

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 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): **July 28, 2016 (July 25, 2016)**

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.)

590 Madison Avenue, 36th Floor
New York, New York 10022
(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 2.05 Costs Associated with Exit or Disposal Activities.

On July 25, 2016, the Board of Directors of Two Harbors Investment Corp. (the "Company") approved a plan to discontinue the Company's mortgage loan conduit and securitization business. The Board adopted this plan for the purposes of reducing the Company's operational complexity, lowering costs and allowing for the reallocation of capital to more attractive and efficient investment opportunities. The wind down process is scheduled to be substantially completed by December 31, 2016, during which time the Company expects to complete one or more securitization transactions backed by mortgage loans it had previously acquired or committed to acquire, or sell such loans through one or more whole loan sales. This decision to discontinue the mortgage loan conduit and securitization business will result in the elimination of certain positions that provide services to the Company under its external management agreement with PRCM Advisers LLC.

The Company expects to incur one-time charges totaling approximately \$3.0 million in connection with the discontinuation of this business, consisting of an estimated \$1.4 million in long-term incentive amortization costs, \$0.5 million in lease and license termination expenses and \$1.1 million associated with reimbursements paid to PRCM Advisers LLC for certain severance costs incurred by the external manager. These expenses are expected to be substantially incurred in the second half of 2016.

Item 7.01 Regulation FD Disclosure.

On July 28, 2016, the Company issued a press release announcing its plan to discontinue its mortgage loan conduit and securitization business.

The press release, included herewith as Exhibit 99.1, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be "filed" for any other purpose, including for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in Item 7.01 of this Current Report, including Exhibit 99.1, shall not be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filings (unless the registrant specifically states that the information or exhibit in this Item 7.01 is incorporated by reference).

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
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| 99.1 | Press Release of Two Harbors Investment Corp., dated July 28, 2016. |
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Forward-Looking Statements

This Form 8-K contains, or incorporates by reference, not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, and that are subject to the safe harbors created by such sections. Forward-looking statements involve numerous risks and uncertainties. Our actual results may differ from our beliefs, expectations, estimates, and projections and, consequently, you should not rely on these forward-looking statements as predictions of future events. Forward-looking statements are not historical in nature and can be identified by words such as “anticipate,” “estimate,” “will,” “should,” “expect,” “target,” “believe,” “intend,” “seek,” “plan,” “goals,” “future,” “likely,” “may” and similar expressions or their negative forms, or by references to strategy, plans, or intentions. These forward-looking statements are subject to risks and uncertainties, including, among other things, those described in our Annual Report on Form 10-K for the year ended December 31, 2015, under the caption “Risk Factors.” Other risks, uncertainties and factors that could cause actual results to differ materially from those projected may be described from time to time in reports filed with the Securities and Exchange Commission, or SEC, including our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update or revise any such forward-looking statements, whether as a result of new information, future events, or otherwise.

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.

Date: July 28, 2016

TWO HARBORS INVESTMENT CORP.

By: /s/ Rebecca B. Sandberg
Rebecca B. Sandberg
Secretary and General Counsel



**Two Harbors Investment Corp. Announces
Plan to Discontinue Mortgage Loan Conduit and Securitization Business**

New York, July 28, 2016 — **Two Harbors Investment Corp.** (NYSE: TWO) announced today that its Board of Directors has approved a plan to discontinue the Company's mortgage loan conduit and securitization business. This decision was made due to the challenging market environment facing the business, combined with the intent to reduce operating complexity and costs, and will allow for the reallocation of capital to more attractive and efficient target assets. The wind down process is expected to be substantially completed by the end of 2016.

"I am extremely proud of the efforts of our team since embarking on this initiative in 2011, as the company was able to build out a best-in-class infrastructure, develop a high quality network of mortgage loan originators and establish Agate Bay Mortgage Trust as a well-respected securitization platform," stated Thomas Siering, Two Harbors' President and Chief Executive Officer. "However, we believe that current and expected mortgage market conditions and competitive pressures will prevent us from growing this business to a scale that meets our long-term goals and financial expectations. While the decision to exit this business was difficult, we believe it is in the best interest of our shareholders."

The company's plan to discontinue the loan and securitization business will result in a reduction in force impacting certain positions that provide services to the company under its external management agreement with PRCM Advisers LLC. The company expects to incur one-time charges of approximately \$3 million in the second half of 2016 in connection with the closure. The company also expects that the cessation of its conduit and securitization activities will reduce ongoing operating expenses by approximately \$10 to \$11 million on an annual basis.

"I would like to thank all personnel impacted by this decision for their dedication and service to the company over the past several years," stated Mr. Siering. "To our shareholders, we continue to be optimistic about the current and future state of our company, and we are encouraged about our recent results and trends in our business, all of which we will share during our upcoming second quarter earnings release and conference call. We believe that the initiatives we are taking position us to become a more focused and efficient company, maximizing risk-adjusted returns to our shareholders and reinforcing our leadership position in the industry."

This news release includes "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect management's plans, estimates and beliefs and involve risks and uncertainties that could cause actual results to differ materially from expected results. Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Two Harbors undertakes no obligation to update or revision such forward-looking statements.

Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is a real estate investment trust that invests in residential mortgage-backed securities, residential mortgage loans, mortgage servicing rights, commercial real estate and other financial assets. Two Harbors is headquartered in New York, New York, and is externally managed and advised by PRCM Advisers LLC, a wholly owned subsidiary of Pine River Capital Management L.P. 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 Securities and Exchange Commission's Internet site at www.sec.gov or by directing requests to: Two Harbors Investment Corp., 590 Madison Avenue, 36th floor, New York, NY 10022, telephone 612-629-2500.

Contact

Investors: Tim Perrott, Senior Director of Investor Relations, Two Harbors Investment Corp., 612-629-2514, tim.perrott@twoharborsinvestment.com.