

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): April 15, 2013 (April 15, 2013)

Two Harbors Investment Corp.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

001-34506
(Commission
File Number)

27-0312904
(I.R.S. Employer
Identification No.)

601 Carlson Parkway, Suite 1400
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

The company has prepared and made available on its website a webinar entitled "Mortgage REIT Primer" dated April 15, 2013. The webinar provides general information about real estate investments trusts (REITs), mortgage REITs and Two Harbors' business model. The company believes periodic webinars provide an opportunity to share more in-depth insights on various topics which may help investors, analysts and the media develop a deeper understanding of the residential mortgage and housing markets and the company. The accompanying slide presentation and a transcript of the webinar are attached hereto as Exhibits 99.1 and 99.2, respectively.

The information in Item 7.01 of this Current Report, including Exhibits 99.1 and 99.2 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	Investor Presentation titled "Mortgage REIT Primer" dated April 15, 2013
99.2	Transcript of Webinar Presentation titled "Mortgage REIT Primer" dated April 15, 2013

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
General Counsel and Secretary

Date: April 15, 2013

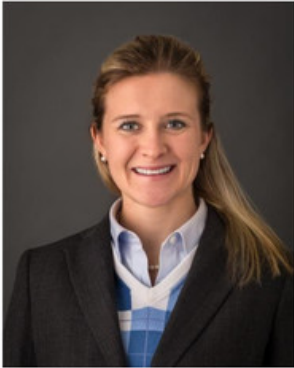


Two Harbors Investment Corp.

Mini Webinar Series
March 2013

Mortgage REIT Primer

Welcoming Remarks



July Hugen
Director of Investor Relations



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 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.

This presentation is not investment advice and does not constitute an offer or solicitation to buy or sell any security. This presentation is not intended to be, and you should not consider anything in this presentation to be, investment, accounting, tax or legal advice, and you should consult with your own financial advisors, accountants or attorneys regarding your individual circumstances and needs.



Real Estate Investment Trust (“REIT”)

A Real Estate Investment Trust (REIT) is a company that owns, and in many cases operates, income-producing real estate. Some REITs also engage in financing real estate.¹

Mortgage REITs

A mortgage REIT makes or owns loans and other obligations that are secured by real estate collateral.¹

Equity REITs

An equity REIT owns, or has equity interest in, rental real estate such as shopping centers, apartments, single-family homes and industrial buildings.¹

To maintain REIT status, the company must adhere to the following criteria:²

- 75% gross income test
- 95% gross income test
- 75% asset test
- Non-investment activities
- Must be held by a minimum of 100 stockholders
- Must pay out at least 90% of taxable income

To be exempt from regulation under the Investment Company Act of 1940, a REIT must pass:²

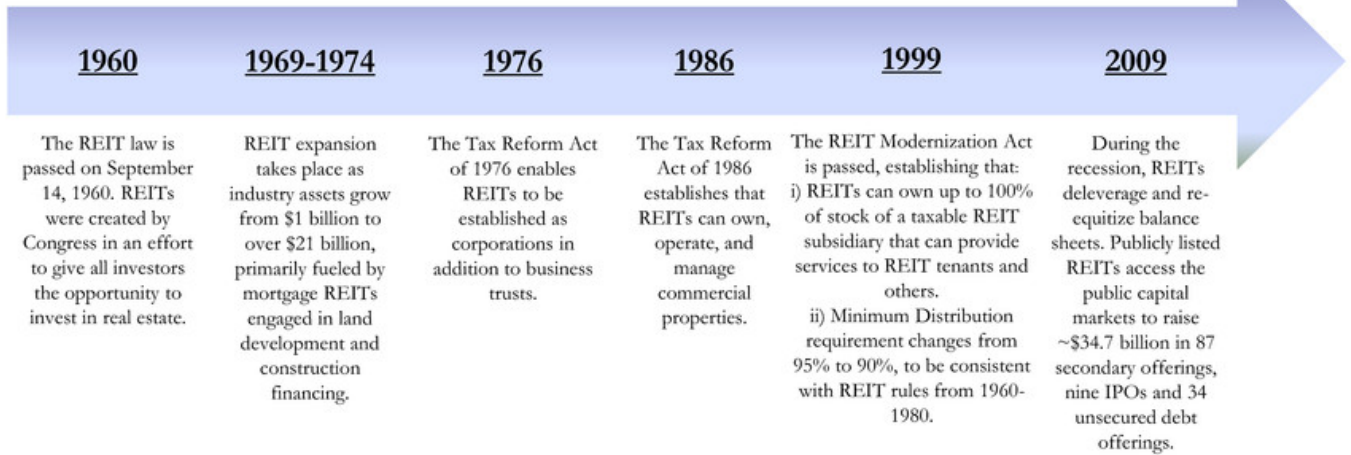
- 80% qualifying real estate assets test
- 55% whole pool test



(1) Source: NAREIT. <http://www.reit.com>
(2) Source: KBW Mortgage REIT Primer, June 2012.

Industry History

History of REITs¹



(1) Source: NAREIT, <http://www.reit.com>

Large Market Sector

The total equity market capitalization of the REIT industry is just over \$600 billion, of which mortgage REITs represent approximately \$59 billion.¹

Top 10 Largest Equity REITs

Company	Market Cap ² (\$b)
Simon Property Group Inc.	49.2
American Tower Corp.	30.4
Public Storage, Inc.	26.2
HCP, Inc.	22.6
Ventas Inc.	21.4
Equity Residential	19.9
General Growth Properties	18.7
Prologis	18.5
Health Care REIT, Inc.	17.7
Weyerhaeuser	17.1

Top 10 Largest Mortgage REITs

Company	Market Cap ² (\$b)
Annaly Capital Management	15.1
American Capital Agency Corp.	13.0
Two Harbors Investment Corp.	4.5
MFA Financial Inc.	3.3
Chimera Investment Corp.	3.3
Invesco Mortgage Capital Inc.	2.9
Hatteras Financial Corp.	2.7
Armour Residential REIT	2.4
CYS Investments	2.1
American Capital Mortgage Investments	1.5



(1) Source: NAREIT. <http://www.reit.com>. Market cap as of 12/31/2012
 (2) Source: Bloomberg. Market cap as of 3/28/2013

Mortgage REITs

There are two types of mortgage REITs: residential REITs and commercial REITs.

Residential Mortgage REITs

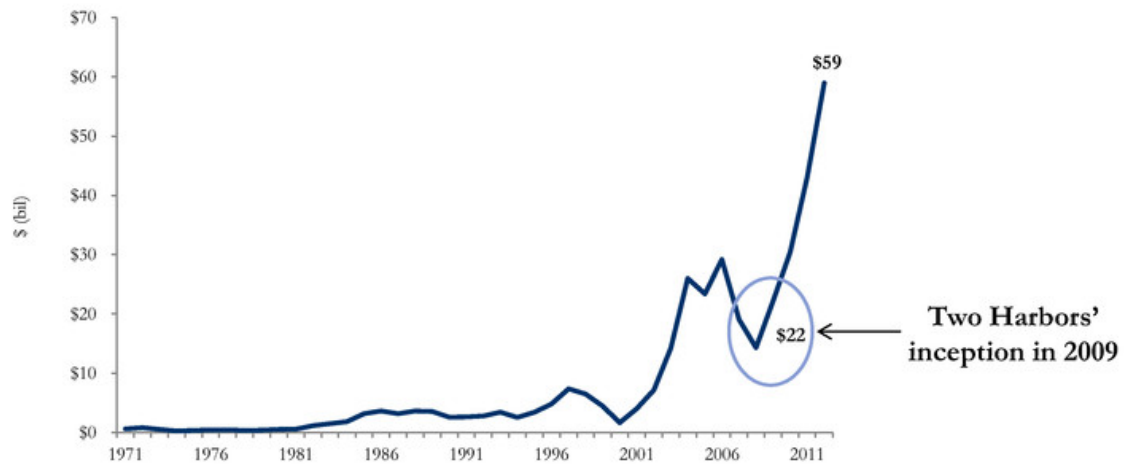
Three types: Agency REITs, non-Agency REITs and Hybrid REITs.

Commercial Mortgage REITs

Assets secured by mortgage loans on commercial properties.

Mortgage REIT Market Capitalization¹

Market Capitalization as of December 31, 2012



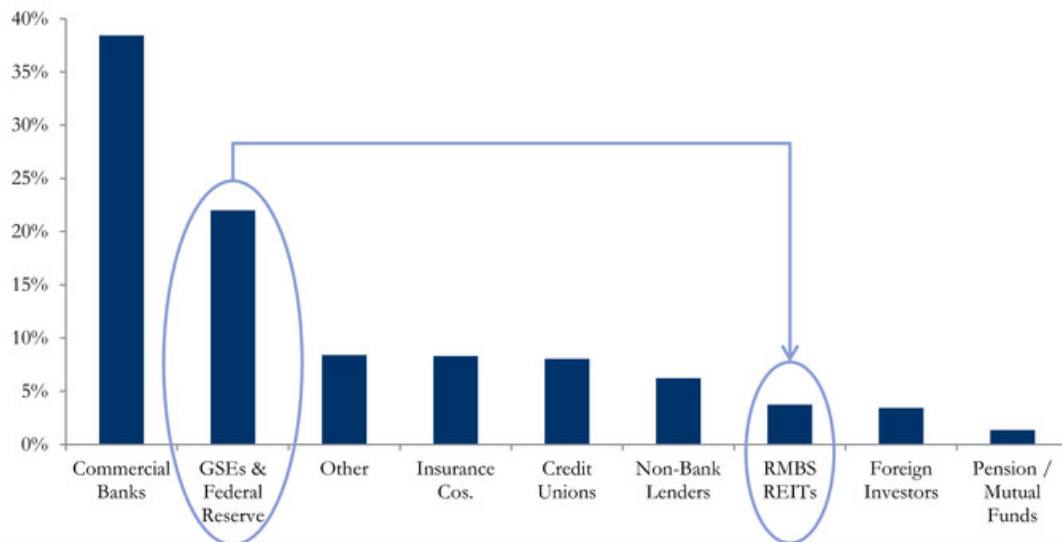
(1) Source: KBW research

Long-Term Opportunity

Government involvement in the mortgage industry is currently high. As the government reduces its role, we believe mortgage REITs have an opportunity to provide capital to the industry.

Holders of Mortgage Debt Outstanding¹

As of Third Quarter 2012



(1) Source: Federal Reserve, Fannie Mac, Freddie Mac, *Inside Mortgage Finance*, and KBW Research

Two Harbors Investment Corp.

Two Harbors is a hybrid mortgage REIT that invests in the residential mortgage and housing sectors.

Mission-Based Strategy

- Mission is to be recognized as the industry-leading hybrid mortgage REIT
- Objectives are to optimize shareholder value and provide attractive risk-adjusted returns

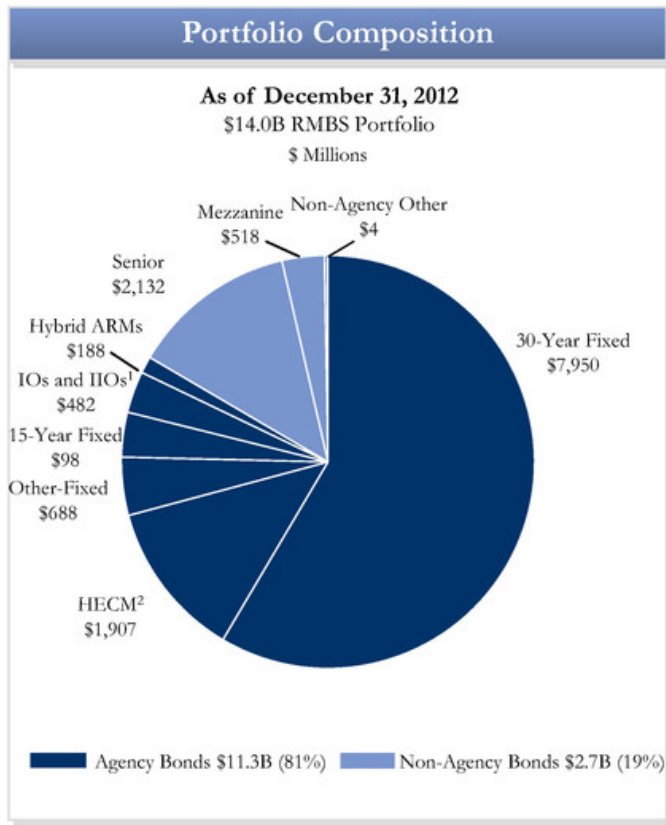
Two Harbors Today

- Largest hybrid mortgage REIT focused on investing in residential mortgage-backed securities
- Total RMBS portfolio of \$14 billion
- \$4.5 billion market capitalization¹
- Talented and deep bench in Minnesota and New York

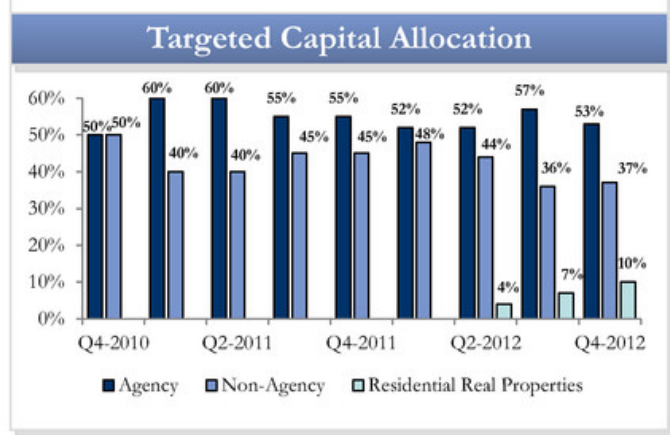


(1) Source: Bloomberg. Market cap as of 3/28/2013

Portfolio Composition



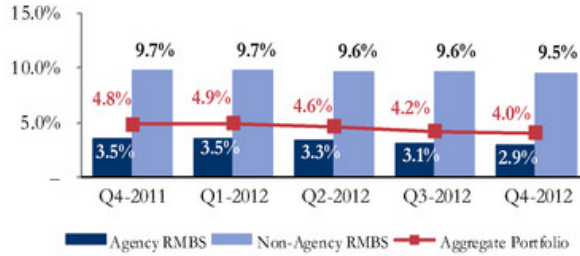
- ### Flexible Hybrid Model
- Flexibility as a hybrid REIT to take advantage of opportunities in both Agency and non-Agency sectors, including non-securitized assets
 - Ability to diversify into areas that capitalize on our core competencies
 - Leverage opportunities and optimize shareholder value



(1) "IO" is defined as Interest Only securities; includes Agency Derivatives ("IIOs") of \$301 million as of December 31, 2012.
 (2) Home Equity Conversion Mortgage loans ("HECM") are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.

Portfolio Performance History

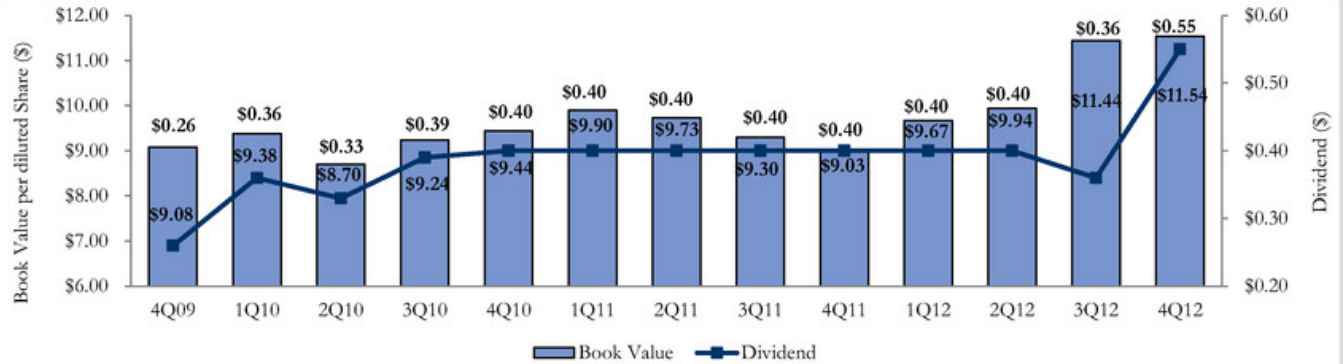
Annualized Yields by Portfolio¹



Net Interest Spread

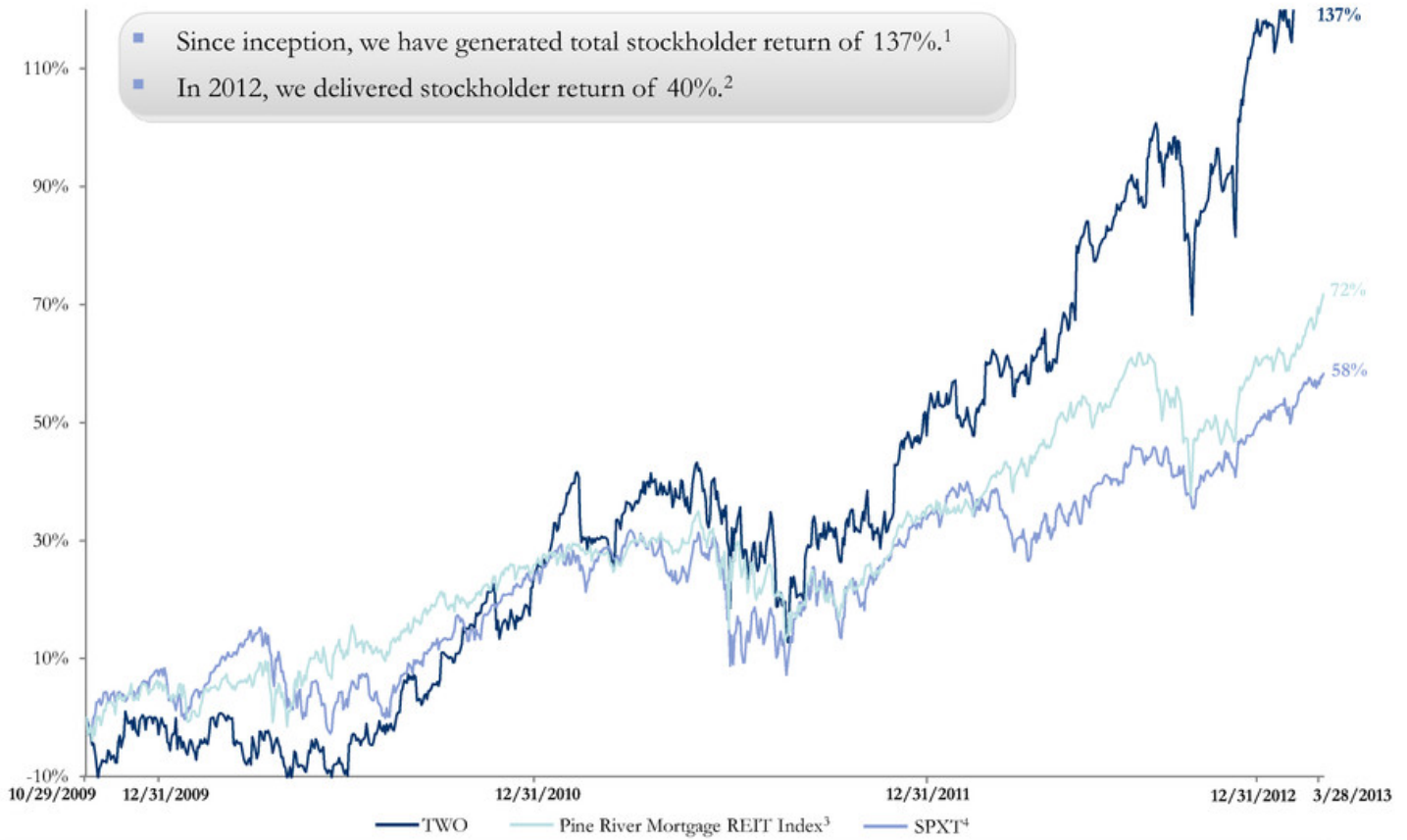
	Three Months Ended December 31, 2012		
	Agency	Non-Agency	Aggregate Portfolio
Annualized Yield ²	2.9%	9.5%	4.0%
Cost of repurchase agreements	(0.6%)	(2.6%)	(0.7%)
Cost of interest rate swaps & swaptions	(0.5%)	-	(0.4%)
Cost of financing	(1.1%)	(2.6%)	(1.1%)
Net interest spread	1.8%	6.9%	2.9%

Dividends and Book Value per Share²



- (1) Agency yield includes impact of Agency Derivatives. Interest income on Agency Derivatives was \$7.7 million and \$4.0 million for the third and fourth quarter of 2012, respectively, contributing an additional 0.2% and 0.1% to aggregate annualized yields in the third and fourth quarter of 2012.
- (2) Historical dividends may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share. The \$0.55 dividend declared in 4Q12 is not representative of ongoing earnings power.

Delivering Total Return



(1) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through March 28, 2013. Total stockholder return is defined as capital gains on stock price including dividends. Source: Bloomberg.
 (2) Two Harbors' total annual stockholder return is calculated for the period December 31, 2011 through December 31, 2012. Source: Bloomberg.
 (3) Pine River Mortgage REIT index includes: AGNC, NLY, ANH, ARR, CMO, CIM, CYS, HTS, IVR, MFA, PMT, RWT and TWO.
 (4) "SPXT" represents S&P 500 Total Return Index (SPXT: IND) for the period October 29, 2009 through March 11, 2013. Source: Bloomberg.

Mortgage REIT Risks

	1 Interest Rate Risk	2 Prepayment Risk	3 Mortgage Credit Risk	4 Liquidity Risk
Definition	Exposure to change in rates	Uncertain cash flows	Borrower defaults cause losses	REITs commonly use leverage to enhance returns
Two Harbors' Objective	Low interest rate exposure	Portfolio focused on prepayment stability and upside	Attractive loss-adjusted yields	Attractive returns with prudent leverage
Two Harbors' Result	Interest Rate Risk Low	Prepayment Risk Balance	Conservative Stance on Mortgage Credit	Moderate Use of Leverage

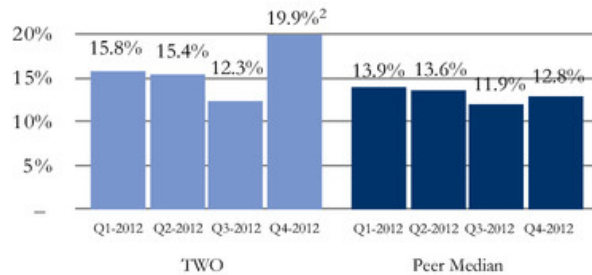


Note: The risks identified on this slide represent only some of the risks that are relevant to Two Harbors' business. Additional information concerning these and other risks applicable to Two Harbors is contained in Two Harbors' most recent filings with the Securities and Exchange Commission.

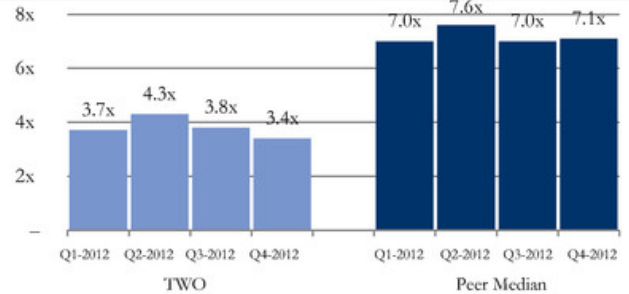
Attractive Returns With Lower Risk

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

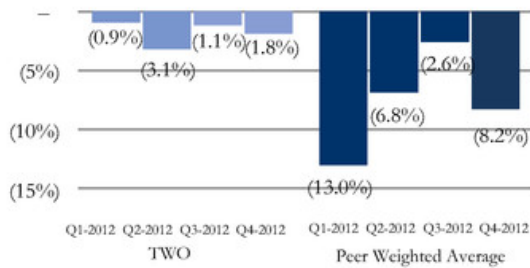
Attractive & Comparable Dividend Yield¹...



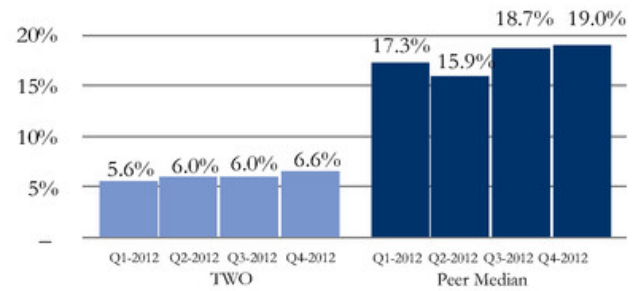
... With Lower Leverage³...



... Less Interest Rate Exposure⁴...



... And Less Prepayment Risk⁵



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

(1) Reported fourth quarter 2012 dividend annualized, divided by closing share price as of December 31, 2012. Dividend data based on peer company press releases.

(2) Historical dividends may not be indicative of future dividend distributions. The company ultimately distributes dividends based on its taxable income per common share. The \$0.55 dividend declared in 4Q12 is not representative of ongoing earnings power.

(3) Debt-to-equity defined as total borrowings to fund RMBS securities and Agency derivatives divided by total equity.

(4) 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 CMO and CYS.

(5) Represents the CPR on the Agency RMBS portfolios, including Agency derivatives.

Summary

- A REIT is a company that owns, and in many cases operates, income-producing real estate.
- There are 2 types of REITs: Equity REITs and Mortgage REITs.
 - Mortgage REITs include commercial mortgage REITs and residential mortgage REITs.
 - Residential Mortgage REITs include Agency mortgage REITs, non-Agency mortgage REITs, and hybrid mortgage REITs, such as Two Harbors.
- The primary risks associated with mortgage REITs are: interest rate risk, prepayment risk, mortgage credit risk, and liquidity risk.
- Mortgage REITs provide an opportunity for a high dividend yield and the potential for long-term capital appreciation. Looking to the future, we believe mortgage REITs are well positioned to deliver attractive stockholder returns.
- Two Harbors' mission is to be recognized as an industry-leading mortgage REIT.
 - Our hybrid model allows for flexibility across the Agency and non-Agency markets, as well as the potential to invest in other mortgage assets.



Contact Information

For further information, please contact:

July Hugen
Director of Investor Relations
Two Harbors Investment Corp.
612.629.2514
July.Hugen@twoharborsinvestment.com

Margaret M. Field
Investor Relations
Two Harbors Investment Corp.
212.364.3663
Margaret.Field@twoharborsinvestment.com



Appendix



Common REIT Acronyms

- **Residential Mortgage-Backed Security (“RMBS”):** Securities that are secured by a mortgage or collection of mortgages.
- **Government Sponsored Enterprise (“GSE”):** Refers to Freddie Mac and Fannie Mae. GSE’s are not guaranteed by the U.S. government but have implicit credit protection.



Other Resources

Two Harbors Investment Corp.

<http://www.twoharborsinvestment.com>

National Association of REITs (NAREIT) website:

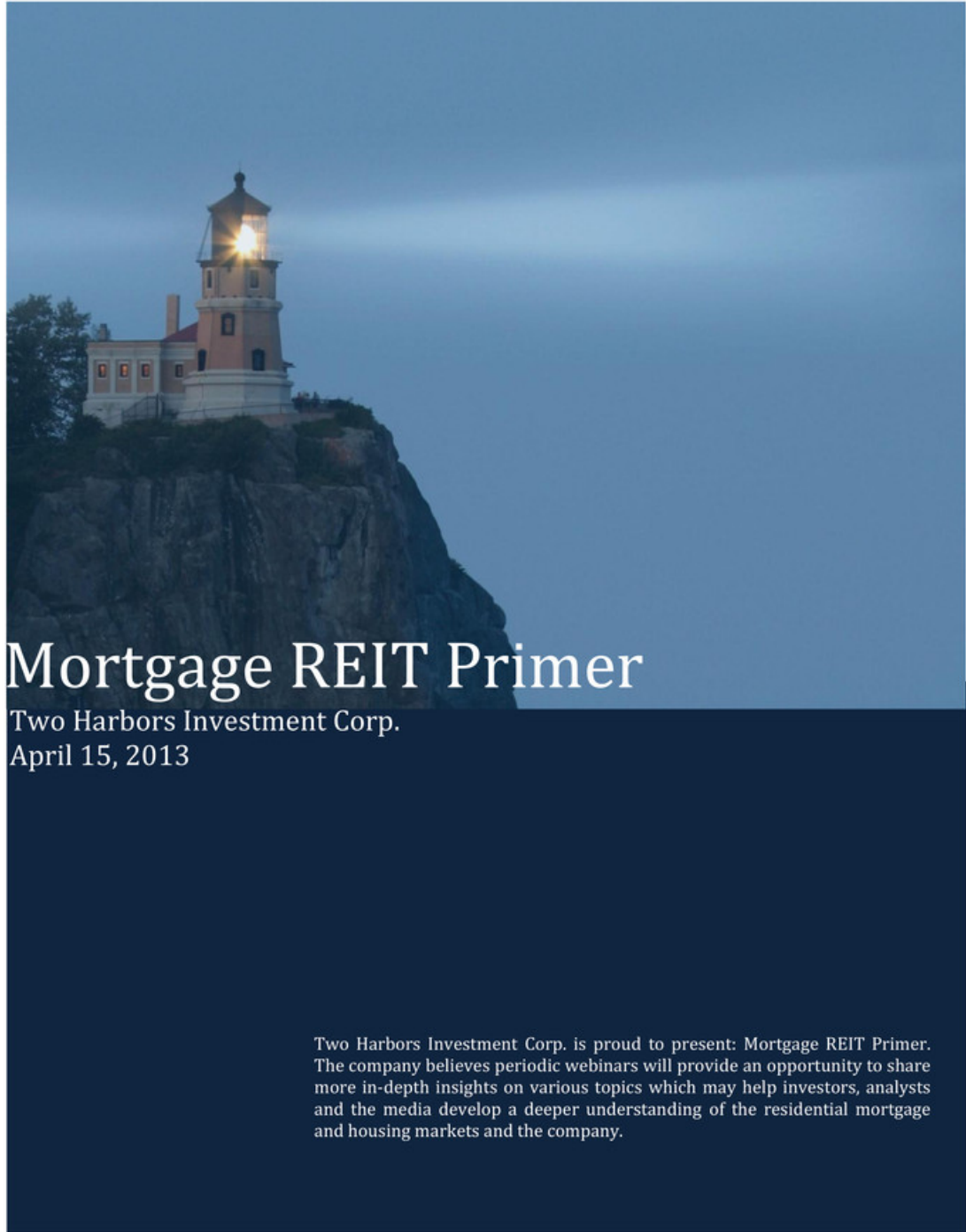
<http://www.REIT.com>

U.S. Securities and Exchange Commission (SEC):

<http://www.investor.gov/investing-basics/investment-products/real-estate-investment-trusts-reits>

<http://www.investor.gov/news-alerts/investor-bulletins/real-estate-investment-trusts-reits>





Mortgage REIT Primer

Two Harbors Investment Corp.
April 15, 2013

Two Harbors Investment Corp. is proud to present: Mortgage REIT Primer. The company believes periodic webinars will provide an opportunity to share more in-depth insights on various topics which may help investors, analysts and the media develop a deeper understanding of the residential mortgage and housing markets and the company.



July Huguen Director of Investor Relations, Two Harbors

WELCOMING REMARKS

Thank you for joining us today. I'm July Huguen, Director of Investor Relations for Two Harbors.

We are pleased to launch the first segment in our mini-webinar series titled, "Mortgage REIT Primer." In this webinar, we will explain what a REIT is, what the different types of REITs are, some of the opportunities and risks associated with mortgage REITs, and finally how and why we believe Two Harbors is poised for future success.

The presentation to this webinar is also available via download by clicking the "Event Resources" tab in the lower left corner of your screen. Click "Presentation Slides" or right click and save, to download a PDF of the slides. Please note that this webinar is pre-recorded. We encourage you to contact Investor Relations if you have additional questions or would like to discuss this topic further. Contact information for the Investor Relations team can be found on Slide 16.

SAFE HARBOR STATEMENT

Before we begin, I would like to take a moment to remind you that remarks made by Two Harbors' management during this webinar and the accompanying slide presentation may include forward-looking statements. Forward-looking statements reflect our views regarding future events and are typically associated with the use of words such as anticipate, target, expect, estimate, believe, assume, project, and should, or other similar words.

We caution investors not to rely unduly on forward-looking statements. They imply risks and uncertainties, and actual results may differ materially from expectations. We urge you to carefully consider the risks described in our filings with the SEC, which may be obtained on the SEC's website at www.sec.gov. We do not undertake any obligation to update or correct any forward-looking statements if later events prove them to be inaccurate.

REAL ESTATE INVESTMENT TRUST ("REIT")

Please turn to slide 4. A Real Estate Investment Trust, or "REIT," is a company that owns, and in many cases operates, income-producing real estate. Some REITs also engage in financing real estate.

The principle advantage for a company qualified as a REIT is the tax benefit. Those companies who meet the REIT requirements do not have to pay taxes at a corporate level, which allows REITs to pass through profits to investors and avoid what is known as "double taxation." As a result of this beneficial tax treatment, the characterization of the Company's taxable income is passed through to the stockholder and a REIT's dividend is generally not characterized as a qualified dividend for a stockholder. There are two types of REITs: Equity REITs, which own and manage property, and Mortgage REITs, which invest in real estate debt. Two Harbors is a mortgage REIT, as we'll discuss later.

There are certain criteria a company must adhere with to be considered a REIT:

- First, the 75% gross income test. This means that at the end of each year at least 75% of a REIT's gross income must be derived from qualified REIT assets, which include rents from real property, interest from mortgages, and income from the sale of mortgages and/or real property.
- Second, the 95% gross income test. This means that at the end of each year at least 95% of a REIT's gross income must be derived from assets that qualify under the 75% gross income test plus other qualifying income, which includes dividends and interest or gain from the sale of private and government securities.
- Third, the 75% asset test. This requires that at the end of each quarter a REIT have real estate related assets, government securities, and cash be at least 75% of their assets.
- Fourth, non-investment activities, such as mortgage banking and hedging, have to be conducted through a separate taxable REIT subsidiary, or TRS. A REIT's ownership of one or more TRS cannot make up more than 25% of the REIT's total assets.
- Fifth, a REIT must be held by a minimum of 100 stockholders and concentration is limited to a maximum of 50% direct or indirect ownership by any 5 owners.
- And last, a REIT must pay out at least 90% of its taxable income to stockholders. As a result of this rule, REITs typically provide high dividend yields as compared to the broader market. Oftentimes, mortgage REITs pay out closer to 100% of their taxable income. Because a REIT is required to comply with its taxable income distribution requirements on an annual basis, the tax characterization allocation of each of its dividends declared throughout the entire taxable year are not determined until after December 31st. The tax characterization allocation is reported to the shareholder on a Company's Form 1099-DIV, which is available to the shareholder in January or February of the following calendar year.

There are 2 fundamental Investment Company Act of 1940 exemption requirements the REITs must adhere with to avoid special registration requirements and regulations by the SEC:

- First, the 80% test allows the REIT to avoid registration as an investment company if at least 80% of the REIT's assets consist of qualifying real estate related assets.
- Second, if the REIT owns securitized mortgages, the 55% whole pool test allows the REIT to avoid registration as an investment company if at least 55% of the REIT's assets consist of assets where the REIT owns an entire fixed pool of securitized mortgages.

INDUSTRY HISTORY

As shown on slide 5, REITs have been in existence since 1960 when the Cigar Excise Tax Extension bill, in which the REIT provision was contained, was signed into law. REITs were developed in an effort to boost real estate expansion in the United States, allowing investors of all size to invest in the real estate market, whereas previously only large private firms or wealthy individuals could participate. For the next two decades the REIT industry grew rapidly, going from \$1 billion to over \$21 billion, primarily fueled by mortgage REITs engaged in land development and construction financing. As the sector continued to grow, in the 1980's and 90's there were a number of slight modifications to the REIT law and we have highlighted a few of the more significant changes on this slide. In 2009, following the 2008 credit crisis, publicly traded REITs raised about \$34.7 billion in 87 secondary offerings, and there were 9 initial public offerings.

LARGE MARKET SECTOR

Please turn to slide 6. Today, the total U.S. REIT market capitalization is just over \$600 billion, making it a significant player in the overall U.S. equities market. This slide shows the top 10 largest Equity REITs and top 10 largest Mortgage REITs, as measured by market capitalization. As you can see on the right, Two Harbors is the 3rd largest mortgage REIT.

MORTGAGE REITS

Since Two Harbors is a mortgage REIT, let's take a more detailed look at this sector on slide 7. There are two types of mortgage REITs: Residential and Commercial REITs. Commercial REITs invest in assets that are secured by loans on commercial properties. Residential REITs break down into three further subcategories which differ in terms of both the securities they own and the types of risk they manage: Agency REITs, Non-Agency REITs and Hybrid REITs. Agency REITs invest solely in Agency securities, which are government securities with implicit or explicit credit protection. Agency REITs are subject to interest rate risk and prepayment risk. Non-Agency REITs invest in securities, mortgage loans, and related assets that are not government-backed and therefore carry more mortgage credit risk, which emphasizes the importance of granular data and security selection. Hybrid REITs, like Two Harbors, invest in both Agency and non-Agency securities, and have the ability to diversify their business with other real estate investments. Hybrid REITs manage the same types of risks as Agency REITs, as well as mortgage credit risk. It is important to note that these categories of Agency, Non-Agency and Hybrid REITs are flexible and as market conditions change these REITs have the opportunity to adapt their models.

The graph on this page presents the market capitalization of the mortgage REIT industry from 1971 through 2012. As you can see, Two Harbors came to market in 2009 at a brief pause in the mortgage REIT sector growth, and since then the sector's market capitalization has grown from about \$22 billion to approximately \$60 billion.

LONG-TERM OPPORTUNITY

Following the credit crisis of 2008, there was a massive dislocation of the \$11 trillion residential mortgage-backed securities, or "RMBS." The GSEs, that had been acting as the largest hedge funds in the world were essentially taken over by the Federal government, and were mandated to reduce their portfolios. This disinvestment caused inefficiency and the perfect opportunity for private capital to provide liquidity to the mortgage market.

This systemic dislocation created an opportunity for Two Harbors to become a permanent source of capital to the mortgage sector, and these conditions are still intact today. It will take many years to address all these issues. Looking ahead, we expect private capital will play an increasingly important role in the mortgage market, and this will create new and sustained opportunities for mortgage REITs such as Two Harbors.

TWO HARBORS INVESTMENT CORP.

Now, let's move to slide 9 to talk about Two Harbors. By way of introduction, Two Harbors is a hybrid mortgage REIT that invests in the residential mortgage and housing sectors. Our common stock is traded on the New York Stock Exchange under the ticker, "TWO." Two Harbors is the largest hybrid mortgage REIT with \$4.5 billion in market capitalization as of March 28, 2013.

Our mission is to be recognized as an industry leading mortgage REIT. We'll accomplish this by achieving excellence in four areas:

- First, through fluid capital allocation and superior portfolio construction using rigorous security selection and credit analysis;
- Second, through unparalleled risk management with a strong focus on hedging and book value stability to our portfolio;
- Third, through targeted diversification of our business model;
- And finally, through leading governance and disclosure practices.

PORTFOLIO COMPOSITION

On the left hand side of slide 10 we show our portfolio holdings as of December 31, 2012. We utilize a relative value investment approach across the residential mortgage and housing universe to identify the most attractive investment opportunities. As you can see on the bottom right of slide 10 this approach enables us to shift our asset allocation with changing market conditions in effort to maximize stockholder returns. We analyze markets across sectors and deploy a fluid capital allocation model in pursuit of a superior portfolio based upon a rigorous security selection process.

PORTFOLIO PERFORMANCE HISTORY

One of the major attractions of investing in a REIT is that they are generally high dividend yielding stocks. As we have mentioned, a REIT must pay out at least 90% of its taxable income, and frequently pay out closer to 100%. On slide 11, we include a few important metrics related to dividend generation.

On the upper left, you can see our annualized yields by portfolio.

On the upper right, we provide some statistics including yield and the cost of financing, as well as the resulting net interest spread. All are important factors to monitor for a company like Two Harbors.

On the bottom, we have charted our book value growth and dividend generation over time. Importantly, book value preservation over the long-term, we believe, is critical for our stockholders.

DELIVERING TOTAL RETURN

Moving to slide 12, as a result of this approach, we are delighted to have delivered a total stockholder return of 137% since our inception in late 2009. This compares favorably to the returns on the S&P 500 Total Return Index and the Pine River Mortgage REIT index.

MORTGAGE REIT RISKS

Investing in mortgage REITs is not without risks, as highlighted on slide 13. The four primary risks mortgage REITs face are: interest rate risk, prepayment risk, mortgage credit risk, and liquidity risks associated with leverage. Interest rate risk relates to the risk associated with an exposure to a change in interest rates. Prepayment risk relates to uncertain cash flows resulting from someone prepaying their mortgage. Mortgage credit risk refers to the risk associated with borrower defaults causing losses. And finally, REITs commonly use leverage to enhance returns, which creates liquidity risk.

At Two Harbors, we believe that understanding and managing these risks are our core competencies. Our sophisticated hedging strategy is designed to mitigate interest rate risk, and we employ superior security selection to manage prepayment risk and credit risk. To manage liquidity risk, we believe we have prudent duration and laddering of repo maturities across both our Agency and non-Agency portfolios. We also have a dedicated margin team and robust proprietary tools that allow us to monitor and project excess liquidity on a daily basis, and we frequently stress-test our portfolio against a number of potential shifts in market value, and/or shifts in counterparty advance rates. For more information on our hedging technique, look for our next webinar in the regular webinar series on hedging. Our primary objective is preserving book value over time and we believe our approach to managing these risks has enhanced our risk-adjusted performance.

ATTRACTIVE RETURNS WITH LOWER RISK

You can see on slide 14 that during the fourth quarter, as compared to our peers, Two Harbors outperformed across a variety of metrics. We have a competitive and attractive dividend yield historically in the low to mid-teens. Our fourth quarter dividend included taxable income from the contribution of our single family homes to Silver Bay as well as from realized gains from our Agency portfolio repositioning. The \$0.55 dividend was also, we believe, important in terms of timing for our stockholders given changes to tax policy for 2013. This dividend is not representative of our ongoing earnings power.

As you can see, we have maintained lower leverage and generally have less interest rate exposure than our peers. Our fourth quarter 2012 Constant Prepayment Rate, or CPR, is 6.6%, which is relatively unchanged from the third quarter and is consistent with our historical CPR.

SUMMARY

In summary, a REIT is a company that owns and in many cases operates income-producing real estate. There are two types of REITs: Equity REITs and Mortgage REITs. Mortgage REITs include Residential Mortgage REITs like Two Harbors. Residential Mortgage REITs include Agency Mortgage REITs, Non-Agency Mortgage REITs, and Hybrid Mortgage REITs. We believe mortgage REITs provide investors the opportunity for a high dividend yield and the potential for long-term capital appreciation. Looking to the future, we think mortgage REITs are well-positioned to step in and fill a void left by the Government as they reduce their holdings of mortgage debt over time.

Finally, a distinguishing characteristic of Two Harbors is our hybrid REIT model, which enables us to look at business opportunities beyond investing in Agency and non-Agency securities, so long as they are based on our core competencies of understanding and managing interest rate, prepayment and credit risk. We believe these new investment opportunities could provide attractive return profiles, improve the risk-reward profile of our aggregate portfolio, and expand expertise in existing strategies over time. Two Harbors' ambition is to be the best hybrid mortgage REIT. We will achieve this through best-in-class disclosure and governance policies, superior portfolio construction and fluid capital allocation using rigorous security selection and credit analysis.

CONTACT INFORMATION

Thank you for joining us today. If you would like more information on REITs, some resources are listed in the Appendix Slide 19. Additionally, if you have any questions for Two Harbors, please do not hesitate to contact us. The contact information for our Investor Relations department is available on this slide.

July Hugen
Director - Investor Relations
Two Harbors Investment Corp.
612.629.2514
July.Hugen@twoharborsinvestment.com

Margaret M. Field
Investor Relations
Two Harbors Investment Corp.
212.364.3663
Margaret.Field@twoharborsinvestment.com

