

Two Harbors Investment Corp.
Form 424B5
July 16, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-180791

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED MAY 18, 2012

50,000,000 Shares

Two Harbors Investment Corp.

Common Stock

We are offering 50,000,000 shares of our common stock as described in this prospectus supplement and the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol TWO. The closing price of our common stock on the NYSE on July 11, 2012 was \$10.83 per share.

The underwriters have a 30 day option to purchase a maximum of 7,500,000 additional shares to cover over-allotment of shares.

We have elected to be taxed as a real estate investment trust, or REIT, for U.S. federal income tax purposes. As long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax to the extent we distribute our taxable income to our stockholders on an annual basis. To assist us in qualifying as a REIT, among other purposes, ownership of shares of our common stock by an person is limited, with certain exceptions, to 9.8% by value or by number of shares, whichever is more restrictive, of the outstanding shares of our common stock and 9.8% by value or by number of shares, whichever is more restrictive, of the aggregate of the outstanding shares of our capital stock. In addition, our charter contains various other restrictions on the ownership and transfer of our stock.

Investing in our common stock involves a high degree of risk. See the risks set forth under the heading Risk Factors beginning on page S-4 of this prospectus supplement, and the risks set forth under the heading Item 1A. Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2011.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	\$ 10.44	\$ 0.13	\$ 10.31
Total	\$ 522,000,000	\$ 6,500,000	\$ 515,500,000

Delivery of the shares will be made on or about July 18, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

Barclays

J.P. Morgan

JMP Securities **Keefe, Bruyette & Woods**

The date of this prospectus supplement is July 13, 2012.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC or Commission, using a shelf registration process. This prospectus supplement contains specific information about us and the terms on which we are offering and selling shares of our common stock. To the extent that any statement made in this prospectus supplement is inconsistent with statements made in the prospectus, the statements made in the prospectus will be deemed modified or superseded by those made in this prospectus supplement. Before you purchase shares of our common stock, you should carefully read this prospectus supplement, the accompanying prospectus and the registration statement, together with the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

The terms Two Harbors, we, our, and us refer to Two Harbors Investment Corp., a Maryland corporation, together with its consolidated subsidiaries, unless otherwise specified.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We believe that some of the information in this prospectus supplement constitutes forward-looking statements within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as may, expect, anticipate, contemplate, believe, estimate, intends, planned, goal, target, and continue or similar words. You should read statements that contain such words carefully because they:

discuss future expectations;

contain projections of future results of operations or financial condition; or

state other forward-looking information.

We believe it is important to communicate our expectations to our security holders. However, there may be events in the future that we are not able to predict accurately or over which we have no control. The risk factors and cautionary language discussed in this prospectus supplement provide examples of risks, uncertainties and events that may cause actual results to differ materially from the expectations described by us in such forward-looking statements, including among other things:

changes in interest rates and the market value of our target assets;

changes in prepayment rates of mortgages underlying our target assets;

the timing of credit losses within our portfolio;

our exposure to adjustable-rate and negative amortization mortgage loans underlying our target assets;

the state of the credit markets and other general economic conditions, particularly as they affect the price of earning assets and the credit status of borrowers;

the concentration of the credit risks we are exposed to;

legislative and regulatory actions affecting the mortgage and derivatives industries or our business;

the availability of target assets for purchase at attractive prices;

the availability of financing for our portfolio, including the availability of repurchase agreement financing;

declines in home prices;

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increases in payment delinquencies and defaults on the mortgages underlying our non-Agency securities;

changes in liquidity in the market for real estate securities, the re-pricing of credit risk in the capital markets, inaccurate ratings of securities by rating agencies, rating agency downgrades of securities, and increases in the supply of real estate securities available-for-sale;

changes in the values of securities we own and the impact of adjustments reflecting those changes on our income statement and balance sheet, including our stockholders' equity;

our ability to generate the amount of cash flow we expect from our investment portfolio;

changes in our investment, financing, and hedging strategies and the new risks that those changes may expose us to;

changes in the competitive landscape within our industry, including changes that may affect our ability to retain or attract personnel;

our ability to build successful relationships with loan originators;

our ability to acquire mortgage loans in connection with our securitization plans;

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our ability to securitize the mortgage loans that we may acquire;

our ability to acquire residential real properties at attractive prices and lease such properties on a profitable basis or to resell such properties at a gain;

our ability to manage various operational risks associated with our business;

our ability to maintain appropriate internal controls over financial reporting;

our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio;

our ability to maintain our REIT qualification for U.S. federal income tax purposes; and

limitations imposed on our business due to our REIT status and our status as exempt from registration under the 1940 Act.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this prospectus supplement. The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described in this prospectus supplement under *Risk Factors*. Additional factors are described in our Annual Report on Form 10-K for the year ended December 31, 2011, which documents are incorporated by reference in this prospectus supplement and the accompanying prospectus. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise over time, and it is not possible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Before you make an investment decision, you should be aware that the occurrence of the events described in the *Risk Factors* section and elsewhere in this prospectus supplement, and incorporated herein by reference, may adversely affect us.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us. It may not contain all the information that may be important to you in deciding whether to invest in our common stock. You should read this entire prospectus supplement, including the Risk Factors, and the accompanying prospectus, together with the information incorporated by reference, including the risk factors, financial data and related notes, before making an investment decision.

Our Company

Two Harbors Investment Corp. is a Maryland corporation focused on investing in, financing and managing residential mortgage-backed securities, or RMBS, residential mortgage loans, residential real properties and other financial assets, which we collectively refer to as our target assets. We operate as a real estate investment trust, or REIT, as defined under the Internal Revenue Code of 1986, as amended, or the Code.

We are externally managed and advised by PRCM Advisers LLC, a wholly-owned subsidiary of Pine River Capital Management L.P., or Pine River. Founded in 2002, with offices in New York, London, Hong Kong, San Francisco, Beijing and Minnetonka, Minnesota, Pine River is a global multi-strategy asset management firm providing comprehensive portfolio management, transparency and liquidity to institutional and high net worth investors.

Our objective is to provide attractive risk-adjusted returns to our stockholders over the long term, primarily through dividends and secondarily through capital appreciation. We selectively acquire and manage an investment portfolio of our target assets, which is constructed to generate attractive returns through market cycles. We focus on security selection and implement a relative value investment approach across various sectors within the residential mortgage market. Our target assets include the following:

Agency RMBS, meaning RMBS whose principal and interest payments are guaranteed by the Government National Mortgage Association (or Ginnie Mae), the Federal National Mortgage Association (or Fannie Mae), or the Federal Home Loan Mortgage Corporation (or Freddie Mac);

Non-Agency RMBS, meaning RMBS that are not issued or guaranteed by Ginnie Mae, Fannie Mae or Freddie Mac;

Residential mortgage loans;

Residential real properties; and

Other financial assets comprising approximately 5% to 10% of the portfolio.

We seek to deploy moderate leverage as part of our investment strategy. We generally finance our RMBS and mortgage loan assets through short-term borrowings structured as repurchase agreements.

We recognize that investing in our target assets is competitive and that we compete with other investment vehicles for attractive investment opportunities. We rely on our management team and Pine River, who have developed strong relationships with a diverse group of financial intermediaries. In addition, we have benefited and expect to continue to benefit from Pine River's analytical and portfolio management expertise and infrastructure. We believe that our significant focus on the RMBS area, the extensive RMBS expertise of our investment team, our strong analytics and our disciplined relative value investment approach give us a competitive advantage versus our peers.

We have elected to be taxed as a REIT for U.S. federal income tax purposes. To qualify as a REIT we are required to meet certain investment and operating tests and annual distribution requirements. We generally will not be subject to U.S. federal income taxes on our taxable income to the extent that we annually distribute all of

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our net taxable income to stockholders, do not participate in prohibited transactions and maintain our qualification as a REIT. However, certain activities that we may perform may cause us to earn income which will not be qualifying income for REIT purposes. We have designated one or more of our subsidiaries as taxable REIT subsidiaries, or TRS, as defined in the Code, to engage in such activities, and we may in the future form additional TRSs. We also intend to operate our business in a manner that will permit us to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or the 1940 Act.

Our headquarters are located at 601 Carlson Parkway, Suite 150, Minnetonka, Minnesota 55305 and our telephone number is (612) 629-2500. We maintain a website at www.twoharborsinvestment.com; however, the information found on this website is not a part of this prospectus supplement or the accompanying prospectus.

Recent Developments

At-the-Market Offering

From May 25, 2012 to July 11, 2012, we sold 7,585,869 shares of our common stock pursuant to our at-the-market offering program for net proceeds of approximately \$77.6 million, after deducting sales agent compensation and estimated offering expenses.

Second Quarter Dividend

On June 14, 2012, we declared a quarterly dividend of \$0.40 per share of common stock for the second quarter of 2012. This dividend is payable on July 20, 2012 to common stockholders of record at the close of business on June 22, 2012. Investors in this offering are not entitled to receive this dividend.

Real Property Investment

In the second quarter of 2012, as part of the on-going diversification of our business model, we acquired additional residential real properties in various metropolitan areas across the United States. Currently, we own or have agreements to acquire residential real properties with an aggregate purchase price of approximately \$100 million.

Portfolio and Market Update

Our GAAP book value per diluted common share was \$9.67 at March 31, 2012. Our book value has increased modestly as of the end of the second quarter of 2012.

Core earnings for the second quarter of 2012 were negatively affected by costs associated with our hedging strategy used to protect book value, the timing of capital deployment from our February capital raise and lower net interest spreads in available target assets in recent months when deploying our reinvestment capital. Furthermore, consistent with past practice, we will determine the amount of our future dividends based on a variety of factors, including taxable earnings per common share, estimated operating results and financial condition for the quarter, REIT requirements, and such other factors as our board of directors deems to be relevant.

We believe that yields and net interest spreads on Agency and Non-Agency RMBS that are currently available for investment are generally lower than what we have historically realized in our portfolio. Consequently, we may not be able to deploy the proceeds from this offering in target assets that result in yields and net interest spreads that are as favorable as those in our existing portfolio.

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THE OFFERING

Common stock offered by us ⁽¹⁾	50,000,000 shares.
Common stock outstanding after this offering ⁽¹⁾	271,843,851 shares.
Use of proceeds	We expect to receive net proceeds from the sale of the common stock of approximately \$515,100,000, after deducting underwriting discounts and estimated offering expenses. If the underwriters' over-allotment option is exercised in full, our net proceeds from the offering will be approximately \$592,425,000, after deducting underwriting discounts and estimated offering expenses. We plan to use the net proceeds from this offering to fund purchases of our target assets and for general corporate purposes. Prior to the time we have fully used the net proceeds of this offering, we may fund our quarterly dividends out of such net proceeds. See <i>Use of Proceeds</i> .
Distribution policy	To satisfy the requirements to qualify as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to continue to pay regular quarterly dividends of all or substantially all of our taxable income to holders of our common stock out of assets legally available therefor. U.S. federal income tax law requires that a REIT distribute with respect to each year at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain. See <i>U.S. Federal Income Tax Considerations</i> in the accompanying prospectus. The timing and amount of any dividends we pay to holders of our common stock will be at the discretion of our board of directors and will depend upon various factors, including our actual and projected results of operations, financial condition, liquidity and business, our debt and preferred stock covenants, maintenance of our REIT qualification, applicable provisions of the Maryland General Corporation Law, or MGCL, and such other factors as our board of directors deems relevant.
Listing	Our common stock is listed on the NYSE under the symbol TWO.
Risk Factors	Investing in our common stock involves a high degree of risk. See <i>Risk Factors</i> beginning on page S-4 of this prospectus supplement for a discussion of some of the risks relating to investment in our common stock. You should also carefully read and consider the information set forth under the headings Item 1A. Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2011 and all other information in this prospectus supplement and the accompanying prospectus before investing in our common stock.

(1) We have granted the underwriters a 30 day option to purchase up to 7,500,000 additional shares of our common stock. Unless otherwise indicated, all share amounts in this prospectus supplement assume no exercise of the underwriters' option or exercise of any outstanding warrants to purchase our common stock.

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RISK FACTORS

An investment in Two Harbors involves a number of risks. Before making an investment decision, you should carefully read and consider the information set forth under the headings "Item 1A. Risk Factors" beginning on page 11 of our Annual Report on Form 10-K for the year ended December 31, 2011 (which documents are incorporated herein by reference) and the following summary of risk factors, together with all other information in this prospectus supplement and the accompanying prospectus. We believe such risk factors, individually or in the aggregate, could cause our actual results to differ significantly from anticipated or historical results. In addition to understanding the key risks described below and incorporated herein by reference, investors should understand that it is not possible to predict or identify all risk factors, and consequently, such risk factors are not a complete discussion of all potential risks or uncertainties.

Risks Related to the Securities of Two Harbors

Future issuances and sales of shares of our common stock may depress the market price of our common stock or have adverse consequences for our stockholders.

Our charter provides that we may issue up to 450,000,000 shares of common stock. As of July 11, 2012, 221,843,851 shares of common stock were issued and outstanding and 33,249,000 warrants to purchase up to 33,249,000 shares of common stock were issued and outstanding.

We cannot predict the effect, if any, of future issuances, sales, or exchanges of our common stock on the market price of our common stock. Sales or exchanges of substantial amounts of common stock or the perception that such sales or exchanges could occur may adversely affect the prevailing market price for our common stock.

Also, we may issue additional shares in subsequent public offerings or private placements to acquire new assets or for other purposes. We are not required to offer any such shares to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future share issuances, which may dilute the existing stockholders' interests.

We have not established a minimum distribution payment level and we cannot assure you of our ability to pay distributions in the future.

We intend to continue to pay quarterly distributions and to make distributions to our stockholders in an amount such that we distribute all or substantially all of our REIT taxable income in each year, subject to certain adjustments. We have not established a minimum distribution payment level and our ability to pay distributions may be adversely affected by a number of factors, including the risk factors described herein or incorporated by reference herein. All distributions will be made, subject to Maryland law, at the discretion of our board of directors and will depend on our earnings, our financial condition, any debt covenants, maintenance of our REIT qualification and other factors as our board of directors may deem relevant from time to time. We cannot assure you that we will achieve results that will allow us to make a specified level of cash distributions.

Our warrants may be exercised in the future, which would increase the number of shares of our common stock eligible for future resale in the public market.

Outstanding redeemable warrants to purchase an aggregate of 33,249,000 shares of our common stock are currently exercisable at an exercise price of \$11.00 per share. Of these warrants, an aggregate of 7,000,000 warrants issued to certain persons are exercisable on a pro rata cashless basis based on the formula set forth in the Warrant Agreement. The warrant exercise price may be lowered under certain circumstances, including,

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among others, in our sole discretion at any time prior to the expiration date of the warrants for a period of not less than ten business days; provided, however, that any such reduction shall be identical in percentage terms among all of the warrants. These warrants likely will be exercised if the market price of the shares of our common stock equals or exceeds the warrant exercise price. Therefore, as long as warrants remain outstanding, there will be a drag on any increase in the price of our common stock in excess of the warrant exercise price. To the extent such warrants are exercised, additional shares of our common stock will be issued, which would dilute the ownership of existing stockholders. Further, if these warrants are exercised at any time in the future at a price lower than the book value per share of our common stock, existing stockholders could suffer substantial dilution of their investment, which dilution could increase in the event the warrant exercise price is lowered. Additionally, if we were to lower the exercise price in the near future, the likelihood of this dilution could be accelerated.

The market price of our common stock could fluctuate and could cause you to lose a significant part of your investment.

The market price of our common stock may be influenced by many factors, some of which are beyond our control, including those described above and the following:

changes in financial estimates by analysts;

fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;

general economic conditions;

changes in market valuations of similar companies;

exercise of the warrants;

regulatory developments in the United States; and

additions or departures of key personnel at Pine River.

Resulting fluctuations in the market price of our common stock could cause you to lose a significant part of your investment.

The allocation of the net proceeds of our equity offerings among our target assets, and the timing of the deployment of these proceeds is subject to, among other things, then prevailing market conditions and the availability of target assets.

Our allocation of the net proceeds of this and our other equity offerings among our target assets is subject to our investment guidelines and our REIT qualification. PRCM Advisers LLC will make determinations as to the percentage of our equity that will be invested in each of our target assets and the timing of the deployment of the net proceeds of our equity offerings. These determinations will depend on then prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. Until appropriate assets can be identified, PRCM Advisers LLC may decide to use the net proceeds of our offerings to pay down our short-term debt or to invest the net proceeds in interest-bearing short-term investments, including funds which are consistent with our REIT election. These investments are expected to provide a lower net return than we seek to achieve from our target assets. Prior to the time we have fully used the net proceeds of our offerings to acquire our target assets, we may fund our quarterly dividends out of such net proceeds.

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ADDITIONAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The rules dealing with Federal income taxation are constantly under review by persons involved in the legislative process, and by the Internal Revenue Service and the U.S. Treasury Department. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 extends the 2001 and 2003 tax rates for taxpayers that are taxable as individuals, trusts and estates through 2012, including the maximum 35% tax rate on ordinary income and the maximum 15% tax rate for long-term capital gains and qualified dividend income. As noted in the prospectus, dividends paid by REITs will generally not constitute qualified dividend income eligible for the 15% tax rate for stockholders that are taxable as individuals, trusts and estates and will generally be taxable at the higher ordinary income tax rates.

We have received an opinion of SNR Denton US LLP to the effect that, commencing with our taxable year ended December 31, 2009, we have been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and our actual method of operation has enabled, and our proposed method of operation will continue to enable us, to meet the requirements for qualification and taxation as a REIT under the Code. It must be emphasized that the opinion of SNR Denton US LLP is based on various assumptions relating to our organization and operation, including that all factual representations and statements set forth in all relevant documents, records and instruments are true and correct and that we will at all times operate in accordance with the method of operation described in our organizational documents and this document. Additionally, the opinion of SNR Denton US LLP is conditioned upon factual representations and covenants made by our management and the management of PRCM Advisers LLC, regarding our organization, assets, present and future conduct of our business operations and other items regarding our ability to continue to meet the various requirements for qualification as a REIT, and assumes that such representations and covenants are accurate and complete and that we will take no action that could adversely affect our qualification as a REIT. While we believe we are organized and intend to continue to operate so that we will qualify as a REIT, given the highly complex nature of the rules governing REITs, the ongoing importance of factual determinations and the possibility of future changes in our circumstances or applicable law, no assurance can be given by SNR Denton US LLP or us that we will so qualify for any particular year. SNR Denton US LLP will have no obligation to advise us or the holders of our shares of common stock of any subsequent change in the matters stated, represented or assumed or of any subsequent change in the applicable law. You should be aware that opinions of counsel are not binding on the IRS, or any court, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

Qualification and taxation as a REIT depend on our ability to meet, on a continuing basis, through actual results of operations, distribution levels, diversity of share ownership and various qualification requirements imposed upon REITs by the Code, the compliance with which will not be reviewed by SNR Denton US LLP. In addition, our ability to qualify as a REIT may depend in part upon the operating results, organizational structure and entity classification for U.S. federal income tax purposes of certain entities in which we invest. Our ability to qualify as a REIT also requires that we satisfy certain asset and income tests, some of which depend upon the fair market values of assets directly or indirectly owned by us or which serve as security for loans made by us. Such values may not be susceptible to a precise determination. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy the requirements for qualification and taxation as a REIT.

Legislation Relating to Foreign Accounts

Recently enacted legislation may impose withholding taxes on certain U.S. source payments made after December 31, 2013 to foreign financial institutions and certain other non-U.S. entities and on certain non-U.S. pass thru payments made, and disposition proceeds of U.S. securities realized after December 31, 2014. Under this legislation, the failure to comply with additional certification, information reporting and other specified requirements could result in withholding tax being imposed on payments of dividends and sales proceeds to U.S. stockholders (as defined in above) who own shares of our common stock through foreign accounts or foreign

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intermediaries and certain non-U.S. stockholders. The legislation imposes a 30% withholding tax on dividends on, and gross proceeds from the sale or other disposition of, our common stock paid to a foreign financial institution or to a foreign entity other than a financial institution, unless (i) the foreign financial institution undertakes certain diligence and reporting obligations or (ii) the foreign entity that is not a financial institution either certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. If the payee is a foreign financial institution, it must enter into an agreement with the United States Treasury requiring, among other things, that it undertake to identify accounts held by certain United States persons or United States-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. Prospective investors should consult their tax advisors regarding this legislation.

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USE OF PROCEEDS

We expect to receive net proceeds from the sale of common stock totaling approximately \$515,100,000, after deducting underwriting discounts and estimated offering expenses. If the underwriters' over-allotment option is exercised in full, our net proceeds from the offering will be approximately \$592,425,000, after deducting underwriting discounts and estimated offering expenses.

We plan to use the net proceeds from this offering to purchase our target assets, which include Agency RMBS, non-Agency RMBS, residential mortgage loans, residential real property and other financial assets, in each case subject to our investment guidelines and to the extent consistent with maintaining our REIT qualification, and for general corporate purposes. PRCM Advisers LLC will make determinations as to the percentage of our equity that will be invested in each of our target assets and the timing of deployment of the net proceeds of this offering. These determinations will depend on prevailing market conditions and may change over time in response to opportunities available in different interest rate, economic and credit environments. Until appropriate assets can be identified, PRCM Advisers LLC may decide to use the net proceeds to pay off our short-term debt or invest the net proceeds in interest-bearing short-term investments, including funds which are consistent with our REIT election. These investments are expected to provide a lower net return than we seek to achieve from our target assets. Prior to the time we have fully used the net proceeds of this offering to acquire our target assets, we may fund our quarterly dividends out of such net proceeds.

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The following table sets forth our capitalization at March 31, 2012 on an actual basis and as adjusted to reflect the effect of the sale of our common stock in this offering, after deducting the underwriting discount and estimated offering expenses. You should read this table together with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2012	
	Actual ⁽¹⁾	As Adjusted for This Offering ⁽²⁾
	(Dollars in thousands)	
Stockholders equity:		
Common Stock, par value \$0.01 per share; 450,000,000 shares authorized, and 214,207,346 shares issued and outstanding, actual, and 264,207,346 shares outstanding, as adjusted	\$ 2,142	\$ 2,642
Preferred Stock, par value \$0.01 per share; 50,000,000 shares authorized, and no shares issued and outstanding, actual, and no shares outstanding, as adjusted, and no shares outstanding, as further adjusted	\$	\$
Additional paid in capital	\$ 2,064,423	\$ 2,579,023
Accumulated other comprehensive income	\$ 85,194	\$ 85,194
Cumulative earnings	\$ 209,252	\$ 209,252
Cumulative distributions to stockholders	\$ (288,838)	\$ (288,838)
 Total stockholders equity	 \$ 2,072,173	 \$ 2,587,273

- (1) Does not include 7,636,505 shares of our common stock issued between March 31, 2012 and July 11, 2012, which includes 7,585,869 shares of our common stock issued since May 25, 2012 pursuant to our at-the-market offering program for net proceeds of approximately \$77.6 million.
- (2) Does not include the underwriters' over-allotment option to purchase up to 7,500,000 additional shares or 7,636,505 shares issued between March 31, 2012 and July 11, 2012. Outstanding share amounts assume no exercise of our warrants.

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Subject to the terms and conditions of the underwriting agreement, the underwriters named below, through Credit Suisse Securities (USA) LLC, Barclays Capital Inc. and J.P. Morgan Securities LLC, have severally agreed to purchase from us the following respective number of shares of common stock at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus supplement:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	20,000,000
Barclays Capital Inc.	10,000,000
J.P. Morgan Securities LLC	10,000,000
JMP Securities LLC	5,000,000
Keefe, Bruyette & Woods, Inc.	5,000,000
Total	50,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that, if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have granted to the underwriters a 30 day option to purchase on a pro rata basis up to 7,500,000 additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of \$0.05 per share. After the initial public offering, the underwriters may change the public offering price and concession.

The following table summarizes the compensation we will pay:

	Per Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Underwriting Discounts and Commissions paid by us	\$ 0.13	\$ 0.13	\$ 6,500,000	\$ 7,475,000

The expenses of the offering, payable by us, excluding the underwriter discounts and commissions, are estimated to be approximately \$400,000.

We have agreed that we will not (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or the Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the SEC a registration statement under the Securities Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC, Barclays Capital Inc. and J.P. Morgan Securities LLC for a period of 30 days after the date of this prospectus supplement. However, we may, during this 30-day lock-up period, (a) grant common stock-based awards to our directors under our 2009 equity

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incentive plan, (b) register with the SEC the shares of common stock authorized for issuance under our 2009 equity incentive plan, (c) issue shares of our common stock upon the exercise of currently outstanding options under our 2009 equity incentive plan, (d) issue shares of our common stock upon the exercise of currently outstanding redeemable warrants to purchase an aggregate of 33,249,000 shares of our common stock and (e) issue and sell shares pursuant to our dividend reinvestment and direct share purchase plan. In addition, beginning 15 days after the closing of this offering, we may, without the consent of Credit Suisse Securities (USA) LLC, Barclays Capital Inc. and J.P. Morgan Securities LLC, issue and sell common stock under our existing at-the-market offering program, provided that the total number of shares sold under this program from the fifteenth day after this closing until the expiration date of the 30-day lock-up period does not exceed 10% of the total number of shares sold in this offering.

Each of our directors and executive officers and PRCM Advisers LLC have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC, Barclays Capital Inc. and J.P. Morgan Securities LLC for a period of 30 days after the date of this prospectus supplement. However, each of our directors and executive officers may transfer or dispose of our shares during this 30-day lock-up period, provided, that (i) such transfer shall not involve a disposition for value, (ii) the transferee agrees to be bound in writing by the restrictions set forth in this paragraph for the remainder of the 30-day lock-up period prior to such transfer, and (iii) no filing by the transferor or transferee under the Exchange Act is required or voluntarily made in connection with such transfer (other than a filing on a Form 5 made after the expiration of the 30-day lock-up period). The foregoing lock-up agreements do not include any of the warrants or shares acquired upon conversion of such warrants that are covered by our registration statement on Form S-3 (Registration Statement No. 333-163034) and post-effective amendments thereto on Form S-11, initially filed on November 10, 2009, including those held by Nisswa Acquisition Master Fund Ltd. and Pine River Master Fund Ltd., other than those held by our director, Mark D. Ein.

In the event that either (1) during the last 17 days of the lock-up period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the lock-up period, we announce that we will release ea