



#41993

DATE: OCTOBER 12, 2017

**SUBJECT: TWO HARBORS INVESTMENT CORPORATION - DISTRIBUTION
AND REVERSE SPLIT
OPTION SYMBOL: TWO
NEW SYMBOL: TWO1
FUTURES SYMBOL: TWO1D
NEW SYMBOL: TWO2D
DATE: 11/2/17**

Two Harbors Investment Corporation (TWO) has announced a distribution of (New) Granite Point Mortgage Trust Inc. (GPMT) Common Shares to TWO shareholders, immediately followed by a 1 for 2 reverse stock split. As a result of the distribution and reverse split, each TWO Common Share will be converted into the right to receive 0.50 (New) Two Harbors Investment Corporation (TWO) Common Shares and approximately 0.095 Granite Point Mortgage Trust Inc. (GPMT) Common Shares. The distribution and reverse split will be effective before the open on November 2, 2017. Cash will be paid in lieu of fractional shares.

Two Harbors Investment Corporation and Granite Point Mortgage Trust Inc. Common Shares are listed on the New York Stock Exchange (NYSE) under the trading symbols "TWO" and "GPMT", respectively.

CONTRACT ADJUSTMENT - OPTIONS

EFFECTIVE DATE: November 2, 2017

OPTION SYMBOL: TWO changes to TWO1

STRIKE PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 10.00 yields \$1,000.00)

NEW DELIVERABLE PER CONTRACT

- 1) 50 (New) Two Harbors Investment Corporation (TWO) Common Shares
- 2) Approximately 9 Granite Point Mortgage Trust Inc. (GPMT) Common Shares
- 3) Cash in lieu of approximately 0.5 fractional GPMT shares

SETTLEMENT ALLOCATION:

TWO: 85%
GPMT: 15%

CUSIPS: (New) TWO: 90187B408
GPMT: 38741L107

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the final distribution ratio and cash in lieu amount are determined, the underlying price for TWO1 will be determined as follows:

$$\text{TWO1} = 0.50 (\text{TWO}) + 0.095 (\text{GPMT})$$

DELAYED SETTLEMENT

The TWO component of the TWO1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the GPMT component and cash portion of the TWO1 deliverable until the final distribution ratio and cash in lieu amount of fractional GPMT Common Shares are determined. Upon determination of the final distribution ratio and cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate number of GPMT shares and cash amount.

CONTRACT ADJUSTMENT - FUTURES

EFFECTIVE DATE: November 2, 2017

FUTURES SYMBOL: TWO1D changes to TWO2D

SETTLEMENT PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150)

NEW DELIVERABLE PER CONTRACT

- 1) 50 (New) Two Harbors Investment Corporation (TWO) Common Shares
- 2) Approximately 9 (New) Granite Point Mortgage Trust Inc. (GPMT) Common Shares
- 3) Cash in lieu of approximately 0.5 fractional GPMT shares

SETTLEMENT ALLOCATION:

TWO: 85%

GPMT: 15%

CUSIPS: (New) TWO: 90187B408
GPMT: 38741L107

THE SETTLEMENT ALLOCATION IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the final distribution ratio and cash in lieu amount are determined, the underlying price for the TWO2D Futures contract deliverable, expressed in term of current market value, would be calculated as follows:

$$\text{TWO2D} = 0.50 (\text{TWO}) + 0.095 (\text{GPMT})$$

Please note that the valuation would apply only to the TWO2D deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

The TWO component of the TWO2D deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the GPMT component and cash portion of the TWO2D deliverable until the final distribution ratio and cash in lieu amount of fractional GPMT Common Shares are determined. Upon determination of the final distribution ratio and cash in lieu amount, OCC will require delivery of the appropriate number of GPMT shares and cash amount.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.