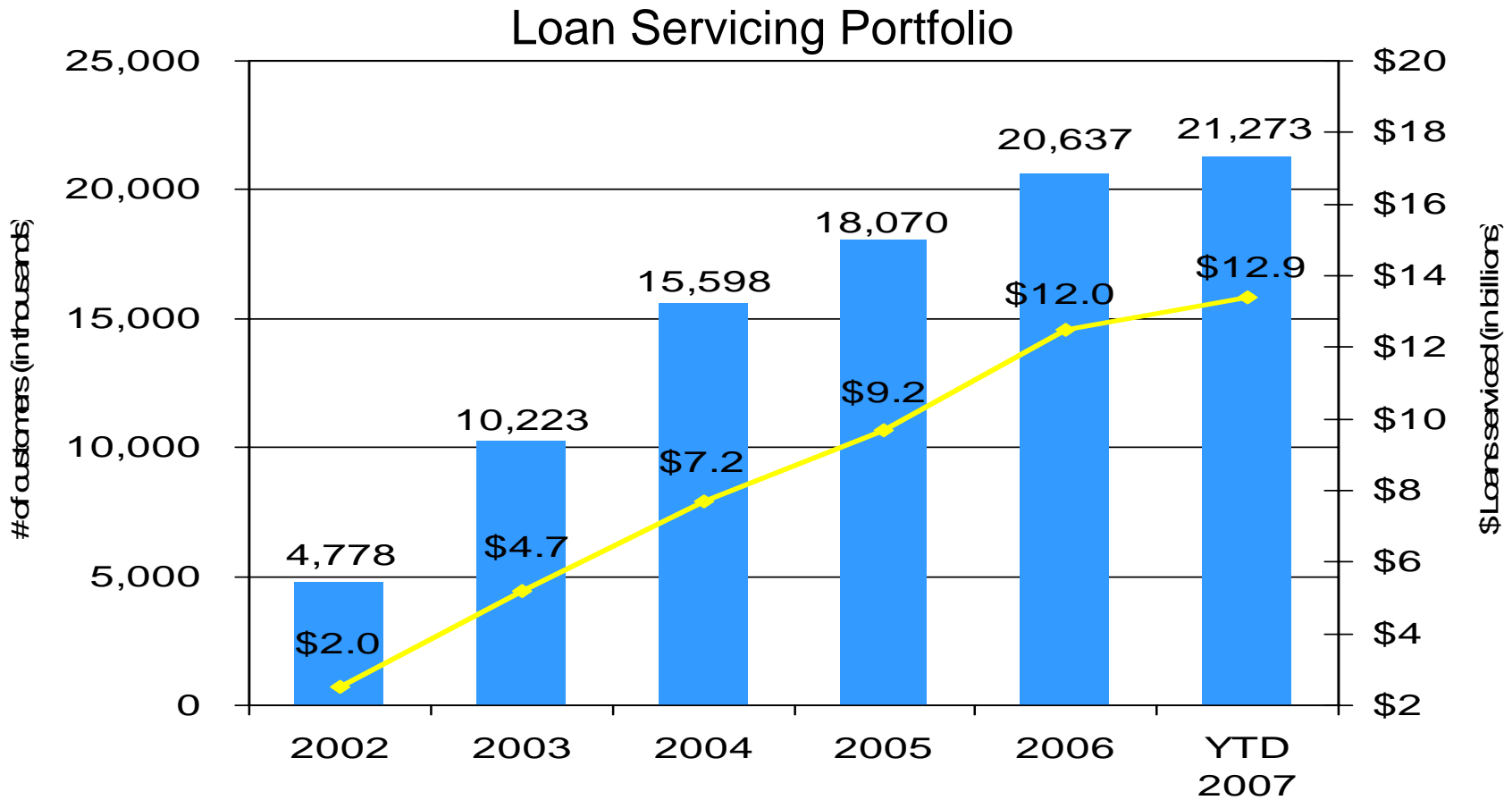
² Wholesale launched in June 2006.

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

Growing Customer Base

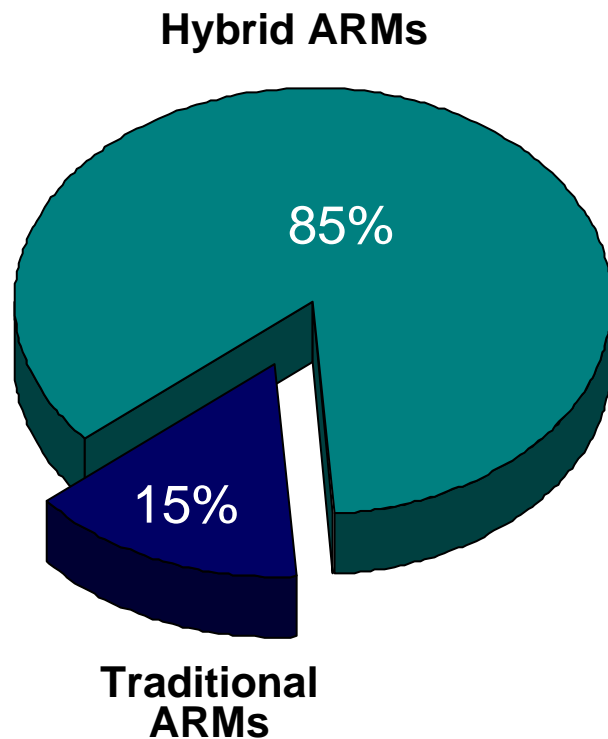


As of March 31, 2007.

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

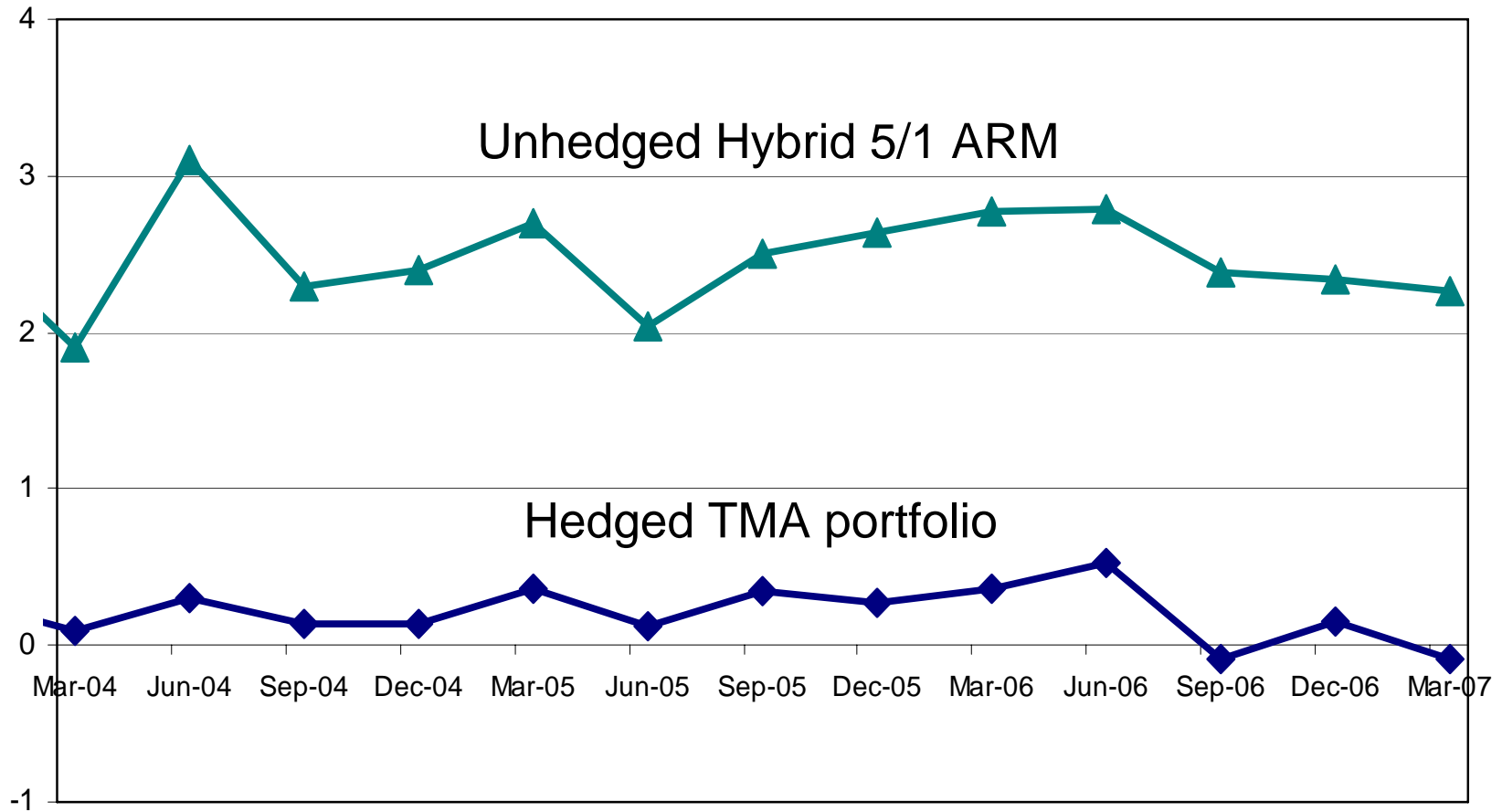
Yield Curve and Interest Rate Exposure is Minimal



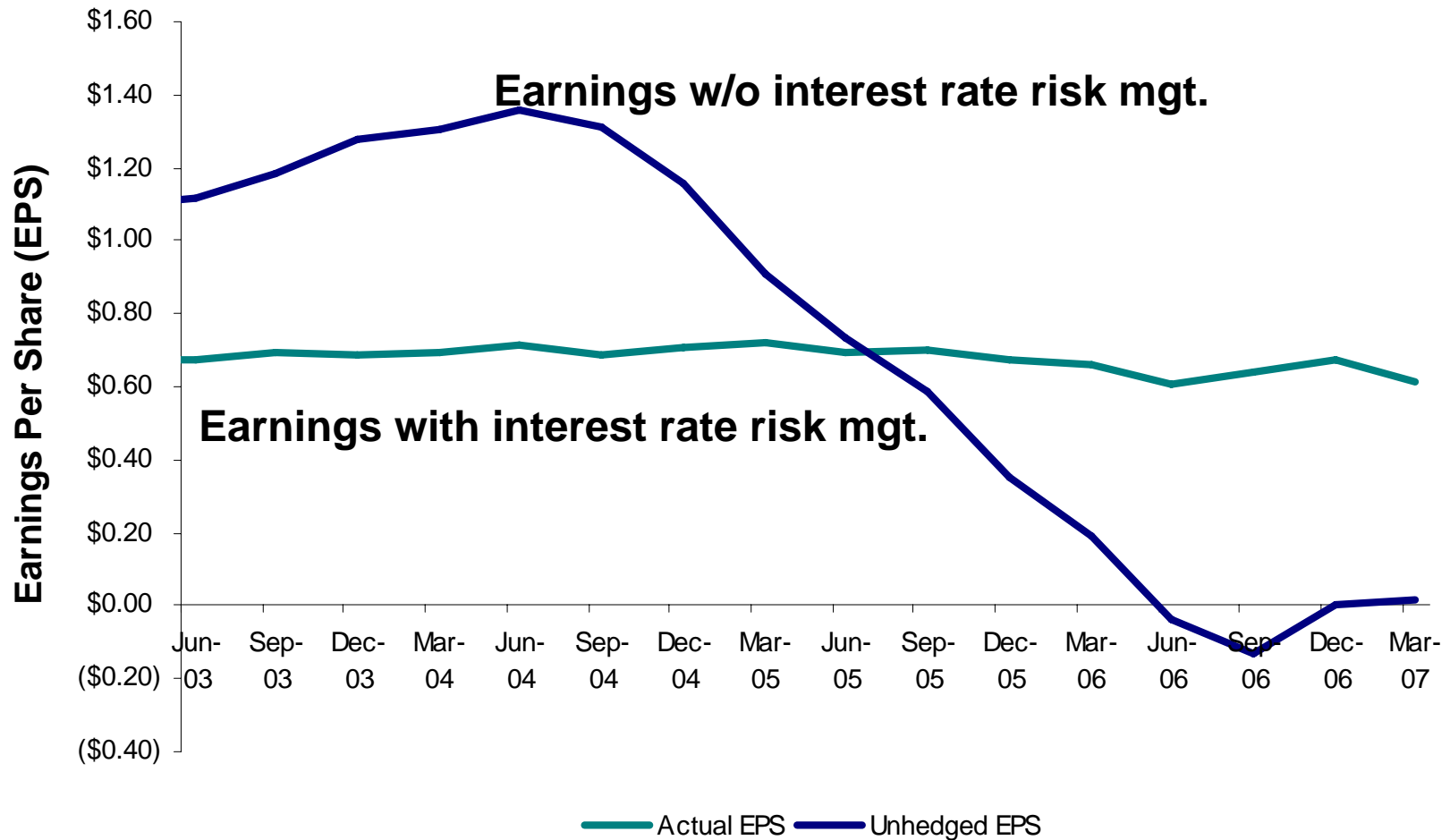
- 95% of Hybrid ARMs are financed with fixed and hedged borrowings (113% including forward-starting swaps)
- Portfolio duration gap is approximately negative two months
- Minimal portfolio value fluctuation

As of March 31, 2007.

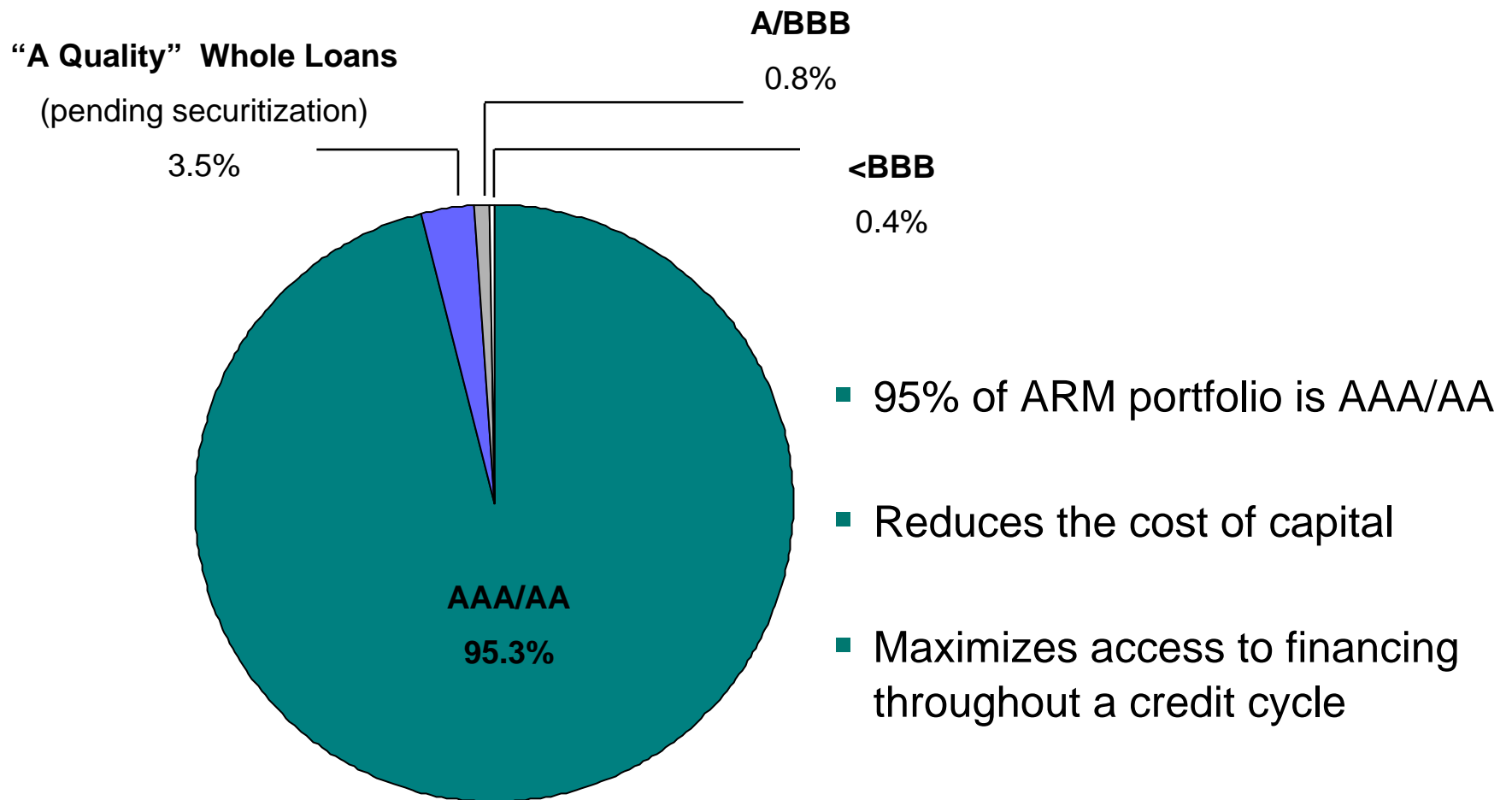
Minimal Duration Fluctuation Due to Effective Hedging



The Importance of Interest Rate Risk Management



Credit Quality Provides Exceptional Liquidity

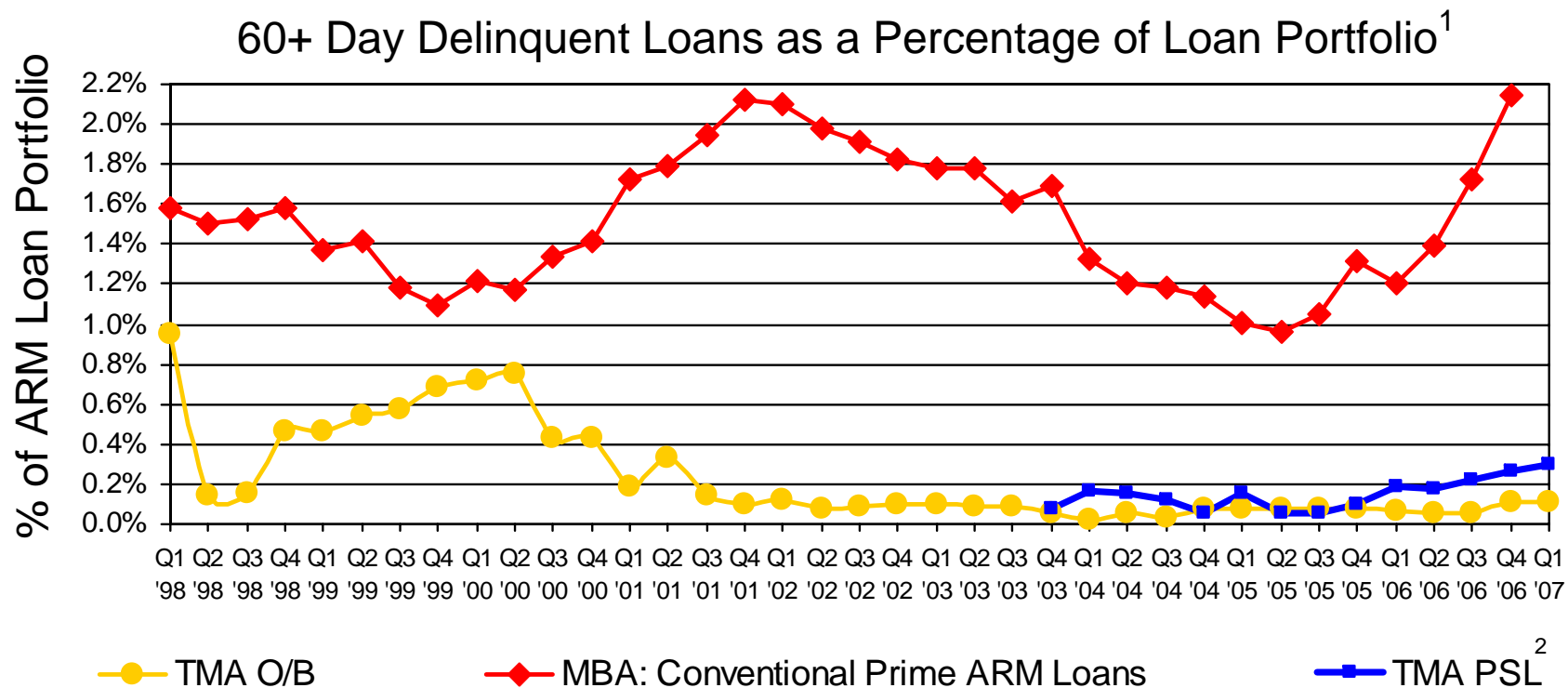


Exceptional Borrower Profile Leads to...

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.

Exceptional Credit Performance



TMA Originated/Bulk Loans: Current reserve balance = \$14.8 million (0.06%)
 Purchased Securitized Hybrid Loans: Non-accretable discount = \$11.1 million (0.19%)

¹ Includes loans that are delinquent for 60 or more days, bankruptcies, foreclosures, and REO.

² Excluding pay option ARMs.

Purchased Securitized Loans – Option ARM Performance

Loan Characteristics

Balance as of March 2007	\$	612,956,953
Weighted Average Coupon (WAC)		8.13%
Average Loan Balance	\$	2,938,000
Weighted Average FICO Score		709
Loan Purpose : Purchase and Refi / Cash-Out		47% / 53%
Occupancy: Owner Occ / Investment		96% / 4%

Delinquency/Loss Statistics

Average Loan To Value (LTV) Ratio		64.90%
Seriously Delinquent % (60days +)		7.96%
Non-Accretable Discount (NAD)	\$	(3,975,234)
NAD as % of Seriously Delinquent Loans		8.13%
Losses to Date	\$	0

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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