

TWO HARBORS INVESTMENT CORP.

WHISTLEBLOWING PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS

Purpose

In accordance with Section IV, “Complaints and Procedures” of the Audit Committee Charter of Two Harbors Investment Corp. (the “Company”), the Audit Committee (the “Audit Committee”) of the Company’s Board of Directors has adopted these Whistleblowing Procedures for Accounting and Auditing Matters (the “Whistleblowing Procedures”) in order to facilitate (a) the receipt, retention and treatment of reports and complaints received from the Company’s employees regarding any questionable or unethical accounting, internal accounting controls or auditing matters (collectively, “Accounting Matters”) and (b) the confidential, anonymous submission by such employees of concerns regarding questionable or unethical Accounting Matters.

Roles and Responsibilities

All employees of the Company and its affiliates have a responsibility to guard against and report any questionable or unethical Accounting Matters or other related actions that can subject the Company or its employees to civil or criminal liability. Under these Whistleblowing Procedures, if an employee knows of, observes, suspects or becomes aware of any questionable or unethical Accounting Matters, that employee must report that information immediately. Employees shall be responsible for reporting violations of Accounting Matters committed by themselves as well as others. The fact that an employee reported his or her own violation, together with the degree of cooperation displayed by such employee, and whether the violation is intentional or unintentional, will be given consideration in an investigation and any resulting disciplinary action. Any employee submitting a report or complaint in good faith shall be protected from retaliation of any kind by these Whistleblowing Procedures.

Scope of Matters Covered by Whistleblowing Procedures

These Whistleblowing Procedures relate to employee reports or complaints regarding:

- Questionable or unethical Accounting Matters, including the following:
 - Fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
 - Fraud or deliberate error in the recording and maintaining of financial records of the Company;
 - Deficiencies in or noncompliance with the Company’s internal accounting controls;
 - Misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company;
 - Deviation from full and fair reporting of the Company’s financial condition; and
- Retaliation against employees who submit a report in good faith.

Reporting Procedures

The Company's employees may submit any questions, concerns, reports or complaints regarding Accounting Matters at any time, confidentially and anonymously, using any of the following methods:

- to the Company's General Counsel by:
 - Phone: [redacted]
 - Email: [redacted]

or

- to any member of the Audit Committee:
 - Stephen Kasnet – Audit Committee Chairman
 - Phone: [redacted]
 - E-mail: [redacted]
 - W. Reid Sanders – Audit Committee Member
 - Phone: [redacted]
 - E-mail: [redacted]
 - Hope B. Woodhouse – Audit Committee Member
 - Phone: [redacted]
 - E-mail: [redacted]

or

- to the Two Harbors Alert Line by:
 - Phone: 1 (855)-582-3772
 - Online Submission: www.twoharborsinvestment.ethicspoint.com

The Two Harbors Alert Line is managed by an independent third-party service provider and allows any Company employee to submit a report on an anonymous basis, 24 hours a day, 365 day a year. The Two Harbors Alert Line service provider is required to promptly share the information provided in the report with the Company's General Counsel. The Two Harbors Alert Line service provider will explain to each caller the procedures for following up on the report (including the caller providing additional information at a later date as needed).

Record Retention of Reported Violations and Investigations

- The Chairman of the Audit Committee will maintain a log of all reported violations and complaints, documenting their receipt, investigation and resolution and shall prepare a periodic summary report thereof for the Audit Committee. Copies of all reported violations and complaints and such log will be maintained for no less than a period of ten years.

Investigating Reports

The Audit Committee, on behalf of the Company, is committed to achieving compliance with all applicable accounting standards, accounting controls and audit practices and will be responsible for overseeing the receipt, retention, investigation of, and response to all reports. The Company's General Counsel is

responsible for assisting the Audit Committee with administering these Whistleblowing Procedures on behalf of the Company.

- The Company's General Counsel will receive any reports made to the Two Harbors Alert Line and will promptly forward such reports to the Audit Committee.
- Upon receipt of a reported violation or reports from the Company's General Counsel, the Chairman of the Audit Committee will (i) determine whether the reported violation actually pertains to the Company's Accounting Matters and (ii) when possible, acknowledge receipt of the reported violation to the applicable employee.
- Reported violations relating to Accounting Matters will be reviewed under the direction of the Audit Committee, which may seek, to the extent applicable, the guidance of the Company's General Counsel or such other persons as the Audit Committee determines to be appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review of the reported violation.
- Prompt and appropriate corrective action will be taken when warranted in the judgment of the Audit Committee.
- The Two Harbors Alert Line service provider, the Audit Committee or the Company's General Counsel, as determined by the Audit Committee, will contact, to the extent appropriate, each Company employee who files a report to inform him or her of the results of the investigation and what, if any, corrective action was taken.

Retaliation

- The Company prohibits retaliation against any individual who, in good faith, reports or expresses concerns about questionable or unethical Accounting Matters, or against any individual who participates in, or otherwise supports, an investigation of such reports. Anyone who retaliates against an individual under such circumstances will be subject to disciplinary action, up to and including termination of employment.
- All employees are strongly urged to report all incidents of retaliation, regardless of the offender's identity or position, so that an effective remedial action can be taken when appropriate.
- If an employee believes that he or she has experienced conduct that is contrary to these Whistleblowing Procedures or has concerns about such matters, the first and most effective resource may be to tell the individual who undertook the conduct that the behavior was perceived as inappropriate. Often such open communication can clear up a misunderstanding. Of course, employees may at any time report the matter to their direct supervisor or the Company's General Counsel. If the problem involves an employee's supervisor or if there are other reasons for not approaching or for going beyond the supervisor, the complaint should be made by submitting a report using any of the methods set forth in these Whistleblowing Procedures.
- Any reported allegations of retaliation will be investigated promptly. The investigation may include individual interviews with the parties involved and, when necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge.
- Confidentiality will be maintained throughout the investigation process to the greatest extent possible consistent with adequate investigation and appropriate corrective action. However, employees cannot expect that any complaint will be maintained in complete confidence or that they

may report an allegation of inappropriate behavior and ask the Company to “not do anything about it.” The Company will protect such employees from any retaliation for reporting violations or suspected violations of applicable laws, regulations or business ethics standards or violations or suspected violations relating to the financial reporting of the Company.

Amended December 17, 2013