



HALE CAPITAL PARTNERS

July 31, 2018

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

Two Harbors completes \$1.2 billion acquisition of CYS Investments (formerly Cypress Sharpridge Investments)

Minneapolis, MN -- Two Harbors Investment Corp. (NYSE: TWO), a leading hybrid mortgage real estate investment trust, and CYS Investments, Inc. (NYSE: CYS), an Agency mortgage REIT formerly known as Cypress Sharpridge Investments, announced the closing of their previously announced merger.

Upon closing, each share of CYS common stock was converted into the right to receive 0.4680 newly issued shares of Two Harbors common stock, plus cash consideration of \$0.0965 per share. Based on shares outstanding at closing, approximately 72.7 million shares of Two Harbors common stock and \$15 million in cash consideration were issued to CYS stockholders.

Based on March 31, 2018 adjusted book values per share, CYS stockholders received \$7.79 of combined cash and stock consideration per share, representing a premium of approximately 17.7% over the CYS closing price on April 25, 2018.

Shares of CYS common stock ceased trading after market close on July 31, 2018, and the newly issued Two Harbors shares began trading on the NYSE under ticker symbol "TWO" on August 1, 2018.

Each share of CYS 7.75% Series A Cumulative Redeemable Preferred Stock was converted into one share of newly classified Two Harbors 7.75% Series D Preferred Stock, and each share of CYS 7.50% Series B Preferred Stock was converted into one share of Two Harbors 7.50% Series E Preferred Stock.

The combined company continues to be led by the executive management team of Two Harbors. The Board was expanded from nine to eleven members, with Karen Hammond and James A. Stern from CYS joining as independent directors.

CYS Investments was a portfolio company of Hale Capital Partners, L.P.

About Hale Capital Partners

Hale Capital Partners is a private equity firm that partners with talented entrepreneurs to achieve remarkable corporate transformations. Founded in 2007 by Martin M. Hale Jr., HCP invests in defense technology, federal services, and commercial technology companies. With an evergreen fund structure, the firm serves as a long-term steward for growth-oriented businesses, bringing deep operational expertise, institutional knowledge, and a proven track record spanning 19 years of investing across market cycles.

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