



Crystal River Reports Third Quarter 2008 Financial Results; Declares Fourth Quarter 2008 Dividend of \$0.10 Per Share

NEW YORK, NEW YORK, Nov 03, 2008 (MARKET WIRE via COMTEX News Network) -- Crystal River Capital, Inc. (NYSE: CRZ) -

Crystal River's management will host a dial-in teleconference to review its third quarter 2008 financial results on November 3, 2008 at 4:30 p.m. (EST). The teleconference can be accessed by dialing 888-208-1427 or 913-312-0838 (International). A replay of the recorded teleconference will be available through November 17, 2008. The replay can be accessed by dialing 888-203-1112 or 719-457-0820 (International) and entering passcode 5394173. A live audio webcast of the call will be accessible on the Company's website, www.crystalriverreit.com, via a link from the Investor Relations section. A replay of the audio webcast will be archived in the Investor Relations section of the Company's website.

Crystal River Capital, Inc. ("Crystal River" or the "Company") (NYSE: CRZ) today announced its results for the quarter ended September 30, 2008.

Separately, the Company announced that its Board of Directors has declared a fourth quarter dividend of \$0.10 per share.

For additional information, please refer to Crystal River's letter to stockholders, which has been posted to the Investor Relations section of the Company's website at www.crystalriverreit.com.

I. THIRD QUARTER UPDATE

- Liquidity and leverage update: Crystal River continued its focus on reducing leverage by paying down its repurchase agreement debt to \$8.3 million at September 30, 2008 from \$22.1 million at June 30, 2008. The amount drawn under the Company's revolving credit facility was \$41.4 million at September 30, 2008.

- Operating results: The net loss for the quarter ended September 30, 2008 totaled \$56.7 million, or \$2.28 per share. Operating Earnings (defined below) for the quarter ended September 30, 2008 totaled \$13.9 million, or \$0.56 per share, compared to \$20.9 million, or \$0.83 per share, for the third quarter of 2007 and \$16.6 million, or \$0.67 per share, for the second quarter of 2008. The decrease over the second quarter of 2008 was primarily attributable to lower interest income resulting from the sale of Crystal River's Agency MBS portfolio and the sale and repayment of a portion of the Company's real estate loan portfolio, partially offset by lower interest expense.

- Dividend: Cash flow from operations for the third quarter represented approximately three times coverage of the quarterly dividend of approximately \$2.5 million, with the remainder being used to pay down liabilities.

- Book value: Crystal River's GAAP book value per share decreased to \$0.07 at September 30, 2008 from \$2.46 at June 30, 2008.

- Portfolio activity and subsequent events: As previously announced, Crystal River sold \$27.1 million of whole loans that the Company had previously designated for sale. Furthermore, Crystal River's \$9.6 million investment in a construction loan matured during the third quarter of 2008. The investment, which paid off at par, had a floating-rate coupon of LIBOR plus 3.1%. The proceeds from the sales and the loan repayment were used to repay debt.

Discussion of Results

Net Investment Income (defined below) for the quarter ended September 30, 2008 totaled \$18.3 million, or \$0.73 per share, compared to Net Investment Income of \$23.5 million, or \$0.94 per share, for the third quarter of 2007 and Net Investment Income of \$21.6 million, or \$0.87 per share, for the second quarter of 2008. The decrease over the second quarter of 2008 was primarily attributable to lower interest income resulting from the sale of Crystal River's Agency MBS portfolio and the sale and repayment of a portion of the Company's real estate loan portfolio, partially offset by lower interest expense.

The net loss for the quarter ended September 30, 2008 totaled \$56.7 million, or \$2.28 per share, compared to a net loss of \$93.9 million, or \$3.76 per share, for the third quarter of 2007 and a net loss of \$75.5 million, or \$3.04 per share, for the second quarter of 2008. The primary contributors to the third quarter 2008 net loss were impairment charges and mark-to-market adjustments totaling \$59.2 million. Finally, the Company also recorded a \$4.4 million loan loss allowance on its real estate loan holdings during the quarter ended September 30, 2008.

The following table details the Company's impairment charges and mark-to-market adjustments on its available for sale securities by type and by sector and its CDO liabilities for the quarter ended September 30, 2008:

Impairment charges and mark-to-market adjustments of assets and liabilities:
CDO Assets and Liabilities:

| (\$ in millions) | Subprime | | | Liabilities | Total |
|--------------------------|------------------|-----------------|-----------------|----------------|------------------|
| | CMBS(4) | Prime RMBS(5) | RMBS | | |
| Cash flows(1) | \$ (57.4) | \$ (2.8) | \$ (3.6) | \$ - | \$ (63.8) |
| Yield-spread widening(2) | (4.4) | (5.3) | (0.4) | - | (10.1) |
| MTM(3) assets | (4.0) | - | 0.1 | - | (3.9) |
| MTM liabilities | - | - | - | 45.5 | 45.5 |
| Total | \$ (65.8) | \$ (8.1) | \$ (3.9) | \$ 45.5 | \$ (32.3) |

(1) Accounting rule EITF 99-20 refers to changes in cash flow assumptions on underlying assets.

(2) Accounting rule EITF 99-20 refers to excessive yield-spread widening on underlying assets.

(3) Mark-to-market adjustments under SFAS 159 ("MTM").

(4) Commercial mortgage-backed securities ("CMBS").

(5) Residential mortgage-backed securities ("RMBS").

Non-CDO Assets:

| (\$ in millions) | Subprime | | | Total |
|-----------------------|------------------|-----------------|-----------------|------------------|
| | CMBS | Prime RMBS | RMBS | |
| Cash flows | \$ (4.9) | \$ (4.4) | \$ (0.3) | \$ (9.6) |
| Yield-spread widening | (13.0) | (3.3) | (1.0) | (17.3) |
| Total | \$ (17.9) | \$ (7.7) | \$ (1.3) | \$ (26.9) |

GAAP Book Value

GAAP common equity book value per share was \$0.07 at September 30, 2008. Following Crystal River's adoption of Statement of Financial Accounting Standards ("SFAS") No. 159 on January 1, 2008, the Company carries both the assets and liabilities of its two securitized CDO entities at their fair values. As a result, unrealized gains and losses on the available for sale securities held within the Company's CDOs, the corresponding CDO liabilities, and swaps previously designated as a hedge are recorded directly into earnings in the Company's consolidated statements of operations.

Dividend Information

Crystal River announced that its Board of Directors declared a cash distribution for the quarter ended December 31, 2008 of \$0.10 per share of common stock. The cash distribution will be paid on January 30, 2009 to stockholders of record as of the close of business on December 31, 2008.

In setting the dividend, the Board of Directors considered a number of factors, including, but not limited to, operating results, taxable income and REIT qualification requirements, available tax losses, economic conditions, capital requirements, liquidity, retention of capital and other operating trends. Given the variability of these considerations, the Board of Directors will continually reevaluate these factors when determining future dividends.

About Crystal River

Crystal River Capital, Inc. (NYSE: CRZ) is a specialty finance REIT. The Company invests in commercial real estate, real estate loans, and real estate-related securities, such as commercial and residential mortgage-backed securities. For more information, visit www.crystalriverreit.com.

II. CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets

| (\$ in thousands, except share and per share data) | September 30, 2008 (unaudited) | June 30, 2008 (unaudited) | December 31, 2007 |
|--|--------------------------------------|---------------------------------|----------------------|
| ASSETS | | | |
| Available for sale securities, at fair value | \$ 191,367 | \$ 295,836 | \$ 1,815,246 |
| Real estate loans | 11,069 | 24,370 | 170,780 |
| Real estate loans held for sale | 20,375 | 47,504 | - |
| Commercial real estate, net | 229,885 | 231,511 | 234,763 |
| Other investments | 1,550 | 1,550 | 37,761 |
| Intangible assets | 76,949 | 78,357 | 81,174 |
| Cash and cash equivalents | 7,035 | 7,754 | 27,521 |
| Restricted cash | 26,924 | 27,646 | 68,706 |
| Receivables | 21,621 | 22,119 | 31,637 |
| Prepaid expenses and other assets | 1,097 | 1,763 | 540 |
| Deferred financing costs, net | 1,553 | 1,707 | 10,750 |
| Derivative assets | 5 | 28 | 560 |
| Total Assets | \$ 589,430 | \$ 740,145 | \$ 2,479,438 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Liabilities | | | |
| Accounts payable, accrued expenses and other | \$ 2,666 | \$ 2,610 | \$ 1,817 |
| Due to manager | 57 | 360 | 678 |
| Due to affiliate | - | - | - |
| Dividends payable | 2,498 | 7,454 | 16,828 |
| Intangible liabilities | 73,635 | 75,005 | 77,745 |
| Repurchase agreements | 8,335 | 22,117 | 1,276,121 |
| Collateralized debt obligations(1) | 153,362 | 204,769 | 486,608 |
| Junior subordinated notes | 51,550 | 51,550 | 51,550 |
| Mortgages payable | 219,380 | 219,380 | 219,380 |
| Senior mortgage-backed notes, related party | - | 24,087 | 99,815 |
| Secured revolving credit facility, related party | 41,420 | 38,420 | 67,319 |
| Interest payable | 2,457 | 2,454 | 9,256 |
| Derivative liabilities | 32,320 | 31,037 | 61,729 |
| Total Liabilities | 587,680 | 679,243 | 2,368,846 |
| Commitments and contingencies | | | |
| Stockholders' Equity | | | |
| Preferred stock, par value \$0.001 per share, 100,000,000 shares authorized, no shares issued and outstanding | - | - | - |
| Common stock, \$0.001 par value, 500,000,000 shares authorized, 24,875,282; 24,775,283; and 24,704,945 shares issued and outstanding, respectively | 25 | 25 | 25 |
| Additional paid-in capital | 564,441 | 563,900 | 562,930 |
| Accumulated other comprehensive loss | (10,171) | (9,724) | (15,481) |
| Accumulated deficit | (552,545) | (493,299) | (436,882) |
| Total Stockholders' Equity | 1,750 | 60,902 | 110,592 |
| Total Liabilities and Stockholders' Equity | \$ 589,430 | \$ 740,145 | \$ 2,479,438 |

(1) Fair value at September 30, 2008, and June 30, 2008 and cost at December 31, 2007.

Condensed Consolidated Statements of Operations (Unaudited)

| (\$ in thousands, except share and per share | Sept. 30, | Three months ended June 30, Sept. 30, | Nine months ended Sept. 30, Sept. 30, |
|--|-----------|--|--|
| | | | |

| data) | 2008 | 2008 | 2007 | 2008 | 2007 |
|---|--------------------|--------------------|--------------------|---------------------|--------------------|
| Revenues | | | | | |
| Interest income - available for sale securities | \$ 21,069 | \$ 24,355 | \$ 52,945 | \$ 85,361 | \$ 153,972 |
| Interest income real estate loans | 936 | 2,207 | 4,512 | 5,755 | 13,241 |
| Other interest and dividend income | 185 | 218 | 2,220 | 1,072 | 7,196 |
| Total interest and dividend income | 22,190 | 26,780 | 59,677 | 92,188 | 174,409 |
| Rental income, net | 5,399 | 5,550 | 4,998 | 16,611 | 10,656 |
| Total revenues | 27,589 | 32,330 | 64,675 | 108,799 | 185,065 |
| Expenses | | | | | |
| Interest expense | 9,302 | 10,732 | 41,920 | 44,302 | 125,218 |
| Management fees, related party | 243 | 418 | 1,416 | 1,328 | 5,597 |
| Professional fees | 480 | 585 | 857 | 1,733 | 2,843 |
| Depreciation and amortization | 3,022 | 3,022 | 2,816 | 9,066 | 5,925 |
| Incentive fees | - | - | - | - | 124 |
| Insurance expense | 480 | 480 | 265 | 1,290 | 672 |
| Directors' fees | 86 | 127 | 173 | 366 | 513 |
| Public company expense | 105 | 302 | 225 | 518 | 457 |
| Commercial real estate expenses | 348 | 420 | 333 | 1,185 | 677 |
| Provision for loss on real estate loans | 4,401 | 7,386 | - | 20,850 | - |
| Other expenses | 237 | 521 | 105 | 1,133 | 401 |
| Total expenses | 18,704 | 23,993 | 48,110 | 81,771 | 142,427 |
| Other revenues (expenses) | | | | | |
| Realized net gain (loss) on sale of securities available for sale, real estate loans, and other investments | 97 | (1,263) | (2,502) | (4,951) | (1,322) |
| Realized and unrealized gain (loss) on derivatives | (6,152) | 5,351 | (27,644) | (44,183) | (39,851) |
| Impairments on available for sale securities | (26,876) | (18,310) | (81,293) | (112,340) | (103,986) |
| Net change in assets and liabilities valued under fair value option | (32,305) | (69,355) | - | (134,508) | - |
| Foreign currency exchange gain | - | - | (459) | - | 4,292 |
| Income (loss) from equity investments | - | - | 741 | (40) | 2,179 |
| Other | (397) | (295) | 658 | (975) | 586 |
| Total other expenses | (65,633) | (83,872) | (110,499) | (296,997) | (138,102) |
| Net loss | \$ (56,748) | \$ (75,535) | \$ (93,934) | \$ (269,969) | \$ (95,464) |
| Net loss per share - basic and diluted | \$ (2.28) | \$ (3.04) | \$ (3.76) | \$ (10.88) | \$ (3.82) |
| Weighted average shares of common stock outstanding: | | | | | |
| Basic and diluted | 24,882,612 | 24,807,529 | 24,995,885 | 24,813,649 | 25,023,058 |
| Dividends declared per share of common stock | | | | | |
| | \$ 0.10 | \$ 0.30 | \$ 0.68 | \$ 1.08 | \$ 2.04 |

Net Investment Income (Unaudited)

| (\$ in thousands, except share and per share data) | Three months ended | | Nine months ended | | |
|---|--------------------|------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2008 | June 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 |
| Total interest and dividend income | \$ 22,190 | \$ 26,780 | \$ 59,677 | \$ 92,188 | \$ 174,409 |
| Rental income, net | 5,399 | 5,550 | 4,998 | 16,611 | 10,656 |
| Income (loss) from equity investments | - | - | 741 | (40) | 2,179 |
| Interest expense | (9,302) | (10,732) | (41,920) | (44,302) | (125,218) |
| Net Investment Income | \$ 18,287 | \$ 21,598 | \$ 23,496 | \$ 64,457 | \$ 62,026 |

| | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| Net Investment Income per share | \$ 0.73 | \$ 0.87 | \$ 0.94 | \$ 2.60 | \$ 2.48 |
|---------------------------------------|---------|---------|---------|---------|---------|

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Weighted average shares of common stock outstanding: Basic and diluted | 24,882,612 | 24,807,529 | 24,995,885 | 24,813,649 | 25,023,058 |
|---|------------|------------|------------|------------|------------|

Reconciliation of Net Loss to Operating Earnings (Unaudited)

| (\$ in thousands, except share and per share data) | Three months ended | | Nine months ended | | |
|---|--------------------|------------------|-------------------|-------------------|-------------------|
| | Sept. 30, 2008 | June 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 |
| Net loss | \$ (56,748) | \$ (75,535) | \$ (93,934) | \$ (269,969) | \$ (95,464) |
| Realized net (gain) loss on sale of securities available for sale, real estate loans, and other investments | (97) | 1,263 | 2,502 | 4,951 | 1,322 |
| Realized and unrealized (gain) loss on derivatives | | 6,152 | (5,351) | 27,644 | 44,183 |
| Impairments on available for sale securities | 26,876 | 18,310 | 81,293 | 112,340 | 103,986 |
| Net change in assets and liabilities valued under fair value option | 32,305 | 69,355 | - | 134,508 | - |
| Provision for loss on real estate loans | 4,401 | 7,386 | - | 20,850 | - |
| Foreign currency exchange gain | - | - | 459 | - | (4,292) |
| Depreciation and amortization | 3,022 | 3,022 | 2,816 | 9,066 | 5,925 |
| Cash settlements on economic hedges that did not qualify for hedge accounting treatment | (2,026) | (1,818) | 79 | (5,888) | 1,258 |
| Operating Earnings | \$ 13,885 | \$ 16,632 | \$ 20,859 | \$ 50,041 | \$ 52,586 |
| Operating Earnings per share | \$ 0.56 | \$ 0.67 | \$ 0.83 | \$ 2.02 | \$ 2.10 |

| | | | | | |
|--|------------|------------|------------|------------|------------|
| Weighted average number of shares outstanding: Basic and diluted | 24,882,612 | 24,807,529 | 24,995,885 | 24,813,649 | 25,023,058 |
|--|------------|------------|------------|------------|------------|

Comprehensive Loss (Unaudited)

| (\$ in thousands) | Sept. 30, | Three months ended | | Nine months ended | |
|---|-------------|--------------------|----------------|-------------------|----------------|
| | 2008 | June 30, 2008 | Sept. 30, 2007 | Sept. 30, 2008 | Sept. 30, 2007 |
| Net loss | \$ (56,748) | \$ (75,535) | \$ (93,934) | \$ (269,969) | \$ (95,464) |
| Changes in OCI - securities available for sale(1) | (1,033) | 1,784 | (39,683) | (7,232) | (90,157) |
| Realization of deferred unrealized losses on cash flow hedges | - | 8,327 | (25,374) | 13,181 | (11,132) |
| Amortization of net gain (loss) on cash flow hedges into interest expense | 586 | 300 | (894) | 1,031 | (1,716) |
| Comprehensive loss | \$ (57,195) | \$ (65,124) | \$ (159,885) | \$ (262,989) | \$ (198,469) |

(1) Represents reclassification from OCI ("Other Comprehensive Income") to impairments on available for sale securities.

Reconciliation of Net Loss to Estimated REIT Taxable Income (Unaudited)

| (\$ in thousands, except share and per share data) | Three months ended | Nine months ended |
|---|--------------------|-------------------|
| | Sept. 30, 2008 | Sept. 30, 2008 |
| GAAP net loss | \$ (56,748) | \$ (269,969) |
| Adjustments to GAAP net loss: | | |
| Net loss of taxable REIT subsidiary | 1 | 496 |
| Share-based compensation | 14 | (80) |
| Net tax adjustments related to interest income | (1,716) | (7,371) |
| Tax derivative loss in excess of book loss | 718 | (15,360) |
| Capital-loss limitation | 314 | 36,163 |
| Impairment losses not deductible for tax purposes | 26,876 | 112,340 |
| Net change in assets and liabilities valued under fair value option | 32,305 | 134,508 |
| Loan loss allowance not deductible for tax purposes | 4,401 | 20,850 |
| GAAP-to-tax difference on rent escalation and lease amortization | (387) | (1,161) |
| Other | (21) | (67) |
| Net adjustments from GAAP net loss to estimated REIT taxable income | 62,505 | 280,318 |
| Estimated REIT Taxable Income | 5,757 | 10,349 |
| Estimated REIT Taxable Income per share(1) | \$ 0.23 | \$ 0.42 |
| Weighted average number of shares outstanding: | | |
| Basic and diluted | 24,882,612 | 24,813,649 |

(1) As a REIT, we are required to distribute the greater of 90% of (a) our REIT taxable income and (b) the excess inclusion income generated by our CDOs.

III. SUPPLEMENTAL INFORMATION

Total Investment Portfolio at September 30, 2008

The following table summarizes the Company's investment portfolio at September 30, 2008, June 30, 2008, and September 30, 2007:

| (\$ in millions) | September 30, 2008 | | June 30, 2008 | | September 30, 2007 | |
|-------------------------------|--------------------|---------|----------------|---------|--------------------|---------|
| | Carrying Value | % Total | Carrying Value | % Total | Carrying Value | % Total |
| Available for sale securities | | | | | | |
| Agency MBS | \$ - | - | \$ - | - | \$ 1,423.6 | 54.3% |
| CMBS | 158.7 | 34.9% | 241.7 | 40.2% | 468.0 | 17.8% |
| Prime RMBS | 22.7 | 5.0% | 37.8 | 6.3% | 144.6 | 5.5% |
| Subprime RMBS | 10.0 | 2.2% | 16.3 | 2.7% | 79.5 | 3.0% |
| ABS(1) | - | - | - | - | 20.2 | 0.8% |
| Preferred stock | 0.0 | 0.0% | 0.0 | 0.0% | 1.7 | 0.1% |
| Direct real estate loans | | | | | | |
| Construction loans | 2.7 | 0.6% | 16.0 | 2.7% | 25.3 | 1.0% |
| Mezzanine loans(2) | 26.2 | 5.8% | 26.3 | 4.4% | 31.8 | 1.2% |
| Whole loans | 2.5 | 0.6% | 29.6 | 4.9% | 155.8 | 5.9% |
| Real estate finance fund | - | - | - | - | 34.6 | 1.3% |
| Commercial real | | | | | | |

| | | | | | | |
|-----------------|----------|--------|----------|--------|------------|--------|
| estate-owned(3) | 229.9 | 50.6% | 231.5 | 38.5% | 236.9 | 9.0% |
| Other | 1.6 | 0.3% | 1.6 | 0.3% | 1.6 | 0.1% |
| ----- | | | | | | |
| Total | \$ 454.3 | 100.0% | \$ 600.8 | 100.0% | \$ 2,623.6 | 100.0% |

(1) Asset-backed securities ("ABS").

(2) Includes two loans in the amount of \$20.4 million held for sale.

(3) Excludes intangible assets.

Third Quarter 2008 Securities Roll-Forward Table

The table below details the impact of purchases and sales, principal paydowns, premium and discount amortization, and adjustments to market value on our available for sale securities during the third quarter of 2008:

| (\$ in millions) | CMBS | Prime RMBS | Subprime RMBS | Total Portfolio |
|---------------------------|----------|------------|---------------|-----------------|
| ----- | | | | |
| Carrying Value | | | | |
| June 30, 2008 | \$ 241.7 | \$ 37.8 | \$ 16.3 | \$ 295.8 |
| Sales | - | - | - | - |
| Principal paydowns | 0.2 | (0.2) | (1.3) | (1.3) |
| Principal loss | - | (0.3) | (0.1) | (0.4) |
| Amortization of discount | 1.4 | 1.3 | 0.3 | 3.0 |
| Market value adjustments: | | | | |
| CDO assets | (65.8) | (8.1) | (3.9) | (77.8) |
| Non-CDO assets | (17.9) | (7.7) | (1.3) | (26.9) |
| OCI | (0.9) | (0.1) | - | (1.0) |
| ----- | | | | |
| Carrying Value | | | | |
| September 30, 2008 | \$ 158.7 | \$ 22.7 | \$ 10.0 | \$ 191.4 |

COMMERCIAL REAL ESTATE ("CRE") INVESTMENT PORTFOLIO

At September 30, 2008, Crystal River's CRE investment portfolio totaled \$233.2 million. The CRE portfolio consists of three high-quality office buildings 100% leased on a triple-net basis to JPMorgan Chase. The buildings are financed with long-term fixed-rate mortgage loans. CRE investment portfolio at September 30, 2008:

| Location | Tenant | Year of Lease Expiry | Total Area (000s Sq. Ft.) | Book Value(1) (Millions) | Mortgage Debt (Millions) | Net Book Equity (Millions) |
|------------------|----------------|----------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| Houston, Texas | JPMorgan Chase | 2021 | Chase | 2021 | 428.6 | \$ 60.8 |
| Arlington, Texas | JPMorgan Chase | 2027 | 171.5 | 21.5 | 20.9 | 0.6 |
| Phoenix, Arizona | JPMorgan Chase | 2021 | 724.0 | 150.9 | 145.1 | 5.8 |
| ----- | | | | | | |
| Total CRE | | | 1,324.1 | \$ 233.2 | \$ 219.4 | \$ 13.8 |

(1) Book value includes intangible assets and intangible liabilities, but excludes rent-enhancement receivables.

REAL ESTATE LOAN INVESTMENT PORTFOLIO

At September 30, 2008, Crystal River's real estate loan portfolio, which consists of mezzanine loans, a construction loan and a whole loan, totaled \$31.4 million and had a weighted average interest rate of 9.1%. Crystal River recorded a \$4.4 million loan loss allowance on its real estate loan holdings during the quarter ended September 30, 2008.

As previously announced, Crystal River sold whole loans for \$27.1 million in the third quarter of 2008 that the Company had previously designated for sale. Furthermore, Crystal River's \$9.6 million investment in a construction loan matured during the third quarter of 2008. The investment, which paid off at par, had a floating-rate coupon of LIBOR plus 3.1%. The proceeds from the sales and the loan repayment were used to repay debt.

Real estate loan portfolio at September 30, 2008:

| (\$ in millions) | Mezzanine Loans | | Construction Loans | |
|-------------------------------------|-----------------|----------|--------------------|----------|
| | Fixed | Floating | Fixed | Floating |
| ----- | | | | |
| Outstanding | | | | |
| Face Amount | \$ 26.1 | \$ 5.9 | \$ 14.6 | \$ - |
| Carrying Value | 20.4 | 5.9 | 2.7 | - |
| Amortized Cost | 26.0 | 5.9 | 14.6 | - |
| Fair Value | 20.4 | 5.7 | 2.7 | - |
| Number of Loans | 2 | 1 | 1 | - |
| WA LTV(2) | 82% | 54% | 164% | - |
| Number of loans that are delinquent | - | - | 1 | - |
| WA Fixed Rate | 8.83% | n/a | 16.00%(4) | - |
| WA Floating Rate: | | | | |
| Spread over LIBOR(3) | n/a | 11.47% | n/a | - |
| ----- | | | | |
| (\$ in millions) | Whole Loans | | Total / WA(1) | |
| | Fixed | Floating | Fixed | Floating |
| ----- | | | | |
| Outstanding | | | | |
| Face Amount | \$ - | \$ 2.5 | \$ 40.7 | \$ 8.4 |
| Carrying Value | - | 2.5 | 23.1 | 8.4 |
| Amortized Cost | - | 2.5 | 40.6 | 8.4 |
| Fair Value | - | 2.4 | 23.1 | 8.1 |
| Number of Loans | - | 1 | 3 | 2 |
| WA LTV(2) | - | 85% | 111% | 63% |
| Number of loans that are delinquent | - | - | 1 | - |
| WA Fixed Rate | - | n/a | 8.83%(5) | n/a |
| WA Floating Rate: | | | | |

Spread over LIBOR(3) - 5.73% n/a 9.74%

- (1) Weighted Average ("WA").
 (2) Loan-to-Value ("LTV").
 (3) London Interbank Offered Rate ("LIBOR").
 (4) Construction loan has been placed on non-accrual status.
 (5) Excludes 16.00% WA fixed rate for construction loan.

CMBS INVESTMENT PORTFOLIO

CMBS portfolio by credit rating at September 30, 2008:

| (\$ in millions) | Weighted Average | | | | |
|-------------------|------------------|-----------------|--------------|---------------|--|
| | Amortized Cost | Carrying Value | Yield(1) | Term (Yrs)(2) | |
| BBB | \$ 56.4 | \$ 56.4 | 25.5% | 8.3 | |
| BB | 44.4 | 44.4 | 33.6% | 9.1 | |
| B | 26.0 | 26.0 | 35.4% | 9.2 | |
| Below B | 30.9 | 31.9 | 31.9% | 5.3 | |
| Total CMBS | \$ 157.7 | \$ 158.7 | 30.7% | 8.1 | |

(1) Yield is the calculated internal rate of return based on amortized cost and expected loss-adjusted cash flows.

(2) Refers to the loss-adjusted weighted average remaining life.

Credit characteristics of CMBS portfolio by vintage at September 30, 2008:

CDO Assets:

| Vintage | WA Rating(1) | Original | | Outst- anding Face Carrying Value | Principal Subord- ination | Delinquency 60+/FC/REO(2) | Cumulative Loss to Date(3) |
|-----------------------|--------------|-----------------|-----------------|--|---------------------------------|------------------------------|----------------------------------|
| | | Face Amount | Face Amount | | | | |
| Pre-2005 | B | \$ 2.8 | \$ 2.8 | \$ 0.9 | 3.60% | 1.54% | 0.00% |
| 2005 | BB- | 244.8 | 244.8 | 57.0 | 2.60% | 1.05% | 0.00% |
| 2006 | BB- | 248.3 | 248.3 | 57.1 | 2.29% | 0.27% | 0.00% |
| 2007 | BB+ | 27.9 | 27.9 | 6.2 | 2.70% | 0.16% | 0.00% |
| Total CMBS | BB- | \$ 523.8 | \$ 523.8 | \$ 121.2 | 2.46% | 0.63% | 0.00% |

(1) Rounded to nearest rating.

(2) "60+" means that a payment on an underlying collateral loan is more than 60 days past due; "FC" means that the collateral underlying the loan is under foreclosure; "REO" means that the collateral underlying the loan has been foreclosed and is owned by the issuing trust.

(3) Actual losses based on securities we own; based on original face amount.

Non-CDO Assets:

| Vintage | WA Rating | Original | | Outst- anding Face Carrying Value | Principal Subord- ination | Delinquency 60+/FC/REO | Cumulative Loss to Date |
|-----------------------|-----------|-----------------|-----------------|--|---------------------------------|---------------------------|-------------------------------|
| | | Face Amount | Face Amount | | | | |
| 2005 | CCC+ | \$ 50.8 | \$ 43.3 | \$ 3.4 | 0.21% | 1.12% | 14.82% |
| 2006 | B- | 119.6 | 119.6 | 16.8 | 0.60% | 0.44% | 0.00% |
| 2007 | B | 132.8 | 132.8 | 17.3 | 1.17% | 0.37% | 0.00% |
| Total CMBS | B- | \$ 303.2 | \$ 295.7 | \$ 37.5 | 0.78% | 0.51% | 2.48% |

PRIME RMBS INVESTMENT PORTFOLIO

Prime RMBS portfolio by credit rating at September 30, 2008:

| (\$ in millions) | Weighted Average | | | | |
|-------------------------|------------------|----------------|---------------|------------|--|
| | Amortized Cost | Carrying Value | Yield | Term (Yrs) | |
| BBB | \$ 0.4 | \$ 0.4 | 45.6% | 5.7 | |
| BB | 7.1 | 7.1 | 66.0% | 6.5 | |
| B | 6.9 | 6.9 | 153.6% | 4.9 | |
| Below B | 8.3 | 8.3 | 128.1% | 6.0 | |
| Total Prime RMBS | \$ 22.7 | \$ 22.7 | 115.3% | 5.8 | |

Credit Characteristics of Prime RMBS portfolio by vintage at September 30, 2008:

CDO Assets:

| Vintage | WA Rating | Original | | Outst- anding Face Carrying Value | Principal Subord- ination | Delinquency 60+/FC/REO | Cumulative Loss to Date |
|---------------------------------|-------------|-----------------|----------------|--|---------------------------------|---------------------------|-------------------------------|
| | | Face Amount | Face Amount | | | | |
| 2003 | B | \$ 1.9 | \$ 1.8 | \$ 0.7 | 0.23% | 0.46% | 0.00% |
| 2004 | CCC+ | 18.8 | 12.9 | 1.5 | 1.81% | 8.38% | 0.00% |
| 2005 | CCC+ | 92.9 | 78.3 | 10.1 | 1.33% | 9.33% | 0.37% |
| Total Prime RMBS | CCC+ | \$ 113.6 | \$ 93.0 | \$ 12.3 | 1.38% | 9.02% | 0.32% |

Non-CDO Assets:

| Original | Outst- anding | Principal | Cumu- lative |
|----------|------------------|-----------|-----------------|
|----------|------------------|-----------|-----------------|

| Vintage | WA Rating | Face Amount | Face Amount | Carrying Value | Subord-ination | Delinquency 60+/FC/REO | Loss to Date | | | | | | | | |
|---------|-----------|-------------|-------------|----------------|----------------|------------------------|--------------|------|----|-----|-----|-----|-------|-------|--------|
| 2003 | NR | \$ 1.9 | \$ 1.8 | \$ 0.1 | 0.00% | 0.46% | 0.70% | 2004 | NR | 4.2 | 2.2 | 0.1 | 0.00% | 1.30% | 44.31% |
| 2005 | CC | 95.5 | 76.9 | 8.0 | 0.54% | 5.59% | 6.12% | | | | | | | | |
| 2006 | CC | 5.0 | 4.9 | 0.7 | 0.62% | 1.89% | 0.00% | | | | | | | | |
| 2007 | C | 19.1 | 18.6 | 1.5 | 0.16% | 1.40% | 2.26% | | | | | | | | |
| ----- | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | |
| Prime | | | | | | | | | | | | | | | |
| RMBS | CC | \$ 125.7 | \$ 104.4 | \$ 10.4 | 0.46% | 4.49% | 5.65% | | | | | | | | |

SUBPRIME RMBS INVESTMENT PORTFOLIO

Subprime RMBS Investment Portfolio at September 30, 2008:

| Weighted Average | | | | | | |
|---------------------|-----------|---------|----------|-------|--------|------------|
| (\$ in millions) | Amortized | Cost | Carrying | Value | Yield | Term (Yrs) |
| BBB | \$ 3.0 | \$ 3.0 | | | 50.8% | 4.8 |
| BB | 0.4 | 0.4 | | | 130.1% | 4.6 |
| B | 0.8 | 0.8 | | | 52.7% | 15.6 |
| Below B | 5.7 | 5.8 | | | 154.4% | 6.4 |
| ----- | | | | | | |
| Total Subprime RMBS | \$ 9.9 | \$ 10.0 | | | 114.1% | 6.6 |

Credit Characteristics of Subprime RMBS portfolio by vintage at September 30, 2008:

CDO Assets:

| Vintage | WA Rating | Original Face Amount | Outst-anding Face Amount | Carrying Value | Principal Subord-ination | Delinquency 60+/FC/REO | Cumu-lative Loss to Date |
|---------------------|-----------|----------------------|--------------------------|----------------|--------------------------|------------------------|--------------------------|
| 2005 | CCC- | \$ 80.3 | \$ 70.3 | \$ 5.8 | 5.33% | 30.29% | 0.00% |
| ----- | | | | | | | |
| Total Subprime RMBS | CCC- | \$ 80.3 | \$ 70.3 | \$ 5.8 | 5.33% | 30.29% | 0.00% |

Non-CDO Assets:

| Vintage | WA Rating | Original Face Amount | Outst-anding Face Amount | Carrying Value | Principal Subord-ination | Delinquency 60+/FC/REO | Cumu-lative Loss to Date |
|---------------------|-----------|----------------------|--------------------------|----------------|--------------------------|------------------------|--------------------------|
| 2005 | CC | \$ 26.2 | \$ 25.1 | \$ 1.6 | 3.33% | 35.42% | 0.00% |
| 2006 | CCC+ | 25.2 | 24.5 | 2.0 | 5.23% | 31.21% | 0.00% |
| 2007 | CC | 9.1 | 9.1 | 0.6 | 2.01% | 24.92% | 0.00% |
| ----- | | | | | | | |
| Total Subprime RMBS | CCC- | \$ 60.5 | \$ 58.7 | \$ 4.2 | 3.91% | 32.04% | 0.00% |

Financing Details

The following table shows the Company's available for sale securities, real estate loans, other investments and other assets as of September 30, 2008 and the different lines used to finance such assets, categorized by (i) CDO debt, (ii) other term debt, such as mortgage loans on commercial real estate and trust preferred securities, (iii) the Company's secured revolving credit facility and (iv) reverse repurchase agreements:

| (\$ in millions) | Assets | | Debt | | | |
|----------------------------|----------------|-------------|----------|-----------|------------------|-----------------------|
| | Carrying Value | CDO Debt(1) | Other | Term Debt | Funding Facility | Repurchase Agreements |
| CMBS | \$ 158.7 | \$ 148.2 | \$ - | \$ - | \$ - | \$ 8.3 |
| Prime RMBS | 22.7 | 3.5 | - | - | - | - |
| Subprime RMBS | 10.0 | 1.7 | - | - | - | - |
| Real estate loans | 31.4 | - | - | - | 26.4 | - |
| Commercial real estate | 229.9 | - | 219.4 | - | - | - |
| Trust Preferred Securities | - | - | 51.6 | - | - | - |
| Other | 136.7 | - | - | - | 15.0 | - |
| ----- | | | | | | |
| Total | \$ 589.4 | \$ 153.4 | \$ 271.0 | \$ 41.4 | \$ 41.4 | \$ 8.3 |

(1) CDO debt has been allocated based upon the asset mix within the Company's CDOs.

CDO and Non-CDO Assets

The table below summarizes the breakdown of our available for sale securities between assets held by non-recourse securitization subsidiaries financed by CDO debt and assets held directly at September 30, 2008:

| Consolidated | |
|--------------|--|
|--------------|--|

| (\$ in millions) | Carrying Value | CDO Assets | Non-CDO Assets |
|------------------|----------------|------------|----------------|
| CMBS | \$ 158.7 | \$ 121.2 | \$ 37.5 |
| Prime RMBS | 22.7 | 12.3 | 10.4 |
| Subprime RMBS | 10.0 | 5.8 | 4.2 |
| Total | \$ 191.4 | \$ 139.3 | \$ 52.1 |

Our securitized assets are held by two non-recourse securitization subsidiaries financed by CDO debt. The table below details the assets and liabilities of these securitizations at September 30, 2008:

| (\$ in millions) | Consolidated Outstanding Face Amount | Consolidated Carrying Value | CDO I | CDO II |
|---------------------------------------|--------------------------------------|-----------------------------|---------|-----------|
| CMBS | \$ 523.8 | \$ 121.2 | \$ 23.4 | \$ 97.8 |
| Prime RMBS | 93.0 | 12.3 | 12.3 | - |
| Subprime RMBS | 70.3 | 5.8 | 5.8 | - |
| Receivables, cash and other assets | - | 7.5 | 4.6 | 2.9 |
| Collateralized debt obligations | (474.4) | (153.4) | (39.5) | (113.9) |
| Derivative and other liabilities, net | - | (14.2) | (2.5) | (11.7) |
| Net Equity | \$ 212.7 | \$ (20.8) | \$ 4.1 | \$ (24.9) |

OTHER INFORMATION

The Company expects to file its Form 10-Q for the quarter ended September 30, 2008 with the Securities and Exchange Commission by 5:30 p.m. EST on Monday, November 10, 2008. Please read the Form 10-Q carefully as it will contain Crystal River's consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations. The Form 10-Q also will be made available under the Investor Relations section of Crystal River's website at www.crystalriverreit.com.

Definition of Operating Earnings

This press release and accompanying financial information make reference to Operating Earnings on a total and per share basis. The Company considers its Operating Earnings to be income after operating expenses but before loan loss provisions, realized and unrealized gains and losses, hedge ineffectiveness, foreign currency exchange impact, loss on impairment of assets, commercial real estate depreciation and amortization and net change in assets and liabilities valued under fair value option. The Company believes Operating Earnings provides useful information to investors because it views Operating Earnings as an effective indicator of the Company's profitability and financial performance over time. Operating Earnings can and will fluctuate based on changes in asset levels, funding rates, available reinvestment rates, expected losses on credit-sensitive positions and the return on the Company's investments as the underlying assets are carried at estimated fair value. The Company has provided the components of Operating Earnings and a full reconciliation from net loss to Operating Earnings with the financial statements accompanying this press release. Operating Earnings is a non-GAAP measure that does not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.

Definition of Net Investment Income

This press release and accompanying financial information make reference to Net Investment Income on a total and per share basis. The Company considers its Net Investment Income to be total revenues including income from equity investments less interest expense. The Company believes Net Investment Income provides useful information to investors because it represents the largest component of the Company's Operating Earnings, which management believes is an effective indicator of the Company's profitability and financial performance over time. The Company provides the components of Net Investment Income with the financial statements accompanying this press release. Net Investment Income is a non-GAAP measure that does not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Definition of Estimated REIT Taxable Income

Estimated REIT Taxable Income is a non-GAAP financial measure and does not purport to be an alternative to net loss determined in accordance with GAAP as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Estimated REIT Taxable Income excludes the net loss of Crystal River's domestic taxable REIT subsidiary. This non-GAAP financial measure is important to Crystal River and its stockholders because, as a real estate investment trust, we are required to pay substantially all of our REIT taxable income in the form of distributions to our stockholders and Estimated REIT Taxable Income is an effective indicator of the total amount of REIT taxable income available for distributions. Because not all REITs use identical calculations, this presentation of Estimated REIT Taxable Income may not be comparable to other similarly titled measures prepared and reported by other companies. The Company provides a full reconciliation from net loss to Estimated REIT Taxable Income with the financial statements accompanying this press release.

Forward-Looking Information

This news release, and our public documents to which we refer, contain or incorporate by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to our future financial results and future dividend payments. Forward-looking statements that are based on various assumptions (some of which are beyond our control) may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "may," "will," "believe," "expect," "anticipate," "continue," "should," "intend," or similar terms or variations on those terms or the negative of those terms. Although we believe that the expectations contained in any forward-looking statement are based on reasonable assumptions, we can give no assurance that our expectations will be attained. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, changes in interest rates, changes in yield curve, changes in prepayment rates, the effectiveness of our hedging strategies, the availability of mortgage-backed securities and other targeted investments for purchase and origination, the availability and cost of capital for financing future investments and, if available, the terms of any such financing, changes in the market value of our assets, future margin reductions and the availability of liquid assets to post additional collateral, changes in business conditions and the general economy, competition within the specialty finance sector, changes in government regulations affecting our business, our ability to maintain our qualification as a real estate investment trust for federal income tax purposes, and other risks disclosed from time to time in our filings with the Securities and Exchange Commission. For more information on the risks facing the Company, see the risk factors in Exhibit 99.1 to our Form 10-Q for the period ended June 30, 2008, filed with the SEC on August 11, 2008 and the updated version of those risk factors that the Company will file as Exhibit 99.1 to our Form 10-Q for the period ended September 30, 2008 that we expect to file with the SEC by 5:30 p.m. EST on November 10, 2008. We do not undertake, and specifically disclaim any obligation, to publicly release any update or supplement to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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