UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2009

Two Harbors Investment Corp.

(Exact name of registrant as specified in its charter)

Maryland	**001-34506**	**27-0312904**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

601 Carlson Parkway, Suite 330
Minnetonka, MN 55305
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: (612) 238-3300

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 28, 2009, Two Harbors Investment Corp., a Maryland corporation (the "Company"), closed the merger transaction (the "Merger") contemplated by the Agreement and Plan of Merger, dated as of June 11, 2009, as amended as of August 17, 2009 and September 20, 2009 (the "Merger Agreement"), among Capitol Acquisition Corp., a Delaware corporation ("Capitol"), the Company, Two Harbors Merger Corp., a Delaware corporation ("Merger Sub Corp.") and a wholly-owned subsidiary of the Company, and Pine River Capital Management L.P., a Delaware limited partnership ("Pine River"). As a result of the Merger, Capitol became a wholly-owned subsidiary of the Company.

Capitol held special meetings on October 26, 2009 of its stockholders and warrant holders. At the stockholders' meeting, Capitol stockholders, among other things, approved the Merger and amendments to Capitol's amended and restated certificate of incorporation to permit Capitol to complete the Merger with Merger Sub Corp.

Supplement and Amendment to the Warrant Agreement

At the warrant holders' meeting, the warrant holders approved a supplement and amendment (the "Warrant Amendment") to the warrant agreement that governs the Capitol warrants (the "Warrant Agreement"). On October 28, 2009, in connection with the closing of the Merger, the Company entered into the Warrant Amendment with Continental Stock Transfer & Trust Company and Capitol. The terms of the Warrant Amendment (i) increased the exercise price of the warrants from $7.50 per share to $11.00 per share, (ii) extended the expiration date of the warrants from November 7, 2012 to November 7, 2013 and (iii) limited a holder's ability to exercise warrants to ensure that such holder's Beneficial Ownership or Constructive Ownership as defined in the Company's charter does not exceed the restrictions contained in the charter limiting the ownership of shares of the Company's common stock. The Warrant Amendment also made certain other changes to ensure that the warrants of the Company that were received by the holders of warrants of Capitol after the Merger are governed by the Warrant Agreement and that the Company assumed all of the rights and obligations of Capitol under the Warrant Agreement after the Merger.

The preceding summary of the Warrant Amendment is qualified in its entirety by reference to the complete text of the amendment, a form of which is included as Annex G to the definitive proxy statement/prospectus (the "Proxy Statement/Prospectus") included in the Company's Registration Statement on Form S-4 (File No. 333-160199), declared effective by the Securities and Exchange Commission (the "SEC") on October 9, 2009.

Management Agreement

On October 28, 2009, in connection with the closing of the Merger, the Company entered into a management agreement (the "Management Agreement") with PRCM Advisers LLC, a Delaware limited liability company (the "Manager") and a subsidiary of Pine River, pursuant to which the Manager will provide the day-to-day management of the Company's operations. The Management Agreement requires the Manager to manage the Company's business affairs in conformity with investment guidelines and other policies that are approved and monitored by the Company's board of directors. The Manager is entitled to receive from the Company a base management fee equal to 1.5% per annum, calculated and payable quarterly in arrears, of the Company's stockholders' equity (as defined in the Management Agreement). The Company is also obligated to reimburse certain expenses incurred by the Manager. The Management Agreement has an initial three-year term and will be renewed for one-year terms thereafter unless terminated by either the Company or the Manager. Under certain circumstances, the Manager is entitled to receive a termination fee from the Company equal to three times the sum of the average annual management fee during the 24-month period immediately preceding such termination, calculated as of the end of the most recently completed fiscal quarter before the date of termination.

The preceding summary of the Management Agreement is qualified in its entirety by reference to the complete text of the agreement, a form of which is included as Annex D to the Proxy Statement/Prospectus.

Registration Rights Agreement

On October 28, 2009, in connection with the closing of the Merger, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with Capitol, Pine River's Nisswa Acquisition Master Fund Ltd. (the "Nisswa Acquisition Fund") and certain officers, directors and security holders of Capitol (the "Capitol Founders" and, collectively with the Nisswa Acquisition Fund, the "Holders"). Pursuant to the Registration Rights Agreement, the Company has agreed to use commercially reasonable efforts to file with the SEC a shelf registration statement under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the warrants issued to the Holders in the Merger and the shares of the Company's common stock that may be purchased upon the exercise of such warrants, and to use commercially reasonable efforts to cause such shelf registration statement to be declared effective by the SEC at, or as soon as practicable after, the closing date of the Merger, subject to certain customary conditions and limitations. Capitol will pay certain expenses in connection with any registration effected pursuant to the Registration Rights Agreement, but the Holders will pay the underwriting or brokerage commissions or discounts associated with the sale of their respective securities.

The preceding summary of the Registration Rights Agreement is qualified in its entirety by reference to the complete text of the agreement, which is filed as Exhibit 10.1 hereto.

Share Ownership Limit Agreements

On October 28, 2009, in connection with the closing of the Merger, the Company entered into a letter agreement with Integrated Holding Group LP exempting Integrated Holding Group LP and Integrated Core Strategies (US) LLC (collectively, the "Millennium Holder") from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit (each as defined in the Company's charter) and establishing an Excepted Holder Limit (as defined in the Company's charter) for the Millennium Holder pursuant to which the Millennium Holder may acquire and hold 632,974 shares of Company's common stock and may exercise warrants exercisable into 5,146,600 shares of common stock, subject to certain limitations and conditions. In addition, in connection with the closing of the Merger, the Company entered into a letter agreement with Federated Kaufmann Fund, Federated Kaufmann Fund II and Federated Kaufmann Growth Fund (collectively, the "Federated Kaufmann Holders") exempting the Federated Kaufmann Holders from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit (each as defined in the Company's charter) and establishing an Excepted Holder Limit (as defined in the Company's charter) for the Federated Kaufmann Holders pursuant to which the Federated Kaufmann Holders may together acquire and hold in the aggregate 3,065,859 shares of Company's common stock, subject to certain limitations and conditions. Further, in connection with the closing of the Merger, the Company entered into a letter agreement with Whitebox Special Opportunities Fund, LP Series A (the "Whitebox Holder") exempting the Whitebox Holder from the Aggregate Stock Ownership Limit and the Common Stock Ownership Limit (each as defined in the Company's charter) and establishing an Excepted Holder Limit (as defined in the Company's charter) for the Whitebox Holder pursuant to which the Whitebox Holder may acquire and hold in the aggregate 2,127,480 shares of Company's common stock and may exercise warrants exercisable into 466,800 shares of common stock, subject to certain limitations and conditions.

The preceding summary of such letter agreements is qualified in its entirety by reference to the complete text of the agreements, which are filed as Exhibit 10.2, 10.3 and 10.4 hereto.

Letter Agreement

In addition, in connection with the closing of the Merger, the Company, Capitol and Ladenburg Thalmann & Co. Inc., an underwriter in Capitol's initial public offering, agreed to a reduction of the deferred underwriting commissions owed to such underwriter in exchange for certain rights to participate in future securities offerings of Two Harbors. The preceding summary of such letter agreement is qualified in its entirety by reference to the complete text of the agreement, which is filed as Exhibit 10.5 hereto.

Item 2.01. Completion of Acquisition or Disposition of Assets.

As described above, on October 28, 2009, the Company closed the Merger, as a result of which, Capitol became a wholly-owned subsidiary of the Company. A description of the Merger and the Merger Agreement is included in the Proxy Statement/Prospectus under "*The Merger Agreement*" beginning on page 92, which information is incorporated herein by reference.

Disclosure responsive to Item 2.01(b) through (e) of Form 8-K is included in the Proxy Statement/Prospectus under "*The Merger Proposal*" beginning on page 65, "*The Merger Agreement*" beginning on page 92, "*Other Information Related to Capitol*" beginning on page 134 and "*Business of Two Harbors*" beginning on page 144, which information is incorporated herein by reference.

Business

A description of Capitol's and the Company's business is included in the Proxy Statement/Prospectus under "*Other Information Related to Capitol*" beginning on page 134 and "*Business of Two Harbors*" beginning on page 144, which information is incorporated herein by reference.

Risk Factors

Certain risks associated with the business of the Company and Capitol are described under "*Risk Factors*" beginning on page 19 of the Proxy Statement/Prospectus, which information is incorporated herein by reference.

Financial Information

Certain financial information related to the Company and Capitol is included in the Proxy Statement/Prospectus under "*Summary Historical Consolidated Financial Information*" on page 12, "*Other Information Related to Capitol — Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 139 and "*Two Harbors' Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 189, which information is incorporated herein by reference.

Properties

Not applicable.

Security Ownership of Certain Beneficial Owners and Management

Information regarding the beneficial ownership of Capitol's common stock prior to the completion of the Merger and the beneficial ownership of the Company's common stock following the completion of the Merger is included in the Proxy Statement/Prospectus under "*Beneficial Ownership of Securities*" beginning on page 226, which information is incorporated herein by reference.

Directors and Executive Officers

Information regarding the directors and officers of Capitol prior to the completion of the Merger is included in the Proxy Statement/Prospectus under "*Other Information Related to Capitol – Directors and Executive Officers*" beginning on page 137, and information regarding the directors and executive officers of the Company following the consummation of the Merger is included in the Proxy Statement/Prospectus under "*Management of Two Harbors Following the Merger*" beginning on page 169, which information is incorporated herein by reference.

In addition, the information set forth in Item 5.02 is incorporated herein by reference.

Executive Compensation

Information regarding director and executive officer compensation of the Company following the completion of the Merger is included in the Proxy Statement/Prospectus under "*Management of Two Harbors Following the Merger — Two Harbors Director Compensation*" and "*— Two Harbors Executive Compensation*" beginning on page 179, and information regarding the compensation of Capitol's directors and executive officers prior to the completion of the Merger is included under "*Certain Relationships and Related Transactions — Capitol Related Person Transactions — Other Transactions*" on page 232, which information is incorporated herein by reference.

Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions relating to Capitol and the Company is included in the Proxy Statement/Prospectus under "*Certain Relationships and Related Transactions*" beginning on page 230, which information is incorporated herein by reference. Information regarding director independence is included in the Proxy Statement/Prospectus under "*Management of Two Harbors Following the Merger — Independence of Directors*" beginning on page 172, which information is incorporated herein by reference.

Legal Proceedings

Information regarding certain legal proceedings relating to Capitol is included in the Proxy Statement/Prospectus under "*Other Information Related to Capitol — Legal Proceedings*" beginning on page 139 and information regarding certain legal proceedings relating to the Company is included in the Proxy Statement/Prospectus under "*Business of Two Harbors — Legal Proceedings*" beginning on page 164, which information is incorporated herein by reference.

Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters

Historical market price information regarding Capitol's and the Company's securities is included in the Proxy Statement/Prospectus under "*Price Range of Securities and Dividends*" beginning on page 242, which information is incorporated herein by reference.

Recent Sales of Unregistered Securities

On June 11, 2009, Pine River purchased 1,000 shares of the Company's common stock for a purchase price of $1,000 in a private offering. Such issuance was exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof. In addition, the information set forth in Item 3.02 is incorporated herein by reference.

Information regarding recent sales of unregistered securities of Capitol is included in Capitol's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 under Part II, Item 5 "Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities – Recent Sales of Unregistered Securities and Use of Proceeds" beginning on page 23, which information is incorporated herein by reference.

Description of Company's Securities

A description of the Company's common stock and other securities and certain provisions of Maryland law and the Company's charter and bylaws is included in the Proxy Statement/Prospectus under "*Certain Provisions of the Maryland General Corporation Law and Two Harbors' Charter and Bylaws*" beginning on page 221 and "*Description of Securities*" beginning on page 234, which information is incorporated herein by reference. A description of the material differences between the rights of holders of Capitol's securities and the rights of holders of the Company's securities is included in the Proxy Statement/Prospectus under "*Comparison of Rights of Capitol and Two Harbors*" beginning on page 202, which information is incorporated herein by reference.

Indemnification of Directors and Officers

Information regarding the indemnification of the directors and officers of the Company and Capitol is included in the Proxy Statement/Prospectus under "*Comparison of Rights of Capitol and Two Harbors — Indemnification*" beginning on page 208 and, in the case of the Company, on "*Certain Provisions of the Maryland General Corporation Law and Two Harbors' Charter and Bylaws — Indemnification and Limitation of Directors' and Officers' Liability*" beginning on page 224, which information is incorporated herein by reference.

Financial Statements, Supplementary Data and Exhibits

Financial information relating to the Company and Capitol is set forth in the financial statements included in the Proxy Statement/Prospectus beginning on page F-1, which information is incorporated herein by reference. In addition, the Company is filing herewith the financial information relating to the Company described in Item 9.01. All exhibits required to be filed pursuant to Regulation S-K 601 hereto were filed as exhibits to the Registration Statement on Form S-4 that includes the Proxy Statement/Prospectus or are filed as exhibits to this report and, in each case, are incorporated herein by reference.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 3.02 Unregistered Sales of Equity Securities.

On October 28, 2009, the Company granted 22,159 shares of restricted common stock to its independent directors pursuant to the Company's 2009 equity incentive plan. The estimated fair value of these awards was $9.59 per share, based on the closing price of Capitol's common stock on the NYSE Amex on such date. The grants will vest in three annual installments commencing on the date of the grant, as long as such director is serving as a board member on the vesting date. Such grants were exempt from the registration requirements of the Securities Act pursuant to Section 4(2) thereof.

Item 4.01 Changes in Registrant's Certifying Accountant.

On October 30, 2009, the audit committee of the Board of Directors engaged Ernst & Young LLP as the principal accountant for Capitol. As a result of the Merger, Capitol became a wholly-owned subsidiary of the Company, for which Ernst & Young LLP serves as the principal accountant, and consequently Marcum LLP was effectively dismissed. Marcum LLP's report in respect of the audited financial statements of Capitol as of December 31, 2008 and 2007, and for the year ended December 31, 2008 and for the periods June 26, 2007 (inception) through December 31, 2007 and 2008 included an explanatory paragraph relating to substantial doubt about the ability of Capitol to continue as a going concern as described in Note 1 to such financial statements. The Company is not aware of any of disagreements or events described in Item 304(a)(1)(iv) or (v) of Regulation S-K with respect to Marcum LLP.

Item 5.01. Changes in Control of Registrant.

Immediately following the consummation of the Merger, former Capitol stockholders hold 100% of the total combined voting power of the Company's outstanding common stock. The information set forth in Item 1.01 and Item 2.01 is incorporated herein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.

As previously reported in the Company's Current Report on Form 8-K filed on October 28, 2009, effective as of October 22, 2009, the following persons are officers of the Company: Thomas Siering, Chief Executive Officer and President, Steven Kuhn, Vice President and Co-Chief Investment Officer, William Roth, Vice President and Co-Chief Investment Officer, Jeffrey Stolt, Vice President, Chief Financial Officer and Treasurer, and Timothy O'Brien, Vice President, General Counsel and Secretary.

Effective upon the closing of the Merger, the following persons are the members of the Company's board of directors: Brian C. Taylor (Chairman), Mark D. Ein (Non-Executive Vice Chairman), Thomas Siering, Stephen G. Kasnet, William W. Johnson, W. Reid Sanders and Peter Niculescu.

With the exception of Mr. Niculescu, whose biographical information is provided below, biographical and compensation-related information for each of the foregoing persons is included in the Proxy Statement/Prospectus under "*Management of Two Harbors Following the Merger*" beginning on page 169, and information regarding certain relationships and related transactions relative to the foregoing persons, to the extent applicable, is included in the Proxy Statement/Prospectus under "*Certain Relationships and Related Transactions*" beginning on page 230, which information is incorporated herein by reference. In addition, the information set forth in Item 3.02 is incorporated herein by reference.

Peter Niculescu, Independent Director, age 50. Since 2009, Mr. Niculescu has been a Partner and Head of Fixed Income Advisory at CMRA, a risk management firm providing consulting and litigation support services to major US and international financial services companies and institutional investors. Prior to joining CMRA, Mr. Niculescu ran the Capital Markets division at Fannie Mae from 2002 to 2008. During the 1990s, he was a Managing Director at Goldman Sachs in its mortgage research and fixed income strategy group. Mr. Niculescu received a Bachelors of Economics from the Victoria University of Wellington in New Zealand in 1979 and his Ph.D. in Economics from Yale University in 1985. Mr. Niculescu is a Chartered Financial Analyst charterholder.

The audit committee of the Company's board of directors is comprised of Messrs. Stephen G. Kasnet (Chairman), William W. Johnson, W. Reid Sanders and Peter Niculescu. The nominating and corporate governance committee of the Company's board of directors is comprised of Messrs. W. Reid Sanders (Chairman), Stephen G. Kasnet, William W. Johnson and Peter Niculescu. The compensation committee of the Company's board of directors is comprised of Messrs. William W. Johnson (Chairman), W. Reid Sanders, Stephen G. Kasnet and Peter Niculescu.

Item 5.06. Change in Shell Company Status.

To the extent applicable, the information set forth in Item 1.01 and Item 2.01 and the information set forth in the Proxy Statement/Prospectus under "*The Merger Proposal*" beginning on page 65 and "*The Merger Agreement*" beginning on page 92, is incorporated herein by reference.

Item 8.01. Other Events.

On October 26, 2009, Capitol and the Company issued a joint press release announcing the receipt of the stockholder and warrant holder approvals necessary to complete the Merger, a copy of which is furnished as Exhibit 99.1 hereto. On October 29, 2009, Capitol and the Company issued a joint press release announcing the completion of the Merger on October 28, 2009, a copy of which is furnished as Exhibit 99.2 hereto.

The information set forth in this Item 8.01, including the text of the press releases attached hereto, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of such section. Such information shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act.

Item 9.01. Financial Statements and Exhibits.

(a) and (b) Financial Statements

Information responsive to Item 9.01(a) and (b)of Form 8-K is set forth in the financial statements included in the Proxy Statement/Prospectus beginning on page F-1, and under "*Unaudited Pro Forma Condensed Combined Financial Information*" beginning on page 121, which information is incorporated herein by reference. In addition, the Company is filing herewith the following financial statement and pro forma financial information:

(d) Exhibits

Exhibit No.	Description
10.1	Registration Rights Agreement, dated as of October 28, 2009, by and among Two Harbors Investment Corp., Capitol Acquisition Corp. and certain persons listed on Schedule 1 thereto.
10.2	Letter Agreement, dated as of October 28, 2009, by and between Two Harbors Investment Corp. and Integrated Holding Group LP.
10.3	Letter Agreement, dated as of October 27, 2009, by and among Two Harbors Investment Corp., Federated Kaufmann Fund, Federated Kaufmann Fund II and Federated Kaufmann Growth Fund.
10.4	Letter Agreement, dated as of October 28, 2009, by and between Two Harbors Investment Corp. and Whitebox Special Opportunities Fund, LP Series A.
10.5	Letter Agreement, dated as of October 28, 2009, by and between Capitol Acquisition Corp., Two Harbors Investment Corp. and Ladenburg Thalmann & Co. Inc.
99.1	Capitol Acquisition Corp. and Two Harbors Investment Corp. press release dated October 26, 2009.
99.2	Capitol Acquisition Corp. and Two Harbors Investment Corp. press release dated October 29, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Two Harbors Investment Corp.
(Registrant)

Dated: October 30, 2009

By: /s/ TIMOTHY O'BRIEN
Name: **Timothy O'Brien**
Title: **Vice President, Secretary and General Counsel**

Report of Independent Registered Public Accounting Firm

The Stockholder
Two Harbors Investment Corp.

We have audited the accompanying balance sheet of Two Harbors Investment Corp. (the Company) as of June 30, 2009. The balance sheet is the responsibility of the Company's management. Our responsibility is to express an opinion on the balance sheet based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Company at June 30, 2009, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Minneapolis, Minnesota
October 30, 2009

Two Harbors Investment Corp.
Balance Sheet

June 30, 2009

Assets	
Current assets:	
Cash	$ 1,000
Total current assets	1,000
Long-term investments	1
Total assets	$ 1,001
Liabilities and stockholder's equity	
Current liabilities:	
Other current liabilities	$ 1
Total current liabilities	1
Total liabilities	1
Stockholder's equity:	
Paid-in capital:	
Common stock, $0.01 par, 1,000 shares authorized, issued, and outstanding	10
Paid-in capital in excess of par – common	990
Total paid-in capital	1,000
Total stockholder's equity	1,000
Total liabilities and stockholder's equity	$ 1,001
Net asset value per share	$ 1.00

See accompanying notes.

1. Organization

Two Harbors Investment Corp. (Two Harbors) is a newly formed Real Estate Investment Trust (REIT) that intends to focus on investing in, financing, and managing residential mortgage-backed securities and mortgage loans.

Two Harbors' objective is to provide attractive risk-adjusted returns to its investors over the long term, primarily through dividends and secondarily through capital appreciation. Two Harbors intends to acquire and manage a portfolio of mortgage-backed securities, focusing on security selection and the relative value of various sectors within the mortgage market. Two Harbors will initially seek to invest in the following asset classes:

- Residential mortgages and mortgage-backed securities (RMBS) for which a U.S. government agency, such as the Government National Mortgage Association (Ginnie Mae), or a federally chartered corporation, such as the Federal National Mortgage Association (Fannie Mae), or the Federal Home Loan Mortgage Corporation (Freddie Mac) guarantees payments of principal and interest on the securities. Two Harbors refers to these securities as Agency RMBS.
- RMBS that are not issued or guaranteed by a U.S. government agency (non-Agency RMBS).
- Assets other than RMBS, comprising between 5% and 10% of the portfolio.

As part of its investment strategy, Two Harbors expects to deploy moderate borrowings through, with respect to Agency RMBS, short-term borrowings structured as repurchase agreements and, with respect to non-Agency RMBS and residential mortgage loans, private funding sources. Two Harbors may also finance portions of its portfolio through non-recourse term borrowing facilities and equity financing under the Legacy Loan Program and Term Asset-Backed Securities Lending Facility (TALF), if such financing becomes available.

Two Harbors will be externally managed and advised by PRCM Advisers LLC, or the Two Harbors Manager, a wholly owned subsidiary of Pine River Capital Management L.P. (Pine River).

Two Harbors is a Maryland corporation that intends to elect and qualify to be taxed as a REIT for U.S. federal income tax purposes, commencing with Two Harbors' taxable year ending December 31, 2009. Two Harbors generally will not be subject to U.S. federal income taxes on its taxable income to the extent that it annually distributes all of its net taxable income to stockholders and maintain its intended qualification as a REIT. Two Harbors also intends to operate its business in a manner that will permit it to maintain its exemption from registration under the 1940 Act.

2. Summary of Significant Accounting Policies

The balance sheet has been prepared in accordance with U.S. generally accepted accounting principles.

Use of Estimates

The preparation of the balance sheet in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures in the balance sheet. Actual results could differ from those estimates.

3. Agreements

Two Harbors will enter into a management agreement with the Two Harbors Manager as the REIT's Manager. Two Harbors will pay the Two Harbors Manager a management fee in an amount equal to 1.5% per annum, calculated and payable quarterly in arrears, of Two Harbors stockholder's equity and the reimbursement of certain expenses. No management fee has been incurred as of June 30, 2009, because the intended nature of business for Two Harbors as a REIT has yet to commence.

The Two Harbors Manager will use the proceeds from its management fee in part to pay compensation to its officers and personnel who, notwithstanding that certain of them also are Two Harbors' officers, will receive no cash compensation directly from Two Harbors. Further, although Two Harbors generally will have no obligation to reimburse the Two Harbors Manager for the salary, bonus, benefit and other compensation costs of the personnel of the Two Harbors Manager and its affiliates who provide services to Two Harbors under the management agreement, Two Harbors will reimburse the Two Harbors Manager for (i) Two Harbors' allocable share of the compensation paid by the Two Harbors Manager to its personnel serving as Two Harbors' principal financial officer and general counsel and personnel employed by the Two Harbors Manager as in-house legal, tax, accounting, consulting, auditing, administrative, information technology, valuation, computer programming and development and back-office resources to Two Harbors, and (ii) any amounts for personnel of the Two Harbors Manager's affiliates arising under a shared facilities and services agreement between the Two Harbors Manager and Pine River.

Two Harbors expects to enter into certain contracts that may contain a variety of indemnification obligations, principally with brokers, underwriters, and counterparties to repurchase agreements. The maximum potential future payment amount Two Harbors could be required to pay under these indemnification obligations may be unlimited.

4. Organizational Costs

Organization costs incurred on behalf of Two Harbors have been paid for by Pine River. Pine River will not be reimbursed by Two Harbors for these organization costs. As a result, no statement of operations is presented.

5. Capital

As of June 30, 2009, 1,000 shares of common stock ($0.01 par) have been issued and are outstanding. Pine River is the sole stockholder.

6. Related Parties

Two Harbors' executive officers are also employees of Pine River. As a result, the management agreement between Two Harbors and the REIT Manager was negotiated between related parties, and the terms, including fees and other amounts payable, may not be as favorable to Two Harbors than if they had been negotiated with an unaffiliated third party.

Two Harbors is also a 100% owner of Two Harbors Merger Corp. which is recorded on the Two Harbors balance sheet as "long-term investments." Two Harbors Merger Corp. issued 100 shares at $0.01 par value to Two Harbors.

7. Subsequent Events

On June 11, 2009, Capitol Acquisition Corp. (Capitol), Two Harbors and Pine River, entered into a merger agreement whereby Capitol would merge with Two Harbors Merger Corp. (an indirect wholly owned subsidiary of Two Harbors), with Capitol being the surviving entity and becoming an indirect wholly owned subsidiary of Two Harbors. As a result of the merger, the holders of common stock and common stock warrants of Capitol will receive similar securities of Two Harbors, on a one-to-one basis, in exchange for their existing Capitol securities, except that the common stock owned by Capitol's founding shareholders will be canceled.

On October 26, 2009, Capitol and Two Harbors announced that Capitol's stockholders approved the proposed merger transaction, and the transaction closed on October 28, 2009. After consummation of the transaction, Two Harbors has 13,401,368 shares of common stock outstanding and 33,249,000 warrants outstanding. Capitol stockholders holding 6,875,130 shares voted against the transaction and converted their shares into cash at $9.87 per share at the closing. Capitol stockholders holding an additional 5,994,661 shares entered into forward sales agreements to sell their shares to Capitol for $9.87 per share at the closing.

At the closing, approximately $259 million was released from the trust account. Approximately $127 million was paid from the trust funds to the stockholders who converted their shares or sold them to the Company. Closing costs associated with the transaction totaled approximately $8 million. Accordingly, as of closing the Company had approximately $124 million in cash available to fund investments and operations, and a book value of approximately $9.30 per share.

Events subsequent to June 30, 2009 were evaluated through October 30, 2009, the date for which these financial statements were issued.

Two Harbors Investment Corp and Subsidiaries
Unaudited Condensed Combined Pro Forma Balance Sheet
At June 30, 2009

	Historical		
	Capitol Acquisition Corp.	Two Harbors Investment Corp.	Combined Pro Forma
ASSETS			
Current assets:			
Cash	$ 1,911,174	1,000	$127,304,410
Cash held in Trust Account, interest and dividend income available for taxes	14,223	—	—
Other assets	83,161	—	—
Total current assets	**2,008,558**	**1,000**	**127,304,410**
Long term investments		1	1
Trust Account, Restricted			
Cash held in Trust Account, restricted	259,064,422	—	—
Prepaid income taxes	295,054	—	295,054
Total assets	**$ 261,368,034**	**1,001**	**$127,599,465**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	$ 870,351	1	$ 2,965,471
Total liabilities	**870,351**	**1**	**2,965,471**
Common stock, subject to possible conversion, 7,874,699 share at conversion value	77,807,833	—	—
Commitments and contingencies	—	—	—
Stockholders' equity			
Preferred stock, $0.0001 par value, authorized 1,000,000 shares; none issued or outstanding			
Common stock - Capitol Acquisition Corp.	2,494	—	—
Common Stock - Two Harbors Investment Corp.	—	10	1,340
Additional paid-in capital	181,082,142	990	131,867,292
Income accumulated during development stage	1,605,214	—	—
Retained Deficit	—	—	(7,234,638)
Total stockholders' equity	**182,689,850**	**1,000**	**124,633,994**
Total liabilities and stockholders' equity	**$ 261,368,034**	**1,001**	**$127,599,465**

Note to Unaudited Condensed Combined Pro Forma Balance Sheet

Refer to the Proxy Statement/Prospectus under "*Unaudited Pro Forma Condensed Combined Financial Information"* beginning on page 121 for details of the pro forma adjustments made to the historical activity of Capitol Acquisition Corp. and Two Harbors Investment Corp. The above is presented in summary form to reflect the actual results of the Capitol Acquisition Corp. stockholder vote and actual closing costs incurred.

Exhibit 10.1

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

TWO HARBORS INVESTMENT CORP.,

CAPITOL ACQUISITION CORP.

AND

CERTAIN PERSONS LISTED ON SCHEDULE 1 HERETO

dated as of

October 28, 2009

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REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of October 28, 2009, is made and entered into by and among Two Harbors Investment Corp., a Maryland corporation (the "**Company**"), Capitol Acquisition Corp., a Delaware corporation ("**Capitol**"), and certain persons listed on Schedule 1 hereto (such persons, in their capacity as holders of Registrable Securities (as defined below), the "**Holders**" and each a "**Holder**"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in Section 1 hereto.

RECITALS:

WHEREAS, Pine River Capital Management L.P., a Delaware limited partnership ("**Pine River**"), the Company, Two Harbors Merger Corp., a Delaware corporation and a wholly-owned subsidiary of the Company ("**Merger Sub**"), and Capitol have entered into an Agreement and Plan of Merger, dated as of June 11, 2009, as amended as of August 17, 2009 and as of September 20, 2009 (the "**Merger Agreement**");

WHEREAS, the Company is in the process of registering shares of its common stock, par value $0.01 per share ("**Common Stock**"), to be issued in connection with the Merger (as defined below), warrants to purchase shares of Common Stock ("**Warrants**") and the shares of Common Stock issuable upon exercise of the Warrants with the Securities and Exchange Commission (the "**Commission**") under the Securities Act (as defined below) pursuant to the registration statement of the Company on Form S-4 (File No. 333-160199) (the "**Registration Statement**"); and

WHEREAS, the officers, directors and stockholders of Capitol set forth on Schedule 1 hereto (each a "**Sponsor**" and collectively the "**Sponsors**") and Nisswa Acquisition Master Fund Ltd, an investment vehicle managed by Pine River (the "**Fund**"), own certain warrants ("**Capitol Warrants**") to purchase shares of common stock, par value $0.0001 per share, of Capitol;

WHEREAS, in connection with the consummation of the Merger, the Capitol Warrants owned by the Sponsors and the Fund will become Warrants to purchase Common Stock and, pursuant to the Merger Agreement, the Company has agreed to file, at Capitol's expense, a registration statement with the Commission registering for resale such Warrants (and the underlying shares of Common Stock);

WHEREAS, the Company and Capitol desire to enter into this Agreement with the Holders in order to grant the Holders the registration rights contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"**Affiliate**" shall mean, when used with reference to a specified Person, (i) any Person that directly or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the specified Person; (ii) any Person who, from time to time, is a member of the immediate family of a specified Person; (iii) any Person who, from time to time, is an officer or director or manager of a specified Person; or (iv) any Person who, directly or indirectly, is the beneficial owner of

50% or more of any class of equity securities or other ownership interests of the specified Person, or of which the specified Person is directly or indirectly the owner of 50% or more of any class of equity securities or other ownership interests.

"**Agreement**" shall mean this Registration Rights Agreement as originally executed and as amended, supplemented or restated from time to time.

"**Board**" shall mean the Board of Directors of the Company.

"**Business Day**" shall mean each day other than a Saturday, a Sunday or any other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to be closed.

"**Capitol**" shall have the meaning set forth in the introductory paragraph hereof.

"**Capitol Warrants**" shall have the meaning set forth in the Recitals hereof.

"**Closing Date**" shall have the meaning set forth in the Merger Agreement.

"**Common Stock**" shall have the meaning set forth in the Recitals hereof.

"**Commission**" shall have the meaning set forth in the Recitals hereof.

"**Company**" shall have the meaning set forth in the introductory paragraph hereof.

"**Control**" (including the terms "**Controlling**," "**Controlled by**" and "**under common Control with**") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person through the ownership of Voting Power, by contract or otherwise.

"**Effective Time**" shall have the meaning set forth in the Merger Agreement.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended (or any corresponding provision of succeeding law), and the rules and regulations thereunder.

"**Fund**" shall have the meaning set forth in the Recitals hereof.

"**Holder**" shall mean each holder of the Capitol Warrants, listed in Schedule 1 hereto, in his, her or its capacity as a holder, on or after the Effective Time, of Registrable Securities. For purposes of this Agreement, the Company may deem and treat the registered holder of a Registrable Security as the Holder and absolute owner thereof, unless notified to the contrary in writing by the registered Holder thereof.

"**Merger**" shall have the meaning set forth in the Merger Agreement.

"**Merger Agreement**" shall have the meaning set forth in the Recitals hereof.

"**Merger Sub**" shall have the meaning set forth in the Recitals hereof.

"**Person**" shall mean any individual, partnership, corporation, limited liability company, joint venture, association, trust, unincorporated organization or other governmental or legal entity.

"**Pine River**" shall have the meaning set forth in the Recitals hereof.

"**Registrable Securities**" shall mean at any time on or after the Effective Time (i) Warrants issued in connection with the Merger in exchange for the Capitol Warrants listed in Schedule 1 hereto, (ii) the shares of Common Stock that may be purchased upon exercise of such Warrants and (iii) any class of equity securities of the Company or of a successor to the entire business of the Company which are issued in exchange for such Warrants or shares of Common Stock; provided, however, such Registrable Securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such Registrable Securities shall have become effective under the Securities Act and all such Registrable Securities shall have been disposed of in accordance with such registration statement or (B) such Registrable Securities shall have been sold under circumstances in which all of the applicable conditions of Rule 144 (or any successor provision) under the Securities Act are met.

"**Registration Expenses**" shall mean (i) the fees and disbursements of counsel and independent public accountants for the Company incurred in connection with the Company's performance of or compliance with this Agreement, including the expenses of any special audits or "comfort" letters required by or incident to such performance and compliance and (ii) all registration, filing and stock exchange fees, all fees and expenses of complying with securities or "blue sky" laws, all fees and expenses of custodians, transfer agents and registrars, all printing expenses, messenger and delivery expenses and any fees and disbursements of one common counsel retained by Holders of a majority of the then outstanding Registrable Securities; provided, however, "Registration Expenses" shall not include any out-of-pocket expenses of the Holders, transfer taxes, underwriting or brokerage commissions or discounts associated with effecting any sales of Registrable Securities that may be offered, which expenses shall be borne by each Holder of Registrable Securities on a *pro rata* basis with respect to the Registrable Securities so sold.

"**Securities Act**" shall mean the Securities Act of 1933, as amended (or any successor corresponding provision of succeeding law), and the rules and regulations thereunder.

"**Shelf Registration Statement**" shall have the meaning set forth in Section 2(a) hereof.

"**Sponsor**" shall have the meaning set forth in the Recitals hereof.

"**Stand-Off Period**" shall have the meaning set forth in Section 5(f) hereof.

"**Voting Power**" shall mean voting securities or other voting interests ordinarily (and apart from rights accruing under special circumstances) having the right to vote in the election of board members or Persons performing substantially equivalent tasks and responsibilities with respect to a particular entity.

"**Warrants**" shall have the meaning set forth in the Recitals hereof.

Section 2. Shelf Registrations.

(a) Shelf Registration. The Company agrees to use commercially reasonable efforts to file with the Commission a registration statement with respect to the Registrable Securities under the Securities Act on the appropriate form for the offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act (the "**Shelf Registration Statement**"), and will use commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission at, or as soon as practicable after, the Closing Date. The Shelf Registration Statement shall be on an appropriate form and the Shelf Registration Statement and any form of prospectus included therein (or prospectus supplement relating thereto) shall reflect the plan of distribution or method of sale as the Holders may from time to time notify the Company.

(b) Effectiveness. Subject to the following sentences of this Section 2(b) and to Section 3 hereof, the Company shall use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective for the period beginning on the date on which the Shelf Registration Statement is declared effective and ending on the second anniversary thereof. During the period that the Shelf Registration Statement is effective, the Company shall supplement or make amendments to the Shelf Registration Statement, if required by the Securities Act (including to include any prospectus required by Section 10(a)(3) of the Securities Act) or if reasonably requested by the Holders (whether or not required by the form on which the Registrable Securities are being registered), including to reflect any specific plan of distribution or method of sale, and shall use its commercially reasonable efforts to have such supplements and amendments declared effective, if required, as soon as practicable after filing. In addition, if the Shelf Registration Statement is not on Form S-3 (or any similar or successor form) and during the period that the Shelf Registration Statement is effective the Company becomes eligible to use Form S-3 (or any similar or successor form), the Company shall be entitled to amend the Shelf Registration Statement so that it becomes a registration statement on Form S-3 (or any similar or successor form), provided, however, that the Company shall use its best efforts to have such amendment declared effective as soon as practicable after filing. Each Holder agrees that, in connection with any amendment filed pursuant to this Section 2(b) that is required to be declared effective by the Commission, upon the filing of such amendment, such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the Shelf Registration Statement until such amendment is declared effective.

Section 3. Black-Out Periods.

Notwithstanding anything herein to the contrary, the Company shall have the right, exercisable from time to time by delivery of a notice authorized by the Board, on not more than four occasions during the period of effectiveness of the Shelf Registration Statement, to require the Holders not to sell pursuant to the Shelf Registration Statement or similar document under the Securities Act filed pursuant to Section 2 hereof or to suspend the effectiveness thereof if at the time of the delivery of such notice, (i) the Board has considered a plan to engage no later than 90 days following the date of such notice in a firm commitment underwritten public offering or (ii) a majority of the independent directors of the Company has reasonably and in good faith determined that such registration and offering, continued effectiveness or sale would materially interfere with any material transaction involving the Company. If the consummation of any business combination by the Company has occurred or is probable for purposes of Rule 3-05 or Article 11 of Regulation S-X under the Securities Act, the rights of the Holders to offer, sell or distribute any Registrable Securities pursuant to the Shelf Registration Statement shall be suspended until the date on which the Company has filed the financial information required by Rule 3-05 or Article 11 of Regulation S-X to be included or incorporated by reference, as applicable, in the Shelf Registration Statement. The Company, as soon as practicable, shall (i) give the Holders prompt written notice in the event that the Company has suspended sales of Registrable Securities pursuant to this Section 3, (ii) give the Holders prompt written notice of the completion of such offering, the completion or disclosure of the material transaction, the filing of the required financial information with the Commission, as the case may be, and (iii) promptly file any amendment or supplement necessary for the Shelf Registration Statement or the form of prospectus included therein in connection with the completion of such event.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in this Section 3, such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Holder's receipt of the notice of completion of such event.

Section 4. Registration Procedures.

(a) In connection with the filing of the Shelf Registration Statement as provided in this Agreement, the Company shall use commercially reasonable efforts to, as expeditiously as reasonably practicable:

(i) prepare and file with the Commission the Shelf Registration Statement (including the prospectus included therein and any amendment or supplement thereto) to effect such registration and use its commercially reasonable efforts to cause the Shelf Registration Statement to become and remain effective for the period set forth in Section 2(b); provided, however, that before filing the Shelf Registration Statement or any amendments or supplements thereto, the Company will furnish copies of all such documents proposed to be filed to counsel for the sellers of Registrable Securities covered by the Shelf Registration Statement and provide reasonable time for such sellers and their counsel to comment upon such documents if so requested by a Holder;

(ii) prepare and file with the Commission such amendments and supplements to the Shelf Registration Statement and the prospectus used in connection therewith as may be necessary to maintain the effectiveness of such registration and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Shelf Registration Statement during the period in which the Shelf Registration Statement is required to be kept effective;

(iii) furnish to each Holder of the securities being registered, without charge, such number of conformed copies of the Shelf Registration Statement and of each such amendment and supplement thereto (in each case including all exhibits) other than those which are being incorporated into the Shelf Registration Statement by reference, such number of copies of the prospectus contained in the Shelf Registration Statement (including each complete prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act in conformity with the requirements of the Securities Act, and such other documents, including documents incorporated by reference, as the Holders may reasonably request;

(iv) register or qualify all Registrable Securities under such other securities or "blue sky" laws of such jurisdictions as the Holders and the underwriters of the Registrable Securities, if any, shall reasonably request, to keep such registration or qualification in effect for so long as the Shelf Registration Statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable the Holders to consummate the disposition in such jurisdiction of the Registrable Securities owned by the Holders, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign company or to register as a broker or dealer in any jurisdiction where it would not otherwise be required to qualify but for this Section 4(a)(iv), or to consent to general service of process in any such jurisdiction, or to be subject to any material tax obligation in any such jurisdiction where it is not then so subject;

(v) immediately notify the Holders if the Company becomes aware of the happening of any event as a result of which the prospectus included in the Shelf Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and, at the request of the Holders, promptly prepare and furnish to the Holders a reasonable number of copies of a

supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(vi) comply or continue to comply in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission thereunder so as to enable any Holder to sell its Registrable Securities pursuant to Rule 144 promulgated under the Securities Act, as further agreed to in Section 6 hereof;

(vii) make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first calendar month after the effective date of the Shelf Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(viii) provide a transfer agent and registrar for all Registrable Securities covered by the Shelf Registration Statement not later than the effective date of the Shelf Registration Statement;

(ix) in connection with any sale, transfer or other disposition by any Holder of any Registrable Securities pursuant to the Shelf Registration Statement, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be issued for such number of shares or warrants and registered in such names as the Holders may reasonably request in writing at least two Business Days prior to any sale of Registrable Securities;

(x) list all Registrable Securities covered by the Shelf Registration Statement on any securities exchange or national quotation system on which any such class of securities is then listed or quoted and cause to be satisfied all requirements and conditions of such securities exchange or national quotation system to the listing or quoting of such securities that are reasonably within the control of the Company, including registering the applicable class of Registrable Securities under the Exchange Act, if appropriate, and using commercially reasonable efforts to cause such registration to become effective pursuant to the rules of the Commission;

(xi) in connection with any sale, transfer or other disposition by any Holder of any Registrable Securities pursuant to Rule 144 promulgated under the Securities Act, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Securities to be for such number of shares or warrants and registered in such name as the Holders may reasonably request in writing at least three Business Days prior to any sale of Registrable Securities;

(xii) notify each Holder, promptly after it shall receive notice thereof, of the time when the Shelf Registration Statement, or any post-effective amendments to the Shelf Registration Statement, shall have become effective, or a supplement to any prospectus forming part of the Shelf Registration Statement has been filed or when any document is filed with the Commission which would be incorporated by reference into the prospectus;

(xiii) notify each Holder of any request by the Commission for the amendment or supplement of the Shelf Registration Statement or prospectus for additional information; and

(xiv) advise each Holder, promptly after it shall receive notice or obtain knowledge thereof, of (A) the issuance of any stop order, injunction or other order or requirement by the Commission suspending the effectiveness of the Shelf Registration Statement or the initiation or threatening of any proceeding for such purpose and use all commercially reasonable efforts to prevent the issuance of any stop order, injunction or other order or requirement or to obtain its withdrawal if such stop order, injunction or other order or requirement should be issued, (B) the suspension of the registration of the Registrable Securities in any state jurisdiction and (C) the removal of any such stop order, injunction or other order or requirement or proceeding or the lifting of any such suspension.

(b) In connection with the filing of the Shelf Registration Statement, each Holder shall furnish in writing to the Company such information regarding such Holder (and any of its Affiliates), the Registrable Securities to be sold, the intended method of distribution of such Registrable Securities and such other information requested by the Company as is necessary or it deems advisable for inclusion in the Shelf Registration Statement pursuant to the Securities Act. Such writing shall expressly state that it is being furnished to the Company for use in the preparation of a registration statement, preliminary prospectus, supplementary prospectus, final prospectus or amendment or supplement thereto, as the case may be.

Each Holder agrees that (i) upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(a)(v), such Holder will forthwith discontinue its disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(a)(v); (ii) upon receipt of any notice from the Company of the happening of any event of the kind described in clause (A) of Section 4(a)(xiv), such Holder will discontinue its disposition of Registrable Securities pursuant to the Shelf Registration Statement until such Holder's receipt of the notice described in clause (C) of Section 4(a)(xiv); and (iii) upon receipt of any notice from the Company of the happening of any event of the kind described in clause (B) of Section 4(a)(xiv), such Holder will discontinue its disposition of Registrable Securities pursuant to the Shelf Registration Statement in the applicable state jurisdiction(s) until such Holder's receipt of the notice described in clause (C) of Section 4(a)(xiv).

Section 5. Indemnification.

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Holder and each Person, if any, who Controls such Holder against any losses, claims, damages, and expenses (including reasonable attorneys' fees), joint or several, to which the Holders or any such indemnitees may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities and expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Shelf Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or any violation of the Securities Act or state securities laws or rules thereunder by the Company relating to any action or inaction by the Company in connection with such registration, and the Company will reimburse each Holder for any reasonable legal or any other expenses reasonably incurred by it in connection with investigating or defending any such loss, claim, liability, action or proceedings; provided, however, that the Company shall not be liable in any such case to the extent that any such loss,

claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged statement or omission or alleged omission made in the Shelf Registration Statement or any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Holder specifically stating that it is for use in the preparation thereof.

(b) Indemnification by the Holders. Each Holder agrees to indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 5(a)) the Company, each member of the Board, each officer of the Company and each Person, if any, who Controls the Company, with respect to any untrue statement or alleged untrue statement of a material fact in or omission or alleged omission to state a material fact from the Shelf Registration Statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Holder specifically stating that it is for use in the preparation of the Shelf Registration Statement or any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such Board member, officer or Controlling Person and shall survive the transfer of Registrable Securities by any Holder. The obligation of a Holder to indemnify will be several and not joint among the Holders of Registrable Securities and the liability of each such Holder of Registrable Securities will be in proportion to and limited in all events to the net amount received by such Holder from the sale of Registrable Securities pursuant to the Shelf Registration Statement.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in the preceding paragraphs of this Section 5, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action; provided, however, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding paragraphs of this Section 5, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against a Holder or a Person who Controls a Holder, the Company shall be entitled to assume the defense thereof, and after notice from the Company to such indemnified party of its election so to assume the defense thereof, the Company shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof. To the extent that the Company does not assume the defense of an action brought against a Holder or a Person who Controls a Holder as provided in this Section 5(c), such indemnified party (or parties if there is more than one) shall be entitled to the reasonable legal expenses of common counsel for such indemnified party (or parties). In no event, shall the Company be liable for any settlement effected without its written consent, which consent shall not be unreasonably withheld.

(d) Indemnification Payments. The indemnification required by this Section 5 shall be made by periodic payments of the amount thereof during the course of an investigation or defense, as and when bills are received or expense, loss, damage or liability is incurred. The indemnifying party shall not settle any claim without the consent of the indemnified party unless such settlement involves a complete release of such indemnified party without any admission of liability by the indemnified party.

(e) Contribution. If, for any reason, the foregoing indemnity is unavailable, or is insufficient to hold harmless an indemnified party, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of the expense, loss, damage or liability, (i) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or

alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission) or (ii) if the allocation provided by subclause (i) above is not permitted by applicable law in the proportion as is appropriate to reflect not only the relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant equitable considerations. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation, and the liability for contribution of each Holder of Registrable Securities will be in proportion to and limited in all events to the net amount received by such Holder from the sale of Registrable Securities pursuant to the Shelf Registration Statement.

(f) Market Stand-Off Agreement. Each Holder hereby agrees that it shall not, to the extent requested by the Company or an underwriter of securities of the Company, directly or indirectly sell, offer, pledge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell (including any short sale), grant any option, right or warrant for the sale of or otherwise transfer or dispose of any Registrable Securities (other than to donees or partners of the Holder who agree to be similarly bound) within seven days prior to and for up to 60 days following the effective date of a registration statement of the Company filed under the Securities Act or the date of an underwriting agreement with respect to an underwritten public offering of the Company's securities (the "**Stand-Off Period**").

In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the Registrable Securities subject to this Section 5 and to impose stop transfer instructions with respect to the Registrable Securities and such other Common Stock and Warrants of each Holder (and the Common Stock, Warrants or securities of every other person subject to the foregoing restriction) until the end of such period.

Section 6. Covenants Relating To Rule 144. At such times as the Company becomes obligated to file reports in compliance with either Section 13 or 15(d) of the Exchange Act, the Company covenants that it will file any reports required to be filed by it under the Securities Act and the Exchange Act and that it will take such further action as any Holder may reasonably request, all to the extent required from time to time to enable Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rule may be amended from time to time or (b) any similar rule or regulation hereafter adopted by the Commission. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

Section 7. Miscellaneous.

(a) Termination; Survival. The rights of each Holder under this Agreement shall terminate upon the date that all of the Registrable Securities held by such Holder may be sold during any three-month period in a single transaction or series of transactions without volume limitations under Rule 144 (or any successor provision) under the Securities Act. Notwithstanding the foregoing, the obligations of the parties under Section 5 and paragraphs (d), (e) and (g) of this Section 7 shall survive the termination of this Agreement.

(b) Expenses. All Registration Expenses incurred in connection with the Shelf Registration Statement under Section 2 shall be borne by Capitol, whether or not the Shelf Registration Statement becomes effective.

(c) Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each of the other parties.

(d) Applicable Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the choice of law provisions thereof. The parties consent to the exclusive jurisdiction of the United States District Court for the Southern District of New York in connection with any civil action concerning any controversy, dispute or claim arising out of or relating to this Agreement, or any other agreement contemplated by, or otherwise with respect to, this Agreement or the breach hereof, unless such court would not have subject matter jurisdiction thereof, in which event the parties consent to the jurisdiction of the State of New York. The parties hereby waive and agree not to assert in any litigation concerning this Agreement the doctrine of *forum non conveniens*.

(e) Waiver Of Jury Trial. THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

(f) Prior Agreement; Construction; Entire Agreement. This Agreement, including the schedules hereto, constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings between the parties, and all such prior agreements and understandings are merged herein and shall not survive the execution and delivery hereof.

(g) Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service or be telecopier and shall be deemed given when so delivered by hand or, if mailed, three days after mailing (one Business Day in the case of express mail or overnight courier service), addressed as follows:

If to the Holder:	To the address indicated for such Holder in Schedule 1 hereto.
If to the Company:	Two Harbors Investment Corp. 601 Carlson Parkway, Suite 330 Minnetonka, MN 55305 Attention: Tim O'Brien Facsimile: (612) 238-3301 with a copy to: Clifford Chance US LLP 31 West 52nd Street New York, New York 10019 Attention: Jay L. Bernstein Facsimile: 212-878-8375

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may assign its rights or obligations hereunder to any successor to the Company's business or with the prior written consent of Holders of a majority of the then outstanding

Registrable Securities. Notwithstanding the foregoing, no assignee of the Company shall have any of the rights granted under this Agreement until such assignee shall acknowledge its rights and obligations hereunder by a signed written agreement pursuant to which such assignee accepts such rights and obligations.

(i) Headings. Headings are included solely for convenience of reference and if there is any conflict between headings and the text of this Agreement, the text shall control.

(j) Amendments And Waivers. The provisions of this Agreement may be amended or waived at any time only by the written agreement of the Company and the Holders of a majority of the then outstanding Registrable Securities. Any waiver, permit, consent or approval of any kind or character on the part of any such Holders of any provision or condition of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in writing. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each Holder of Registrable Securities and the Company.

(k) Interpretation; Absence Of Presumption. For the purposes hereof, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (ii) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, paragraph or other references are to the Sections, paragraphs, or other references to this Agreement unless otherwise specified, (iii) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless the context otherwise requires or unless otherwise specified, (iv) the word "or" shall not be exclusive and (v) provisions shall apply, when appropriate, to successive events and transactions.

This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instruments to be drafted.

(l) Severability. If any provision of this Agreement shall be or shall be held or deemed by a final order by a competent authority to be invalid, inoperative or unenforceable, such circumstance shall not have the effect of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable, but this Agreement shall be construed as if such invalid, inoperative or unenforceable provision had never been contained herein so as to give full force and effect to the remaining such terms and provisions.

(m) Specific Performance; Other Rights. The parties recognize that various other rights rendered under this Agreement are unique and, accordingly, the parties shall, in addition to such other remedies as may be available to them at law or in equity, have the right to enforce the rights under this Agreement by actions for injunctive relief and specific performance.

(n) Further Assurances. In connection with this Agreement, as well as all transactions and covenants contemplated by this Agreement, each party hereto agrees to execute and deliver or cause to be executed and delivered such additional documents and instruments and to perform or cause to be performed such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Agreement and all such transactions and covenants contemplated by this Agreement.

(o) No Waiver. The waiver of any breach of any term or condition of this Agreement shall not operate as a waiver of any other breach of such term or condition or of any other term or condition, nor shall any failure to enforce any provision hereof operate as a waiver of such provision or of any other provision hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

TWO HARBORS INVESTMENT CORP.,
a Maryland corporation

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Chief Financial Officer

CAPITOL ACQUISITION CORP.,
a Delaware corporation

By: /s/ Mark Ein
Name: Mark Ein
Title: CEO

HOLDERS:

By: /s/ Lawrence Calcano
Lawrence Calcano

By: /s/ Brooke B. Coburn
Brooke B. Coburn

By: /s/ Amanda Eilan
Amanda Eilan

By: /s/ Mark D. Ein
Mark D. Ein

By: /s/ Richard C. Donaldson
Richard C. Donaldson

By: /s/ Raul J. Fernandez
Raul J. Fernandez

By: /s/ Dr. Jeong H. Kim
Dr. Jeong H. Kim

By: /s/ Ted Leonsis
Ted Leonsis

By: /s/ Hugh Panero
Hugh Panero

By: /s/ Arno Penzias
Arno Penzias

By: /s/ Piyush Sodha
Piyush Sodha

By: /s/ Thomas E. Wheeler
Thomas E. Wheeler

ZG VENTURES LLC

By: /s/ Miles Gilburne
Name: Miles Gilburne
Title: Managing Member

NISSWA ACQUISITION MASTER FUND LTD

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: CFO-Pine River Capital Management, LP
Its: Investment Manager

Schedule 1

THE HOLDERS

Sponsors:

Name of the Holder	Number of Capitol Warrants Held	Address of the Holder
Lawrence Calcano	250,000	[Address]
Brooke B. Coburn	100,000	[Address]
Amanda Eilian	160,000	[Address]
Mark D. Ein	3,040,000	[Address]
Richard C. Donaldson	200,000	[Address]
Raul J. Fernandez	750,000	[Address]
Dr. Jeong H. Kim	750,000	[Address]
Ted Leonsis	100,000	[Address]
Hugh Panero	100,000	[Address]
Arno Penzias	200,000	[Address]
Piyush Sodha	1,000,000	[Address]
Thomas E. Wheeler	100,000	[Address]
ZG Ventures LLC	250,000	[Address]

The Fund:

Name of the Holder	Number of Capitol Warrants Held	Address of the Holder
Nisswa Acquisition Master Fund Ltd	2,906,918	601 Carlson Parkway, Suite 330 Minnetonka, MN 55305

Exhibit 10.2

AGREEMENT REGARDING WAIVER OF OWNERSHIP LIMIT

Two Harbors Investment Corp.
601 Carlson Parkway, Suite 330
Minnetonka, MN 55305

October 28, 2009

Integrated Holding Group LP
c/o Millennium Management LLC
666 Fifth Avenue, 8th Floor
New York, NY 10103

Re: Share Ownership Limits

Two Harbors Investment Corp. (the "Company") has received your letter, dated as of the date hereof (the "Representation Letter"), requesting that the Company grant to Integrated Holding Group LP, a Delaware limited partnership ("Delaware LP" and together with Integrated Core Strategies (US) LLC, a Delaware limited liability company that is wholly-owned by Delaware LP ("LLC"), (the "Holder"), an exception to the Common Stock Ownership Limit, as such term is defined in the Articles of Amendment and Restatement (the "Charter") of the Company, such that the Holder may acquire 632,974 shares of the Common Stock and Warrants exercisable into 5,146,600 shares of Common Stock (the "Millennium Shares") of the Company (the "Millennium Shares Exception"). Terms used but not otherwise defined herein have the meanings ascribed to them in the Charter.

Based upon the Representation Letter, the Company hereby advises you that, as of October 28, 2009, the Millennium Share Exception has been established.

The Millennium Share Exception is expressly conditioned on compliance by the Holder and any direct and indirect owners of an interest in Delaware LP representing 20% or more of the capital or profits of Delaware LP (together with Delaware LP and LLC, an "Affiliate") with each of the following agreements and conditions (collectively, the "Common Stock Ownership Limit Waiver Conditions") during the period (the "Waiver Period") that the Holder is the direct or indirect Beneficial or Constructive Owner of Common Shares in excess of the Common Stock Ownership Limit:

(1) The information contained in the Representation Letter is as of the date hereof and shall remain during the Waiver Period true, compete and correct, and the Holder has complied with all obligations of the Holder provided in the Representation Letter;

(2) The Holder shall provide to the Company a bring-down representation letter within ten days after a request therefor has been made by the Company;

(3) The Holder and each Affiliate shall refrain, directly or indirectly, from actually acquiring, purchasing or intentionally becoming the Beneficial or Constructive Owners of any stock of the Company, including any Common Shares, in excess of the Millennium Share Exception;

(4) In any private disposition of any of the Holder's or any Affiliate's Common Shares by the Holder or any Affiliate (including a private disposition of ownership interests in an entity holding Common Shares), the Holder and the Affiliates agree that they will not dispose of such shares in a

transaction in which the Holder or any Affiliate knows or has reason to believe after due investigation that such shares will be sold to any person who, prior to, or upon completion of, such transaction, will be or become the direct or indirect Beneficial or Constructive Owner of more than 9.8% of the outstanding shares of Common Stock.

The Company hereby agrees to provide, upon request, an exception to the Common Stock Ownership Limit identical to the Millennium Share Exception (a "Subsequent Holder Exception") to an affiliate of the Holder (a "Subsequent Holder") whose ownership structure is substantially identical to the ownership structure of the Holder as described in the Representation Letter, provided that (1) the Subsequent Holder provides the Company with a representation letter that is identical to the Representation Letter in all material respects, (2) the Subsequent Holder Exception shall provide that the aggregate number of shares of Common Stock that may be held by the Subsequent Holder under the Subsequent Holder Exception and the Holder under the Millennium Share Exception, in the aggregate, shall not exceed the number of the Millennium Shares set forth above, and (3) the Millennium Share Exception shall be modified to reflect the preceding clause (2).

Notwithstanding the foregoing, the ownership by the Holder and each Affiliate of Common Stock shall remain subject to the Ownership Limits imposed by the Charter to the extent that such ownership results in any "individual" (within the meaning of Section 542(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) Beneficially or Constructively Owning shares of the Company in excess of the Common Stock Ownership Limit and Aggregate Stock Ownership Limit or would otherwise cause the Company to fail to qualify as a real estate investment trust under the Code.

In addition, if there is a failure to comply with any of the Common Stock Ownership Limit Waiver Conditions during the Waiver Period, the ownership of the Millennium Shares by the Holder and any Affiliate shall, as of the date of such failure, become automatically subject to the Common Stock Ownership Limit imposed by the Charter and may result in the application of the remedies set forth in paragraphs 7.2.1 and 7.2.2 of Article VII of the Charter with respect to any Common Shares Beneficially Owned or Constructively Owned by the Holder or any Affiliate in excess of the Common Stock Ownership Limit or Aggregate Stock Ownership Limit. Nothing in this letter shall be deemed to grant any person (including the successors and assigns of the holders of the Millennium Shares, other than as expressly set forth herein) permission to own securities of the Company in excess of the Company's otherwise applicable Common Stock Ownership Limit or Aggregate Stock Ownership Limit.

Very truly yours,

Two Harbors Investment Corp.

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Chief Financial Officer

Accepted and Agreed to as of the date above:

Integrated Holding Group LP
By: Millennium Management LLC, its General Partner

By: /s/ Larry Statsky
Name: Larry Statsky
Title: Chief Administrative Officer

Exhibit 10.3

AGREEMENT REGARDING WAIVER OF OWNERSHIP LIMIT

Two Harbors Investment Corp.
601 Carlson Parkway, Suite 330
Minnetonka, MN 55305

October 27, 2009

Federated Kaufmann Fund
Federated Kaufmann Fund II
4000 Ericsson Drive
Warrendale, PA 15086-7561

Federated Kaufmann Growth Fund
Guild House
Guild Street
I.F.S.C.
Dublin 1
Ireland

Re: Share Ownership Limits

Two Harbors Investment Corp. (the "Company") has received your letter, dated as of the date hereof (the "Representation Letter"), requesting that the Company grant to Federated Kaufmann Fund, Federated Kaufmann Fund II and Federated Kaufmann Growth Fund (the "Holders" and each a "Holder"), an exception to the Common Stock Ownership Limit, as such term is defined in the Articles of Amendment and Restatement (the "Charter") of the Company, such that the Holders may hold in the aggregate 3,065,859 shares of the Common Stock (the "Federated Kaufmann Shares") of the Company (the "Federated Kaufmann Shares Exception"). Terms used but not otherwise defined herein have the meanings ascribed to them in the Charter.

Based upon the Representation Letter, the Company hereby advises you that, as of October 27, 2009, the Federated Kaufmann Share Exception has been established.

The Federated Kaufmann Share Exception is expressly conditioned on compliance by the Holders and any direct and indirect owners of an interest in any Holder representing 10% or more of either the voting power or value of the outstanding stock of such Holder (an "Affiliate") with each of the following agreements and conditions (collectively, the "Common Stock Ownership Limit Waiver Conditions") during the period (the "Waiver Period") that any Holder is the direct or indirect Beneficial or Constructive Owner of Common Shares in excess of the Common Stock Ownership Limit:

(1) The information contained in the Representation Letter is as of the date hereof and shall remain during the Waiver Period true, compete and correct, and the Holders have complied with all obligations of the Holders provided in the Representation Letter;

(2) The Holders shall provide to the Company a bring-down representation letter within ten days after a request therefor has been made by the Company;

(3) The Holders and each Affiliate shall refrain, directly or indirectly, from actually acquiring, purchasing or intentionally becoming the Beneficial or Constructive Owners of any stock of the Company, including any Common Shares, in excess of the Federated Kaufmann Share Exception;

(4) In any private disposition of any of the Holders' or any Affiliate's Common Shares by any Holder or any Affiliate (including a private disposition of ownership interests in an entity holding Common Shares), the Holders and the Affiliates agree that they will not dispose of such shares in a transaction in which any Holder or any Affiliate knows or has reason to believe after due investigation that such shares will be sold to any person who, prior to, or upon completion of, such transaction, will be or become the direct or indirect Beneficial or Constructive Owner of more than 9.8% of the outstanding shares of Common Stock.

Notwithstanding the foregoing, the ownership by the Holders and each Affiliate of Common Stock shall remain subject to the Ownership Limits imposed by the Charter to the extent that such ownership results in any "individual" (within the meaning of Section 542(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) Beneficially or Constructively Owning shares of the Company in excess of the Common Stock Ownership Limit and Aggregate Stock Ownership Limit or would otherwise cause the Company to fail to qualify as a real estate investment trust under the Code.

In addition, if there is a failure to comply with any of the Common Stock Ownership Limit Waiver Conditions during the Waiver Period, the ownership of the Federated Kaufmann Shares by the Holders and any Affiliate shall, as of the date of such failure, become automatically subject to the Common Stock Ownership Limit imposed by the Charter and may result in the application of the remedies set forth in paragraphs 7.2.1 and 7.2.2 of Article VII of the Charter with respect to any Common Shares Beneficially Owned or Constructively Owned by the Holders or any Affiliate in excess of the Common Stock Ownership Limit or Aggregate Stock Ownership Limit. Nothing in this letter shall be deemed to grant any person (including the successors and assigns of the holders of the Federated Kaufmann Shares, other than as expressly set forth herein) permission to own securities of the Company in excess of the Company's otherwise applicable Common Stock Ownership Limit or Aggregate Stock Ownership Limit.

Very truly yours,

Two Harbors Investment Corp.

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Chief Financial Officer

Accepted and Agreed to as of the date above:

FEDERATED KAUFMANN FUND
A portfolio of Federated Equity Funds

By: /s/ Laurence Auriana
Name: Laurence Auriana
Title: Vice President, Federated Global Investment Management, as attorney-in-fact for Federated Kaufmann Fund, a portfolio of Federated Equity Funds

FEDERATED KAUFMANN FUND II
A portfolio of Federated Insurance Series

By: /s/ Cash Shah
Name: Cash Shah
Title: Vice President, Federated Global Investment Management, as attorney-in-fact for Federated Kaufmann Fund II, a portfolio of Federated Investment Funds

FEDERATED KAUFMANN GROWTH FUND
A portfolio of Federated International Funds PLC

By: /s/ C. Todel Gibson
Name: C. Todel Gibson
Title: Company Secretary

Exhibit 10.4

Two Harbors Investment Corp.
601 Carlson Parkway, Suite 330
Minnetonka, MN 55305

October 28, 2009

Whitebox Special Opportunities Fund, LP
c/o Whitebox Advisors, LLC
3033 Excelsior Boulevard Suite 300
Minneapolis, MN 55416

Re: Share Ownership Limits

Two Harbors Investment Corp. (the "Company") has received your letter, dated as of the date hereof (the "Representation Letter"), requesting that the Company grant to Whitebox Special Opportunities Fund, LP Series A, (the "Holder"), a series of Whitebox Special Opportunities Fund, LP, a Delaware series limited partnership, an exception to the Common Stock Ownership Limit, as such term is defined in the Articles of Amendment and Restatement (the "Charter") of the Company, such that the Holder may acquire 2,127,480 shares of the Common Stock and Warrants exercisable into 466,800 shares of Common Stock (the "Whitebox Shares") of the Company (the "Whitebox Shares Exception"). Terms used but not otherwise defined herein have the meanings ascribed to them in the Charter.

Based upon the Representation Letter, the Company hereby advises you that, as of October 27, 2009, the Whitebox Share Exception has been established.

The Whitebox Share Exception is expressly conditioned on compliance by the Holder and any direct and indirect owners of an interest in the Holder representing 10% or more of the capital or profits of the Holder (an "Affiliate") with each of the following agreements and conditions (collectively, the "Common Stock Ownership Limit Waiver Conditions") during the period (the "Waiver Period") that the Holder is the direct or indirect Beneficial or Constructive Owner of Common Shares in excess of the Common Stock Ownership Limit:

(1) The information contained in the Representation Letter is as of the date hereof and shall remain during the Waiver Period true, complete and correct, and the Holder has complied with all obligations of the Holder provided in the Representation Letter;

(2) The Holder shall provide to the Company a bring-down representation letter within ten days after a request therefor has been made by the Company;

(3) The Holder and each Affiliate shall refrain, directly or indirectly, from actually acquiring, purchasing or intentionally becoming the Beneficial or Constructive Owners of any stock of the Company, including any Common Shares, in excess of the Whitebox Share Exception;

(4) In any private disposition of any of the Holder's or any Affiliate's Common Shares by the Holder or any Affiliate (including a private disposition of ownership interests in an entity holding Common Shares), the Holder and the Affiliates agree that they will not dispose of such shares in a transaction in which the Holder or any Affiliate knows or has reason to believe after due investigation that such shares will be sold to any person who, prior to, or upon completion of, such transaction, will be or become the direct or indirect Beneficial or Constructive Owner of more than 9.8% of the outstanding shares of Common Stock.

Notwithstanding the foregoing, the ownership by the Holder and each Affiliate of Common Stock shall remain subject to the Ownership Limits imposed by the Charter to the extent that such ownership results in any "individual" (within the meaning of Section 542(a)(2) of the Internal Revenue Code of 1986, as amended (the "Code")) Beneficially or Constructively Owning shares of the Company in excess of the Common Stock Ownership Limit and Aggregate Stock Ownership Limit or would otherwise cause the Company to fail to qualify as a real estate investment trust under the Code.

In addition, if there is a failure to comply with any of the Common Stock Ownership Limit Waiver Conditions during the Waiver Period, the ownership of the Whitebox Shares by the Holder and any Affiliate shall, as of the date of such failure, become automatically subject to the Common Stock Ownership Limit imposed by the Charter and may result in the application of the remedies set forth in paragraphs 7.2.1 and 7.2.2 of Article VII of the Charter with respect to any Common Shares Beneficially Owned or Constructively Owned by the Holder or any Affiliate in excess of the Common Stock Ownership Limit or Aggregate Stock Ownership Limit. Nothing in this letter shall be deemed to grant any person (including the successors and assigns of the holders of the Whitebox Shares, other than as expressly set forth herein) permission to own securities of the Company in excess of the Company's otherwise applicable Common Stock Ownership Limit or Aggregate Stock Ownership Limit.

Very truly yours,

Two Harbors Investment Corp.

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Chief Financial Officer

Accepted and Agreed to as of the date above:

WHITEBOX SPECIAL OPPORTUNITIES FUND, LP
By: WHITEBOX SPECIAL OPPORTUNITIES ADVISORS, LLC, Its GP
By: WHITEBOX ADVISORS, LLC, Its Managing Member

By: /s/ Jonathan Wood
Name: Jonathan Wood
Title: Chief Operating Officer

Exhibit 10.5

CAPITOL ACQUISITION CORP.

October 28, 2009

Ladenburg Thalmann & Co. Inc.
520 Madison Avenue
9th Floor
New York, NY 10022

Dear Sirs:

Reference is made to that certain Underwriting Agreement (the "Underwriting Agreement"), dated November 8, 2007, between Capitol Acquisition Corp. ("Company") and Citigroup Global Markets Inc., as representative of the underwriters, including Ladenburg Thalmann & Co. Inc. ("Ladenburg"), in the Company's initial public offering ("IPO") and the letter agreement (the "Letter Agreement") entered into between the Company and Ladenburg on June 10, 2009. Capitalized terms used herein that are not otherwise defined shall have the meanings ascribed to them in the Underwriting Agreement.

The Company and Two Harbors Investment Corp. ("Two Harbors") have entered into a business combination transaction (the "Transaction"). In connection with the Transaction, Ladenburg (acting for itself and not on behalf of the other Underwriters) hereby agrees to waive the Deferred Discount it is entitled to pursuant to Sections 2(c) and (dd) of the Underwriting Agreement, and in lieu thereof, receive a fee equal to $1,500,000 payable upon the consummation of the Transaction.

Additionally, if, following the consummation of the Transaction, the Company or Two Harbors, considers one or more transactions to raise debt or equity (other than exercise of the Company's existing outstanding warrants, as amended in connection with consummation of the Transaction), Two Harbors agrees to cause Ladenburg to be offered a role as lead or co-manager (the choice of such role to be within Two Harbor's sole discretion) in connection with the first two such transactions occurring within one year after consummation of the Transaction; with the reasonable economics associated with such role to be negotiated by the parties at the time of engagement.

This Agreement supersedes all prior agreements among the parties with respect to its subject matter, including the Underwriting Agreement and the Letter Agreement.

Very truly yours,

CAPITOL ACQUISITION CORP.

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Vice President and Treasurer

Accepted and Agreed:

TWO HARBORS INVESTMENT CORP.

By: /s/ Jeff Stolt
Name: Jeff Stolt
Title: Chief Financial Officer

LADENBURG THALMANN & CO. INC.

By: /s/ Steve Kaplan
Name: Steve Kaplan
Title: Managing Director

Exhibit 99.1

Capitol Acquisition and Two Harbors Announce Approval of Merger Transaction

NEW YORK, Oct. 26 /PRNewswire-FirstCall/ — **Capitol Acquisition Corp. ("Capitol") (NYSE Amex: CLA; CLA.U; CLA.WS)** and Two Harbors Investment Corp. ("Two Harbors") announced that Capitol's stockholders today approved the proposed merger transaction with Two Harbors at Capitol's special meeting of stockholders. The closing of the transaction is anticipated to occur no later than October 28, 2009.

In addition to approving the business combination, Capitol's warrantholders also approved amendments to its warrants to (a) increase the exercise price of the warrants to $11.00 per share, (b) extend the expiration date of the warrants to November 7, 2013 and (c) limit a holder's ability to exercise the warrants in order to maintain the company's REIT status.

Two Harbors Investment Corp.

Two Harbors is a newly-formed Maryland corporation focused on investing in residential mortgage-backed securities. Two Harbors is headquartered in Minnetonka, Minnesota, and is externally managed and advised by PRCM Advisers, LLC, a wholly-owned subsidiary of Pine River Capital Management L.P.

Capitol Acquisition Corp.

Capitol Acquisition Corp. is a Washington, D.C. specified purpose acquisition company formed for the purpose of completing a business combination. Upon completion of the transactions described above, Capitol will become an indirect wholly-owned subsidiary of Two Harbors. Additional information is available at www.capitolacquisition.com.

Safe Harbor

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results.

Additional information concerning these and other risk factors is contained in Capitol's and Two Harbors' most recent filings with the Securities and Exchange Commission ("SEC"). All subsequent written and oral forward-looking statements concerning Capitol and Two Harbors, the merger, the related transactions or other matters attributable to Capitol and Two Harbors or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Capitol and Two Harbors caution readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Capitol and Two Harbors do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in their expectations or any change in events, conditions or circumstances on which any such statement is based.

Additional Information

Stockholders and warrant holders of Capitol and Two Harbors, and other interested persons, may find additional information regarding the companies at the SEC's Internet site at http://www.sec.gov or by directing requests to: Capitol Acquisition Corp., 509 7th Street, NW, Washington, DC 20004, telephone (202) 654-7060; or Two Harbors Investment Corp., 601 Carlson Parkway, Suite 330, Minnetonka, MN 55305, telephone 612 238-3300.

CONTACT: Media: Patrick Clifford or Pen Pendleton, The Abernathy MacGregor Group, +1-212-371-5999; or Investors: Andrew Garcia, Vice President, Business Development, Two Harbors Investment Corp., +1-612-238-3307; or Mark Ein, Chief Executive Officer, Capitol Acquisition Corp., +1-202-654-7001

Exhibit 99.2

CAPITOL ACQUISITION AND TWO HARBORS
ANNOUNCE CLOSING OF MERGER TRANSACTION

NEW YORK, Oct. 29 /PRNewswire – FirstCall/ - Capitol Acquisition Corp. ("Capitol") (NYSE Amex: CLA; CLA.U; CLA.WS) and Two Harbors Investment Corp. ("Two Harbors") today announced the completion of their merger transaction and that Two Harbors will immediately begin conducting business as a REIT investing in residential mortgage-backed securities.

Two Harbors' common stock and warrants will open for trading today on NYSE Amex under the ticker symbols "TWO" and "TWO.WS", respectively.

Two Harbors will have 13,399,209 shares of common stock outstanding, 33,249,000 warrants outstanding, and approximately $124.3 million in cash available for investment. The book value of Two Harbors is expected to be approximately $9.30 per share.

"We are delighted to announce the completion of this transaction," said Tom Siering, President and Chief Executive Officer of Two Harbors. "We continue to see opportunities in the residential mortgage-backed securities markets, and we look forward to pursuing those opportunities on behalf of the stockholders of Two Harbors."

Two Harbors will be externally-managed by PRCM Advisers, LLC, a wholly-owned subsidiary of Pine River Capital Management L.P., a leading independent global alternative investment advisor with over $1.2 billion in assets under management. Co-Chief Investment Officers Steve Kuhn and Bill Roth will lead the investment team.

Mr. Kuhn has over 16 years of experience investing in and trading mortgage backed, asset backed and related securities at Goldman Sachs, Citadel and Cargill. Mr. Roth recently joined Two Harbors from Citigroup Global Markets Inc., where he was a Managing Director in the firm's proprietary trading group managing mortgage backed and asset backed securities portfolios. He began his career in the mortgage-backed securities department of Salomon Brothers in 1981.

"This transaction is an excellent result for all stakeholders and an important milestone in creating what we believe will be one of the premier franchises in the mortgage REIT industry," said Mark Ein, Capitol's Chairman and Founder, and the Vice Chairman of the Two Harbors board. "We look forward to working closely with the Two Harbors team to make the company a continuing success that will generate superior long-term returns for our shareholders."

Credit Suisse acted as financial adviser to Two Harbors. Citigroup and Ladenburg Thalmann acted as financial advisers to Capitol. Two Harbors' counsel in the transaction was Clifford Chance US LLP, and Capitol's were Graubard Miller and Latham & Watkins LLP.

Two Harbors Investment Corp.

Two Harbors is a newly-formed Maryland corporation focused on investing in residential mortgage-backed securities. Two Harbors is headquartered in Minnetonka, Minnesota, and is externally managed and advised by PRCM Advisers, LLC, a wholly-owned subsidiary of Pine River Capital Management L.P.

Capitol Acquisition Corp.

Capitol Acquisition Corp. was a Washington, D.C. specified purpose acquisition company formed for the purpose of completing a business combination. Upon completion of the transactions described above, Capitol became an indirect wholly-owned subsidiary of Two Harbors.

Safe Harbor

This press release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, you should not rely on these forward looking statements as predictions of future events. Words such as "expect," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believes," "predicts," "potential," "continue," and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from the expected results.

Additional information concerning these and other risk factors is contained in Capitol's and Two Harbors' most recent filings with the Securities and Exchange Commission ("SEC"). All subsequent written and oral forward-looking statements concerning Capitol and Two Harbors, the merger, the related transactions or other matters attributable to Capitol and Two Harbors or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Capitol and Two Harbors caution readers not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Capitol and Two Harbors do not undertake or accept any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in their expectations or any change in events, conditions or circumstances on which any such statement is based.

Additional Information

Stockholders and warrant holders of Capitol and Two Harbors, and other interested persons, may find additional information regarding the companies at the SEC's Internet site at http://www.sec.gov or by directing requests to: Capitol Acquisition Corp., 509 7th Street, NW, Washington, DC 20004, telephone (202) 654-7060; or Two Harbors Investment Corp., 601 Carlson Parkway, Suite 330, Minnetonka, MN 55305, telephone 612 238-3300.

Media: Patrick Clifford, or Pen Pendleton, both of The Abernathy MacGregor Group, +1-212-371-5999; or Investors: Anh Huynh, Investor Relations, Two Harbors Investment Corp., +1-612-238-3348, or Mark Ein, Chief Executive Officer, Capitol Acquisition Corp., +1-202-654-7001