TWO Responds to Baseless Claims by UWMC

NEW YORK--(BUSINESS WIRE)-- **TWO** (Two Harbors Investment Corp., NYSE: TWO), an MSR-focused REIT, today responded to the baseless lawsuit filed against the company by UWM Holdings Corporation (UWMC).

As previously disclosed, the TWO board of directors, consistent with its fiduciary duties and its contractual obligations, has secured $12.00 per share in cash for all TWO stockholders in a transaction with CrossCountry Mortgage (CCM). The CCM transaction, which was approved by TWO shareholders on July 2, 2026, is scheduled to close as soon as the last state regulatory approval is received, which is expected in August.

The lawsuit filed by UWMC is frivolous and raises serious questions about UWMC's public disclosures. TWO's previously released concerns regarding UWMC's intent and/or ability to close any transaction with TWO has now been thoroughly vindicated. UWMC's stock price has collapsed - it is down almost 70% year-to-date, after UWMC finally disclosed its $600 million derivatives loss, which had been rumored to have occurred since May 19, 2026. The loss highlights the dire condition of UWMC's balance sheet, liquidity and also casts doubt on its risk management and other governance practices. UWMC now says that this loss was related to a "hedge" of TWO’s MSR portfolio -- a portfolio that was already expertly hedged by TWO, not owned by UWMC, and under a binding contract to be sold to CCM. UWMC wishes the market to believe that its $600 million loss is related to a risk position that was approximately 13x the total interest rate exposure of TWO's MSR portfolio assuming it was unhedged, which UWMC knew full well it wasn't.

UWMC's assertions that its now-terminated merger agreement with TWO was breached and that it has suffered damages is demonstrably false, and is consistent with its familiar refrain to blame others for its own shortcomings. As UWMC well knows, its stock-for-stock merger failed to secure shareholder support for several reasons, none of them having anything to do with TWO and starting with Mat Ishbia’s disastrous fourth quarter earnings call on February 25, 2026. At the time of the scheduled March 2026 shareholder vote on the UWMC all stock transaction, UWMC stock had declined so much that the value to TWO shareholders was approximately 20% below its book value. Indeed, it would be $3.29 or 70% below book value, if valued as of last night’s close. That, combined with skepticism about UWMC’s governance practices, caused ISS to recommend against the TWO-UWMC transaction. Those concerns seem well-founded today.

The lawsuit seeking damages from TWO also makes no sense. After termination of the TWO-UWMC merger agreement in March 2026, UWMC expressed relief at not transacting with TWO, calling it a “melting ice cube.” And at last week's UWMC's earnings call just before UWMC's stock price cratered another 35%, Mr. Ishbia trumpeted that the Oaktree financing was better than any transaction with TWO, stating “the silver lining is Oaktree has so much better partnership for us than Two Harbors or anything else would have been. And so I think of it as a long-term upside for UWM the way it all played out...”

Despite repeated opportunities to revise its proposal to make it competitive with CCM’s all cash proposal, UWMC inexplicably failed to make any proposal that would address the publicly stated concerns of the TWO board. It now appears the reason UWMC was unable to do so was because of its undisclosed financial position.

TWO looks forward to responding to UWMC’s meritless and illogical lawsuit. If the action ever proceeds to the discovery stage, TWO is confident that communications between and among UWMC, Mizuho Bank and Oaktree, among others, will shed much-needed light on what truly was animating UWMC to publicly tout in repeated SEC filings - relied upon by all market participants - that UWMC had the intent, ability and financing to consummate a transaction with TWO, while failing for months to publicly disclose a $600 million derivatives loss.

About TWO

TWO (Two Harbors Investment Corp., NYSE: TWO), a Maryland corporation, is a real estate investment trust that invests in mortgage servicing rights, residential mortgage-backed securities and other financial assets. TWO is headquartered in St. Louis Park, MN.

FORWARD-LOOKING STATEMENTS

This press release may contain “forward-looking statements,” including certain plans, expectations, goals, projections and statements about the CCM merger, TWO’s and CCM’s plans, objectives, expectations and intentions, the expected timing of completion of the CCM merger, the ability of the parties to complete the CCM merger considering the various closing conditions, and other statements that are not historical facts. Such statements are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this press release that address activities, events or developments that TWO or CCM expects, believes or anticipates will or may occur in the future are forward-looking statements. Words such as “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “create,” “estimate,” “plan,” “continue,” “intend,” “could,” “foresee,” “should,” “would,” “may,” “will,” “guidance,” “look,” “outlook,” “goal,” “future,” “assume,” “forecast,” “build,” “focus,” “work,” or the negative of such terms or other variations thereof and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. Projected and estimated numbers are used for illustrative purposes only, are not forecasts and may not reflect actual results. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. TWO’s ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although TWO believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that its expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this press release. These include, among other things: the expected timing and likelihood of completion of the CCM merger; the occurrence of any event, change or other circumstances that could give rise to the termination of the CCM merger; the potential failure to receive, on a timely basis or otherwise, the required approvals for the CCM merger, and the potential failure to satisfy the other conditions to the consummation of the CCM merger in a timely manner or at all; risks related to disruption of management’s attention from ongoing business operations due to the CCM merger; the risk that any announcements relating to the CCM merger could have adverse effects on the market price of TWO common stock; the outcome of any legal proceedings relating to the CCM merger, including stockholder litigation in connection with the CCM merger; and that TWO may be adversely affected by other economic, business or competitive factors. All such factors are difficult to predict and are beyond the control of TWO and CCM, including those detailed in TWO’s annual reports on Form 10-K, quarterly reports on Form 10-Q and periodic reports on Form 8-K that are available on TWO’s website at www.twoinv.com/investors and on the SEC’s website at www.sec.gov.

Each of the forward-looking statements of TWO is based on assumptions that TWO believes to be reasonable but that may not prove to be accurate. Any forward-looking statement speaks only as of the date on which such statement is made, and TWO does not undertake any obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

TWO Investor Relations

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Source: Two Harbors Investment Corp.