

BENEDETTI STEPHEN J
 Form 4
 August 30, 2012

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 BENEDETTI STEPHEN J

2. Issuer Name and Ticker or Trading Symbol
 DYNEX CAPITAL INC [DX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 C/O DYNEX CAPITAL, INC., 4991 LAKE BROOK DRIVE, SUITE 100
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 08/28/2012

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP, COO and CFO

GLEN ALLEN, VA 23060

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (D) Price			
Common Stock	08/28/2012		M	25,000 A \$ 6.61	145,337.89	D	
Common Stock ⁽¹⁾	08/28/2012		D	25,000 D \$ 10.4	120,337.89	D	
Common Stock					23,488.5722 ⁽²⁾	I	Through 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	Amount or Number of Shares of Stock	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
Stock Appreciation Rights ⁽³⁾	\$ 6.61	08/28/2012		M	25,000	⁽³⁾	12/31/2012	Common Stock	25,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

BENEDETTI STEPHEN J
C/O DYNEX CAPITAL, INC.
4991 LAKE BROOK DRIVE, SUITE 100
GLEN ALLEN, VA 23060

EVP,
COO and
CFO

Signatures

Stephen J. Benedetti 08/30/2012

 Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Deemed sale of common stock to the company in connection with exercise of cash-settled stock appreciation rights.
- (2) Includes 1,883.3717 shares acquired under the Dynex Capital, Inc. 401(k) Plan since the last report.
- (3) The stock appreciation rights were granted under the company's 2004 Stock Incentive Plan and vested in equal installments on January 12, 2007, 2008, 2009, and 2010.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.