

**CYS INVESTMENTS, INC.**  
**AMENDED AND RESTATED CORPORATE GOVERNANCE GUIDELINES**

The following shall constitute the Amended and Restated Corporate Governance Guidelines (the “Corporate Governance Guidelines”) of the board of directors (the “Board”) of CYS Investments, Inc. (the “Corporation”). These Corporate Governance Guidelines reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and the management level. These Corporate Governance Guidelines are a statement of policy and are not intended to change or interpret any federal or state law or regulation or the Corporation’s Charter or Bylaws. The Corporate Governance Guidelines are subject to periodic review and modification by the Board.

The Corporation’s business is conducted by its officers and employees, under the direction of the Chief Executive Officer and under the oversight of the Board, to enhance the long-term value of the Corporation for its stockholders. The Board is elected by the stockholders to oversee management and to ensure that the long-term interests of the stockholders are being served.

**I. DIRECTOR INDEPENDENCE**

The Board has adopted categorical standards of director independence based on the director independence requirements of the New York Stock Exchange (the “NYSE”). A director shall not be independent if he or she satisfies any one or more of the following criteria:

1. A director who is, or who has been within the last three years, an employee of the Corporation, or whose immediate family member is, or has been within the last three years, an executive officer of the Corporation.
2. A director who has received or who has an immediate family member, serving as an executive officer, who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Corporation (excluding director and committee fees and pension/other forms of deferred compensation for prior service that is not contingent in any way on continued service).
3. (A) A director who is or whose immediate family member is a current partner of a firm that is the Corporation’s internal or external auditor; (B) a director who is a current employee of such a firm; (C) a director who has an immediate family member who is a current employee of such a firm and who personally works on the Corporation’s audit; or (D) a director who was or whose immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Corporation’s audit within that time.
4. A director who is or has been within the last three years, or whose immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Corporation’s present

executives at the same time serves or served on that company's compensation committee.

5. A director who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Corporation for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues (as reported for the last completed fiscal year).

The Board shall also consider a director's charitable relationships. A director who is an officer, director, or trustee of a charitable or non-profit organization shall not be considered to have a material relationship with the Corporation that impairs the director's independence so long as the Corporation's contributions to the entity in any single fiscal year (excluding amounts contributed by the Corporation under its employee matching gift program) are less than \$100,000 or 2% of such entity's consolidated gross revenues (whichever is greater).

Notwithstanding the requirements of paragraphs 1 through 5 above, a director shall not be independent unless the Board determines that the director has no material relationships with the Corporation.

## **II. DIRECTOR QUALIFICATIONS**

The Nominating & Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new directors as well as the composition of the Board as a whole. This assessment will include an analysis of directors' qualifications under the categorical standards for independence listed above, as well as consideration of diversity, age, skills and experience in the context of the Board's needs. Nominees for directorship will be selected by the Nominating & Corporate Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating & Corporate Governance Committee and the Chairman of the Board.

The Board presently has seven members. The Board would be willing to expand to a somewhat larger size, however, to accommodate the availability of an outstanding candidate. It is the sense of the Board that a size of five to 11 is appropriate and most effective.

It is not the sense of the Board that in every instance a director who retires or changes from the position he or she held when joining the Board should necessarily leave the Board. However, it is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should volunteer to resign from the Board. Such a step provides an opportunity for the Board, through the Nominating & Corporate Governance Committee, to review the continued appropriateness of Board membership under the circumstances.

While there is no limit on the number of public company boards on which a director may serve, if a director serves on more than five, his or her service on this Board shall be subject to the Board's determination that such simultaneous service on such other boards will not impair his or her ability to effectively serve on this Board.

Directors should advise the Chairman of the Board and the Chairman of the Nominating & Corporate Governance Committee in advance of accepting an invitation to serve on another public company board.

The Board does not believe it should establish term limits. While term limits could help ensure that there are fresh ideas and viewpoints available to the Board, they have the significant disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into the Corporation and its operations and, therefore, provide an increasing contribution to the Board as a whole. As an alternative to term limits, the Nominating & Corporate Governance Committee will review each director's continuation on the Board every three years. This will allow each director the opportunity to conveniently confirm his or her desire to continue as a director.

### **III. DIRECTOR RESPONSIBILITIES**

The director's basic responsibility is to exercise his or her good faith business judgment of the best interests of the Corporation. In carrying out this responsibility, each director should be entitled to rely on the honesty and integrity of the Corporation's senior executives and its outside advisors and auditors absent evidence that makes such reliance unwarranted. The directors shall also be entitled (1) to have the Corporation purchase reasonable levels of directors' and officers' liability insurance on their behalf; (2) to the benefits of indemnification to the fullest extent permitted by law and the Corporation's charter, bylaws and any indemnification agreements; and (3) to exculpation as provided by state law and the Corporation's charter.

Directors are expected to attend Board meetings and meetings of committees on which they serve, to spend the time needed and meet as frequently as necessary to discharge properly their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors before the meeting. Directors should review these materials in advance of the meeting.

The Board may designate a Chief Executive Officer (the "CEO"). In the absence of such designation, the Chairman of the Board shall be the CEO of the Corporation. The Board has no policy with respect to the separation of the offices of Chairman of the Board and the CEO. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Corporation for the Board to make a determination when it elects a new chief executive officer.

The Chairman of the Board will establish the agenda for each Board meeting. At the beginning of the year the Chairman of the Board will establish a schedule of significant agenda subjects to be discussed during the year (to the degree this can be foreseen). Each director is

encouraged to suggest the inclusion of items on the agenda. Each director is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Corporation's long-term strategic plans and the principal issues that the Corporation will face in the future during at least one Board meeting each year.

The non-management directors will meet in executive session at least quarterly. The director who presides at these meetings, and the process for determining who will preside, will be determined by the non-management directors, and the name of the chairman presiding over these meetings, or the process for designating such chairman, will be disclosed in the annual proxy statement. If any of the Corporation's non-management directors do not qualify as independent, the independent non-management directors will meet in separate executive session at least annually.

The Board believes that the management speaks for the Corporation. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Corporation. It is expected that directors would do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

#### **IV. BOARD COMMITTEES**

The Board will have at all times an Audit Committee, a Compensation Committee, and a Nominating & Corporate Governance Committee. The members of these committees will comply with any requirements of the NYSE that may be put into effect from time to time.

Committee members will be appointed by the Board upon recommendation of the Nominating & Corporate Governance Committee with consideration of the desires of individual directors. It is the sense of the Board that consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its own performance.

The chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda. At the beginning of the year each committee will establish a schedule of the principal agenda subjects to be discussed during the year (to the degree these can be foreseen). The schedule for each committee will be furnished to all directors.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

## **V. DIRECTOR ACCESS TO OFFICERS**

Directors have full and free access to officers of the Corporation and, as necessary and appropriate, to the Corporation's independent advisors. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO or the Secretary of the Corporation or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Corporation and will, to the extent not inappropriate, copy the CEO on any written communications between a director and an officer of the Corporation, or advise the CEO of any such oral communications. The directors shall also have access to other employees of the Corporation upon request to the Corporation's CEO or Secretary. The Board welcomes regular attendance at each Board meeting of the Corporation's senior officers. If the CEO wishes to have additional Corporation personnel attend on a regular basis, this suggestion should be brought to the Board for approval.

## **VI. DIRECTOR COMPENSATION**

The form and amount of director compensation will be determined by the Board based on a recommendation of the Compensation Committee in accordance with the policies and principles set forth in its charter. The Compensation Committee will conduct an annual review of director compensation. The Compensation Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Corporation makes substantial charitable contributions to organizations with which a director is affiliated, or if the Corporation enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

## **VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

All new directors must participate in an Orientation Program (the "Orientation Program"), which should be conducted within two months of the annual meeting at which new directors are elected. The Orientation Program should include presentations by senior management to familiarize new directors with the Corporation's strategic plans, significant financial, accounting and risk management issues, compliance programs, these Corporate Governance Guidelines, Code of Business Conduct and Ethics, other policies of the Corporation, principal officers and internal and independent auditors. In addition, the Orientation Program is expected to include visits to the Corporation's executive offices. All other directors are also invited to attend or otherwise participate in the Orientation Program.

## **VIII. MANAGEMENT EVALUATION**

The Board will conduct an annual review of the performance of the executive officers of the Corporation in order to ensure that they are providing the best service and leadership for the Corporation in the long- and short-term.

## **IX. SUCCESSION PLANNING**

The Corporation understands the importance of succession planning. Therefore, the Board, along with the Nominating & Corporate Governance Committee and Chief Executive Officer, shall analyze the current management, identify possible successors to senior management, and maintain a succession plan, including succession in the event of an emergency or retirement of the Chief Executive Officer.

## **X. ANNUAL PERFORMANCE EVALUATION**

The Board will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Corporate Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Corporation and specifically focus on areas in which the Board or management believes that the Board can improve.

## **XI. CERTIFICATION**

These Amended and Restated Corporate Governance Guidelines were duly approved and adopted by the Board on the 11<sup>th</sup> day of January, 2012.