

TWO HARBORS INVESTMENT CORP.

**NOMINATING AND CORPORATE
GOVERNANCE COMMITTEE CHARTER**

1. Purpose of the Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Two Harbors Investment Corp. (the “**Company**”) shall:

- assist the Board by identifying individuals qualified to become Board members;
- recommend to the Board the director nominees to be elected at each annual meeting of the Company’s stockholders;
- recommend to the Board the director nominees to serve on each Board committee;
- advise the Board with respect to the Company’s relationships with PRCM Advisers LLC or its successor as the Company’s investment manager (the “**Manager**”), and any other related parties, including addressing any conflicts of interest or potential conflicts of interest;
- develop, together with the Chairman of the Board and members of senior management, and recommend to the Board succession plans for the Company’s Chief Executive Officer and other senior executive officers;
- develop and recommend to the Board the corporate governance principles and guidelines applicable to the Company; and
- direct the Board in the annual review of its performance.

The Committee shall report to the Board on a regular basis and in any event not less than once a year. The Committee shall have the resources and authority appropriate to discharge its responsibilities and duties, including the authority to retain one or more search firms to assist in the identification of director candidates and/or separate counsel and other experts and consultants. The Committee shall have the sole authority to select, retain and terminate any such search firm and/or professionals and to approve the fees and other retention terms relating to any such search firm and/or professionals. The Committee shall also have the authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

2. Composition of the Nominating and Corporate Governance Committee

The Committee shall be comprised of at least three directors as appointed by the Board, each of whom shall meet the independence requirements under the rules and regulations of the New York Stock Exchange as in effect from time to time and shall be free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be appointed annually by the Board on or prior to the date of the Company’s annual meeting of stockholders and shall serve until their successors are duly appointed by the Board or until their earlier resignation or removal. In connection with the annual appointment of the

members of the Committee, the Board shall also select a member of the Committee to serve as its Chairman.

3. Meetings of the Nominating and Corporate Governance Committee

The Committee shall meet at such times and from time to time as it deems to be appropriate. The Committee may request members of the Company's management or others to attend meetings and provide pertinent information as necessary. Minutes will be kept for each meeting of the Committee and will be provided to each member of the Board.

4. Responsibilities and Duties of the Nominating and Corporate Governance Committee

The duties of the Committee shall include the following:

Nominating and Corporate Governance

- Assist the Board in fulfilling its responsibilities to assure that the Company is governed in a manner consistent with the interest of the stockholders of the Company.
- Review periodically and make recommendations to the Board as to changes in the size, composition, organization and operational structure of the Board and its committees.
- Review and make recommendations to the Board on the range of qualifications that should be represented on the Board and eligibility criteria for individual Board membership.
- Make recommendations to the Board with respect to director nominees to stand for election or re-election to the Board at each annual meeting of the Company's stockholders (or, if applicable, at any special meeting of stockholders).
- When informed that the Board is considering adding a member to fill an existing vacancy or newly created position, or any other time the Committee thinks the Board should consider adding a member, conduct a search to identify a person or persons to be added to the Board and make recommendations to the Board based upon the results of such search.
- Develop and recommend to the Board standards and policies to be applied in determining whether directors and director candidates are independent under the rules of the NYSE and any other applicable laws, rules or regulations, including any rules promulgated by the SEC, and recommend findings to the Board regarding the independence of each director and director candidate.
- Identify and make recommendations to the Board with respect to directors nominees for appointment as members to the Board's respective committees.
- Prepare any reports of the Committee to be included in the Company's proxy statement as may be required by the SEC.
- Develop and recommend to the Board standards and policies to be applied in assessing the relationship between the Company and the Manager, including with respect to conflicts of interest and allocation of investment opportunities.

- Develop, together with the Chairman of the Board and members of senior management, and recommend to the Board succession plans for the Company’s Chief Executive Officer and other senior executive officers.
- Develop and recommend to the Board a set of corporate governance principles applicable to the Company; review those principles annually; and monitor the Board’s governance process and make recommendations to the Chairman of the Board on governance and related matters.
- Develop and implement procedures for the Committee to exercise oversight of the evaluation of the effectiveness of the Board, the Board’s committees and the Company’s management.
- Solicit and receive comments from each director and, following the end of each fiscal year, report to the Board with an assessment of the Board’s performance.

Other Committee Responsibilities

- Prepare and issue the evaluations as required under “Performance Evaluation” below.
- Conduct an annual review of this Charter and recommend to the Board any changes that the Committee deems appropriate.
- Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company’s nominating and corporate governance procedures, policies and programs.

5. Delegation to Subcommittee

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

6. Performance Evaluation

The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make this report.

Approved by the Board: March 14, 2012