

Two Harbors Investment Corp.
Form SC 13G
February 16, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No.)*

**TWO HARBORS
INVESTMENT CORP.**

(Name of Issuer)

Common Stock, par value \$0.0001 per share
(Title of Class of Securities)

90187B101
(CUSIP Number)

December 31, 2009
(Date of Event which Requires Filing of this
Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

<input checked="" type="radio"/>	Rule 13d-1(b)
<input type="radio"/>	Rule 13d-1(c)
<input type="radio"/>	Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Continued on following pages
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Exhibit Index: Page 12

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CUSIP NO. : 90187B101

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1 NAME OF REPORTING PERSON:
TACONIC CAPITAL ADVISORS L.P.

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
20-5826144

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☐

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER

None

NUMBER OF 6 SHARED VOTING POWER
SHARES

BENEFICIALLY 1,323,240 (1)

OWNED BY 7 SOLE DISPOSITIVE POWER
EACH

REPORTING None

PERSON WITH 8 SHARED DISPOSITIVE POWER

1,323,240 (1)

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,323,240 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

☐

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

9.8% based on 13,502,449 shares outstanding as of December 11, 2009. (2)

12 TYPE OF REPORTING PERSON

IA

(1) This amount consists of 1,200,000 Shares of the Issuer's Common Stock and 123,240 Shares that the Reporting Person may be deemed to beneficially own upon exercise of warrants as per Rule 13d-3(d)(1)(i). Reporting Persons have added 123,240 Shares to the number of Shares outstanding based upon an amount of Shares that the Reporting Persons are entitled to obtain upon the exercise of warrants as per Rule 13d-3(d)(1)(i). The Reporting Persons hold warrants, which by their terms are exercisable immediately at the option of the holder, but these warrants are subject to "ownership blocker" provisions prohibiting the holder from exercising the warrants to the extent that such exercise

would result in the holder being deemed the beneficial owner of more than 9.8% of the Shares then issued and outstanding. See Item 4(a).

(2) This amount consists of 13,379,209 Shares outstanding, as per the Issuer's most recently filed Form 10-Q, and 123,240 Shares added to the Shares outstanding based upon an amount of Shares that the Reporting Persons are entitled to obtain upon the exercise of warrants as per Rule 13d-3(d)(1)(i). See Item 4(b).

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1 NAME OF REPORTING PERSON:
TACONIC CAPITAL ADVISORS UK LLP

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
20-5366362

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☐

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

England and Wales

5 SOLE VOTING POWER

None

NUMBER OF
SHARES 6 SHARED VOTING POWER

BENEFICIALLY 1,323,240 (1)

OWNED BY 7 SOLE DISPOSITIVE POWER
EACH

REPORTING None

PERSON WITH 8 SHARED DISPOSITIVE POWER

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1 NAME OF REPORTING PERSON:
TACONIC ASSOCIATES LLC

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
20-0870712

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) ☐

(b) ☐

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

5 SOLE VOTING POWER

None

NUMBER OF
SHARES 6 SHARED VOTING POWER

BENEFICIALLY 1,323,240 (1)

OWNED BY 7 SOLE DISPOSITIVE POWER
EACH

REPORTING None

PERSON WITH 8 SHARED DISPOSITIVE POWER

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1 NAME OF REPORTING PERSON
KENNETH D. BRODY
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) o

(b) ..

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5 SOLE VOTING POWER

None

NUMBER OF
SHARES 6 SHARED VOTING POWER

BENEFICIALLY 1,323,240 (1)

OWNED BY 7 SOLE DISPOSITIVE POWER
EACH

REPORTING None

PERSON WITH 8 SHARED DISPOSITIVE POWER

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1 NAME OF REPORTING PERSON:
FRANK P. BROSENS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) o

(b) "

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

5 SOLE VOTING POWER

None

NUMBER OF
SHARES 6 SHARED VOTING POWER

BENEFICIALLY 1,323,240 (1)

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PERSON WITH 8 SHARED DISPOSITIVE POWER

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to “ownership blocker” provisions prohibiting the holder from exercising the warrants to the extent that such exercise would result in the holder being deemed the beneficial owner of more than 9.8% of the Shares then issued and outstanding. See Item 4(a).

- (2) This amount consists of 13,379,209 Shares outstanding, as per the Issuer’s most recently filed Form 10-Q, and 123,240 Shares added to the Shares outstanding based upon an amount of Shares that the Reporting Persons are entitled to obtain upon the exercise of warrants as per Rule 13d-3(d)(1)(i). See Item 4(b).
-

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ITEMNAME OF ISSUER:

1(a).

Two Harbors Investment Corp. (the "Issuer").

ITEM

1(b).

ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

601 Carlson Parkway, Suite 330, Minnetonka, MN 55305

ITEMNAME OF PERSON FILING:

2(a).

This Statement is filed on behalf of each of the following persons (collectively, the "Reporting Persons"):

- i) Taconic Capital Advisors L.P. ("Taconic Advisors LP");
- ii) Taconic Capital Advisors UK LLP ("Taconic Advisors UK");
- iii) Taconic Associates LLC ("Taconic Associates");
- iv) Kenneth D. Brody ("Mr. Brody"); and
- v) Frank P. Brosens ("Mr. Brosens").

This Statement relates to the Shares (as defined herein) held for the accounts of Taconic Opportunity Fund L.P. ("Taconic Opportunity Fund") or Taconic Opportunity Master Fund L.P. ("Taconic Opportunity Master Fund", and collectively, the "Taconic Funds"). Taconic Advisors LP and Taconic Advisors UK serve as the investment managers to each of the Taconic Funds. Taconic Capital Performance Partners LLC ("Taconic Partners") serves as the general partner to Taconic Advisors LP. Taconic Associates serves as the general partner to the Taconic Funds. Mr. Brody is a principal of Taconic Advisors LP, a director of Taconic Capital Services UK Ltd., the managing member of Taconic Advisors UK, and a manager of Taconic Partners and Taconic Associates. Mr. Brosens is a principal of Taconic Advisors LP, a director of Taconic Capital Services UK Ltd., the managing member of Taconic Advisors UK, and a manager of Taconic Partners and Taconic Associates. In such capacity, Mr. Brody and Mr. Brosens may be deemed to have voting and dispositive power over the Shares held for each of the Taconic Funds.

ITEMADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:

2(b).

The address of the principal business office of each of Taconic Advisors LP, Taconic Associates, Mr. Brody and Mr. Brosens is c/o Taconic Capital Advisors L.P., 450 Park Avenue, 9th Floor, New York, NY 10022.

The address of the principal business office of Taconic Advisors UK is 55 Grosvenor Street, London, UK W1K 3HY.

ITEMCITIZENSHIP:

2(c).

- i) Taconic Advisors LP is a Delaware limited partnership;

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ii) Taconic Advisors UK is a United Kingdom limited liability partnership;

iii) Taconic Associates is a Delaware limited liability company;

iv) Mr. Brody is a citizen of the United States of America;

v) Mr. Brosens is a citizen of the United States of America.

ITEM TITLE OF CLASS OF SECURITIES:

2(d).

Common Stock, par value \$0.0001 per share (the "Shares")

ITEM CUSIP NUMBER:

2(e).

90187B101

ITEM 3. IF THIS STATEMENT IS FILED PURSUANT TO §§240.13D.1(B) OR 240.13D.2(B) OR (C), CHECK WHETHER THE PERSON FILING IS A:

- (a)o Broker or dealer registered under Section 15 of the Exchange Act.
- (b)o Bank as defined in Section 3(a)(6) of the Exchange Act.
- (c)o Insurance company as defined in Section 3(a)(19) of the Exchange Act.
- (d)o Investment company registered under Section 8 of the Investment Company Act.
- (e)x An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f)o An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F).
- (g)o A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).
- (h)o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act.
- (i)o A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act.
- (j)o Group, in accordance with Rule 13d-1(b)(1)(ii)(K).

ITEM 4. OWNERSHIP:

ITEM AMOUNT BENEFICIALLY OWNED:

4.(a)

As of December 31, 2009, the Reporting Persons may be deemed to beneficially own 1,323,240 shares held for the account of the Taconic Funds. This amount consists of: A) 1,200,000 Shares held for the account of the Taconic Funds; and B) 123,240 Shares held for the account of the Taconic Funds that the Reporting Persons may be deemed to own upon exercise of warrants as per Rule 13d-3(d)(1)(i).

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The warrants contain an ownership blocker provision (the "Blocker") under which the holders of the warrants do not have the right to exercise these warrants into Shares to the extent that such exercise would result in beneficial ownership by the holder of more than 9.8% of the total number of Shares issued and outstanding (including for such purpose the Shares issuable upon such exercise).

ITEM
4.(b) PERCENT OF CLASS:

The number of Shares of which the Reporting Persons may be deemed to be the beneficial owner constitutes 9.8% of 13,502,449 Shares, the total number of Shares outstanding. (Based upon information provided in the Issuer's most recently-filed Form 10-Q, there were 13,379,209 Shares outstanding as of December 11, 2009. Reporting Persons may be deemed to beneficially own 123,240 Shares upon the exercise of warrants. Pursuant to Rule 13d-3(d)(1)(i), such Shares have been added to the Issuer's number of Shares outstanding, therefore totaling 13,502,449, as the number of Shares outstanding.)

ITEM
4.(c) NUMBER OF SHARES OF WHICH SUCH PERSON HAS:

Taconic Advisors LP:

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,323,240
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,323,240

Taconic Advisors UK:

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,323,240
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,323,240

Taconic Associates:

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,323,240
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,323,240

Mr. Brody:

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,323,240

(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,323,240

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Mr. Brosens:

(i) Sole power to vote or direct the vote:	0
(ii) Shared power to vote or direct the vote:	1,323,240
(iii) Sole power to dispose or direct the disposition of:	0
(iv) Shared power to dispose or direct the disposition of:	1,323,240

ITEM 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

This Item 5 is not applicable.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

This Item 6 is not applicable.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

This Item 7 is not applicable

ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF A GROUP:

See disclosure in Item 2 hereof.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP:

This Item 9 is not applicable.

ITEM 10. CERTIFICATION:

By signing below each of the Reporting Persons certifies that, to the best of their knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

**TACONIC CAPITAL
ADVISORS L.P.**

Date: February 16, 2010

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Principal

Date: February 16, 2010

TACONIC CAPITAL ADVISORS
UK LLP

By: TACONIC CAPITAL
SERVICES UK LTD.,
its managing member

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Director

By: /s/ Frank P. Brosens
Name: Frank P. Brosens
Title: Director

Date: February 16, 2010

TACONIC ASSOCIATES LLC

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Manager

By: /s/ Frank P. Brosens
Name: Frank P. Brosens
Title: Manager

Date: February 16, 2010

KENNETH D. BRODY

By: /s/ Kenneth D. Brody

Date: February 16, 2010

FRANK P. BROSENS

By: /s/ Frank P. Brosens

EXHIBIT INDEX

Ex.		Page No.
A	Joint Filing Agreement, dated February 16, 2010 by and among the Reporting Persons	13

EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that the statement on Schedule 13G with respect to the Common Stock of Two Harbors Investment Corp. dated as of February 16, 2010 is, and any amendments thereto (including amendments on Schedule 13D) signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended.

TACONIC CAPITAL ADVISORS L.P.

Date: February 16, 2010

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Principal

Date: February 16, 2010

TACONIC CAPITAL ADVISORS UK LLP

By: TACONIC CAPITAL SERVICES UK
LTD.,
its managing member

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Director

By: /s/ Frank P. Brosens
Name: Frank P. Brosens
Title: Director

Date: February 16, 2010

TACONIC ASSOCIATES LLC

By: /s/ Kenneth D. Brody
Name: Kenneth D. Brody
Title: Manager

By: /s/ Frank P. Brosens
Name: Frank P. Brosens
Title: Manager

Date: February 16, 2010

KENNETH D. BRODY

By: /s/ Kenneth D. Brody

Date: February 16, 2010

FRANK P. BROSENS

By: /s/ Frank P. Brosens
