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): June 4, 2012 (June 4, 2012)

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 150
Minnetonka, MN 55305
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: **(612) 629-2500**

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 7.01 Regulation FD

An updated investor presentation providing a business overview of Two Harbors Investment Corp. is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in Item 7.01 of this Current Report, including Exhibit 99.1 attached hereto, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that Section. This information shall not be deemed to be incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Updated First Quarter 2012 Investor Presentation

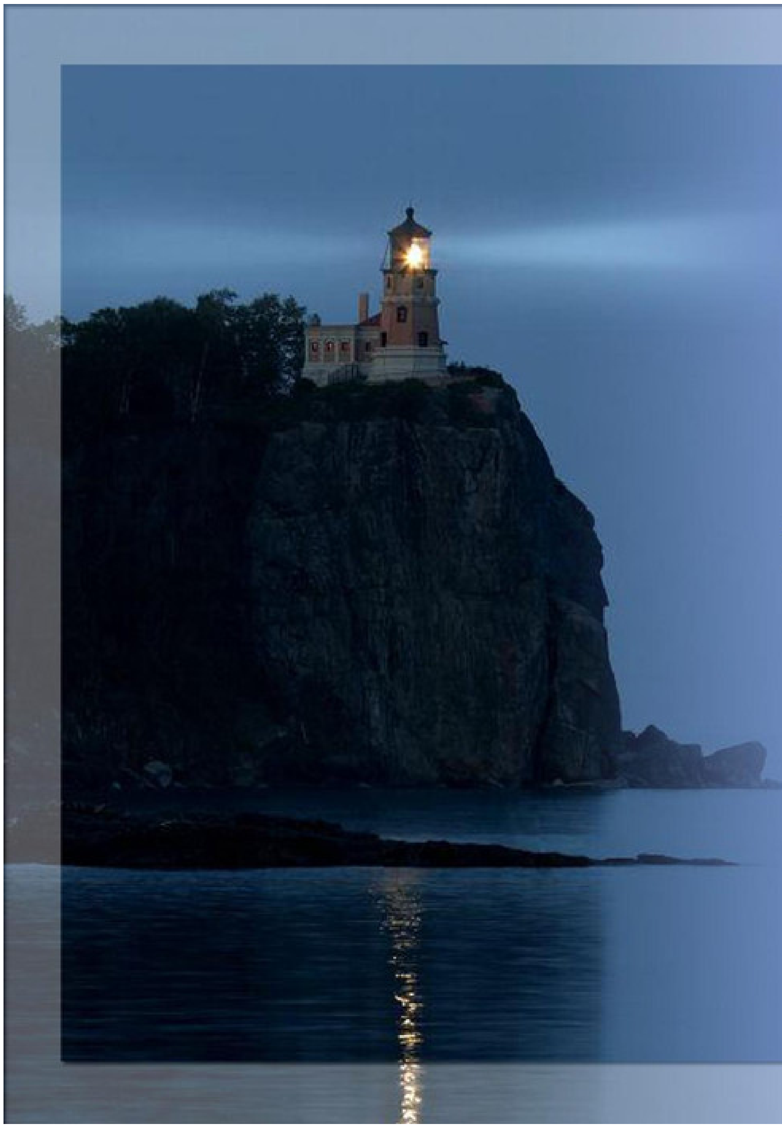
SIGNATURES

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.

By: /s/ REBECCA B. SANDBERG
Rebecca B. Sandberg
Secretary and Deputy General Counsel

Date: June 4, 2012



Two Harbors Investment Corp.

Updated First Quarter 2012

Investor Presentation

Safe Harbor Statement

Forward-Looking Statements

This presentation 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, readers should not rely on these forward-looking statements as predictions of future events. Words such as "expect," "target," "assume," "estimate," "project," "budget," "forecast," "anticipate," "intend," "plan," "may," "will," "could," "should," "believe," "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 actual results to differ materially from expected results. Factors that could cause actual results to differ include, but are not limited to, higher than expected operating costs, changes in prepayment speeds of mortgages underlying our RMBS, the rates of default or decreased recovery on the mortgages underlying our non-Agency securities, failure to recover certain losses that are expected to be temporary, changes in interest rates or the availability of financing, the impact of new legislation or regulatory changes on our operations, the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process, the inability to acquire mortgage loans or securitize the mortgage loans we acquire, the inability to acquire single family residential real properties at attractive prices or lease such properties on a profitable basis, the impact of new or modified government mortgage refinance or principal reduction programs, and unanticipated changes in overall market and economic conditions.

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

Our Mission Guides Us

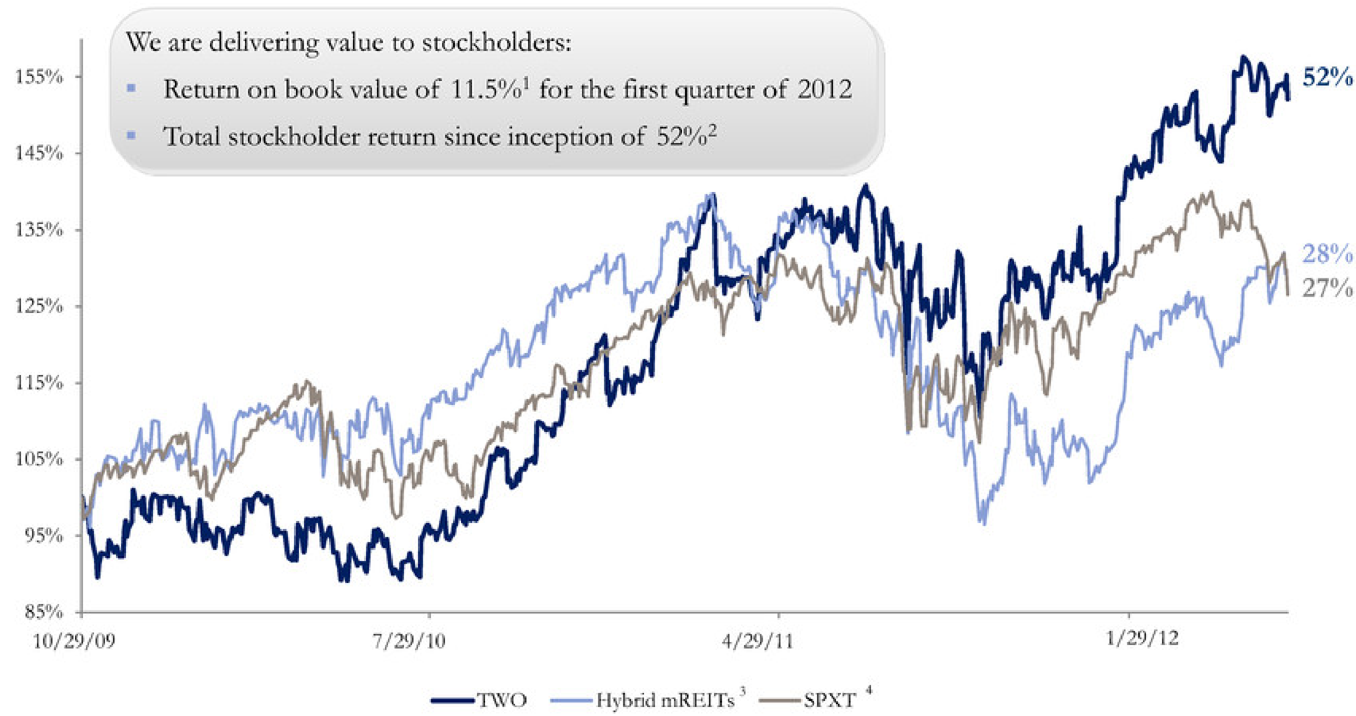
Our mission is to be recognized as the industry-leading hybrid mortgage REIT. We'll accomplish this goal through the following:

- Superior portfolio construction and fluid capital allocation through rigorous security selection and credit analysis
- Unparalleled risk management with a strong focus on hedging and book value stability
- Targeted diversification of business model through asset securitization and single family residential properties
- Leading governance and disclosure practices

Total Stockholder Return Since Inception

We are delivering value to stockholders:

- Return on book value of 11.5%[1] for the first quarter of 2012
- Total stockholder return since inception of 52%[2]



(1) The term "return on book value" means (i) the change in Two Harbors' book value per share at March 31, 2012 as compared to December 31, 2011, plus (ii) dividends declared by Two Harbors in the first quarter of 2012, divided by Two Harbors' book value per share at December 31, 2011.

(2) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through June 1, 2012. Total stockholder return is defined as capital gains on stock price including dividends. Source: Bloomberg.

(3) "Hybrid mREITs" represent the average total stockholder return of CIM, IVR and MFA calculated for the period October 29, 2009 through June 1, 2012. Source: Bloomberg and TWO's estimates.

(4) "SPXT" represents S&P 500 Total Return Index (SPXT: IND) for the period October 29, 2009 through June 1, 2012. Source: Bloomberg.

TWO HARBORS

Market Opportunity for Two Harbors

Two Harbors is well positioned to create value for stockholders:

- NYSE-listed hybrid mortgage REIT investing in residential mortgage and housing sectors
- Formed in 2009 - new REIT with veteran RMBS team and state-of-the-art analytics
- Twenty-fold increase in market capitalization since inception to over $2 billion

The shifting landscape in the U.S. housing and mortgage markets create opportunity:

- U.S. government is reducing its involvement in sector
- Banks adjusting portfolios due to new regulatory framework for capital and liquidity requirements
- Private capital, such as mortgage-REITs, are essential to fill void in housing and mortgage sectors
- It will take many years to address all the issues surrounding housing finance and therein lies opportunity for Two Harbors

Our Strategic Focus Areas

We look for opportunities to deploy capital where the greatest risk-adjusted returns can be derived.

- Agency: Well positioned to capitalize on reduced competition for Agency assets
  - Prepayment protection stories offer value
  - Hedging costs at historic lows
  - Policy uncertainty continues to create opportunity

- Non-Agency: Attractive on both an absolute and relative basis
  - Technicals have weighed on this sector, but fundamentals have improved
  - Improving underlying loan performance, including declining delinquencies, relatively stable housing prices and servicers' actions benefiting bond holders
  - Potential benefit from policy actions

- Targeted diversification of business model to longer term opportunities
  - Single family residential real properties: This is an attractive asset class due to long duration, ability to leverage and potential for home price appreciation and increased rents.
  - Asset securitization: Our objective is to create attractive yielding credit bonds off high quality collateral.

Single Family Residential Opportunity

Record Affordability and Attractive Yields

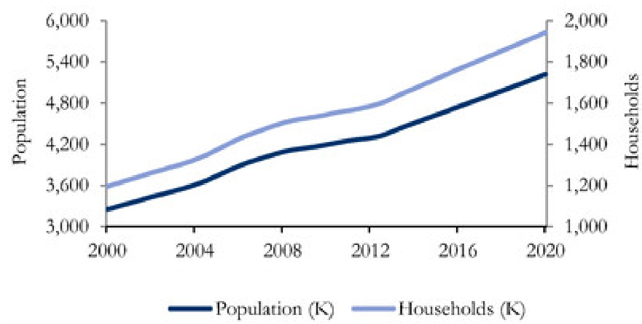
- Home affordability is at all-time high, but many cannot get a mortgage, thus rental demand is strong
- U.S. real housing prices have fallen ~35% from their peak in 2006[1]
- Attractive current yields and discount to replacement cost suggest a compelling total return story

Target Markets

- We are targeting properties at a significant discount to replacement cost
- New construction in target strata at virtual standstill
- Anticipated favorable absorption rates in our key markets, such as Phoenix, are based upon trends in population and household growth

Housing Affordability at Record Levels[2]

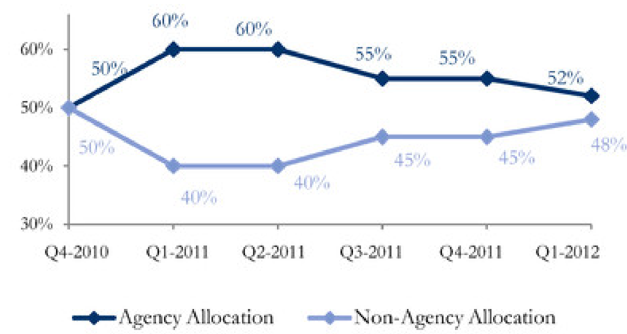
Phoenix Housing Trends[3]



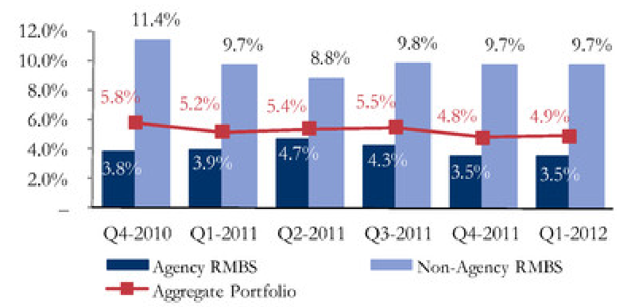
(1) Source: Case-Shiller.
(2) Source: National Association of Realtors & Bankrate.com.
(3) Source: Moody's.

Fluid Asset Allocation Drives Performance

Targeted Capital Allocation



Annualized Yields by Portfolio[2]



Dividends[1]

Net Interest Spread[3]

Three Months Ended	December 31, 2011			March 31, 2012		
	Agency	Non-Agency	Aggregate Portfolio	Agency	Non-Agency	Aggregate Portfolio
Annualized Yield	3.5%	9.7%	4.8%	3.5%	9.7%	4.9%
Cost of repurchase agreements	(0.4%)	(2.2%)	(0.6%)	(0.4%)	(2.3%)	(0.7%)
Cost of interest rate swaps & swaptions	(0.5%)	-	(0.4%)	(0.3%)	-	(0.3%)
Cost of financing	(0.9%)	(2.2%)	(1.0%)	(0.7%)	(2.3%)	(1.0%)
Net interest spread	2.6%	7.5%	**3.8%**	2.8%	7.4%	**3.9%**

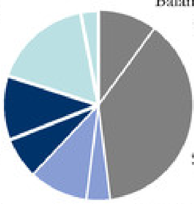
(1) The first quarter 2012 dividend may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share, not GAAP earnings. The annualized dividend yield on the company's common stock is calculated based on the closing price of the last trading day of the quarter.
(2) Respective yields include inverse interest-only securities ("Agency Derivatives").
(3) Net interest spread includes Agency Derivatives, cost of financing RMBS and swap interest rate spread.

Security Selection Matters

Q1-2012 Portfolio Composition

$9.4B RMBS Portfolio

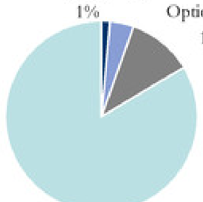
Agency Portfolio: $7.5B



Agency Strategy

- Attractive returns with moderate leverage in 6.0 - 7.0x range
- Intense focus on prepayment stability aims to provide for sustainable yields
- Stable cash flows make interest rate hedging more effective
- Portfolio's implied or explicit prepayment protection of 97%

Non-Agency Portfolio: $1.9B



Non-Agency Strategy

- Attractive loss-adjusted yields
- Deeply discounted cost basis of $51.9
- Improving underlying loan performance: Declining delinquencies, relatively stable housing prices and servicers' actions benefiting bond holders
- Potential benefit from policy actions

(1) Home Equity Conversion Mortgage loans (or "HECM") are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.
(2) Securities collateralized by loans of less than or equal to $175K, but more than $85K.
(3) Securities collateralized by loans of less than or equal to $85K.
(4) Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation's, or FICO, scoring model.
(5) Securities collateralized by loans reflecting less prepayment risk due to previously experienced high levels of refinancing.
(6) Securities collateralized by loans with greater than or equal to 80% loan-to-value ratio.

TWO HARBORS

Sophisticated Risk Management Approach

Agency Strategy
Interest Rate Hedging

- Focus on book value protection
- Minimal impact to equity for 100bps rises in interest rates
- Daily monitoring of interest rate exposures
- Multifaceted approach:
  - Swaps
  - Swaptions
  - Interest-only bonds

Non-Agency Strategy
Credit Risk Management

- Highly detailed loan level analysis
- Stress test to different housing scenarios
- Strong focus on servicer behaviors that may potentially impact cash flows
- Ongoing monitoring of deal performance
- Minimize downside credit risk, but retain upside optionality

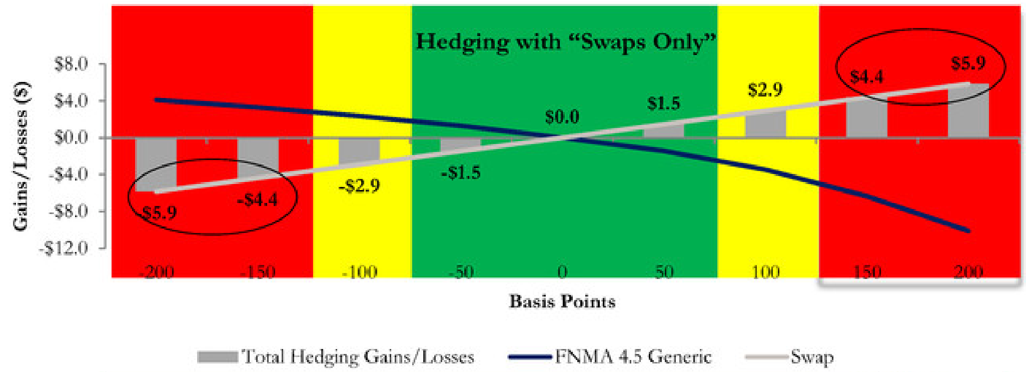
Funding and Liquidity
Diversified and Extended

- Weighted average days to maturity for RMBS repo borrowings of 80 days
- 38% of non-Agency repo maturities with over 90 day terms
- Systematic monitoring of daily liquidity
- Strong focus on diversification of counterparty risk with 20 counterparties
- Interest rate swap – U.S. Treasuries position

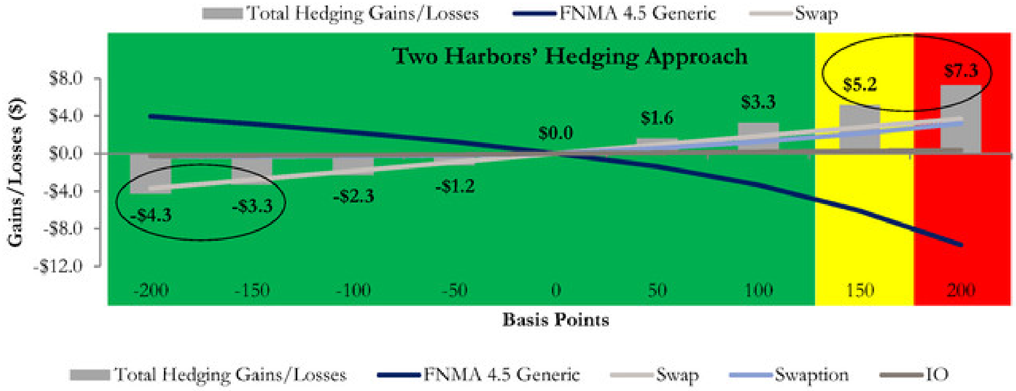
Note: Data on this slide as of March 31, 2012.

Illustrative Hedging Profile

Combination of swaps, swaptions and IOs reduces book value volatility



Hedging with "swaps only" performs poorly in large rate move



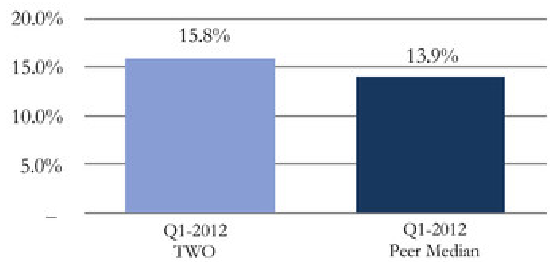
TWO's approach gains more, loses less

Note: The information on this slide is presented for illustrative purposes only and does not represent Two Harbors' actual or projected future performance. This slide represents the views of Two Harbors' management and that of its external manager, PRCM Advisers LLC, and is based on assumptions that may prove to be inaccurate. You should not rely on this information as indicative of future performance as actual results may differ materially.

Attractive Returns With Lower Risk

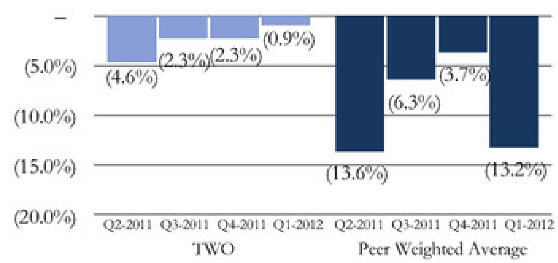
Superior asset selection and risk management drive returns while taking on less risk.

Attractive & Comparable Dividend Yield[1]…

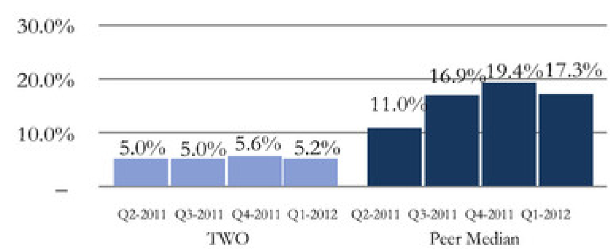


… With Lower Leverage[2]…

… Less Interest Rate Exposure[3]…



… And Less Prepayment Risk[4]



TWO HARBORS Investment Corp.

Note: All peer financial data on this slide based on available March 31, 2012 financial information as filed with the SEC. Peers include AGNC, ANH, CIM, CMO, CYS, HTS, IVR, MFA and NLY.

(1) Reported first quarter 2012 dividend annualized, divided by closing share price as of March 30, 2012. Dividend data based on peer company press releases.

(2) Debt-to-equity defined as total borrowings to fund RMBS securities and Agency derivatives divided by total equity. Q1-2012 and Q4-2011 data not available for CIM; utilizes Q3-2011 data for comparative purposes.

(3) Represents estimated percentage change in equity value for +100bps change in interest rates. Change in equity value is asset change adjusted for leverage. Data not available for CYS and CMO. Q1-2012 and Q4-2011 data not available for CIM; utilizes Q3-2011 data for comparative purposes.

(4) Represents the constant prepayment rate, or CPR, on the Agency RMBS portfolios. Q1-2012 and Q4-2011 data not available for CIM; utilizes Q3-2011 data for comparative purposes.

Contact Information

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Appendix

TWO HARBORS
Investment Corp.

Portfolio Composition as of March 31, 2012

Agency: Vintage & Prepayment Protection	Q4-2011	Q1-2012
$85K Max Pools[1]	39%	38%
HECM[2]	19%	17%
High LTV[3]	4%	11%
Seasoned (2005 and prior vintages)[4]	10%	10%
Other Low Loan Balance Pools[5]	16%	10%
Prepayment protected	6%	7%
Low FICO[6]	-%	4%
2006 & subsequent vintages - Discount	3%	-%
2006 & subsequent vintages – Premium and IOs	3%	3%

Implicit or Explicit Pre-payment Protection

Non-Agency: Loan Type	Q4-2011	Q1-2012
Sub-Prime	76%	84%
Option-ARM	17%	11%
Alt-A	6%	4%
Prime	1%	1%

(1) Securities collateralized by loans of less than or equal to $85K.
(2) Home Equity Conversion Mortgage loans (or "HECM") are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.
(3) Securities collateralized by loans with greater than or equal to 80% loan-to-value.
(4) Securities collateralized by loans reflecting less prepayment risk due to previously experienced high levels of refinancing.
(5) Securities collateralized by loans of less than or equal to $175K, but more than $85K.
(6) Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation's, or FICO, scoring model.

TWO HARBORS Investment Corp.

Agency Securities as of March 31, 2012

	Par Value ($M)	Market Value ($M)	% of Agency Portfolio	Amortized Cost Basis ($M)	Weighted Average Coupon	Weighted Average Age (Months)
30-Year Fixed						
≤ 4.5%	$ 2,917	$ 3,130	41.9%	$ 3,118	4.2%	8
5.0-6.0%	1,084	1,201	16.1%	1,177	5.4%	33
≥ 6.5%	111	128	1.7%	126	7.3%	117
	$ 4,112	$ 4,459	59.7%	$ 4,421	4.6%	18
15-Year Fixed						
≤ 4.0%	$ 543	$ 570	7.6%	$ 539	3.3%	17
≥ 4.5%	3	4	0.1%	4	8.2%	176
	$ 546	$ 574	7.7%	$ 543	3.4%	18
HECM	$ 1,138	$ 1,270	17.0%	$ 1,229	4.8%	10
Hybrid ARMs	211	227	3.0%	223	4.3%	91
Other-Fixed	539	601	8.1%	584	4.8%	48
IOs and IIOs	2,843	339[1]	4.5%	349	5.5%	78
Total[1]	$ 9,389	$ 7,470	100.0%	$ 7,349	4.6%	24

(1) Market value of IOs of $96 million and Agency Derivatives of $243 million as of March 31, 2012.

TWO HARBORS Investment Corp.

Non-Agency Securities as of March 31, 2012

	Senior Bonds	Mezzanine Bonds	Total P&I Bonds
Portfolio Characteristics			
Carrying Value ($M)	$1,564	$376	$1,940
% of Non-Agency Portfolio	80.6%	19.4%	100.0%
Average Purchase Price	$50.89	$56.34	$51.94
Average Coupon	1.9%	1.1%	1.8%
Collateral Attributes			
Average Loan Age (months)	68	86	71
Average Original Loan-to-Value	78.6%	77.4%	78.4%
Avg. Original FICO[1]	640	633	639
Current Performance			
60+ day Delinquencies	40.3%	32.9%	38.9%
Average Credit Enhancement[2]	18.8%	32.8%	21.5%
3-Month CPR[3]	1.7%	2.4%	1.9%

(1) FICO represents a mortgage industry accepted credit score of a borrower, which was developed by Fair Isaac Corporation.
(2) Average credit enhancement remaining on our non-Agency RMBS portfolio, which is the average amount of protection available to absorb future credit losses due to defaults on the underlying collateral.
(3) 3-Month CPR is reflective of the prepayment speed on the underlying securitization; however, it does not necessarily indicate the proceeds received on our investment tranche. Proceeds received for each security are dependent on the position of the individual security within the structure of each deal.

TWO HARBORS Investment Corp.

Non-Agency Discount Bond Example

Represents actual bond held in Two Harbors' portfolio as of the filing date of this presentation. Collateral summary and yield analysis scenarios represent the views of Two Harbors and its external manager, PRCM Advisers LLC, and are provided for illustration purposes only and may not represent all assumptions used. Actual results may differ materially.

Discount Subprime Senior Bond - HEAT 2006-3 2A4

Senior Bonds

A1 & A2
- Paid off -

A3
38.6%-100%
$27M Current Face
1 Yr WAL[1]

A4
38.6%-100%
$71M Current Face
7 Yr WAL[1]

Sub Bonds

SUBORDINATED BONDS
Absorbs the first 38.6% of losses, after depletion of ongoing excess spread (currently 4.0%).

Security Info

- Pays sequentially after the A3 is fully paid, expected to be in early 2014
- Receives protection from credit losses from the subordinate bonds and ongoing excess interest
- Pays a coupon of LIBOR + 0.31%
- Wells Fargo & SPS as servicers

Collateral Summary

- Vintages: 2005 - 69%; 2006 - 31%
- 60+ days delinquent: 32%
- "Clean" & "Almost Clean"[2]: 29%
- 12-month severity of 70%
- MTM LTVs[3]: "Clean" = 106%
  Delinquent = 123%
  "12mo LIQ"[4] = 131%

Yield Analysis

- Market price at 5/2/12: $58.5

	Upside	Base[5]	Stressed	Severe Stress
Loss-adjusted yields	**12.4%**	**10.4%**	**9.3%**	**7.1%**
Total defaults	59%	70%	71%	75%
Average severity	66%	74%	79%	83%
Prospective deal losses	39%	52%	56%	62%
Bond recovery	100%	94%	87%	74%

(1) "WAL" is defined as weighted average life.
(2) "Clean" is defined as a borrower who has never missed a payment. "Almost Clean" is defined as a borrower who is current and has never been delinquent more than three times for a period greater than 30 days or delinquent one time for a period greater than 60 days.
(3) MTM LTV stands for mark-to-market loan-to-value.
(4) 12mo LIQ represents mark-to-market loan-to-value of loans liquated in the last twelve months.
(5) Base case model assumes a 10% decline in housing prices for the first 12 months, then increases of 2% per year for the remaining life of the bond.

Financing and Hedging Strategy

Interest Rate Swaps[1]

Swaps Maturities	Notional Amounts ($M)	Average Fixed Pay Rate	Average Receive Rate	Average Maturity (Years)
	March 31, 2012			
2012	$ 25	0.868%	0.563%	0.73
2013	2,275	0.713%	0.513%	1.31
2014	1,675	0.644%	0.553%	2.32
2015	1,670	1.136%	0.504%	3.09
2016 and after	390	1.342%	0.498%	4.46
	$ 6,035	0.852%	0.521%	2.28

Financing

Repurchase Agreements: RMBS and Agency Derivatives[2]	March 31, 2012 Amount ($M)	Percent (%)
Within 30 days	$2,081	27%
30 to 59 days	1,657	22%
60 to 89 days	831	11%
90 to 119 days	1,567	20%
120 to 364 days	1,471	19%
One year and over	80	1%
	$7,687	

Interest Rate Swaptions

March 31, 2012

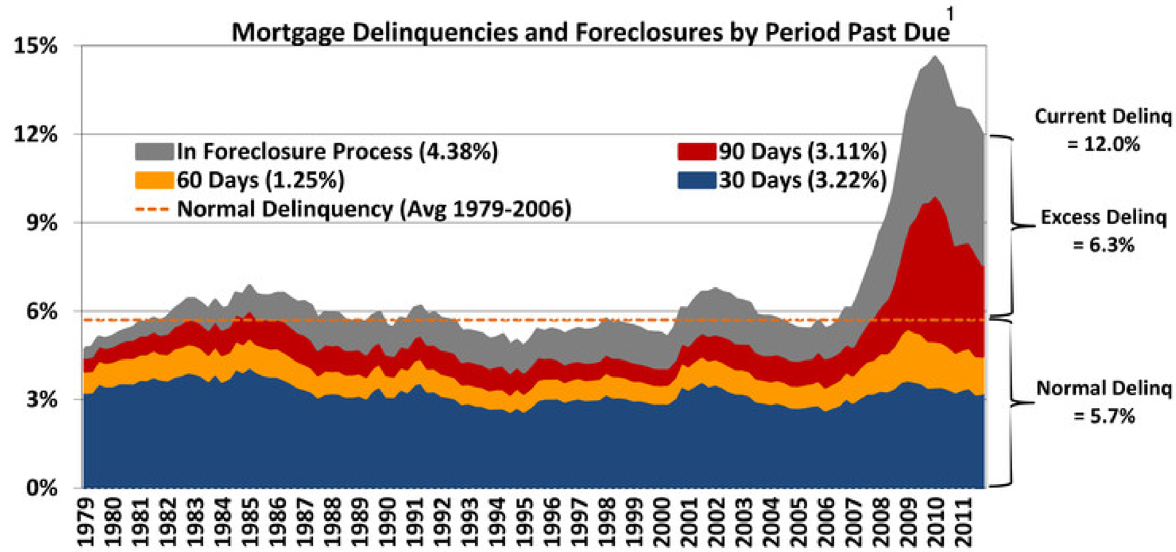
		Option			Underlying Swap			
Swaption	Expiration	Cost ($M)	Fair Value ($M)	Average Months to Expiration	Notional Amount ($M)	Average Fixed Pay Rate	Average Receive Rate	Average Term (Years)
Payer	< 6 Months	$ 14	$ 1	5.84	$ 1,800	3.06%	3M Libor	4.0
Payer	≥ 6 Months	31	29	16.40	2,500	3.73%	3M Libor	9.3
Total Payer		$ 45	$ 30	15.89	$ 4,300	3.45%	3M Libor	7.1

(1) Notional amounts do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities.
(2) Does not include repurchase agreements collateralized by U.S. Treasuries of $1.0 billion and mortgage loans held-for-sale of $5.3 million as of March 31, 2012.

Market Overview: Single Family Residential Real Properties

- The market opportunity is attractive for Two Harbors' diversification into single family residential real properties.
  - Affordability is high
  - Overhang of shadow inventory needs to be cleared
  - Strong rental demand
  - Signs of housing stabilization underway
  - Declining foreclosures and delinquencies
- Market participants who can bring institutional excellence surrounding property acquisition and management will have a competitive advantage.
- Attractive current yields and discount to replacement cost suggest a compelling total return story.
- Two Harbors' investment in single family residential properties aligns with our core competencies including residential credit analysis.

Mortgage Delinquency Profile



- Over 4 million units in foreclosure process or 90 days or more delinquent.[2]
- Shadow inventory of bank-owned or foreclosed homes remains high and needs to be cleared.
- Improving delinquency, foreclosure and employment trends suggest reduced forward supply.

(1) Source: Mortgage Bankers Association and John Burns Real Estate Consulting Fourth Quarter 2011.
(2) Source: Mortgage Bankers Association.

TWO HARBORS

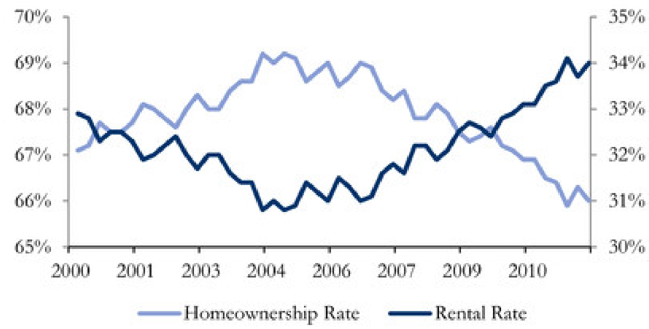
Strong Rental Demand

Industry Trends

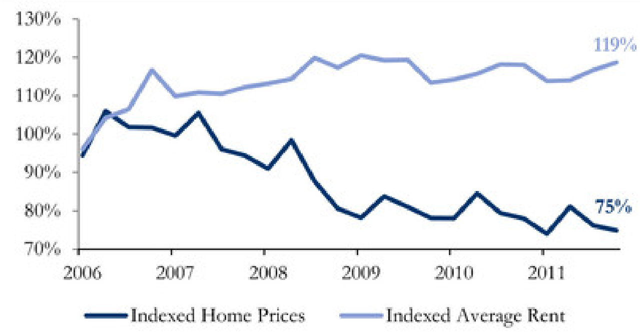
Home ownership rates are on a decline and have translated into strong rental demand

- Tighter mortgage credit requirements are impacting home ownership
- Positive trends in household formation are expected
- Consumers need affordable housing options
- 90% of foreclosures are expected to convert into rentals[1]

Homeownership and Rental Rates[2]



Home Prices versus Rent[3]



(1) Source: *The Post-Foreclosure Experience of U.S. Households*, Federal Reserve Board, May 2011.
(2) Source: U.S. Census Bureau.
(3) Source: National Association of Realtors & U.S. Census Bureau.

Experienced Property Manager

Our acquisition and property management will be overseen by Silver Bay Property Management LLC. Silver Bay is a joint venture between an affiliate of Pine River Capital Management L.P.[1] and Provident Real Estate Advisors LLC. Silver Bay was formed with the mission of bringing institutional excellence in residential real property acquisition and management to an industry that has traditionally been highly fragmented and unsophisticated.

- Silver Bay combines the residential property acquisition and management experience of Provident with the critical industry and analytical experience of Pine River.
  - Provident got its start in the residential real estate markets in 2009, and established significant infrastructure to acquire, refurbish, lease and manage single family homes.
  - Pine River is a global asset manager with over $7 billion in assets under management and institutional quality investment, risk management and compliance capabilities.
- Collectively, Silver Bay and Provident have assisted clients in acquiring nearly 1,300 properties in five states.[2] Silver Bay manages properties through a combination of in-house property managers and, where efficient, contracts with local third party managers.
  - Key markets: Arizona, Florida, Nevada, Georgia and California
  - Silver Bay has regional offices in several cities with plans to expand into additional markets
  - Property managers are on the ground in each region
- We believe that the efficiencies gained through Silver Bay's internalized property management structure can drive alpha through a residential property portfolio.

(1) Two Harbors is externally managed by PRCM Advisers LLC, a wholly-owned subsidiary of Pine River Capital Management L.P.
(2) Includes nearly 400 of the 450+ homes acquired to date by Two Harbors; figures for Provident are historical and represent its operations pre-Silver Bay.

Single Family Residential Real Properties Illustrative Return Profile

The information presented below represents illustrative returns for single family residential real properties, and does not represent an actual property owned by Two Harbors. Estimated yields and related costs represent the views of Two Harbors and its external manager, PRCM Advisers LLC, and are provided for illustration purposes only and does not represent Two Harbors' actual or future performance. Additional considerations that may impact returns include occupancy rates, capital expenditures, scalability, various operational costs, rents, home price appreciation, inflation and leverage. You should not rely on this information as actual results may differ materially.

Net Rental Yield	
Estimated Cost of Home, including Refurbishment	$100,000
Estimated Annual Rental Income	$12,000-14,000
Estimated Annual Operating Costs[1]	$6,000
Estimated Net Rental Yield	6-8%
Estimated Annual Home Price Appreciation (HPA) to Recapture Discount	
Discount to Replacement Cost	30-45%
Years to Recapture Discount	7 years
Estimated Annual HPA to Recapture Discount	4-6%
Illustrative Total Return Potential	**10-14%**

(1) Estimated annual operating costs include maintenance, repairs, property management, vacancy, taxes, insurance, HOA dues and other associated operating costs.

Two Harbors Team with Deep Securities Experience

Investment Team

Co-Chief Investment Officers

Steven Kuhn
- Also serves as Partner of Pine River Capital Management
- Goldman Sachs Portfolio Manager from 2002 to 2007; 20 years investing in and trading mortgage backed securities and other fixed income securities for firms including Citadel and Cargill

William Roth
- Also serves as Partner of Pine River Capital Management
- 31 years in mortgage securities market, including at Salomon Brothers and Citi; Managing Director in proprietary trading group managing MBS and ABS portfolios

Substantial RMBS Team

Over 30 Professionals
- Substantial RMBS team consisting of traders, investment analysts and a robust internal research team
- Leverages proprietary analytical systems
- Specialized repo funding group

Executive Officers

Chief Executive Officer

Thomas Siering
- Also serves as Partner of Pine River Capital Management
- Previously head of Value Investment Group at EBF & Associates; Partner since 1997
- 31 years of investing and management experience; commenced career at Cargill where he was a founding member of the Financial Markets Department

Chief Financial Officer

Brad Farrell
- Most recently served as Two Harbors' Controller from 2009 to 2011
- Previously Vice President and Executive Director of Financial Reporting at GMAC ResCap from 2007 to 2009 and held financial roles at XL Capital Ltd from 2002 to 2007. Began his career with KPMG.

Note: Employee data as of May 1, 2012.

Overview of Pine River Capital Management

Global multi-strategy asset management firm providing comprehensive portfolio management, transparency and liquidity to institutional and high net worth investors

- Founded June 2002 with offices in New York, London, Beijing, Hong Kong, San Francisco and Minnesota
- Over $7.6 billion assets under management, of which approximately $5.3 billion dedicated to mortgage strategies[1]
  - Experienced manager of non-Agency, Agency and other mortgage related assets
  - Demonstrated success in achieving growth and managing scale

Experienced, Cohesive Team[2]

- Fourteen partners together for average of 10 years
  - Average 20 years experience
- 225 employees, 74 investment professionals
- No senior management turnover
- Historically low attrition

Established Infrastructure

- Strong corporate governance
- Registrations: SEC/NFA (U.S.), FSA (U.K.), SFC (Hong Kong), SEBI (India) and TSEC (Taiwan)
- Proprietary technology
- Global footprint

Minnetonka, MN • London • Beijing • Hong Kong • San Francisco • New York

(1) Defined as estimated assets under management as of May 1, 2012, inclusive of Two Harbors.
(2) Employee data as of May 1, 2012.