



January 24, 2017

To Our Stockholders:

The table below summarizes the characterization of the 2016 dividends paid by CYS Investments, Inc. (the “**Company**”) to our preferred stockholders for federal income tax purposes. All 2016 dividends were paid in cash.

Dividend Description	Record Date	Payable Date	Distribution Rate per Share	Ordinary Dividends Rate
Preferred Series A 7.75%	1/1/2016	1/15/2016	\$0.48	\$0.48
Preferred Series A 7.75%	4/1/2016	4/15/2016	\$0.48	\$0.48
Preferred Series A 7.75%	7/1/2016	7/15/2016	\$0.48	\$0.48
Preferred Series A 7.75%	10/1/2016	10/15/2016	\$0.48	\$0.48

Dividend Description	Record Date	Payable Date	Distribution Rate per Share	Ordinary Dividends Rate
Preferred Series B 7.50%	1/1/2016	1/15/2016	\$0.47	\$0.47
Preferred Series B 7.50%	4/1/2016	4/15/2016	\$0.47	\$0.47
Preferred Series B 7.50%	7/1/2016	7/15/2016	\$0.47	\$0.47
Preferred Series B 7.50%	10/1/2016	10/15/2016	\$0.47	\$0.47

Please note that the above characterization of the Company’s 2016 distributions are not provided, nor should they be used for, tax reporting purposes or as tax advice. Accordingly, 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. Stockholders will receive Form 1099-DIV for the 2016 calendar year which will provide further details on distributions for federal income tax purposes.

Very truly yours,

Richard E. Cleary  
Chief Operating Officer

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