
Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 31, 2018

CYS INVESTMENTS, INC.

(Exact Name of Registrant as Specified in Charter)

Maryland
**(State or Other Jurisdiction of Incorporation
or Organization)**

001-33740
(Commission File Number)

20-4072657
**(I.R.S. Employer
Identification No.)**

500 Totten Pond Road, 6th Floor
Waltham, Massachusetts
(Address of Principal Executive Offices)

02451
(Zip Code)

Registrant's telephone number, including area code: (617) 639-0440

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Introductory Note

This Current Report on Form 8-K is being filed in connection with the consummation on July 31, 2018 (the “Closing Date”) of the transactions contemplated by that certain Agreement and Plan of Merger (the “Merger Agreement”), dated as of April 25, 2018, by and among Two Harbors Investment Corp., a Maryland corporation (“Two Harbors”), CYS Investments, Inc., a Maryland corporation (“CYS”) and Eiger Merger Subsidiary LLC, a Maryland limited liability company and an indirect, wholly owned subsidiary of Two Harbors (“Merger Sub”). Pursuant to the Merger Agreement, on the Closing Date, Merger Sub merged with and into CYS, with CYS continuing as the surviving corporation, becoming an indirect, wholly owned subsidiary of Two Harbors (the “Merger”). The combined company will conduct business under the name “Two Harbors Investments Corp.” and will continue to trade on the New York Stock Exchange (“NYSE”) under the ticker symbol “TWO”. The following events took place in connection with the consummation of the Merger.

Item 2.01. Completion of Acquisition or Disposition of Assets

On July 31, 2018, CYS completed the Merger pursuant to the terms of the Merger Agreement. On the Closing Date, Merger Sub merged with and into CYS, with CYS continuing as the surviving corporation. The Articles of Merger contemplated by the Merger Agreement were filed with the State Department of Assessments and Taxation of Maryland, with an effective time and date of 12:00 p.m. Eastern Time on the Closing Date (the “Effective Time”).

At the Effective Time, each outstanding share of common stock, par value \$0.01 per share, of CYS (“CYS Common Stock”) (other than shares held by Two Harbors or Merger Sub or by any wholly owned subsidiary of Two Harbors, Merger Sub or CYS, which were automatically cancelled and retired and ceased to exist) was converted into the right to receive from Two Harbors (a) 0.4680 newly issued shares of common stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Common Stock”) and (b) the Per Share Cash Consideration of \$0.0965, as specified in the Merger Agreement (collectively, the “Merger Consideration”). No fractional shares of Two Harbors Common Stock were issued in the Merger, and the value of any fractional interests to which a former holder of CYS Common Stock is otherwise entitled will be paid in cash.

In connection with the Merger, at the Effective Time, each share of 7.75% Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of CYS (the “CYS Series A Preferred Stock”) was converted into the right to receive one share of newly classified 7.75% Series D Series A Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Series D Preferred Stock”), and each share of 7.50% Series B Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of CYS (the “CYS Series B Preferred Stock”) was converted into the right to receive one share of newly classified 7.50% Series E Cumulative Redeemable Preferred Stock, par value \$0.01 per share, of Two Harbors (the “Two Harbors Series E Preferred Stock”). The Two Harbors Series D Preferred Stock has the same rights, preferences, privileges and voting powers as those of the CYS Series A Preferred Stock, and the Two Harbors Series E Preferred Stock has the same rights, preferences, privileges and voting powers as those of the CYS Series B Preferred Stock.

Per the terms of the transactions described in the Merger Agreement, approximately 72.7 million shares of Two Harbors Common Stock will be issued in connection with the Merger to former CYS common stockholders, and former CYS common stockholders will own approximately 29% of the common equity of the combined company.

The foregoing description of the Merger and the transactions contemplated by the Merger Agreement contained in this Item 2.01 is only a summary and is subject to, and qualified in its entirety by, reference to the full text of the Merger Agreement, which was previously filed as Exhibit 2.1 to CYS’ Current Report on Form 8-K filed with the SEC on April 26, 2018, and is incorporated by reference herein as Exhibit 2.1 to this Current Report on Form 8-K.

Item 3.01. Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing

The information set forth in the Introductory Note and Item 2.01 of this Current Report on Form 8-K is incorporated by reference into this Item 3.01.

In connection with the consummation of the Merger, CYS notified the NYSE on the Closing Date that (i) each share of CYS Common Stock issued and outstanding immediately prior to the Effective Time was cancelled and converted into the right to receive 0.4680 newly issued shares of Two Harbors Common Stock, (ii) each share of CYS Series A Preferred Stock issued and outstanding immediately prior to the Effective Time was cancelled and converted into the right to receive one share of newly classified Two Harbors Series D Preferred Stock, and (iii) each share of CYS Series B Preferred Stock issued and outstanding immediately prior to the Effective Time was cancelled and converted into the right to receive one share of newly classified Two Harbors Series E Preferred Stock, and requested that the NYSE file a notification of removal from listing on Form 25 with the SEC with respect to the CYS Common Stock, the CYS Series A Preferred Stock and the CYS Series B Preferred Stock in order to effect the delisting of the CYS Common Stock, the CYS Series A Preferred Stock and the CYS Series B Preferred Stock from the NYSE. Such delisting will result in the termination of the registration of the CYS Common Stock, the CYS Series A Preferred Stock and the CYS Series B Preferred Stock

under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). CYS intends to file a Form 15 with the SEC to terminate the registration of the CYS Common Stock, the CYS Series A Preferred Stock and the CYS Series B Preferred Stock under Section 12(g) of the Exchange Act and suspension of CYS’s reporting obligations under Sections 13 and 15(d) of the Exchange Act.

Item 3.03. Material Modification to Rights of Security Holders

The information set forth in the Introductory Note, Item 2.01, Item 3.01 and Item 5.01 of this Current Report on Form 8-K is incorporated into this Item 3.03 by reference.

Pursuant to the Merger Agreement, on July 31, 2018, (i) each outstanding share of CYS Common Stock was converted into the right to receive the Merger Consideration, and (ii) each outstanding restricted stock unit award in respect of CYS Common Stock held by a director or employee of CYS vested as of the Effective Time and was settled for the Merger Consideration with respect to each share of CYS Common Stock subject to such award.

As of the Effective Time, holders of CYS Common Stock immediately prior to the Effective Time ceased to have any rights as stockholders of CYS (other than the right to receive the Merger Consideration or as otherwise provided by the Merger Agreement or by law). The rights of holders of Two Harbors’ Common Stock are governed by Two Harbors’ Articles of Incorporation and Bylaws, and the description of Two Harbors Common Stock have previously been set forth in the section entitled “Description of Two Harbors Capital Stock” of the Registration Statement on Form S-4 (File No. 333- 225242) filed by Two Harbors with the SEC on May 25, 2018, as amended, which section is hereby incorporated by reference.

Item 5.01. Changes in Control of Registrant

The information set forth in the Introductory Note, Item 2.01 and Item 3.03 of this Current Report on Form 8-K is incorporated into this Item 5.01 by reference.

At the Effective Time, as contemplated under the Merger Agreement, Merger Sub merged with and into CYS, with CYS continuing as the surviving corporation, becoming as an indirect wholly owned subsidiary of Two Harbors. In connection with the consummation of the Merger, each outstanding share of CYS Common Stock (other than shares held by Two Harbors or Merger Sub or by any wholly owned subsidiary of Two Harbors, Merger Sub or CYS, which were automatically cancelled and retired and ceased to exist) was converted into the right to receive from Two Harbors the Merger Consideration.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

The information set forth in the Introductory Note and Item 2.01 of this Current Report on Form 8-K is incorporated into this Item 5.02 by reference.

At the Effective Time, and in connection with the Merger, each member of the board of directors of CYS ceased to be a director of CYS. These directors are Kevin E. Grant, Tanya S. Beder, Dale A. Reiss, Karen Hammond, Raymond A. Redlingshafer, and James A. Stern. These resignations were not a result of any disagreements between CYS and the directors on any matter relating to CYS’ operations, policies or practices.

At the Effective Time, each of the following officers of CYS ceased to be an officer of CYS: Kevin E. Grant, Jack DeCicco, Thomas A. Rosenbloom and Richard E. Cleary.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year

The information set forth in the Introductory Note and Item 2.01 of this Current Report on Form 8-K is incorporated into this Item 5.03 by reference.

Item 7.01. Regulation FD Disclosure

On the Closing Date, CYS issued a press release announcing the completion of the Merger described above in Item 2.01. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein solely for purposes of this Item 7.01 disclosure.

The information included in this Current Report on Form 8-K under this Item 7.01 shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing made by

CYS under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
2.1	<u>Agreement and Plan of Merger, dated April 25, 2018, by and among Two Harbors Investment Corp., Eiger Merger Subsidiary LLC and CYS Investments, Inc. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed on April 26, 2018).</u>
99.1*	<u>Press Release, dated July 31, 2018.</u>

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CYS INVESTMENTS, INC.

By: /s/ Rebecca B. Sandberg
Name: Rebecca B. Sandberg
Title: General Counsel and Secretary

Dated: July 31, 2018

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Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1

Two Harbors Investment Corp. and CYS Investments, Inc. Announce Closing of Merger

New York, July 31, 2018 – Two Harbors Investment Corp. (NYSE: TWO) (“Two Harbors”) and CYS Investments, Inc. (NYSE: CYS) (“CYS”) today announced the closing of the previously announced merger between Two Harbors and CYS.

Summary

- Upon the closing of the merger, each share of CYS common stock was converted into the right to receive 0.4680 newly issued shares of Two Harbors common stock as well as cash consideration of \$0.0965 per share. Based on the number of shares of CYS common stock outstanding as of the closing date, approximately 72.7 million shares of Two Harbors common stock and \$15 million in cash consideration will be issued to CYS common stockholders in connection with the merger.
- No fractional shares of Two Harbors common stock will be issued in connection with the merger. Instead, CYS common stockholders will receive cash in lieu of any fractional shares.
- Shares of CYS common stock will continue to trade on the New York Stock Exchange (“NYSE”) throughout the day on July 31, 2018. Trading in shares of CYS common stock will cease after market close on July 31, 2018 and shares of CYS common stock will be converted into the right to receive Two Harbors common stock and the cash consideration prior to market open on August 1, 2018.
- The newly issued shares of Two Harbors common stock will begin trading on the NYSE under the ticker symbol “TWO” on August 1, 2018.
- Registered holders of CYS common stock will have their shares of Two Harbors common stock posted to new accounts at Equiniti Shareowner Services, the transfer agent for Two Harbors. Beneficial holders of CYS common stock will have their shares of Two Harbors common stock posted to their individual accounts at their broker or financial institution, in accordance with the policies and procedures of such broker or financial institution.

Preferred Stock

- Upon the closing of the merger, each share of CYS 7.75% Series A Cumulative Redeemable Preferred Stock was converted into the right to receive one share of newly classified Two Harbors’ 7.75% Series D Cumulative Redeemable Preferred Stock, and each share of CYS 7.50% Series B Cumulative Redeemable Preferred Stock was converted into the right to receive one share of newly classified Two Harbors’ 7.50% Series E Cumulative Redeemable Preferred Stock.
- The newly issued shares of Two Harbors preferred stock will begin trading on the NYSE under the ticker symbols “TWO PRD” and “TWO PRE” on August 1, 2018.

Leadership of the Combined Company

As previously announced, the combined company will continue to be led by the executive management team of Two Harbors. In addition, pursuant to the previously announced Agreement and Plan of Merger, dated as of April 25, 2018, the size of the Two Harbors’ Board of Directors was increased from nine to eleven members upon the closing of the merger, and Karen Hammond and James A. Stern, two independent directors from CYS, were appointed to the Two Harbors’ Board of Directors.

Advisors

JMP Securities LLC acted as financial advisor and Sidley Austin LLP acted as legal advisor to Two Harbors. Barclays Capital Inc. and Credit Suisse Securities (USA) LLC acted as financial advisors and Vinson & Elkins LLP acted as legal advisor to CYS.

About Two Harbors Investment Corp.

Two Harbors Investment Corp., a Maryland corporation, is a real estate investment trust that invests in residential mortgage-backed securities, mortgage servicing rights and other financial assets. Two Harbors is headquartered in New York, New York, and is externally managed and advised by PRCM Advisers LLC, a wholly owned subsidiary of Pine River Capital Management L.P. Additional information is available at www.twoharborsinvestment.com.

About CYS Investments, Inc.

CYS Investments, Inc., a Maryland corporation, is a specialty finance company that invests on a leveraged basis primarily in residential mortgage pass-through certificates for which the principal and interest payments are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae. CYS refers to these securities as Agency RMBS. CYS has elected to be taxed as a real estate investment trust for federal income tax purposes.

Forward-Looking Statements

This press release may contain “forward-looking statements”. Such statements are subject to numerous assumptions, risks, and uncertainties. Statements that do not describe historical or current facts, including statements about beliefs and expectations, are forward-looking statements. The forward-looking statements are intended to be subject to the safe harbor provided by Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this communication that address activities, events or developments that Two Harbors or CYS expects, believes or anticipates will or may occur in the future are forward-looking statements. Words such as “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “create,” “estimate,” “plan,” “continue,” “intend,” “could,” “foresee,” “should,” “may,” “will,” “guidance,” “look,” “outlook,” “goal,” “future,” “assume,” “forecast,” “build,” “focus,” “work,” or the negative of such terms or other variations thereof and words and terms of similar substance used in connection with any discussion of future plans, actions, or events identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Two Harbors’ and CYS’s ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although Two Harbors and CYS believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, the companies can give no assurance that our expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements.

There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication, including those related to the merger of Two Harbors and CYS. All such factors are difficult to predict and are beyond the control of Two Harbors and CYS, including those detailed in Two Harbors’ annual reports on Form 10-K, quarterly reports on Form 10-Q and periodic reports on Form 8-K that are available on Two Harbors’ website at <http://www.twoharborsinvestment.com> and on the SEC’s website at <http://www.sec.gov>, those detailed in

CYS's annual reports on Form 10-K, quarterly reports on Form 10-Q and periodic reports on Form 8-K that are available on its website at <http://www.cysinv.com> and on the SEC's website at <http://www.sec.gov>, and those detailed in the section entitled "Risk Factors" in the joint proxy statement/prospectus relating to the merger filed with the SEC on June 25, 2018.

Each of the forward-looking statements of Two Harbors or CYS are based on assumptions that Two Harbors or CYS, as applicable, believes to be reasonable but that may not prove to be accurate. Any forward-looking statement speaks only as of the date on which such statement is made, and neither Two Harbors nor CYS undertakes any obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

Contacts

Two Harbors Investment Corp.
Margaret Field, 212-364-3663
Investor Relations
margaret.field@twoharborsinvestment.com

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