



January 30, 2013

To Our Stockholders:

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

**Distributions for 2012**

Dividend Description	Record Date	Payable Date	Distribution Rate per Share	Ordinary Dividends Rate	Total Capital Gain Rate (a)
Preferred Series A 7.75%	10/1/2012	10/15/2012	\$ 0.3875	\$ 0.259212	\$ 0.128288

(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