



January 30, 2013

To Our Stockholders:

The table below summarizes the characterization of the 2012 dividends paid by CYS Investments, Inc. to our common shareholders for federal income tax purposes. All 2012 dividends were paid in cash.

**Distributions for 2012**

Record Date	Payable Date	Distribution Rate per Share	Ordinary Dividends Rate	Total Capital Gain Rate (a)	Dividend Type
3/23/2012	4/18/2012	\$0.500	\$0.336	\$0.164	Regular
6/25/2012	7/18/2012	\$0.500	\$0.336	\$0.164	Regular
9/26/2012	10/17/2012	\$0.450	\$0.302	\$0.148	Regular
12/21/2012	12/28/2012	\$0.400	\$0.269	\$0.131	Regular
12/21/2012	12/28/2012	\$0.520	\$0.349	\$0.171	Special

(a) For the 2012 tax year, the Long Term Capital Gain Distribution is taxable at a Long Term rate of 15%.

Please note that the above characterization of the Company's 2012 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 2012 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