

**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: July 31, 2018

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.)

575 Lexington Avenue, Suite 2930
New York, NY 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Introductory Note.

This Current Report on Form 8-K is being filed in connection with the consummation on July 31, 2018 (the “Closing Date”) of the transactions contemplated by that certain Agreement and Plan of Merger (the “Merger Agreement”), dated as of April 25, 2018, by and among Two Harbors Investment Corp., a Maryland corporation (“Two Harbors”), CYS Investments, Inc., a Maryland corporation (“CYS”) and Eiger Merger Subsidiary LLC, a Maryland limited liability company and an indirect, wholly owned subsidiary of Two Harbors (“Merger Sub”). Pursuant to the Merger Agreement, on the Closing Date, Merger Sub merged with and into CYS, with CYS continuing as the surviving corporation, becoming an indirect, wholly owned subsidiary of Two Harbors (the “Merger”). The combined company will conduct business under the name “Two Harbors Investments Corp.” and will continue to trade on the New York Stock Exchange (“NYSE”) under the ticker symbol “TWO”. The following events took place in connection with the consummation of the Merger.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 31, 2018, Two Harbors completed the Merger pursuant to the terms of the Merger Agreement. On the Closing Date, Merger Sub merged with and into CYS, with CYS continuing as the surviving corporation. The Articles of Merger contemplated by the Merger Agreement were filed with the State Department of Assessments and Taxation of Maryland (“SDAT”), with an effective time and date of 12:00 p.m. Eastern Time on the Closing Date (the “Effective Time”).

At the Effective Time, each outstanding share of common stock, par value \$0.01 per share, of CYS (“CYS Common Stock”) (other than shares held by Two Harbors or Merger Sub or by any wholly owned subsidiary of Two Harbors, Merger Sub or CYS, which were automatically cancelled and retired and ceased to exist) was converted into the right to receive from Two Harbors (a) 0.4680 newly issued shares of common stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Common Stock”) and (b) the Per Share Cash Consideration of \$0.0965, as specified in the Merger Agreement. No fractional shares of Two Harbors Common Stock were issued in the Merger, and the value of any fractional interests to which a former holder of CYS Common Stock is otherwise entitled will be paid in cash.

In connection with the Merger, at the Effective Time, each share of 7.75% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of CYS (the “CYS Series A Preferred Stock”) was converted into the right to receive one share of newly classified 7.75% Series D Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Series D Preferred Stock”), and each share of 7.50% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of CYS (the “CYS Series B Preferred Stock”) was converted into the right to receive one share of newly classified 7.50% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Series E Preferred Stock”). The Two Harbors Series D Preferred Stock has the same rights, preferences, privileges and voting powers as those of the CYS Series A Preferred Stock, and the Two Harbors Series E Preferred Stock has the same rights, preferences, privileges and voting powers as those of the CYS Series B Preferred Stock.

Per the terms of the transactions described in the Merger Agreement, approximately 72.7 million shares of Two Harbors Common Stock will be issued in connection with the Merger to former CYS common stockholders, and former CYS common stockholders will own approximately 29% of the common equity of the combined company.

The foregoing description of the Merger and the transactions contemplated by the Merger Agreement contained in this Item 2.01 is only a summary and is subject to, and qualified in its entirety by, reference to the full text of the Merger Agreement, which was previously filed as Exhibit 2.1 to Two Harbors’ Current Report on Form 8-K filed with the SEC on April 26, 2018, and is incorporated by reference herein as Exhibit 2.1 to this Current Report on Form 8-K.

Item 3.03 Material Modification to Rights of Security Holders.

On the Closing Date, Two Harbors filed Articles Supplementary classifying 3,000,000 shares of Two Harbors Series D Preferred Stock (the “Series D Articles Supplementary”) and Articles Supplementary classifying 8,000,000 shares of Two Harbors Series E Preferred Stock (the “Series E Articles Supplementary”) with SDAT. The terms of the Two Harbors Series D Preferred Stock and the Two Harbors Series E Preferred Stock have been previously described in the section entitled “*Description of Two Harbors Capital Stock-Preferred Stock Issued in Connection with the Merger*” of the Registration Statement on Form S-4 (File No. 333- 225242) filed by Two Harbors with the SEC on May 25, 2018, as amended, which section is hereby incorporated by reference.

Upon issuance of the Two Harbors Series D Preferred Stock (as more fully described in the Series D Articles Supplementary) and the Two Harbors Series E Preferred Stock (as more fully described in the Series E Articles Supplementary), the Two Harbors

Series D Preferred Stock and the Two Harbors Series E Preferred Stock will rank, with respect to rights to receive dividends and to participate in distributions of payments in the event of a dissolution, liquidation or winding up of the affairs of Two Harbors, senior to shares of Two Harbors Common Stock and to any other class of securities of Two Harbors designated as ranking junior to the Two Harbors Series D Preferred Stock and the Two Harbors Series E Preferred Stock.

The foregoing description of the Two Harbors Series D Preferred Stock is qualified in its entirety by the full text of the Series D Articles Supplementary, which was previously filed as Exhibit 3.8 to Two Harbors' Form 8-A filed with the SEC on July 31, 2018, and is incorporated by reference herein as Exhibit 3.1 to this Current Report on Form 8-K. The foregoing description of the Two Harbors Series E Preferred Stock is qualified in its entirety by the full text of the Series E Articles Supplementary, which was previously filed as Exhibit 3.9 to Two Harbors' Form 8-A filed with the SEC on July 31, 2018, and is incorporated by reference herein as Exhibit 3.2 to this Current Report on Form 8-K.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Appointment of Directors

As of the Effective Time and in accordance with the Merger Agreement, the Board of Directors of Two Harbors (the "Board") increased the size of the Board by two members and appointed each of James A. Stern and Karen Hammond to the Board to fill the vacancies of the Board created by such increase, with each to serve until Two Harbors' 2019 annual meeting of stockholders or until their successors are elected and qualified.

Mr. Stern and Ms. Hammond will be compensated in accordance with the Two Harbors' publicly disclosed director compensation policies. Payments of cash and equity for the 2018-2019 Board service period will be prorated to reflect the duration of their service during such period.

Indemnification Agreements

Two Harbors has entered into customary indemnification agreements with each of Mr. Stern and Ms. Hammond. These agreements, among other things, require Two Harbors to indemnify each director to the maximum extent permitted by Maryland law, including indemnification of expenses such as attorney's fees, judgments, fines and settlement amounts incurred by the director in any action or proceeding, including any action or proceeding by or in right of Two Harbors, arising out of the person's service as a director. The form of indemnification agreement for directors was previously filed as Exhibit 10.1 to Two Harbors' Form 8-K filed with the SEC on November 19, 2009 and is incorporated herein by reference.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On the Closing Date, Two Harbors filed the Series D Articles Supplementary and the Series E Articles Supplementary with the SDAT. The information set forth in Item 3.03 of this Current Report on Form 8-K is incorporated herein by reference.

The foregoing description of the Two Harbors Series D Preferred Stock is qualified in its entirety by the full text of the Series D Articles Supplementary, which was previously filed as Exhibit 3.8 to Two Harbors' Form 8-A filed with the SEC on July 31, 2018, and is incorporated by reference herein as Exhibit 3.1 to this Current Report on Form 8-K. The foregoing description of the Two Harbors Series E Preferred Stock is qualified in its entirety by the full text of the Series E Articles Supplementary, which was previously filed as Exhibit 3.9 to Two Harbors' Form 8-A filed with the SEC on July 31, 2018, and is incorporated by reference herein as Exhibit 3.2 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

On the Closing Date, Two Harbors issued a press release announcing the completion of the Merger and the appointment of Mr. Stern and Ms. Hammond to the Board, described above in Item 2.01 and Item 5.02, respectively. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein solely for purposes of this Item 7.01 disclosure.

The information included in this Current Report on Form 8-K under this Item 7.01 shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by Two Harbors under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

As permitted by Item 9.01(a)(4) of Form 8-K, the unaudited financial statements required by this Item will be filed by amendment to this Current Report on Form 8-K within 71 days following the date on which this Current Report is required to be filed.

(b) Pro Forma Financial Information.

As permitted by Item 9.01(a)(4) of Form 8-K, the pro forma financial statements required by this Item will be filed by amendment to this Current Report on Form 8-K within 71 days following the date on which this Current Report is required to be filed.

(d) Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated April 25, 2018, by and among Two Harbors Investment Corp., Eiger Merger Subsidiary LLC and CYS Investments, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on April 26, 2018).
3.1	Articles Supplementary to the Articles of Amendment to the Articles of Amendment and Restatement of Two Harbors Investment Corp. designating the shares of 7.75% Series D Cumulative Redeemable Preferred Stock, par value \$0.01 per share (incorporated by reference to Exhibit 3.8 to the Registrant's Form 8-A filed on July 31, 2018).
3.2	Articles Supplementary to the Articles of Amendment to the Articles of Amendment and Restatement of Two Harbors Investment Corp. designating the shares of 7.50% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share (incorporated by reference to Exhibit 3.9 to the Registrant's Form 8-A filed on July 31, 2018).
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on November 19, 2009).
99.1	Press Release, dated July 31, 2018.*

* Filed herewith.

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.

TWO HARBORS INVESTMENT CORP.

By: /s/ REBECCA B. SANDBERG

Rebecca B. Sandberg

General Counsel and Secretary

Date: July 31, 2018

Two Harbors Investment Corp. and CYS Investments, Inc.
Announce Closing of Merger

New York, July 31, 2018 – Two Harbors Investment Corp. (NYSE: TWO) (“Two Harbors”) and CYS Investments, Inc. (NYSE: CYS) (“CYS”) today announced the closing of the previously announced merger between Two Harbors and CYS.

Summary

- Upon the closing of the merger, each share of CYS common stock was converted into the right to receive 0.4680 newly issued shares of Two Harbors common stock as well as cash consideration of \$0.0965 per share. Based on the number of shares of CYS common stock outstanding as of the closing date, approximately 72.7 million shares of Two Harbors common stock and \$15 million in cash consideration will be issued to CYS common stockholders in connection with the merger.
- No fractional shares of Two Harbors common stock will be issued in connection with the merger. Instead, CYS common stockholders will receive cash in lieu of any fractional shares.
- Shares of CYS common stock will continue to trade on the New York Stock Exchange (“NYSE”) throughout the day on July 31, 2018. Trading in shares of CYS common stock will cease after market close on July 31, 2018 and shares of CYS common stock will be converted into the right to receive Two Harbors common stock and the cash consideration prior to market open on August 1, 2018.
- The newly issued shares of Two Harbors common stock will begin trading on the NYSE under the ticker symbol “TWO” on August 1, 2018.
- Registered holders of CYS common stock will have their shares of Two Harbors common stock posted to new accounts at Equiniti Shareowner Services, the transfer agent for Two Harbors. Beneficial holders of CYS common stock will have their shares of Two Harbors common stock posted to their individual accounts at their broker or financial institution, in accordance with the policies and procedures of such broker or financial institution.

Preferred Stock

- Upon the closing of the merger, each share of CYS 7.75% Series A Cumulative Redeemable Preferred Stock was converted into the right to receive one share of newly classified Two Harbors’ 7.75% Series D Cumulative Redeemable Preferred Stock, and each share of CYS 7.50% Series B Cumulative Redeemable Preferred Stock was converted into the right to receive one share of newly classified Two Harbors’ 7.50% Series E Cumulative Redeemable Preferred Stock.
- The newly issued shares of Two Harbors preferred stock will begin trading on the NYSE under the ticker symbols “TWO PRD” and “TWO PRE” on August 1, 2018.

Leadership of the Combined Company

As previously announced, the combined company will continue to be led by the executive management team of Two Harbors. In addition, pursuant to the previously announced Agreement and Plan of Merger, dated as of April 25, 2018, the size of the Two Harbors’ Board of Directors was increased from nine to eleven members upon the closing of the merger, and Karen Hammond and James A. Stern, two independent directors from CYS, were appointed to the Two Harbors’ Board of Directors.

Advisors

JMP Securities LLC acted as financial advisor and Sidley Austin LLP acted as legal advisor to Two Harbors. Barclays Capital Inc. and Credit Suisse Securities (USA) LLC acted as financial advisors and Vinson & Elkins LLP acted as legal advisor to CYS.

About Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is a real estate investment trust that invests in residential mortgage-backed securities, mortgage servicing rights 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.

About CYS Investments, Inc.

CYS Investments, Inc., a Maryland corporation, is a specialty finance company that invests on a leveraged basis primarily in residential mortgage pass-through certificates for which the principal and interest payments are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. CYS refers to these securities as Agency RMBS. CYS has elected to be taxed as a real estate investment trust for federal income tax purposes.

Forward-Looking Statements

This press release may contain “forward-looking statements”. 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 (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this communication that address activities, events or developments that Two Harbors or CYS 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,” “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. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Two Harbors’ and CYS’s ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although Two Harbors and CYS believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, the companies can give no assurance that our 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 communication, including those related to the merger of Two Harbors and CYS. All such factors are difficult to predict and are beyond the control of Two Harbors and CYS, including those detailed in Two Harbors’ annual reports on Form 10-K, quarterly reports on Form 10-Q and periodic reports on Form 8-K that are available on Two Harbors’ website at <http://www.twoharborsinvestment.com> and on the SEC’s website at <http://www.sec.gov>, those detailed in

CYS's annual reports on Form 10-K, quarterly reports on Form 10-Q and periodic reports on Form 8-K that are available on its website at <http://www.cysinv.com> and on the SEC's website at <http://www.sec.gov>, and those detailed in the section entitled "Risk Factors" in the joint proxy statement/prospectus relating to the merger filed with the SEC on June 25, 2018.

Each of the forward-looking statements of Two Harbors or CYS are based on assumptions that Two Harbors or CYS, as applicable, 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 neither Two Harbors nor CYS undertakes 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.

Contacts

Two Harbors Investment Corp.
Margaret Field, 212-364-3663
Investor Relations
margaret.field@twoharborsinvestment.com
