



January 24, 2018

To Our Stockholders:

During the year ended December 31, 2017, CYS Investments, Inc. (NYSE:CYS) (EIN 20-4072657) (the “Company”) made distributions to its common stockholders (CUSIP#s 12673A108 and 23281A307). The distributions are comprised of ordinary income and return of capital, and are described on a per share basis in the table below:

Distributions for 2017

Record Date	Payable Date	Distribution Rate Per Share	Ordinary Dividend Rate	Return of Capital Rate ^{(a)(b)}
3/23/2017	4/12/2017	\$0.25	\$0.190	\$0.060
6/22/2017	7/12/2017	\$0.25	\$0.190	\$0.060
9/25/2017	10/11/2017	\$0.25	\$0.190	\$0.060
12/22/2017	12/27/2017	\$0.25	\$0.190	\$0.060

(a) The return of capital per share for the distributions.

(b) The Company determined its earnings and profits (“E&P”) for federal income tax purposes for the year ended December 31, 2017. The Company then compared its E&P to its total distributions to ascertain the components of taxable dividends and return of capital included within the distributions outlined above.

The return of capital component of the distribution reduces the recipient’s adjusted basis in their common shares, and should not result in a recognized loss.

Please note this information statement has been provided to you pursuant to Internal Revenue Code Regulation Section 1.6045B-1(b). The Company has attached Internal Revenue Service Form 8937, which reports the same information as above. This letter should not serve as tax advice. Accordingly, stockholders are urged to seek their own tax experts, counsel, and advisors, to compile and complete their tax filings. Additionally, stockholders should expect to receive Form 1099-DIV for the 2017 calendar year, which will provide further details on distributions for federal income tax purposes.

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name CYS INVESTMENTS, INC.		2 Issuer's employer identification number (EIN) 20-4072657	
3 Name of contact for additional information INVESTOR RELATIONS	4 Telephone No. of contact (617) 639-0440	5 Email address of contact info@cysinv.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 500 TOTTEN POND ROAD, 6TH FLOOR		7 City, town, or post office, state, and ZIP code of contact WALTHAM, MA 02451	
8 Date of action SEE PART II, LINE 14		9 Classification and description COMMON STOCK DISTRIBUTION	
10 CUSIP number 12673A108, 23281A307	11 Serial number(s) N/A	12 Ticker symbol CYS	13 Account number(s) N/A

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ DURING THE YEAR ENDED DECEMBER 31, 2017, CYS INVESTMENTS, INC. (THE "COMPANY") MADE DISTRIBUTIONS TO STOCKHOLDERS. THE COMPANY DETERMINED ITS EARNINGS AND PROFITS ('E&P') FOR FEDERAL INCOME TAX PURPOSES FOR THE YEAR ENDED DECEMBER 31, 2017.

RECORD DATE	PAYABLE DATE	DISTRIBUTION RATE PER SHARE
3/23/2017	4/12/2017	\$0.25
6/22/2017	7/12/2017	\$0.25
9/25/2017	10/11/2017	\$0.25
12/22/2017	12/27/2017	\$0.25

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ THE CASH DISTRIBUTIONS FROM THE COMPANY RESULTED IN THE DISTRIBUTIONS BEING TREATED AS RETURN OF CAPITAL IN THE FOLLOWING MANNER:

RECORD DATE	PAYABLE DATE	DISTRIBUTION RATE PER SHARE	RETURN OF CAPITAL
3/23/2017	4/12/2017	\$0.25	\$0.060
6/22/2017	7/12/2017	\$0.25	\$0.060
9/25/2017	10/11/2017	\$0.25	\$0.060
12/22/2017	12/27/2017	\$0.25	\$0.060

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ THE COMPANY'S E&P WAS CALCULATED UNDER IRC SEC. 312 (AS MODIFIED BY IRC SEC. 857(d) FOR A REAL ESTATE INVESTMENT TRUST), AND REGULATIONS THEREUNDER. AMOUNTS IN EXCESS OF E&P REDUCE THE SHAREHOLDER'S TAX BASIS IN ITS SHARES TO THE EXTENT OF THEIR BASIS.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► IRC SEC. 301(c) AND 316(a).

18 Can any resulting loss be recognized? ► N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► 2017

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ► 

Date ► January 24, 2018

Print your name ► JACK DECICCO

Title ► CHIEF FINANCIAL OFFICER & TREASURER

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ►			Firm's EIN ►	
Firm's address ►			Phone no.	