

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

IN RE DYNEX CAPITAL, INC.  
SECURITIES LITIGATION

Civ. No.: 05-1897 (HB)

**TO: ALL PERSONS OR ENTITIES WHO PURCHASED THE FOLLOWING MERIT SECURITIES CORPORATION COLLATERALIZED BOND SERIES 12 AND SERIES 13 BONDS (THE "MERIT BONDS") BETWEEN FEBRUARY 7, 2000 AND MAY 13, 2004, INCLUSIVE (THE "CLASS")**

Series 12				Series 13			
Class	Cusips	Class	Cusips	Class	Cusips	Class	Cusips
1-A1	589962CK3	1-M1	589962CN7	A1	589962CR8	A4	589962CU1
1-A2	589962CL1	1-M2	589962CP2	A2	589962CS6	M1	589962CV9
1-A3	589962CM9	1-B1	589962CQ0	A3	589962CT4	M2	589962CW7
						B1	589962CX5

YOU ARE HEREBY NOTIFIED that a settlement of this Class Action against Dynex Capital, Inc., Merit Securities Corporation, Stephen J. Benedetti, and Thomas H. Potts (collectively, "Dynex") in the amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000) has been proposed. A hearing will be held before the Honorable Harold Baer in the United States District Court for the Southern District of New York, in Courtroom 23B, 500 Pearl Street, New York, New York, at 10:00 am on March 13, 2012, to determine (i) whether the Settlement and Plan of Allocation should be approved by the Court as fair, reasonable, adequate, and in the best interests of the Class; (ii) whether Lead Counsel's application for an award of attorneys' fees, which will not exceed one-third of the Settlement Amount, and the reimbursement of expenses, which will not exceed \$750,000, should be approved; and (iii) whether the Court should approve the release of Released Claims against Dynex and any and all Dynex Released Parties, and dismiss the Action with prejudice. (Please note that capitalized terms not otherwise defined in this Summary Notice have the meanings set forth in the Parties' Amended Stipulation of Settlement, a copy of which may be obtained from Lead Counsel, whose name and contact information is set forth below.)

IF YOU ARE A MEMBER OF THE CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. If you have not yet received the full printed Notice of Proposed Settlement of Class Action, Motion for Attorneys' Fees and Reimbursement of Expenses and Settlement Fairness Hearing (the "Notice") and Proof of Claim and Release form ("Proof of Claim") you may obtain copies of these documents by contacting:

*In re Dynex Capital, Inc. Securities Litigation*  
c/o The Garden City Group, Inc.  
PO Box 9349  
Dublin, OH 43017-4249  
Telephone: 1-800-231-1815  
[www.gcginc.com](http://www.gcginc.com)

**Para una Notificación en español, comuníquese con el Administrador a la dirección más arriba.**

Inquiries, other than requests for the forms of Notice and Proof of Claim, may be made to Lead Counsel:

Joel Laitman, Esq.  
Christopher Lometti, Esq.  
Richard Speirs, Esq.  
Kenneth Rehns, Esq.  
**Cohen Milstein Sellers & Toll PLLC**  
88 Pine Street, 14<sup>th</sup> Floor  
New York, NY 10005  
Telephone: 212-838-7797  
Facsimile: 212-838-7745

<http://www.cohenmilstein.com/cases/234/dynex-capital>

To participate in the Settlement, you must submit a Proof of Claim no later than June 4, 2012. As more fully described in the Notice, the deadline for submitting objections to the Settlement is February 29, 2012. You also have the right to exclude yourself from the class by submitting no later than February 21, 2012, a written request for exclusion from the Class in accordance with the procedures described in the more detailed notice. If the settlement is approved by the Court, you will be bound by the settlement and the Court's final order and judgment, including the releases provided for in the final order and judgment, unless you submit a request to be excluded.

Further information may also be obtained by directing your inquiry in writing to the Claims Administrator, The Garden City Group, Inc., at the address listed above. Please do not contact the Court.

**BY ORDER OF THE COURT**