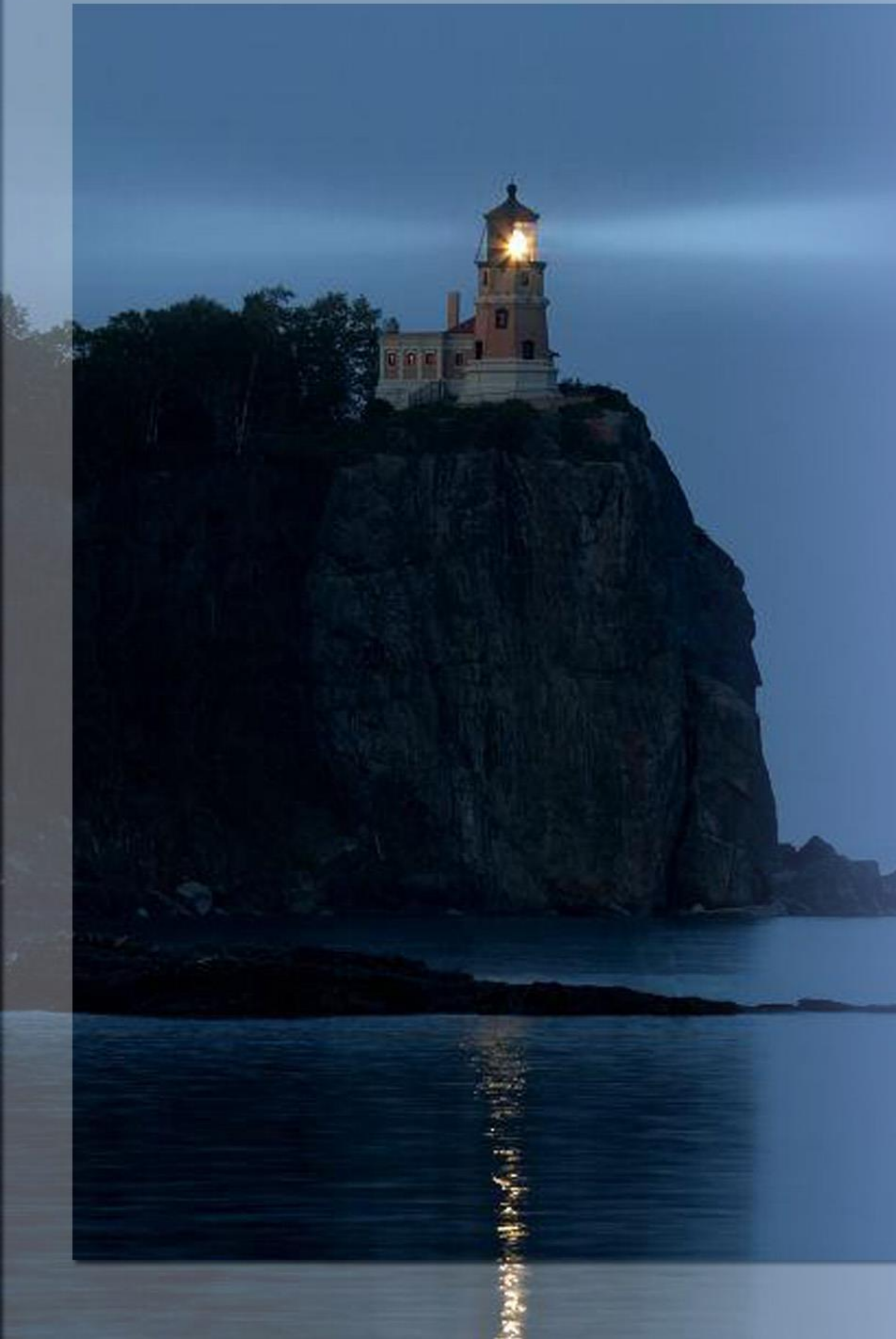


Two Harbors Investment Corp.

12th Annual JMP Securities Research 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 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.

Two Harbors Today

- Largest hybrid mortgage REIT focused on investing in residential mortgage assets
- $4.5 billion market capitalization[1]
- Total portfolio of $15.5 billion as of March 31, 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 May 8, 2013.

Mission-Based Strategy

RMBS Investment Universe

- Flexibility as a hybrid REIT to take advantage of opportunities in both Agency and non-Agency securities, residential mortgage loans and other residential assets

Mission

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

Objectives

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

Exceptional First Quarter Results

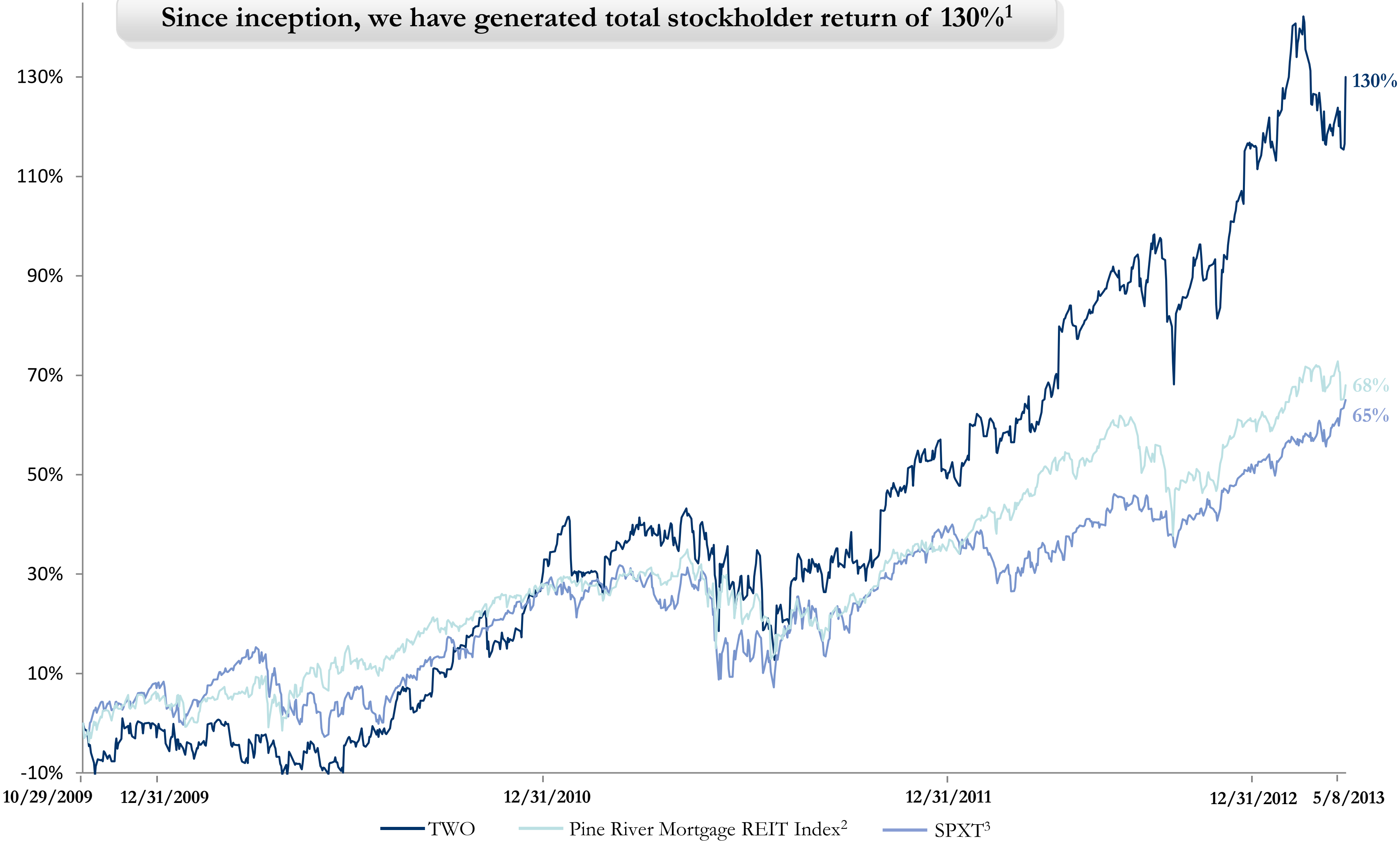
First Quarter Results Demonstrate Benefits of Hybrid Model

- Generated exceptional economic return in Q1-2013 with $248 million in comprehensive income, or $0.81 per diluted weighted average common share.
  - Comprehensive income was driven by strong non-Agency performance.
- Generated total return on book value for Q1-2013 of 8.5%[1].
- Declared a dividend of $0.32 per common share and a special dividend of Silver Bay common stock amounting to $1.01[2] per share.
  - Distributed approximately 17.8 million shares of Silver Bay common stock on or about April 24, 2013 to stockholders of record on April 2, 2013. The distribution ratio for this special dividend amounted to approximately 0.049[3] shares of SBY common stock for each share of Two Harbors common stock, and fulfills our stated objective with this investment.
- Completed an accretive offering in March 2013, resulting in the issuance of 57.5 million shares for net proceeds of approximately $763 million.
- Reported progress regarding a number of previously-identified new business initiatives.

(1) See Appendix, page 17, for return on book value calculation.
(2) The per share calculation utilized the closing price of Silver Bay common stock on March 28, 2013, which was $20.70, multiplied by 17,824,647 shares of Silver Bay common stock, divided by Two Harbors' shares outstanding of 365,065,756 on the record date, April 2, 2013. The dividend per share received by a stockholder for tax purposes was approximately $0.95 per share, which utilized the closing share price of Silver Bay common stock on the payable date, April 24, 2013, adjusted for the shares sold in open market and converted to cash proceeds which were distributed in lieu of fractional shares.
(3) Based on the shares outstanding on the record date, April 2, 2013, stockholders were entitled to receive 0.048825853 shares of Silver Bay common stock for each share of Two Harbors common stock held on that date.

Delivering Total Return

Since inception, we have generated total stockholder return of 130%[1]



(1) Two Harbors' total stockholder return is calculated for the period October 29, 2009 through May 8, 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 May 8, 2013. Source: Bloomberg.

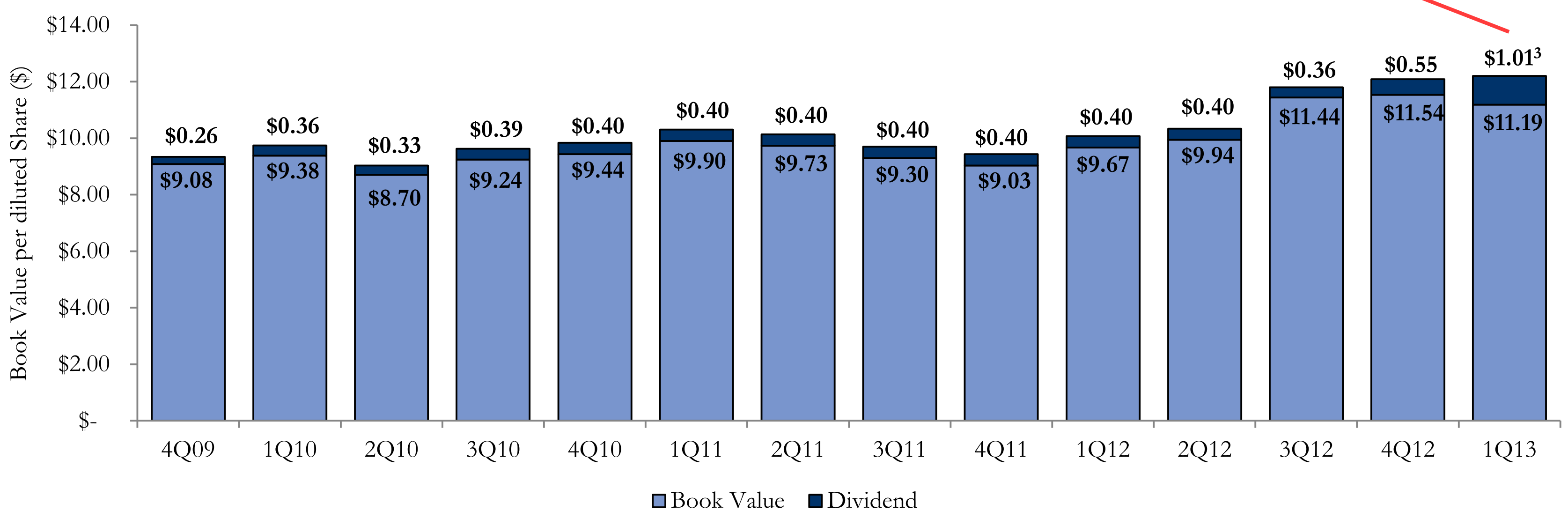
Book Value & Dividend History

Strong Return on Book Value

- Our focus is on book value, which is critical to dividend generation over time.
- Opportunistic capital allocation and security selection drives long-term alpha generation.

8.5%[2] return on book value after accounting for first quarter dividend

Dividends and Book Value per diluted common share[1]



(1) Historical dividends 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. 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.
(2) See Appendix, page 17 for calculation of Q1-2013 return on book value.
(3) The per share calculation utilized the closing price of Silver Bay common stock on March 28, 2013, which was $20.70, multiplied by 17,824,647 shares of Silver Bay common stock, divided by Two Harbors' shares outstanding of 365,065,756 on the record date, April 2, 2013. The dividend per share received by a stockholder for tax purposes was approximately $0.95 per share, which utilized the closing share price of Silver Bay common stock on the payable date, April 24, 2013, adjusted for the shares sold in open market and converted to cash proceeds which were distributed in lieu of fractional shares.

Benefit of Hybrid Model

Multi-Faceted Approach

- We continue to pursue opportunities in the Agency and non-Agency markets.
- We reported progress on several new opportunities during the first quarter, including Mortgage Servicing Rights (MSRs), Securitization and Credit Sensitive Loans (CSLs).
- Our criteria for considering new investments include the following:
  - Based on core competencies, such as understanding and managing prepayments and credit risk
  - Attractive return profiles
  - Improve the risk-reward profile of our aggregate portfolio
  - Efficiency of middle- and-back office functions
- Silver Bay is a great example of how we can leverage our core competencies to identify opportunities for shareholders:
  - Provided attractive return profile for our shareholders
  - Helped inform our non-Agency strategy
  - Grew from nascency to public market within one year

Market Update

Macroeconomic & Policy Considerations

- Home prices improving, CoreLogic Home Price Index +10%[1] on a rolling 12-month basis
- Low rate environment expected to persist; continue to hedge against an increase in rates
- Unemployment stubbornly high

- Policy considerations include:
  - HARP extension through 2015
  - GSE reform
  - Potential new FHFA Director
  - Streamlined refinancing of non-Agency loans

Agency RMBS

- The Fed is the largest buyer in the mortgage market today
- Home Affordable Refinance Program ("HARP") is working
- Prepayment speeds on generic paper are expected to remain fast
- Hedging costs remain low

Non-Agency RMBS

- Credit-sensitive assets have rallied
- Strong technical factor in place
- Supply remains muted

(1) Source: CoreLogic Home Price Index rolling 12-month change as of February 28, 2013.

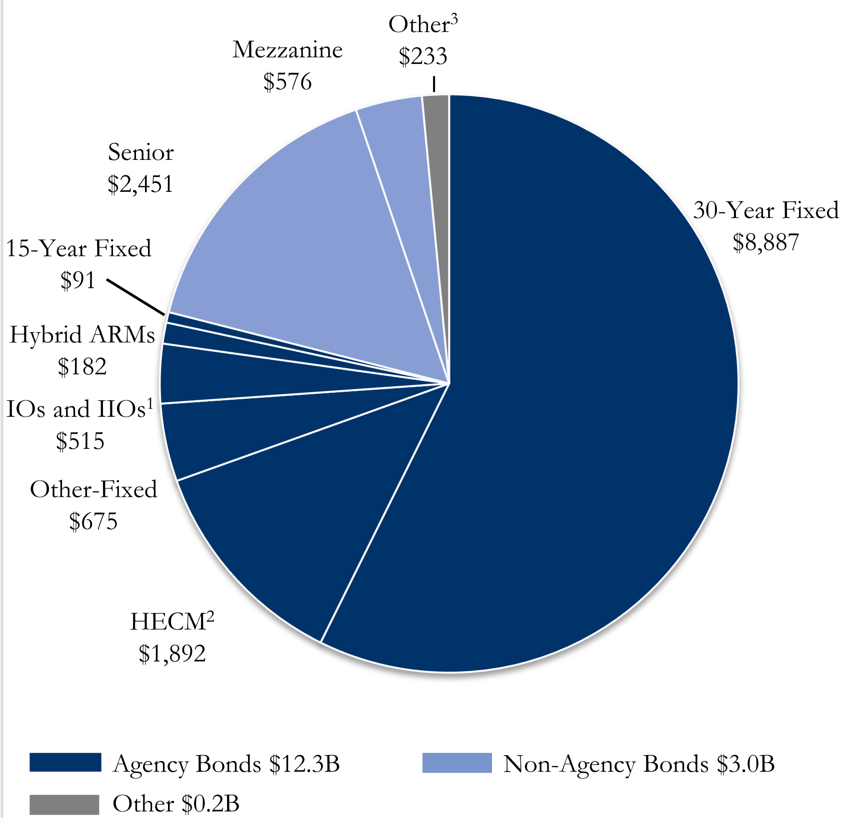
Portfolio Composition

Portfolio Composition

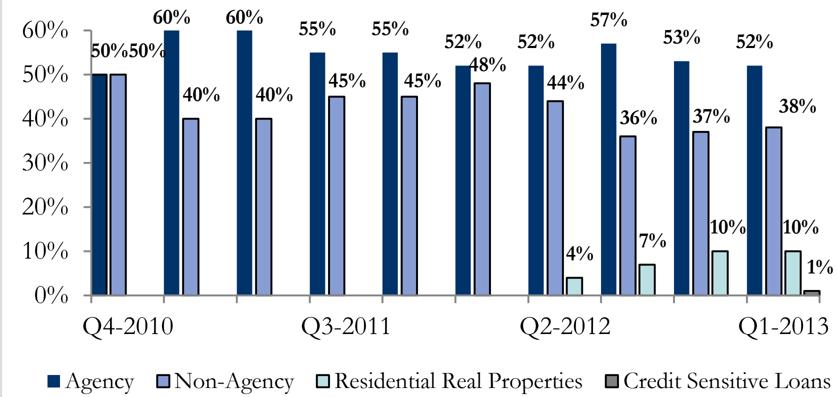
As of March 31, 2013

$15.5B Portfolio

$ Millions



Targeted Capital Allocation



Highlights

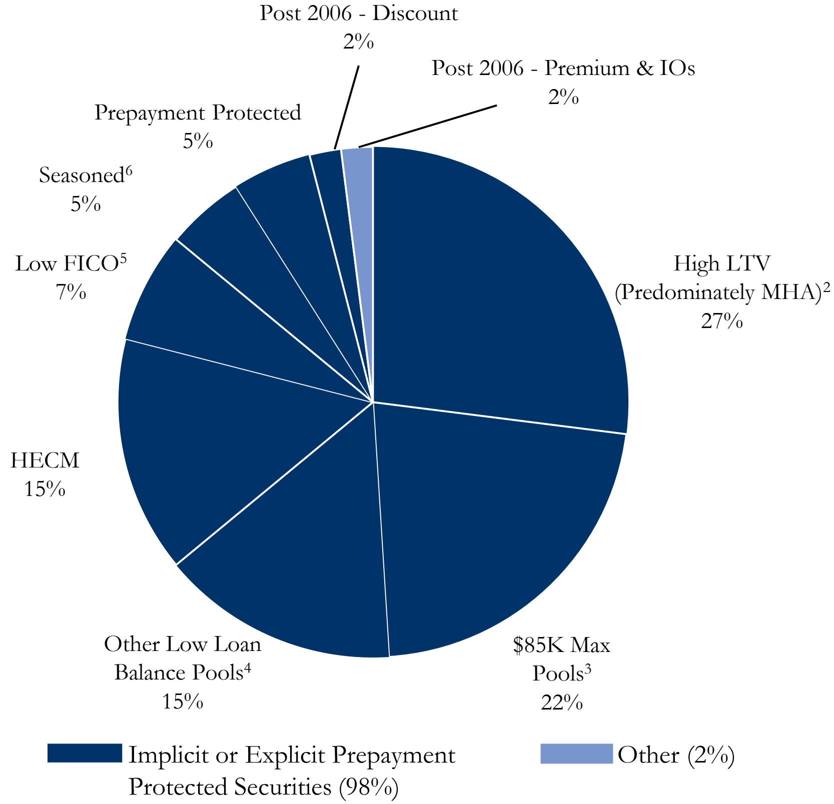
- Raised capital in March, for net proceeds of approximately $763 million
- As of April 30, 2013, we have deployed about 75% of the capital raised
- Investments in CSLs, prime jumbo loans and securitization during the first quarter

(1) Includes Agency Derivatives ("IIOs") of $309.7 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) "Other" category includes CSLs of $123 million, prime jumbo loans of $69 million, net economic interest in securitization of $37 million, and non-Agency IOs of $4 million.

Agency Portfolio with Prepayment Protection

Agency RMBS Portfolio

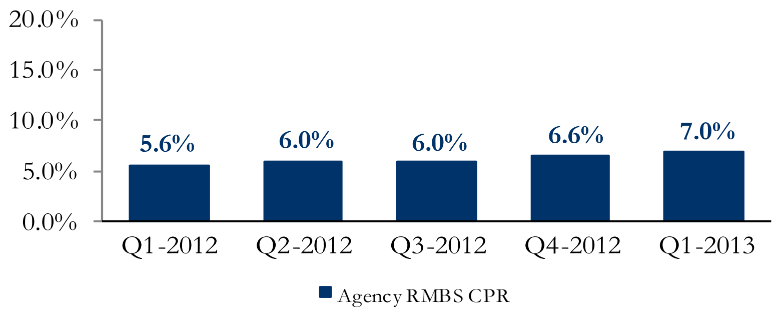
Agency Portfolio: $12.3B[1]
As of March 31, 2013



Agency Strategy

- Implicit or explicit prepayment protection of 98%
- Stable cash flows make interest rate hedging more effective

Agency RMBS CPR[7]

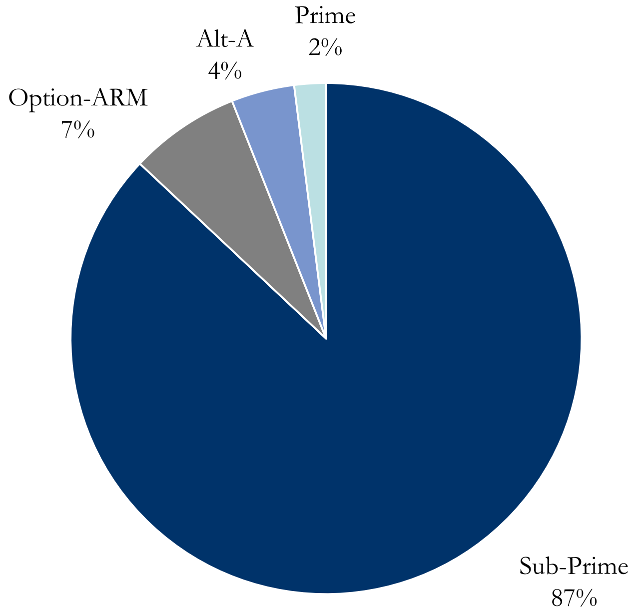


(1) Includes IIOs of $309.7 million as of March 31, 2013.
(2) Securities collateralized by loans with greater than or equal to 80% loan-to-value ratio. High LTV pools are predominately Making Homeownership Affordable ("MHA") pools. MHA pools consist of borrowers who have refinanced through HARP.
(3) 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 held by lower credit borrowers as defined by Fair Isaac Corporation's scoring model.
(6) Securities collateralized by loans reflecting less prepayment risk due to previously experienced high levels of refinancing.
(7) Represents the three month average constant prepayment rate ("CPR") for Agency RMBS securities and Agency derivatives.

Non-Agency Portfolio with Sub-Prime Focus

Non-Agency Portfolio

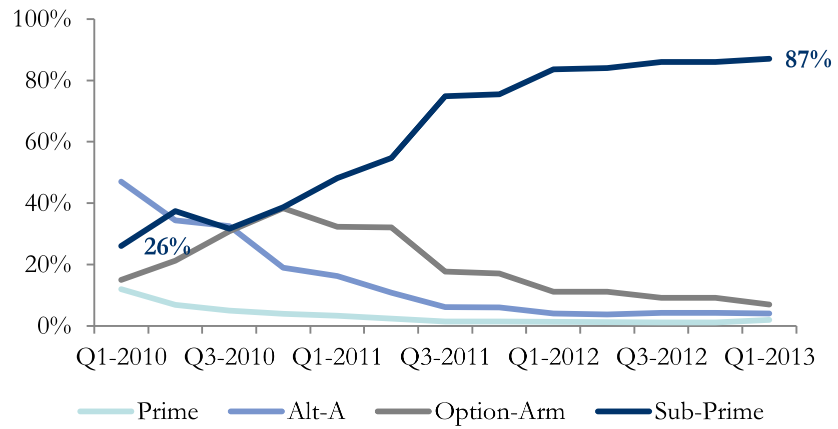
Non-Agency Portfolio: $3.0B
As of March 31, 2013



Non-Agency Strategy

- Non-Agency underlying performance continues to improve; declining delinquencies, rising home prices and servicers' actions are impactful.
- Still potential upside with a deeply discounted weighted average cost basis of $52.25
- Potential benefit from policy actions

Sub-Prime Exposure

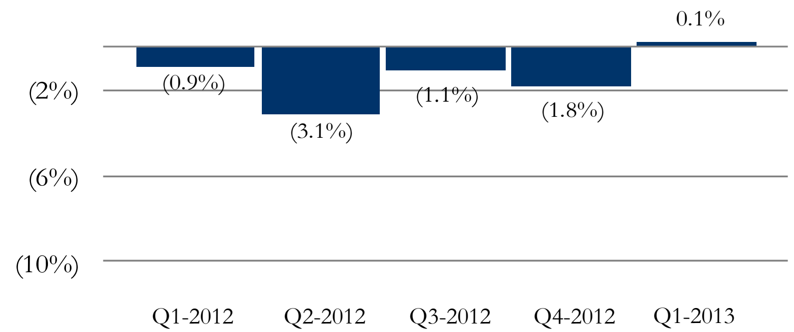


Hedging Strategy

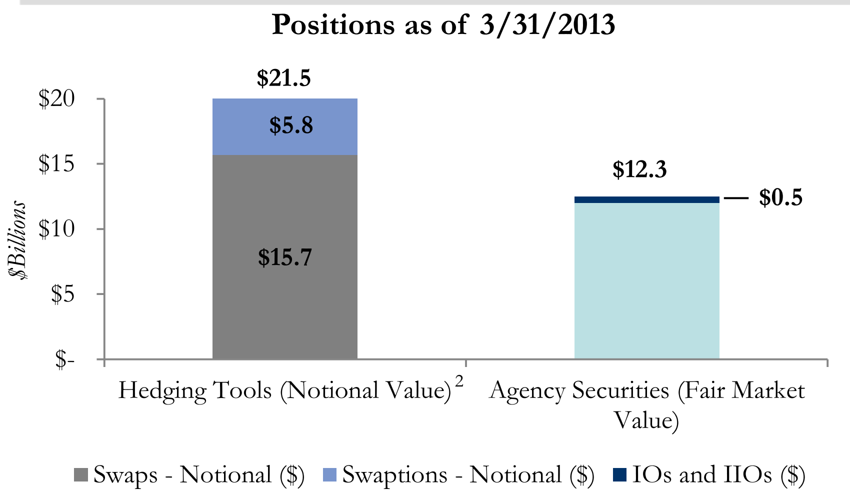
Hedging

- Hedging Strategy:
  - Objective of protecting book value in a rising interest rate environment
  - Multifaceted hedging approach, including swaps, swaptions and interest-only bonds
  - Daily monitoring of interest rate exposures
- Our portfolio has very little overall interest rate exposure.
- A parallel increase in rates, including LIBOR, would drive higher interest income.

BV Exposure to +100 bps Change in Rates[1]



Swaps, Swaptions and IOs

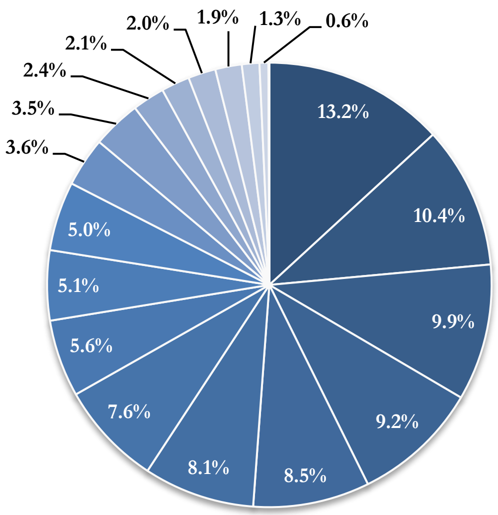


(1) Represents estimated percentage change in equity value for +100bps change in interest rates. Change in equity value is total net asset change.
(2) Notional amounts as of March 31, 2013 do not include $1.0 billion of notional interest rate swaps economically hedging our trading securities.

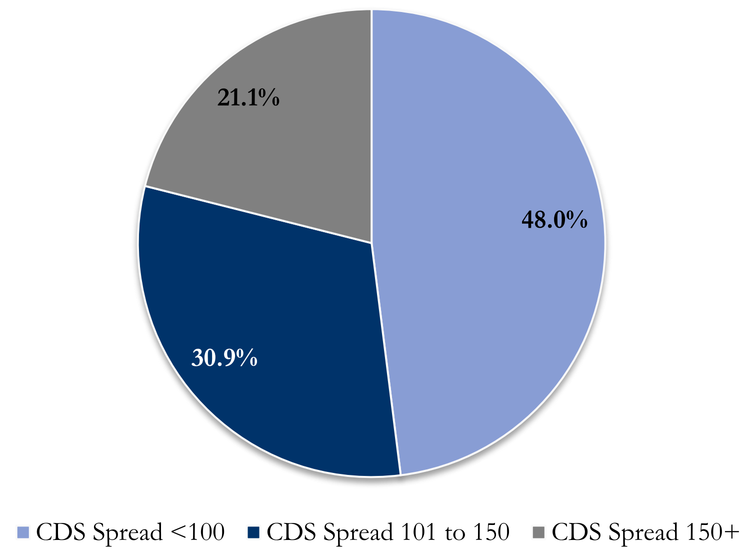
Financing Profile

- We continue to ladder repo maturities, and average 82[1] days to maturity. We currently have 24 counterparties.
- The majority of repo is held with counterparties having a CDS spread of <150[1], indicating low overall counterparty risk profile.
- Approximately 53%[1] of our Agency repo is with counterparties based in North America and 56%[1] of our non-Agency repo is with counterparties based in North America.

Diverse Agency Counterparties[2]



High-Quality Non-Agency Counterparties[3]



(1) As of March 31, 2013.
(2) Reflects the counterparty percentage of our outstanding repurchase agreements for our Agency portfolio as of March 31, 2013.
(3) Reflects the CDS Spread for our non-Agency portfolio repo counterparties as of March 31, 2013.

Hybrid Model Opportunity Set

Prime Jumbo Securitization

- Opportunity to create attractive mortgage credit investment is beneficial to shareholders
- Participated in a prime jumbo securitization in 1Q13
- Continue building aggregation capabilities

Credit Sensitive Loans (CSLs)

- Very similar to the performing residential mortgage loans in subprime/Alt-A deals
- We will control servicing on the loans
- As of April 30, 2013, we had purchased or contracted to purchase approximately $600 million CSLs (approximately $450 million in market value)
- Potential to securitize and create attractive credit investments

Mortgage Servicing Rights (MSRs)

- Natural interest rate hedge for portfolio
- Leverages strength in prepayment analysis
- We recently acquired a company with seller-servicer approvals from Fannie Mae, Freddie Mac and Ginnie Mae

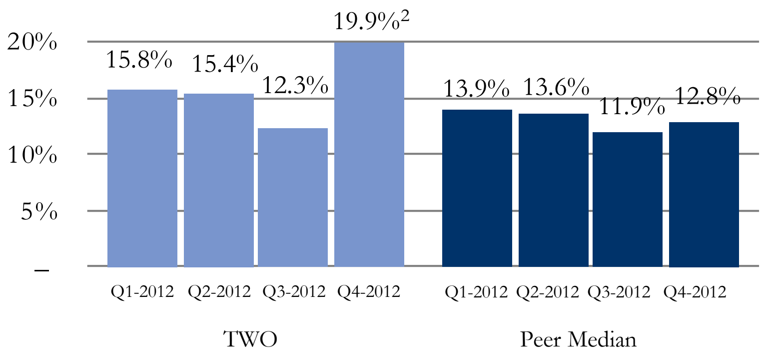
GSE Credit Investments

- Will evaluate when, and if, the GSEs move to distribute credit risk

Attractive Returns With Lower Risk

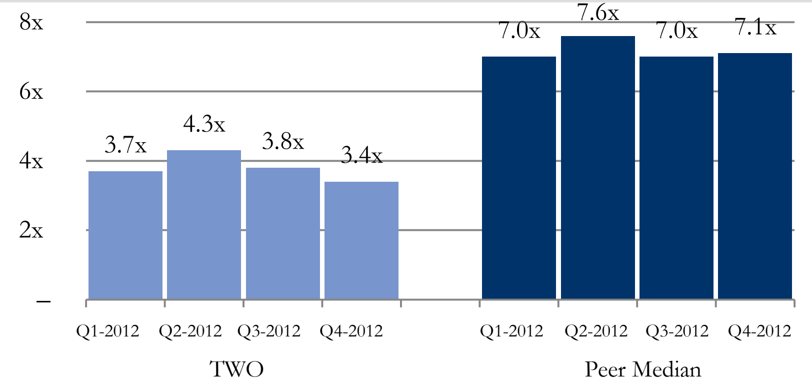
Superior asset selection and risk management drive returns while taking on less risk.

Attractive & Comparable Dividend Yield[1]…



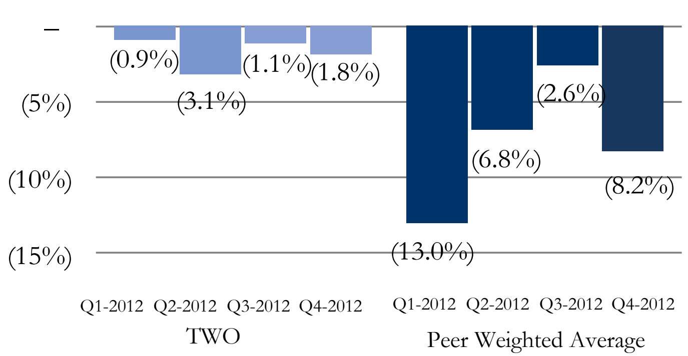
TWO Q1-2013 = $10.2%[3]

… With Lower Leverage[4]…



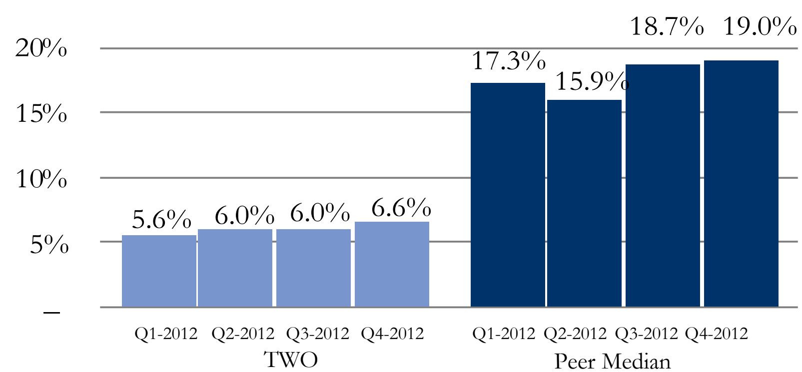
TWO Q1-2013 = 3.1x

… Less Interest Rate Exposure[5]…



TWO Q1-2013 = 0.1%

… And Less Prepayment Risk[6]



TWO Q1-2013 = 7.0%

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 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 common share.
(3) Dividend yield based on cash dividend of $0.32 only. Does not include Silver Bay common stock distribution, which amounted to $1.01 per share.
(4) Debt-to-equity defined as total borrowings to fund RMBS securities and Agency derivatives divided by total equity.
(5) 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.
(6) Represents the CPR on the Agency RMBS portfolios, including Agency derivatives.

Appendix

Q1-2013 Return on Book Value of 8.5%

Return on book value[1]

(Per diluted share amounts, except for percentage)

Book value at March 31, 2013	$	11.19
Book value at December 31, 2012		11.54
Decrease in book value		(0.35)
Dividend declared in 1Q13[2]		1.33
Return on book value ($)	$	0.98
Return on book value (%)		8.5%

(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.

(2) Includes cash dividend of $0.32 per share and Silver Bay distribution amounting to $1.01 per share. See footnote (2) on page 4 for calculation of the Silver Bay common stock dividend.

Portfolio Composition as of March 31, 2013

Agency: Vintage & Prepayment Protection	**Q4-2012**	**Q1-2013**
High LTV (predominately MHA)[1]	27%	27%
$85K Max Pools[2]	20%	22%
HECM[3]	17%	15%
Other Low Loan Balance Pools[4]	16%	15%
Low FICO[5]	7%	7%
Prepayment protected	5%	5%
Seasoned (2005 and prior vintages)	4%	5%
2006 & subsequent vintages - Discount	2%	2%
2006 & subsequent vintages – Premium and IOs	2%	2%

Implicit or Explicit Prepayment Protection

Non-Agency: Loan Type	**Q4-2012**	**Q1-2013**
Sub-Prime	87%	87%
Option-ARM	8%	7%
Alt-A	4%	4%
Prime	1%	2%

(1) Securities collateralized by loans with greater than or equal to 80% loan-to-value. 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).
(2) Securities collateralized by loans of less than or equal to $85K.
(3) 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.
(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 FICO.

Agency Securities as of March 31, 2013

	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%	$ 3,811	$ 3,960	32.4%	$ 4,018	3.1%	6
4.0-4.5%	3,489	3,821	31.2%	3,786	4.2%	12
≥ 5.0%	989	1,106	9.0%	1,076	5.6%	51
	$ 8,289	$ 8,887	72.6%	$ 8,880	4.0%	14
15-Year Fixed						
3.0-3.5%	$ 80	$ 84	0.7%	$ 78	3.0%	29
4.0-4.5%	2	2	0.0%	2	4.0%	34
≥ 5.0%	4	5	0.0%	5	5.8%	111
	$ 86	$ 91	0.7%	$ 85	3.2%	33
HECM	$ 1,671	$ 1,892	15.5%	$ 1,799	4.7%	17
Hybrid ARMs	168	182	1.5%	177	3.8%	106
Other-Fixed	596	675	5.5%	645	4.7%	54
IOs and IIOs	4,328	515[1]	4.2%	505	4.8%	74
Total[1]	$ 15,138	$ 12,242	100.0%	$ 12,091	4.1%	21

(1) Represents the market value of $206 million of IOs and $310 million of Agency Derivatives as of March 31, 2013.

Non-Agency Securities as of March 31, 2013

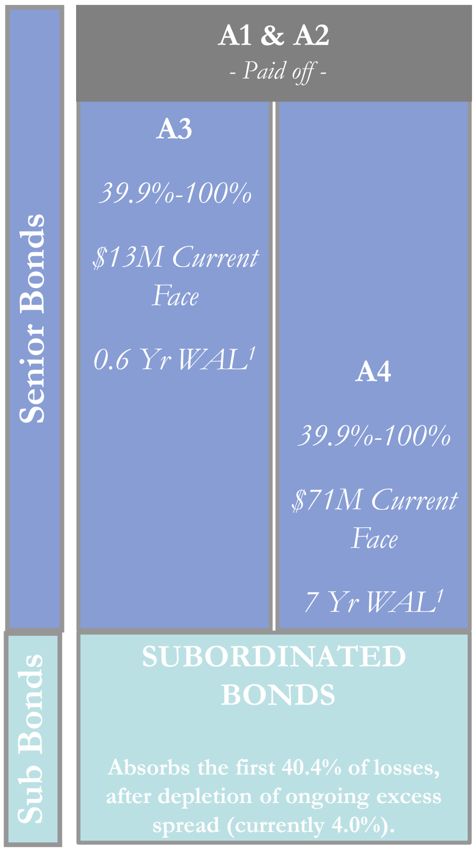
	Senior Bonds	Mezzanine Bonds	Total P&I Bonds
Portfolio Characteristics			
Carrying Value ($M)	$2,451	$576	$3,027
% of Non-Agency Portfolio	81.0%	19.0%	100.0%
Average Purchase Price[1]	$51.05	$57.35	$52.25
Average Coupon	1.8%	1.3%	1.7%
Collateral Attributes			
Average Loan Age (months)	78	98	82
Average Loan Size ($K)	$249	$182	$236
Average Original Loan-to-Value	77.1%	76.2%	77.0%
Average Original FICO[2]	632	634	632
Current Performance			
60+ Day Delinquencies	36.8%	31.3%	35.7%
Average Credit Enhancement[3]	13.2%	30.0%	16.4%
3-Month CPR[4]	2.4%	3.4%	2.6%

(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 $47.23, $55.18 and $48.56, respectively, at March 31, 2013.
(2) FICO 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 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.



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 - 68%; 2006 - 32%.
- 60+ days delinquent: 34%.
- "Clean" & "Almost Clean"[2]: 27%.
- Severities running in the high 60s.
- MTM LTVs[3]: "Clean" = 94%.
  Delinquent = 109%.
  "12mo LIQ"[4] = 108%.

Yield Analysis[5]

- Market price at 3/31/13: $83.0.

	Strong Recovery	Flat	Severe Downturn
Loss-adjusted yields	**6.3%**	**6.0%**	**5.7%**
Total defaults	55%	57%	61%
Average severity	69%	71%	75%
Prospective deal losses	38%	41%	46%
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 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) 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

Interest Rate Swaps[1]

Swaps Maturities	Notional Amounts ($M)	Average Fixed Pay Rate	Average Receive Rate	Average Maturity (Years)
	March 31, 2013			
2013	$ 500	0.523%	0.288%	0.40
2014	900	0.316%	0.304%	0.79
2015	4,000	0.386%	0.305%	1.78
2016	2,550	0.583%	0.298%	2.92
2017 and after	7,735	0.975%	0.294%	4.81
	$ 15,685	0.709%	0.298%	3.36

Financing

Repurchase Agreements: RMBS and Agency Derivatives[2]	March 31, 2013 Amount ($M)	Percent (%)
Within 30 days	$2,014	16%
30 to 59 days	4,333	35%
60 to 89 days	2,501	20%
90 to 119 days	2,570	21%
120 to 364 days	798	6%
One year and over	200	2%
	$12,416	

Interest Rate Swaptions

March 31, 2013

Swaption	Expiration	Option: Cost ($M)	Option: Fair Value ($M)	Option: Average Months to Expiration	Underlying Swap: Notional Amount ($M)	Underlying Swap: Average Fixed Pay Rate	Underlying Swap: Average Receive Rate	Underlying Swap: Average Term (Years)
Payer	< 6 Months	$ 29.0	$ 0.4	4.90	$ 2,300	3.77%	3M Libor	9.5
Payer	≥ 6 Months	133.7	148.4	55.03	3,500	3.94%	3M Libor	10.0
Total Payer		$ 162.7	$ 148.8	52.94	$ 5,800	3.87%	3M Libor	9.8

(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 $23.1 million as of March 31, 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 since 1997
- 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 2002 with approximately $14.0 billion assets under management today, of which $11.6 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 20 years experience
- 365 employees, 127 investment professionals
- No senior management turnover.
- 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 8 offices world-wide

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