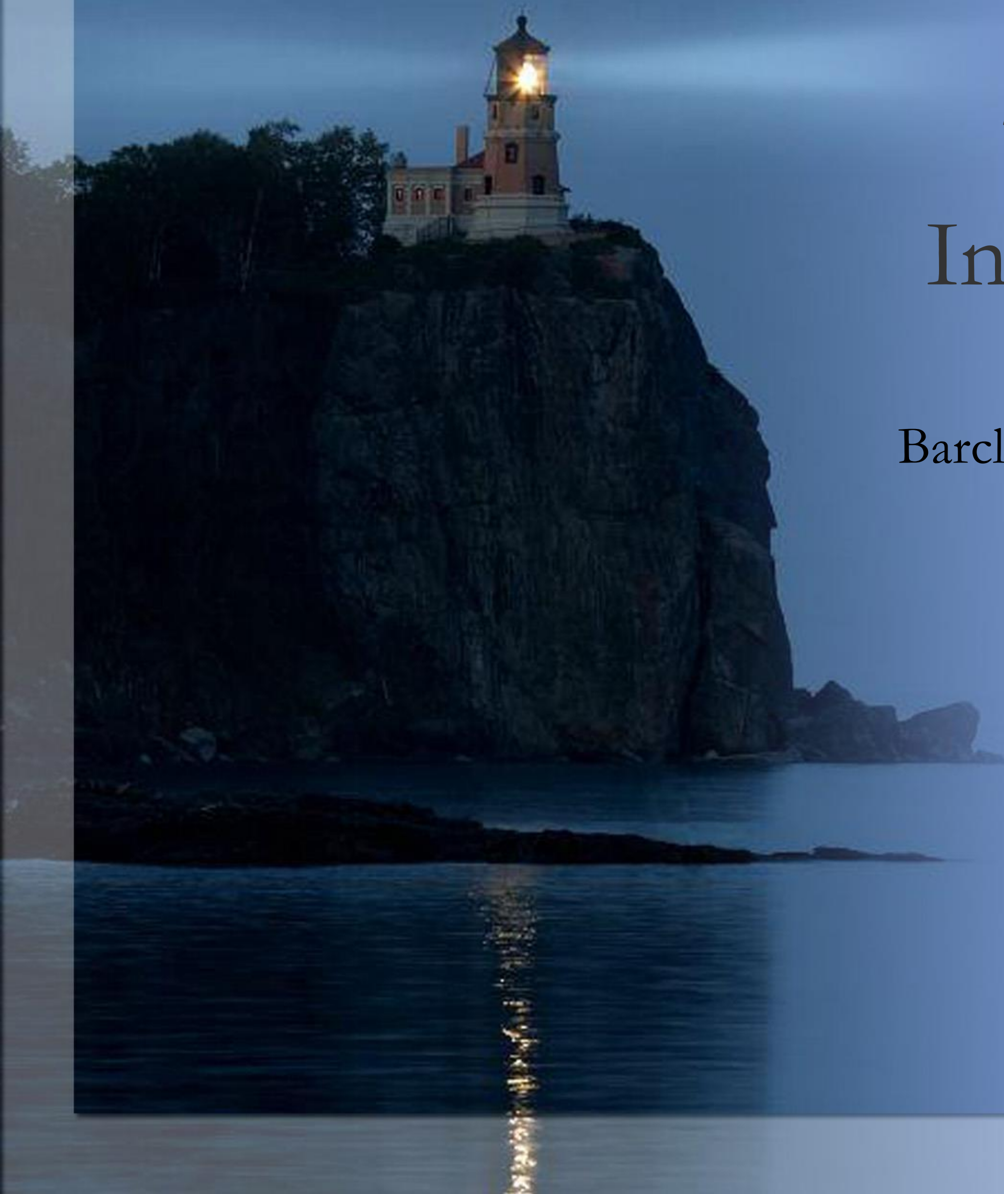


Two Harbors Investment Corp.

Barclays Global Financial Services Conference

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 residential mortgage-backed securities, 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, our involvement in securitization transactions, the timing and profitability of our securitization transactions, the risks associated with our securitization transactions, the impact of new or modified government mortgage refinance or principal reduction programs, unanticipated changes in overall market and economic conditions, and our exposure to claims and litigation, including litigation arising from our involvement in securitization transactions.

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 (SEC). 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.

Two Harbors Today

- Largest hybrid mortgage REIT focused on investing in residential mortgage assets
- $3.5 billion market capitalization(1)
- Total portfolio of $16.1 billion as of June 30, 2013
- Talented and deep bench in Minnesota and New York
  - Experienced investment and administrative teams
  - Pine River infrastructure provides proprietary research and analytics, as well as market access
- Robust operational and risk management platform

(1) Source: Bloomberg, as of August 30, 2013.

Mission-Based Strategy

RMBS Investment Universe

- Agency RMBS
- Non-Agency RMBS
- Mortgage Servicing Rights (MSRs)
- Prime Jumbo Mortgage Loan Conduit and Securitization
- Credit Sensitive Loans (CSLs)

Mission

- To be recognized as the industry-leading hybrid mortgage REIT

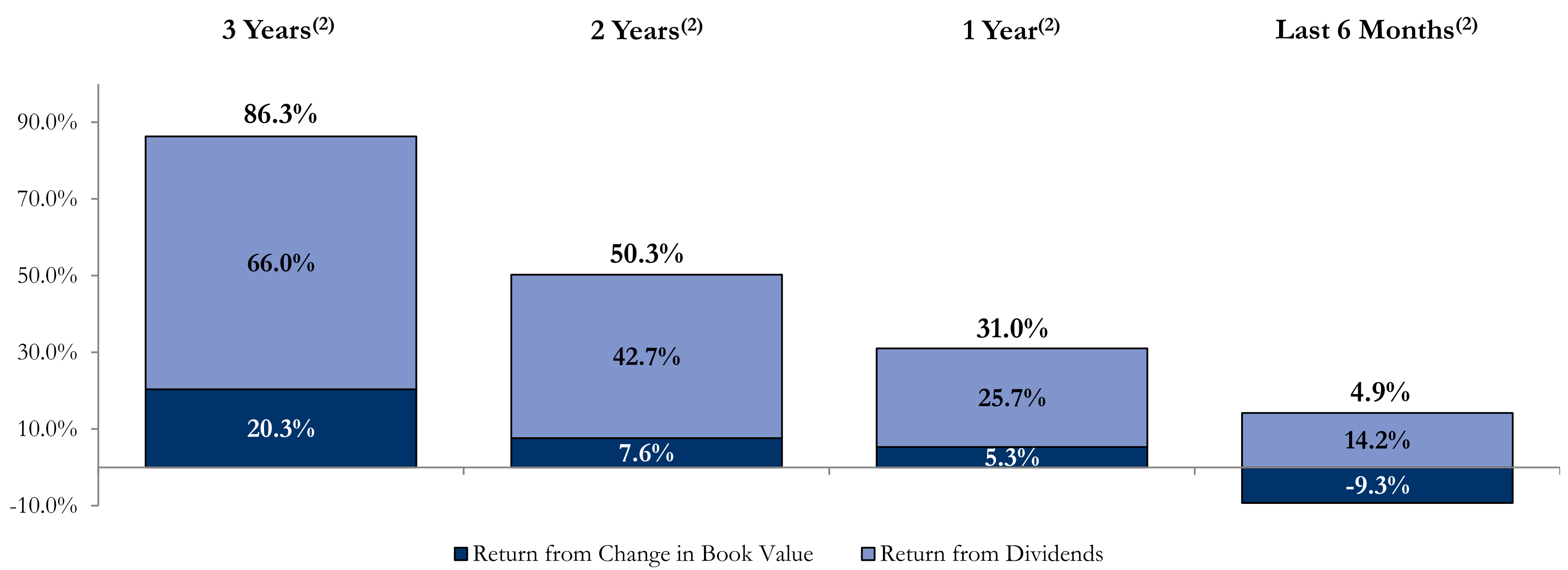
Objectives

- Optimize stockholder value
- Provide attractive risk-adjusted returns
- Logically diversify our business model
- Best-in-class disclosure and governance

Book Value and Dividend History

Strong Return on Book Value

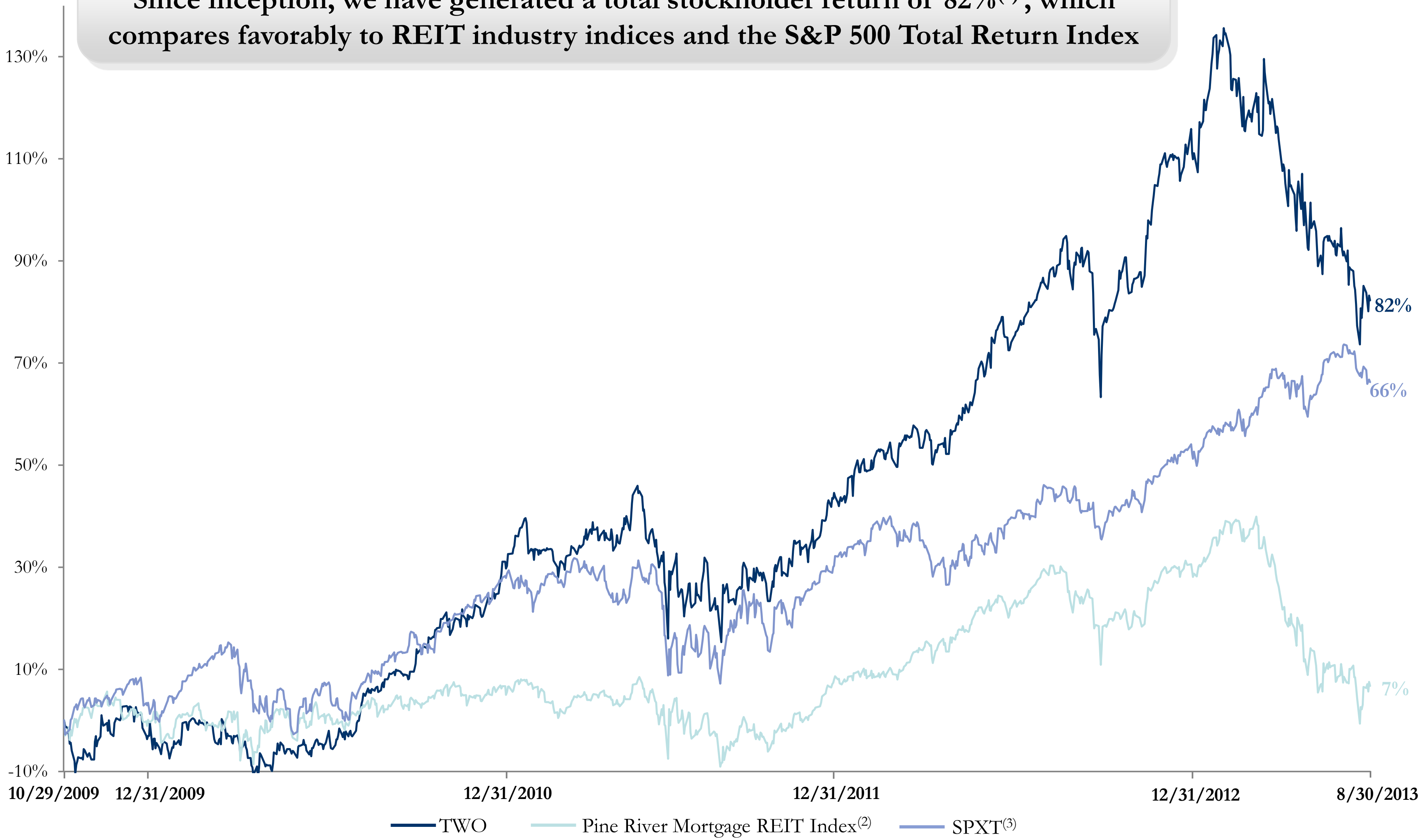
- Our focus is on delivering total return.
- Protecting book value is critical to dividend generation over time.
- Opportunistic capital allocation and security selection drives long-term performance.
- Over the last three years, we have delivered a total return on book value of 86.3%.(1)



(1) Total return on book value is calculated from book value and dividends from the period of June 30, 2010 to June 30, 2013.
(2) Includes first quarter 2013 cash dividend of $0.32 per share and Silver Bay stock dividend of $1.01 per share.

Delivering Total Return

Since inception, we have generated a total stockholder return of 82%(1), which compares favorably to REIT industry indices and the S&P 500 Total Return Index

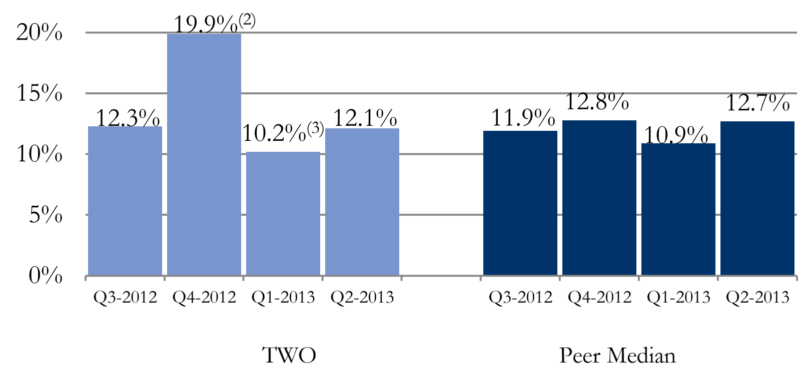


(1) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through August 30, 2013. Total stockholder return is defined as capital gains on stock price including dividends. Source: Bloomberg.
(2) Pine River Mortgage REIT index includes: AGNC, NLY, ANH, ARR, CMO, CIM, CYS, HTS, IVR, MFA, PMT, RWT and TWO.
(3) "SPXT" represents S&P 500 Total Return Index (SPXT: IND) for the period October 29, 2009 through August 30, 2013. Source: Bloomberg.

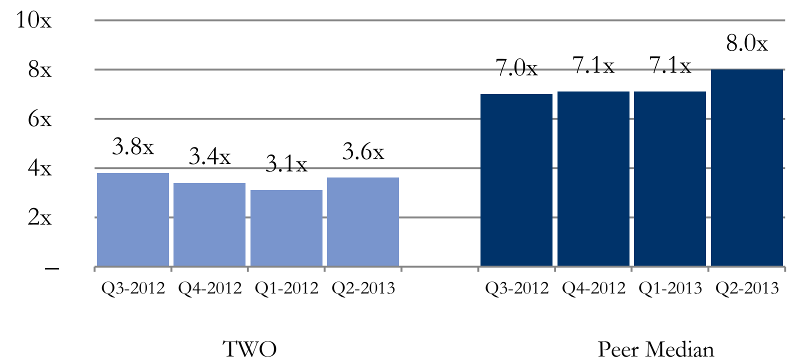
Attractive Returns With Lower Risk

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

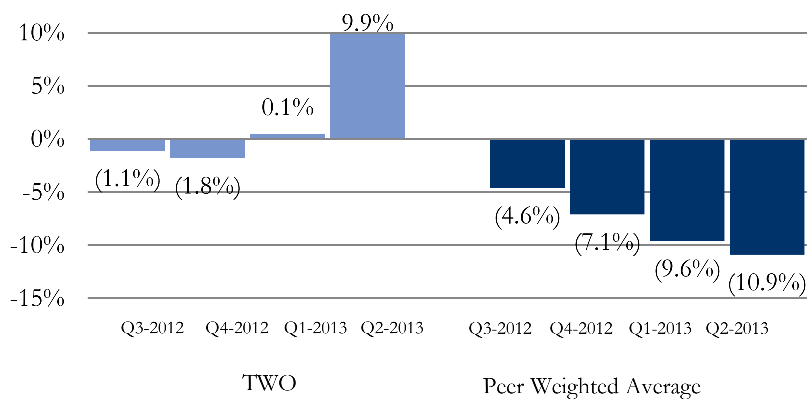
Attractive & Comparable Dividend Yield[1]…



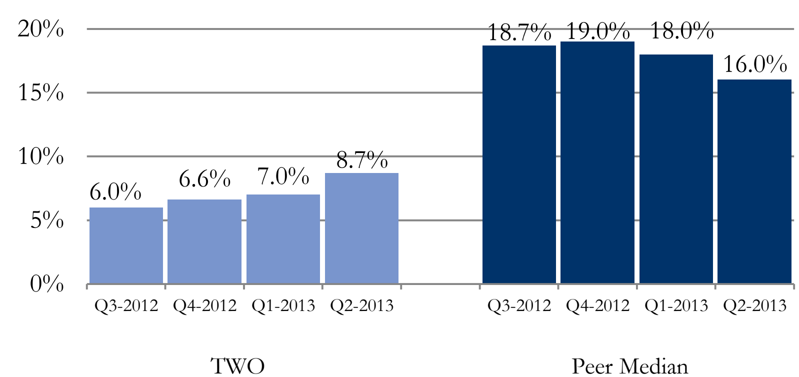
… With Lower Leverage[4] …



… Less Interest Rate Exposure[5] …



… And Less Prepayment Risk[6]



Note: All peer financial data on this slide based on available June 30, 2013 financial information as filed with the SEC. Peers include AGNC, ANH, ARR, CMO, CYS, HTS, IVR, MFA and NLY.

(1) Reported quarterly dividends annualized, divided by closing share price as of respective quarter-ends. 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 share of common stock.
(3) Dividend yield based on cash dividend of $0.32 per share. Does not include Silver Bay common stock distribution of $1.01 per share.
(4) Debt-to-equity is defined as total borrowings to fund RMBS securities and Agency derivatives divided by total equity. These metrics exclude impact of TBAs.
(5) Represents estimated percentage change in equity value for theoretical +100bps parallel shift in interest rates. Change in equity market capitalization is adjusted for leverage.
(6) Represents the CPR on the Agency RMBS portfolio including Agency derivatives.

Second Quarter 2013 Market Update

Macroeconomic & Policy Considerations

- Interest rates moved higher
- Yield curve steeper
- Home prices improving; CoreLogic Home Price Index +12%[(1)] on a rolling 12-month basis

- Policy considerations include:
  - Timing around Fed tapering
  - New Fed Chairman
  - GSE reform
  - Potential new FHFA Director

Agency RMBS

- The Fed is the largest buyer in the mortgage market today
- Fed tapering can create opportunities for investors like Two Harbors; uncertainty remains on timing
- Mortgages underperformed due to rising interest rates and improving economic sentiment

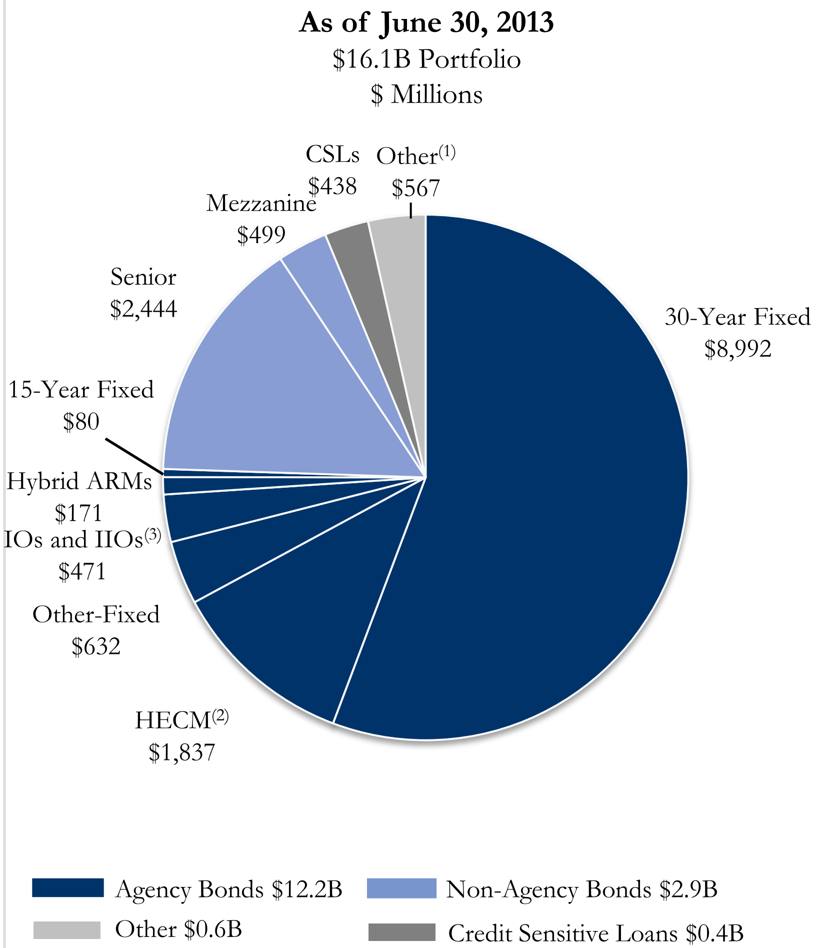
Non-Agency RMBS

- Non-Agency fundamental performance is strong; prepays are higher
- Continued improvements in housing metrics are good for portfolio
- Strong technical factor in place
- Supply remains muted

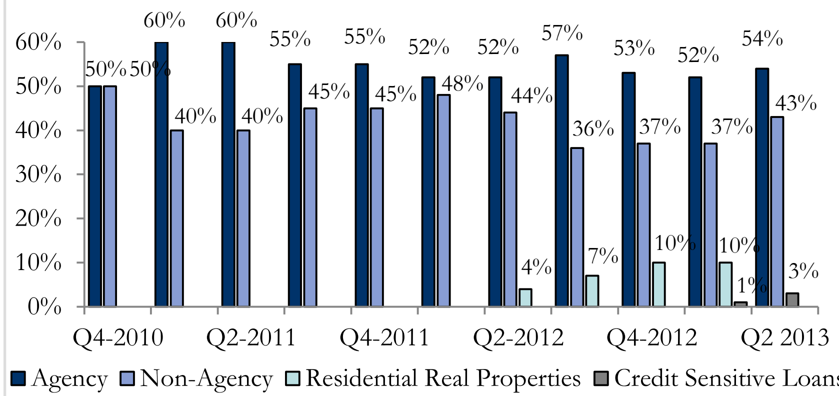
(1) Source: CoreLogic Home Price Index rolling 12-month change as of June 30, 2013.

Portfolio Composition

Portfolio Composition



Targeted Capital Allocation



Highlights

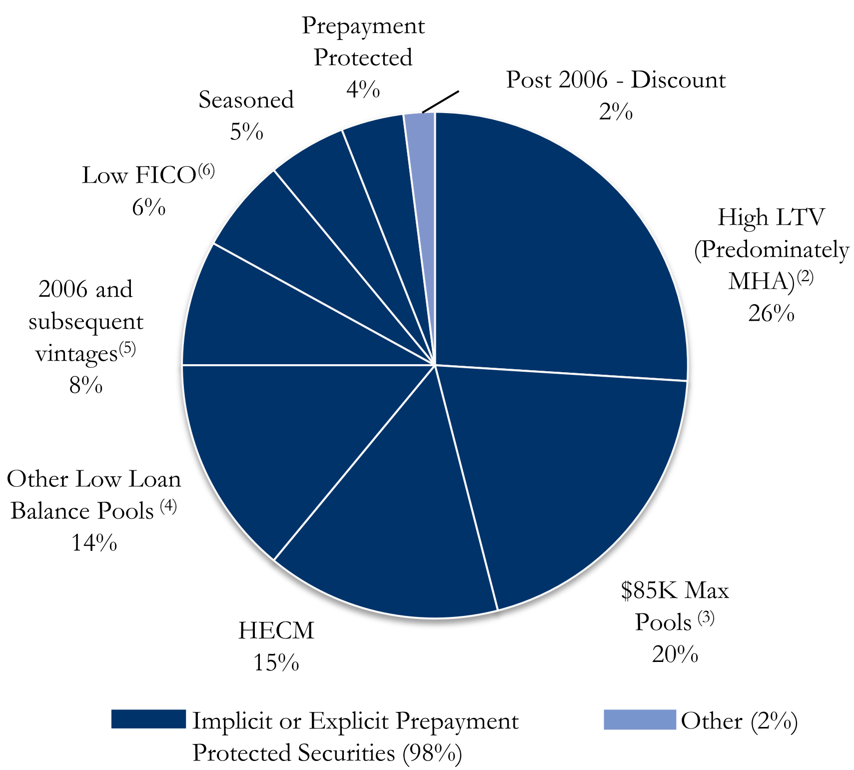
- Portfolio allocation at June 30, 2013 was 54% Agency and 46% non-Agency and CSLs
- Allocation to residential real properties is now zero due to distribution of Silver Bay stock in second quarter 2013
- Current portfolio positioning reflects cautious stance regarding macro economic backdrop

(1) "Other" category includes prime jumbo loans of $520.0 million, net economic interest in securitization of $38.3 million, and non-Agency IOs of $8.8 million.
(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.
(3) Includes Agency Derivatives (IIOs) of $241.8 million.

Agency Portfolio with Prepayment Protection

Agency RMBS Portfolio

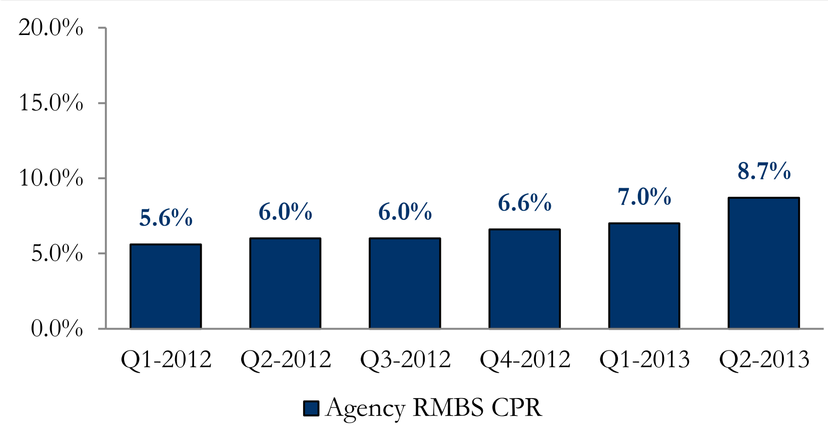
Agency Portfolio: $12.2B(1)
As of June 30, 2013



Agency Strategy

- Since the end of the second quarter 2013, sold several billion of specified pools against TBA(7) positions
- Lower implied debt-to-equity as a result of short TBA positions
- Intend to be an opportunistic buyer as Agency ROEs become attractive again

Agency RMBS CPR(8)

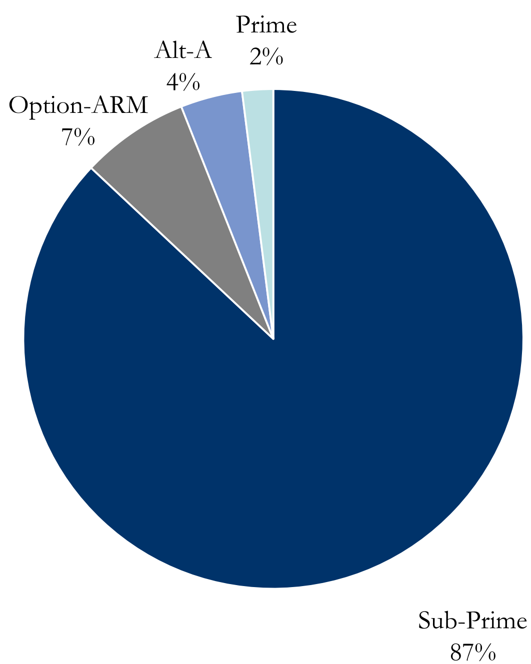


(1) Includes IIOs of $241.8 million as of June 30, 2013.
(2) Securities collateralized by loans with greater than or equal to 80% loan-to-value ratio (LTV). High LTV pools are predominately Making Homeownership Affordable (MHA) pools. MHA pools consist of borrowers who have refinanced through the Home Affordable Refinance Program (HARP).
(3) Securities collateralized by loans of less than or equal to $85K.
(4) Securities collateralized by loans of less than or equal to $175K, but more than $85K.
(5) Securities collateralized by loans reflecting less prepayment risk due to previously experienced high levels of refinancing.
(6) Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation's scoring model.
(7) TBA represents the To-Be-Announced Market of forward mortgage-backed securities trade.
(8) Represents the three-month average constant prepayment rate (CPR) for Agency RMBS securities and Agency derivatives.

Non-Agency Portfolio with Sub-Prime Focus[1]

Non-Agency Portfolio

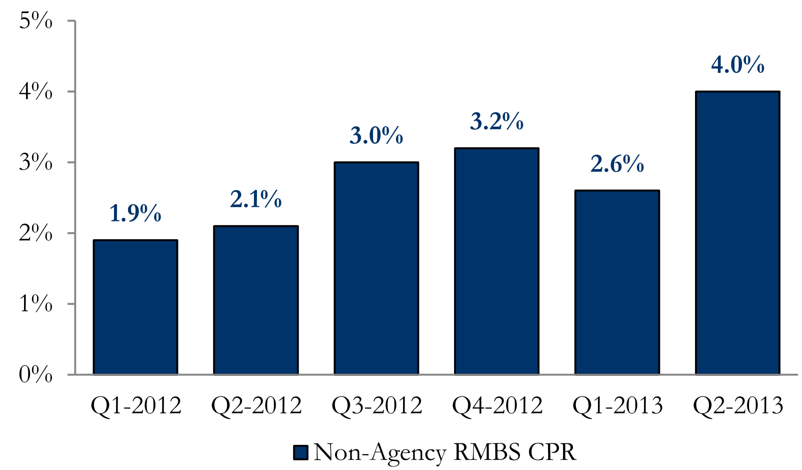
Non-Agency Portfolio: $2.9B
As of June 30, 2013



Non-Agency Strategy

- Non-Agency underlying performance continues to improve; declining delinquencies, rising home prices and servicer actions are impactful
- Continued potential upside with a deeply discounted weighted average cost basis of $52.16
- Potential benefit from faster prepays and increased turnover

Non-Agency CPR



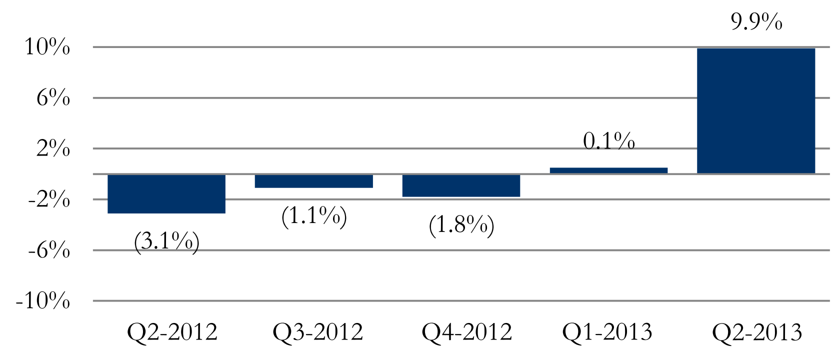
(1) Portfolio represents non-Agency principal and interest securities.

Hedging Strategy

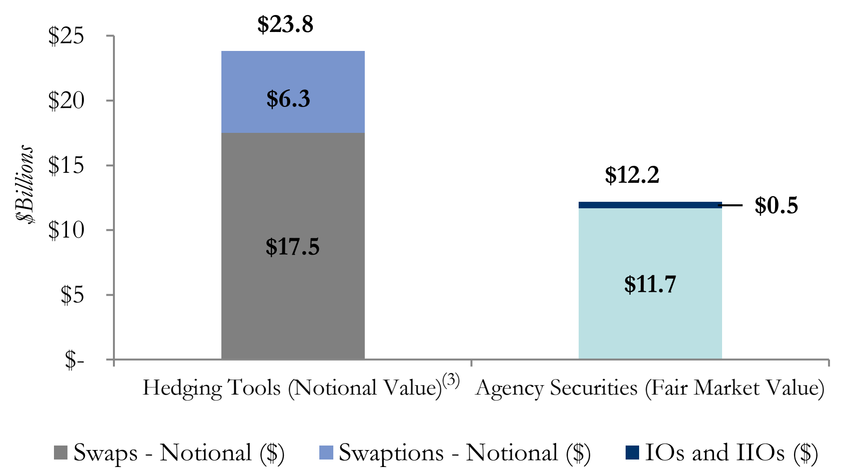
Hedging

- Hedging Strategy:
  - Objective of protecting book value in a rising interest rate environment
  - Daily monitoring of interest rate exposures
- Variety of hedging tools used to protect book value, including swaps, swaptions, interest-only bonds and short TBAs
- Reduced net short position during July 2013

BV Exposure to +100 bps Change in Rates(1)



Swaps, Swaptions and IOs(2)

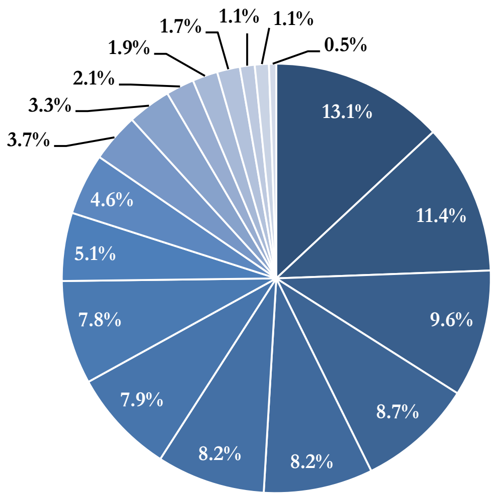


(1) Represents estimated percentage change in equity value for theoretical +100bps parallel shift in interest rates. Change in equity value is total net asset change.
(2) Positions as of June 30, 2013.
(3) Notional amounts as of June 30, 2013 do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities.

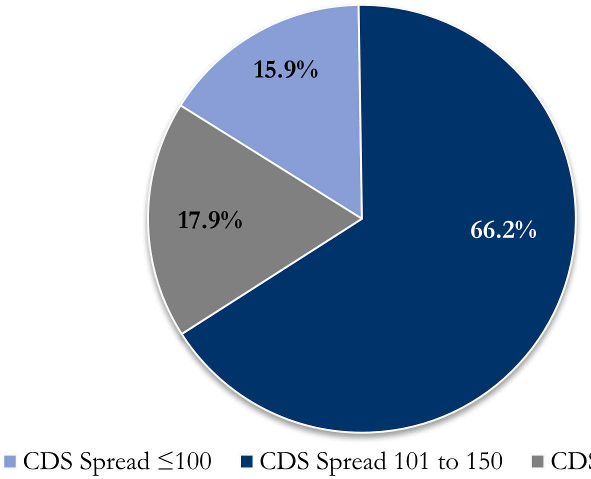
Financing Profile[1]

- We continue to ladder repo maturities; average 86 days to maturity. We have repo agreements with 24 counterparties.
- The majority of repo is held with counterparties having a Credit Default Swap (CDS) spread of <150, indicating low overall counterparty risk profile.
- Approximately 57% of our Agency repo is with counterparties based in North America and 51% of our non-Agency repo is with counterparties based in North America.
- Increased conduit financing arrangements by over $600 million, including entering into mortgage loan warehouse facility and a short-term loan and security agreement.

Diverse Agency Counterparties[2]



High-Quality Non-Agency Counterparties[3]



(1) As of June 30, 2013.
(2) Reflects the counterparty percentage of our outstanding repurchase agreements for our Agency portfolio as of June 30, 2013.
(3) Reflects the CDS spread for our non-Agency portfolio repo counterparties as of June 30, 2013.

Mortgage Servicing Rights (MSRs)

Recent Developments

- In second quarter 2013, we acquired a company with seller-servicer approvals from Fannie Mae, Freddie Mac and Ginnie Mae
- Closed two small bulk transactions in July 2013
- In advanced discussions with sellers; potential for significant investment later this year

Business Objectives

- Natural interest rate hedge for portfolio and mortgage basis
- Leverage core competencies in prepayment and credit risk analytics
- Create long-lasting flow relationships with high-quality originator/partners
- Current supply-demand dynamics make it an opportune time for Two Harbors to enter the market

Mortgage Loan Conduit and Securitization

Recent Developments

- Our goal is to develop an industry leading, prime jumbo mortgage conduit

Business Objectives

- Generate attractive credit investments for our portfolio while providing capital to the U.S. mortgage market
- Work with origination partners to aggregate prime jumbo mortgage loans; aim to securitize and retain the subordinate, IO and excess servicing bonds
  - Create mutually beneficial relationships with originator partners
  - Robust mortgage acquisition process and infrastructure will allow us to control and manage loans we purchase and securitize, including credit and servicing oversight
  - Retention of subordinate bonds ensures interests are aligned with RMBS investors

Additional Investment Opportunities

Credit Sensitive Loans (CSLs)

- Currently have $438 million CSLs in portfolio
- Very similar to the performing residential mortgage loans in subprime/Alt-A deals
- Potential to securitize and create attractive credit investments
- Intend to take an opportunistic approach; multi-year, not long-term opportunity

GSE Credit Investments

- GSEs are charged with disseminating credit risk on $60 billion notional of Agency RMBS in 2013
- Freddie Mac completed their first deal of $500 million in July 2013
- GSEs are likely to aim for regular issuance of securities
- Post-crisis GSE originated loans have recorded strong performance with better credit quality and improved underwriting controls[1]
- Represents opportunity for investors like Two Harbors to provide capital to the U.S. mortgage market over time

(1) Source: DS News, July 1, 2013.

Appendix

Q2-2013 Return on Book Value

Return on book value[1]
(Per diluted share amounts, except for percentage)

Book value at June 30, 2013	$10.47
Book value at March 31, 2013	11.19
Decrease in book value	(0.72)
Dividend declared in 2Q13	0.31
Return on book value ($)	$(0.41)
Return on book value (%)	(3.7%)

(1) Diluted shares outstanding at end of period, which includes the effect of dilutive outstanding warrants determined using the treasury stock method, are used as the denominator for book value per share calculation.

Portfolio Composition as of June 30, 2013

Agency: Vintage & Prepayment Protection	Q1-2013	Q2-2013
High LTV (predominately MHA)[1]	27%	26%
$85K Max Pools[2]	22%	20%
HECM[3]	15%	15%
Other Low Loan Balance Pools[4]	15%	14%
2006 & subsequent vintages – Premium and IOs	2%	8%
Low FICO[5]	7%	6%
Seasoned (2005 and prior vintages)	5%	5%
Prepayment Protected	5%	4%
2006 & subsequent vintages – Discount	2%	2%

Implicit or Explicit Prepayment Protection

Non-Agency: Loan Type	Q1-2013	Q2-2013
Sub-Prime	87%	87%
Option-ARM	7%	7%
Alt-A	4%	4%
Prime	2%	2%

(1) Securities collateralized by loans with greater than or equal to 80% LTV. High LTV pools are predominately MHA pools. MHA pools consist of borrowers who have refinanced through HARP.
(2) Securities collateralized by loans of less than or equal to $85K.
(3) HECM are loans that allow the homeowner to convert home equity into cash collateralized by the value of their home.
(4) Securities collateralized by loans of less than or equal to $175K, but more than $85K.
(5) Securities collateralized by loans held by lower credit borrowers as defined by Fair Isaac Corporation.

Agency Securities as of June 30, 2013[(1)]

	Par Value (M)	Market Value (M)	% of Agency Portfolio	Amortized Cost Basis (M)	Weighted Average Coupon	Weighted Average Age (Months)
30-Year Fixed						
3.0-3.5%	$3,819	$3,773	31.0%	$4,024	3.1%	9
4.0-4.5%	3,976	4,193	34.4%	4,323	4.1%	14
≥ 5.0%	932	1,026	8.4%	1,013	5.6%	55
	$8,727	$8,992	73.8%	$9,360	3.9%	16
15-Year Fixed						
3.0-3.5%	$75	$77	0.6%	$73	3.0%	31
4.0-4.5%	2	2	0.0%	2	4.0%	36
≥ 5.0%	1	1	0.0%	1	6.8%	106
	$78	$80	0.6%	$76	3.1%	32
HECM	$1,664	$1,837	15.1%	$1,785	4.7%	20
Hybrid ARMs	161	171	1.4%	169	3.7%	110
Other-Fixed	581	632	5.2%	628	4.7%	57
IOs and IIOs	4,380	471[(2)]	3.9%	497	4.5%	69
Total	$15,591	$12,183	100.0%	$12,515	4.1%	22

(1) As of June 30, 2013, we held short notional TBA positions of $2.7 billion in 3.0-3.5% coupons and $1.4 billion in 4.0-4.5% coupons for risk management purposes. For non-risk management purposes, we were long $1.4 billion TBAs.

(2) Represents the market value of $229.5 million of IOs and $241.8 million of Agency Derivatives as of June 30, 2013.

Non-Agency Securities as of June 30, 2013

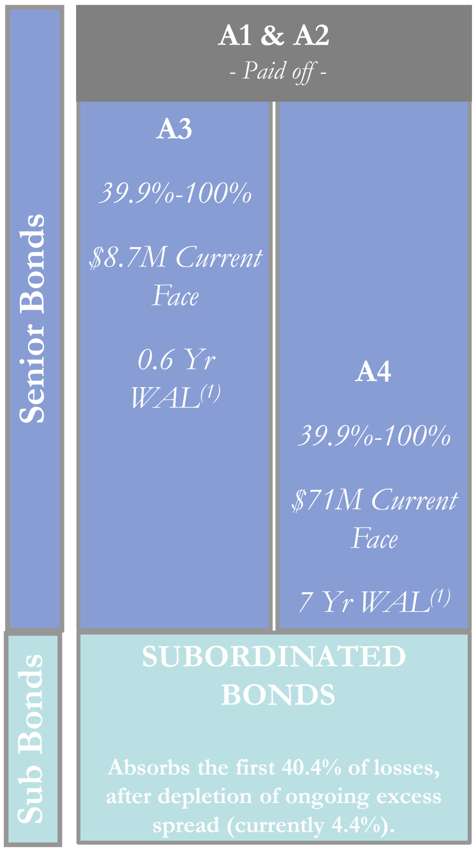
	Senior Bonds	Mezzanine Bonds	Total P&I Bonds
Portfolio Characteristics			
Carrying Value ($M)	$2,444	$499	$2,943
% of Non-Agency Portfolio	83.0%	17.0%	100.0%
Average Purchase Price(1)	$51.08	$57.45	$52.16
Average Coupon	1.8%	1.4%	1.7%
Collateral Attributes			
Average Loan Age (months)	81	100	85
Average Loan Size ($K)	$246	$189	$237
Average Original Loan-to-Value	77.0%	75.5%	76.7%
Average Original FICO Score(2)	616	637	620
Current Performance			
60+ Day Delinquencies	35.1%	30.0%	34.2%
Average Credit Enhancement(3)	11.4%	26.2%	13.9%
3-Month CPR(4)	3.6%	5.9%	4.0%

(1) Average purchase price utilized carrying value for weighting purposes. If current face were utilized for weighting purposes, the average purchase price for senior, mezzanine and total non-Agency RMBS, excluding our non-Agency interest-only portfolio, would be $47.62, $55.39 and $48.80, respectively, at June 30, 2013.
(2) FICO Score represents a mortgage industry accepted credit score of a borrower, which was developed by Fair Isaac Corporation.
(3) 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.
(4) 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.

Non-Agency Discount Bond Example

Discount Sub-Prime Senior Bond – HEAT 2006-3 2A4

Represents actual bonds 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.



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 - 67%; 2006 - 33%
- 60+ days delinquent: 31%
- "Clean" & "Almost Clean"[2]: 19%
- Severities running in the low 60s
- MTM LTVs[3]: "Clean" = 85%
  Delinquent = 99%
  "12mo LIQ"[4] = 108%

Yield Analysis[5]

- Market price at 6/30/13: $83.5

	Strong Recovery	Flat	Severe Downturn
Loss-adjusted yields	**6.4%**	**5.9%**	**5.5%**
Total defaults	51%	55%	59%
Average severity	65%	70%	73%
Prospective deal losses	33%	38%	43%
Bond recovery	100%	100%	100%

(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" is defined as 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) Strong recovery, flat and severe downturn models assume a 15% increase, no change and a 15% decrease in housing prices over two years.

Financing and Hedging Strategy[1]

Interest Rate Swaps[2]

Swaps Maturities	Notional Amounts ($M)	Average Fixed Pay Rate	Average Receive Rate	Average Maturity (Years)
2013	$ 500	0.523%	0.274%	0.15
2014	900	0.316%	0.277%	0.54
2015	4,000	0.386%	0.278%	1.53
2016	2,650	0.579%	0.276%	2.67
2017 and after	9,435	0.999%	0.277%	4.58
	$ 17,485	0.746%	0.277%	3.26

Financing

Repurchase Agreements: RMBS and Agency Derivatives[3]	June 30, 2013 Amount ($M)	Percent (%)
Within 30 days	$4,751	35%
30 to 59 days	2,938	22%
60 to 89 days	476	4%
90 to 119 days	1,553	12%
120 to 364 days	3,551	26%
One year and over	200	1%
	$13,469	

Interest Rate Swaptions

	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	$ 28.2	$ 4.6	2.15	$ 2,750	3.13%	3M Libor	8.2
Payer	≥ 6 Months	133.7	221.2	49.35	3,500	3.94%	3M Libor	10.0
Total Payer		$ 161.9	$ 225.8	46.65	$ 6,250	3.58%	3M Libor	9.2

(1) Positions as of June 30, 2013.
(2) Notional amounts do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities.
(3) Does not include repurchase agreements collateralized by U.S. Treasuries of $1.0 billion and mortgage loans held for sale of $434 million as of June 30, 2013.

Overview of Two Harbors Team

Executive Officers

Chief Investment Officer

William Roth

- Pine River Capital Management Partner
- 32 years in mortgage securities market, including at Salomon Brothers and Citi; Managing Director in proprietary trading group managing MBS and ABS portfolios

Chief Executive Officer

Thomas Siering

- Pine River Capital Management Partner
- Previously head of Value Investment Group at EBF & Associates; Partner from 1997 to 2006
- 32 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

Investment Team

Significant RMBS Expertise

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

Overview of Pine River Capital Management

Global Asset Management Firm

- Global, multi-strategy asset management firm providing comprehensive portfolio management, transparency and liquidity to institutional and high net worth investors
- Founded in 2002 with approximately $13.7 billion assets under management today, of which $10.8 billion is dedicated to mortgage strategies[(1)]
  - Experience managing Agency, non-Agency and other mortgage-related assets
  - Demonstrated success in achieving growth and managing scale

Experienced, Cohesive Team[(2)]

- Sixteen partners with average of 21 years experience
- 386 employees, 133 investment professionals
- Historically low attrition

Established Infrastructure

- Strong corporate governance
- Registrations include: SEC/NFA (U.S.), FSA (U.K.), SFC (Hong Kong) and SEBI (India)
- Proprietary technology
- Global footprint with 10 offices world-wide

(1) Defined as estimated assets under management as of August 1, 2013, inclusive of Two Harbors and Silver Bay.
(2) Employee data as of June 30, 2013.