

February 7, 2011

To Our Stockholders:

The table below summarizes the characterization of the 2010 dividends paid by Cypress Sharpridge Investments, Inc. for federal income tax purposes.

**Distributions for 2010**

Record Date	Payable Date	Distribution Rate per Share	Ordinary Dividends Rate	Total Capital Gain Rate (a)	Nondividend Distribution Rate
04/14/10	04/28/10	\$ 0.550	\$ 0.230	\$ 0.016	\$ 0.304
06/28/10	7/28/2010	\$ 0.600	\$ 0.251	\$ 0.017	\$ 0.332
09/20/10	10/20/2010	\$ 0.600	\$ 0.251	\$ 0.017	\$ 0.332
12/13/10	12/29/10	\$ 0.600	\$ 0.251	\$ 0.017	\$ 0.332

(a) The Capital Gain Distribution is taxable at the Long Term rate which is currently 15%.

A recipient does not incur tax on nondividend distribution so long as the distribution does not exceed the recipient's adjusted basis in his or her common shares. The nondividend distribution reduces the recipient's adjusted basis in their common shares and any amount in excess of such basis should generally be treated as capital gain.

Please note that the above characterization of the Company's 2010 distributions are not provided, nor should they be used for, tax reporting purposes or as tax advice. Stockholders will receive Form 1099-DIV for the 2010 calendar year which will provide further details on distributions for federal income tax purposes. Stockholders are urged to seek their own tax experts, counsel, and advisors, and not rely on the information provided herein to compile any tax filings.

Sincerely,

Richard E. Cleary  
Chief Operating Officer