



**Two Harbors Investment Corp.
Announces 2021 Dividend Tax Information**

New York, January 27, 2022 – [Two Harbors Investment Corp.](#) (NYSE: TWO), an Agency + MSR mortgage real estate investment trust, announced today the tax treatment of the company's common stock and preferred stock dividends declared in 2021. This information is provided to assist stockholders with tax reporting requirements related to dividend distribution of taxable income by Two Harbors. Stockholders should review the 2021 tax statements received from their brokerage firms or other institutions to ensure that the statements agree with the information provided below. Additionally, as each stockholder's tax situation may be different, stockholders are encouraged to consult with their own professional tax advisor with respect to their individual tax consequences.

Tax Treatment of the Common and Preferred Distributions

Two Harbors is required to report the portion of its 2021 dividends that are treated as excess inclusion income for federal income tax purposes. No portion of the company's 2021 dividend distributions are expected to consist of excess inclusion income, which may be treated as unrelated business taxable income (UBTI) and subject to special tax reporting for certain tax exempt investors.

Pursuant to the Internal Revenue Code of 1986, as amended, dividends declared by a real estate investment trust (REIT) during the last three months of a calendar year that are payable to stockholders of record on a specified date in such three month period, but which are actually paid during January of the following calendar year, are considered paid on December 31st of the calendar year in which the dividends were declared, to the extent of the REIT's distributable earnings and profits. The company's common stock distribution, payable to shareholders on January 28, 2022 with a record date of December 29, 2021, is treated as a 2022 distribution for tax purposes and will be reported on the 2022 Form 1099-DIV due to the REIT's insufficient earnings and profits as of the tax year ending December 31, 2021.

Distributions for Two Harbors Investment Corp.

The federal income tax classification of the Two Harbors' 2021 common and preferred stock distributions as it is expected to be reported on Form 1099-DIV is set forth in the following tables.

2021 FORM 1099-DIV – Common Stock						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽³⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽⁴⁾
Cash	12/17/2020	12/30/2020	1/29/2021	\$0.000000	\$0.170000 ⁽¹⁾	\$0.000209	\$0.000000	\$0.000000	\$0.169791	\$0.000209
Cash	3/18/2021	3/29/2021	4/29/2021	\$0.170000	\$0.000000	\$0.000209	\$0.000000	\$0.000000	\$0.169791	\$0.000209
Cash	6/17/2021	6/29/2021	7/29/2021	\$0.170000	\$0.000000	\$0.000209	\$0.000000	\$0.000000	\$0.169791	\$0.000209
Cash	9/21/2021	10/1/2021	10/29/2021	\$0.170000	\$0.000000	\$0.000209	\$0.000000	\$0.000000	\$0.169791	\$0.000209
Cash	12/16/2021	12/29/2021	1/28/2022	\$0.170000	(\$0.170000) ⁽²⁾	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
Totals				\$0.680000	\$0.000000	\$0.000836	\$0.000000	\$0.000000	\$0.679164	\$0.000836

(1) Pursuant to IRC Section 857(b)(9), cash distributions made on January 29, 2021 with a record date of December 30, 2020 are treated as received by stockholders on December 31, 2020 to the extent of 2020 earnings and profits. As Two Harbors' aggregate 2020 cash distributions exceeded its 2020 earnings and profits, the January 2021 cash distribution declared in the fourth quarter of 2020 is treated as a 2021 distribution for federal income tax purposes and was not included on the 2020 Form 1099. If you were a stockholder of record as of December 30, 2020, \$0.0000 was reported on your 2020 Form 1099 and \$0.1700 is reported on your 2021 Form 1099.

(2) Pursuant to IRC Section 857(b)(9), cash distributions made on January 28, 2022 with a record date of December 29, 2021 are treated as received by stockholders on December 31, 2021 to the extent of 2021 earnings and profits. As Two Harbors' aggregate 2021 cash distributions exceeded its 2021 earnings and profits, the January 2022 cash distribution declared in the fourth quarter of 2021 is treated as a 2022 distribution for federal income tax purposes and is not included on the 2021 Form 1099. If you were a stockholder of record as of December 29, 2021, \$0.0000 is reported on your 2021 Form 1099 and \$0.1700 will be reported on your 2022 Form 1099.

(3) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(4) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

2021 FORM 1099-DIV – Preferred Series A						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽¹⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽²⁾
Cash	12/17/2020	1/12/2021	1/27/2021	\$0.507810	\$0.000000	\$0.507810	\$0.000000	\$0.000000	\$0.000000	\$0.507810
Cash	3/18/2021	4/12/2021	4/27/2021	\$0.507810	\$0.000000	\$0.507810	\$0.000000	\$0.000000	\$0.000000	\$0.507810
Cash	6/17/2021	7/12/2021	7/27/2021	\$0.507810	\$0.000000	\$0.507810	\$0.000000	\$0.000000	\$0.000000	\$0.507810
Cash	9/21/2021	10/13/2021	10/27/2021	\$0.507810	\$0.000000	\$0.507810	\$0.000000	\$0.000000	\$0.000000	\$0.507810
Totals				\$2.031240	\$0.000000	\$2.031240	\$0.000000	\$0.000000	\$0.000000	\$2.031240

(1) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(2) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

2021 FORM 1099-DIV – Preferred Series B						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽¹⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽²⁾
Cash	12/17/2020	1/12/2021	1/27/2021	\$0.476560	\$0.000000	\$0.476560	\$0.000000	\$0.000000	\$0.000000	\$0.476560
Cash	3/18/2021	4/12/2021	4/27/2021	\$0.476560	\$0.000000	\$0.476560	\$0.000000	\$0.000000	\$0.000000	\$0.476560
Cash	6/17/2021	7/12/2021	7/27/2021	\$0.476560	\$0.000000	\$0.476560	\$0.000000	\$0.000000	\$0.000000	\$0.476560
Cash	9/21/2021	10/13/2021	10/27/2021	\$0.476560	\$0.000000	\$0.476560	\$0.000000	\$0.000000	\$0.000000	\$0.476560
Totals				\$1.906240	\$0.000000	\$1.906240	\$0.000000	\$0.000000	\$0.000000	\$1.906240

(1) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(2) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

2021 FORM 1099-DIV – Preferred Series C						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽¹⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽²⁾
Cash	12/17/2020	1/12/2021	1/27/2021	\$0.453130	\$0.000000	\$0.453130	\$0.000000	\$0.000000	\$0.000000	\$0.453130
Cash	3/18/2021	4/12/2021	4/27/2021	\$0.453130	\$0.000000	\$0.453130	\$0.000000	\$0.000000	\$0.000000	\$0.453130
Cash	6/17/2021	7/12/2021	7/27/2021	\$0.453130	\$0.000000	\$0.453130	\$0.000000	\$0.000000	\$0.000000	\$0.453130
Cash	9/21/2021	10/13/2021	10/27/2021	\$0.453130	\$0.000000	\$0.453130	\$0.000000	\$0.000000	\$0.000000	\$0.453130
Totals				\$1.812520	\$0.000000	\$1.812520	\$0.000000	\$0.000000	\$0.000000	\$1.812520

(1) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(2) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

2021 FORM 1099-DIV – Preferred Series D						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽¹⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽²⁾
Cash	12/17/2020	1/1/2021	1/15/2021	\$0.484375	\$0.000000	\$0.484375	\$0.000000	\$0.000000	\$0.000000	\$0.484375
Cash ⁽³⁾	<i>See footnote (3) for details</i>			\$0.322917	\$0.000000	\$0.322917	\$0.000000	\$0.000000	\$0.000000	\$0.322917
Totals				\$0.807292	\$0.000000	\$0.807292	\$0.000000	\$0.000000	\$0.000000	\$0.807292

(1) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(2) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

(3) - On March 15, 2021 Two Harbors Investment Corp. redeemed all of the outstanding shares of the company's 7.75% Series D Cumulative Redeemable Preferred Stock ("Series D Preferred Stock"). The shares of Series D Preferred Stock were redeemed for cash at a price of \$25.00 per share plus accrued and unpaid dividends to, but not including, the redemption date of March 15, 2021 (the "Redemption Date"). The company paid all accrued and unpaid dividends on the redeemed Series D Preferred Stock to, but not including, the Redemption Date.

2021 FORM 1099-DIV – Preferred Series E						Box 1a Total	Box 1b Total	Box 2a Total	Box 3 Total	Box 5 Total
Distribution Type	Declaration Date	Record Date	Payable Date	2021 Total Distribution Per Share	Adjustments	2021 Ordinary Dividends	2021 Qualified Dividends ⁽¹⁾	2021 Capital Gain Distributions	2021 Nondividend Distributions	Section 199A Dividends ⁽²⁾
Cash	12/17/2020	1/1/2021	1/15/2021	\$0.468750	\$0.000000	\$0.468750	\$0.000000	\$0.000000	\$0.000000	\$0.468750
Cash ⁽³⁾	<i>See footnote (3) for details</i>			\$0.312500	\$0.000000	\$0.312500	\$0.000000	\$0.000000	\$0.000000	\$0.312500
Totals				\$0.781250	\$0.000000	\$0.781250	\$0.000000	\$0.000000	\$0.000000	\$0.781250

(1) - Qualified Dividends shows the portion of the amount in Box 1a that may be eligible for capital gains tax rates.

(2) - Section 199A Dividends shows the portion of the amount in Box 1a that may be eligible for the 20% qualified business income deduction under Section 199A.

(3) - On March 15, 2021 Two Harbors Investment Corp. redeemed all of the outstanding shares of the company's 7.50% Series E Cumulative Redeemable Preferred Stock ("Series E Preferred Stock"). The shares of Series E Preferred Stock were redeemed for cash at a price of \$25.00 per share plus accrued and unpaid dividends to, but not including, the redemption date of March 15, 2021 (the "Redemption Date"). The company paid all accrued and unpaid dividends on the redeemed Series E Preferred Stock to, but not including, the Redemption Date.

In addition, Two Harbors declared dividends with respect to its Series A, Series B and Series C preferred shares on December 16, 2021. The record date for Series A, Series B and Series C preferred dividends was January 12, 2022. Accordingly, these preferred dividends will be taxable to stockholders for 2022.

Consult Your Tax Advisor

Stockholders may have additional reporting obligations to the Internal Revenue Service and/or other tax authorities.

The U.S. federal income tax treatment of holding Two Harbors common and preferred stock to any particular stockholder will depend on the stockholder's particular tax circumstances. You are urged to consult your tax advisor regarding the U.S. federal, state, local and foreign income and other tax consequences to you, in light of your particular investment or tax circumstances, of acquiring, holding and disposing of Two Harbors common and preferred stock.

Two Harbors does not provide tax, accounting or legal advice. Any tax statements contained herein were not intended or written to be used, and cannot be used for the purpose of avoiding U.S., federal, state or local tax penalties. Please consult your advisor as to any tax, accounting or legal statements made herein.

Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is an internally managed real estate investment trust that invests in residential mortgage-backed securities, mortgage servicing rights and other financial assets. Two Harbors is headquartered in St. Louis Park, MN. Additional information is available at www.twoharborsinvestment.com.

Additional Information

Stockholders of Two Harbors and other interested persons may find additional information regarding the company at the SEC's Internet site at www.sec.gov or by directing requests to: Two Harbors Investment Corp., Attn: Investor Relations, 1601 Utica Ave. S., Suite 900, St. Louis Park, MN, 55416, telephone (612) 453-4100

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