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, 2009**

DYNEX CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Virginia	**1-9819**	**52-1549373**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4991 Lake Brook Drive, Suite 100 **Glen Allen, Virginia**	**23060-9245**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(804) 217-5800**

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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On August 6, 2009, the Company issued a press release, which is available on its website (www.dynexcapital.com under "Investor Relations/Recent News"), reporting its financial results for the period ended June 30, 2009. A copy of the press release is being furnished as Exhibit 99.1 to this report and is incorporated by reference into this Item 2.02.

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

Effective July 31, 2009, Dynex Capital, Inc. (the "Company") entered into employment agreements with the Company's Chief Executive Officer, Thomas B. Akin (the "Akin Agreement"), and the Company's Chief Investment Officer, Byron Boston (the "Boston Agreement").

Employment Agreement for Chief Executive Officer

The Akin Agreement replaces Mr. Akin's prior employment agreement that expired on February 5, 2009, and provides for Mr. Akin's employment as the Chief Executive Officer of the Company for a term through February 5, 2010. Under the agreement, Mr. Akin will receive an initial annual base salary of $300,000, subject to annual review by the Board of Directors of the Company (the "Board"), with the Board being able to increase (but not decrease) the base salary based on Mr. Akin's performance in accordance with the Company's regular policies and procedures. Subject to certain limitations, Mr. Akin's base salary will be paid in shares of unrestricted common stock of the Company issued under the Company's stock incentive plan until the Company and Mr. Akin agree otherwise. The number of shares of common stock to be paid to Mr. Akin will be determined based on the fair market value of the common stock (as defined in the applicable stock incentive plan) on the applicable payroll date.

Under the Akin Agreement, Mr. Akin will continue to be located in San Francisco, California, but will travel to Richmond, Virginia and other locations as necessary for the Company's business. The Company will reimburse Mr. Akin for reasonable travel and lodging expenses incurred in the performance of his duties for the Company.

Under the Akin Agreement, Mr. Akin is eligible to participate in the Company's annual bonus program based on the return on adjusted equity of the Company (the "ROAE Bonus"), the Company's capital-raising bonus pool for 2009 (the "Capital Bonus Pool"), and any other bonus program for executives, subject to the terms of such bonus programs. Mr. Akin is also eligible to participate in the employee and executive benefit plans and programs implemented by the Company in which other senior executives of the Company are eligible to participate, including life, medical, dental, accidental and disability insurance plans and retirement, deferred compensation and savings plans in accordance with the terms and conditions of such plans.

Under the Akin Agreement, if Mr. Akin is terminated for any reason, he is entitled to payment of his base salary through the date of his termination (to the extent not previously paid), reimbursement for any business expenses incurred by Mr. Akin prior to his termination and payment for any vacation time accrued by him as of the date of his termination. Further, unless Mr. Akin is terminated for Cause (as defined in the agreement) and subject to certain limitations, if he executes a general release in connection with his termination he will also be entitled to the following: (1) the pro-rated portion of the ROAE Bonus that would have been payable to him based on the achievement by the Company of performance goals for that portion of time during the calendar year of the Company that he was employed, payable at the time such bonus would have otherwise been paid; (2) the portion of the Capital Bonus Pool due to him for a Determination Date (as defined in the Capital Bonus Pool governing document) that precedes the date of his termination; and (3) any incentive stock awards such as stock options awarded to him prior to his termination will become immediately 100% vested and exercisable.

Under the Akin Agreement, other than in his role as managing general partner of Talkot Capital LLC, Mr. Akin agrees not to be employed by, render services for, engage in business with or serve as an agent or consultant to any entity other than the Company. The agreement also provides for confidentiality obligations during and following Mr. Akin's employment and includes noncompetition and nonsolicitation provisions that are effective during, and for one year following, his employment. If Mr. Akin breaches any of his confidentiality, noncompetition or nonsolicitation obligations, he will forfeit any unpaid amounts or benefits and be obligated to repay certain amounts or benefits.

The Akin Agreement provides that all of its provisions are to be construed so as to comply with the timing and form of payment requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

Employment Agreement for Chief Investment Officer

The Boston Agreement provides for Mr. Boston's employment as the Chief Investment Officer of the Company, with a term through March 31, 2010. The agreement will be renewed automatically for successive one-year terms, unless either the Company or Mr. Boston gives written notice of non-renewal at least 90 days prior to expiration of the then-current term of the agreement. Under the agreement, Mr. Boston will receive an initial annual base salary of $275,000, subject to periodic review by the Board, with the Board being able to increase (but not decrease) the base salary from time to time based on Mr. Boston's performance in accordance with the Company's regular policies and procedures.

Under the Boston Agreement, Mr. Boston will continue to be located in Jacksonville, Florida, but will travel to Richmond, Virginia and other locations as necessary for the Company's business. The Company will reimburse Mr. Boston for reasonable travel and lodging expenses incurred in the performance of his duties for the Company.

Under the Boston Agreement, Mr. Boston is eligible to participate in the ROAE Bonus program and the Capital Bonus Pool, subject to the terms of such programs. Mr. Boston is also eligible to participate in the employee and executive benefit plans and programs implemented by the Company in which other senior executives of the Company are eligible to participate, including life, medical, dental, accidental and disability insurance plans and retirement, deferred compensation and savings plans, in accordance with the terms and conditions of such plans. Mr. Boston is also eligible to participate in the Company's 401(k) plan, and the Company will match Mr. Boston's contributions to the plan in accordance with the plan's terms. Under the agreement, Mr. Boston will also be provided with a cell phone and personal data assistant for his use, and the Company will pay for any business-related usage fees for such items.

Under the Boston Agreement, if Mr. Boston is terminated without Cause (as defined in the agreement) or if he terminates his employment for Good Reason (as defined in the agreement), including due to a Change in Control of the Company (as defined in the agreement), the Company shall pay to Mr. Boston a lump sum payment in cash equal to the aggregate of the amounts under items (1) through (4) below, and will provide the benefits listed in items (5) through (9) as follows: (1) his base salary through the date of his termination, to the extent not previously paid; (2) reimbursement of any unreimbursed business expenses incurred by him prior to his termination; (3) payment for any vacation time accrued by him but unused as of the date of his termination; (4) an amount equal to his annual base salary on the day prior to the date of his termination multiplied by 2.99; (5) the pro-rated portion of the ROAE Bonus that would have been payable to him based on the achievement by the Company of performance goals for that portion of time during the calendar year of the Company that he was employed (the "Pro-Rata ROAE Bonus"), payable at the time such bonus would have otherwise been paid; (6) the portion of the Capital Bonus Pool due to him for a Determination Date (as defined in the Capital Bonus Pool governing document) that precedes the date of his termination (the "Unpaid Capital Bonus"); (7) any incentive stock awards such as stock options awarded to him prior to his termination will become immediately 100% vested and exercisable; (8) subject to certain limitations, continued coverage under the Company's medical plans for Mr. Boston and his dependents covered under such plans for a period of one year from the date of his termination; and (9) to the extent not paid prior to his termination, the Company will pay or provide him with any other amounts or benefits required to be paid or provided or which he is eligible to receive under any plan, program, policy or practice or contract or agreement with the Company.

Under the Boston Agreement, if Mr. Boston's employment is terminated upon his death, for Cause (as defined in the agreement), due to Mr. Boston's Disability (as defined in the agreement), or without Good Reason, subject to certain limitations, the Company shall pay to Mr. Boston a lump sum payment in cash equal to the aggregate of the following amounts: (1) his base salary through the date of his termination, to the extent not previously paid; (2) reimbursement of any unreimbursed business expenses incurred by him prior to his termination; and (3) payment for any vacation time accrued by him but unused as of the date of his termination. Further, should Mr. Boston's employment be terminated upon his death or because of his Disability, the Company will pay to him (or his estate in the event of his death), the Pro-Rata ROAE Bonus and Unpaid Capital Bonus, if any, in one lump sum payment on the date such bonus would have otherwise been paid for the calendar year of the Company that includes the date of his termination.

The Boston Agreement provides that it is intended that any payments made to Mr. Boston under the agreement and under any other plan, agreement or arrangement maintained by the Company shall not constitute "excess parachute payments" within the meaning of Section 280G of the Code. If the Company's auditors determine that any payment or distribution to be made to Mr. Boston under the agreement would be nondeductible by the Company under Section 280G of the Code, then the amounts payable or distributable under the agreement will be reduced to the maximum amount which may be paid or distributed without causing such payments or distributions to be nondeductible. The agreement also provides that all of its provisions are to be construed so as to comply with the timing and form of payment requirements of Section 409A of the Code.

The Boston Agreement also provides for confidentiality obligations during and following Mr. Boston's employment and includes noncompetition provisions that are effective during, and for 90 days following, his employment and nonsolicitation provisions that are effective during, and for six months following, his employment.

The foregoing descriptions are summaries of the material terms of the agreements and are qualified in their entirety by reference to the agreements themselves, copies of which will be filed as exhibits to the Company's quarterly report on Form 10-Q for the quarter ending September 30, 2009.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated August 6, 2009

SIGNATURE

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.

DYNEX CAPITAL, INC.

Date: August 6, 2009

By: /s/ Stephen J. Benedetti

Stephen J. Benedetti
Executive Vice President, Chief Operating Officer and Chief Financial Officer

PRESS RELEASE

FOR IMMEDIATE RELEASE
August 6, 2009

CONTACT: Alison Griffin
(804) 217-5897

DYNEX CAPITAL, INC. REPORTS SECOND QUARTER RESULTS

GLEN ALLEN, Va. -- Dynex Capital, Inc. (NYSE: DX) reported net income to common shareholders for the second quarter of 2009 of $3.4 million, or $0.25 per diluted common share, versus $3.3 million, or $0.26 per diluted common share, for the same period in 2008. Highlights for the quarter are summarized below:

- Net interest income of $5.9 million for the quarter ended June 30, 2009 versus $5.0 million for the first quarter of 2009 and $2.5 million for the second quarter of 2008;
- Net interest spread on average interest-earnings assets of 3.09% for the second quarter of 2009 versus 2.82% in the first quarter and 1.50% for the second quarter of 2008;
- Net interest spread on Agency MBS investments of 3.70% for the second quarter of 2009 versus 3.35% for the first quarter and 1.54% for the second quarter of 2008;
- Overall leverage of 4.3 times equity capital at June 30, 2009, with targeted leverage on the Agency MBS portfolio remaining at 7 times equity capital;
- Shareholders' equity of $154.6 million at June 30, 2009, versus $140.4 million at December 31, 2008, from the issuance of $6.6 million of common stock and other comprehensive income of $7.9 million; and
- Book value per share at June 30, 2009, of $8.54, an increase of $0.47 from year end 2008 book value per share of $8.07.

The Company has scheduled a conference call for Friday, August 7, 2009 at 11:00 a.m. Eastern Time, to discuss second quarter results. The call may be accessed by dialing 1-866-730-5764 (Passcode: 71327314) and will also be webcast over the internet at www.dynexcapital.com through a link provided under "Investor Relations."

Second Quarter Results and Related Discussion

Results for the second quarter of 2009 benefitted from the strong net interest income earned on the Company's investment portfolio. Net interest income increased in part from improved net interest spreads and in part from an overall larger investment portfolio. The average net interest spread for the portfolio for the second quarter of 2009 was 3.09% versus 1.50% for the second quarter of 2008 and 2.82% for the first quarter of 2009. Driving the increase in the net interest spread were reduced borrowing costs on the Company's repurchase agreement borrowings as market conditions improved and LIBOR declined. Partially offsetting the increase in net interest income was an increase in general and administrative expenses to $1.8 million in the second quarter of 2009 versus $1.3 million for the same period in 2008. Approximately $260 thousand of the second quarter 2009 expenses related to required accruals pursuant to SFAS 123R on outstanding stock appreciation rights principally from the increase in the Company's stock price from $7.02 to $8.20 during the quarter. This expense reduced net income per diluted common share by $0.02 for the second quarter of 2009. Results for the second quarter of 2008 included $0.16 per diluted common share of other income from the redemption of a securitization financing bond where no such amount was included in the second quarter 2009 results.

The Company's interest earning assets excluding cash have continued to increase on a quarter-to-quarter basis and averaged $706.1 million in the second quarter of 2009 versus $353.2 million in the same period for 2008. During the quarter, the Company purchased $107.1 million of Agency MBS, principally short-duration Agency Hybrid ARMs. The following table summarizes certain information about the Company's Agency MBS investments for the periods presented:

	Quarter ended June 30, 2009	Quarter ended March 31, 2009	Quarter ended June 30, 2008
Weighted average annualized yield for the period	4.39%	4.47%	4.25%
Weighted average annualized cost of funds for the period	0.69%	1.12%	2.71%
Net interest spread for the period	3.70%	3.35%	1.54%
CPR for the period	19.9%	14.8%	27.3%
Weighted average coupon, period end	5.04%	5.15%	5.46%
Weighted average months-to-reset, period end	25	25	18
Amortized cost (as a % of par), period end	102.04%	101.70%	101.19%
Weighted average repurchase agreement original term to maturity (days)	40	52	44

The Company's non-Agency investments, which include principally highly seasoned securitized mortgage loans, an investment in a joint venture and non-Agency MBS, continue to perform in line with

the Company's expectations. The Company incurred no credit losses during the second quarter of 2009 and added $139 thousand in allowance for loan losses. Delinquencies on securitized mortgage loans increased in the second quarter of 2009 to $15.0 million from $9.1 million at December 31, 2008. One delinquent loan with a balance of $2.5 million subsequently paid off in July. Of the remaining delinquent loans, the Company has an allowance for loan losses of $1.4 million and approximately $1.7 million of the delinquent loans have some form of insurance which substantially reduces or eliminates the Company's exposure to losses on these loans. The Company has an additional $2.7 million in allowance for loan losses on non-delinquent loans.

Book value per common share increased to $8.54 at June 30, 2009, as a result of an increase in accumulated other comprehensive income from improved valuations of the Company's Agency MBS portfolio and earnings for the quarter in excess of the dividend paid. Book value per common share was $8.36 at March 31, 2009 and $8.07 at December 31, 2008. Shareholders' equity increased to $154.6 million at June 30, 2009, as a result of the above and also from the issuance of $6.6 million of common stock during the quarter under the Company's controlled equity offering program.

The following table summarizes the allocation of the Company's $154.6 million of shareholders' equity as of June 30, 2009:

(amounts in thousands)	Asset carrying basis	Associated financing [(1)]	Shareholders' Equity	% of Shareholders' Equity
Agency MBS	$ 531,546	$ 466,645	$ 64,901	42.0%
Cash and cash equivalents	32,200	-	32,200	20.8%
Securitized single-family mortgage loans	67,331	44,136	23,195	15.0%
Securitized commercial mortgage loans	165,883	148,369	17,514	11.3%
Investment in joint venture (CMBS)	6,109	-	6,109	4.0%
Non-Agency MBS	5,813	-	5,813	3.8%
Other investments	2,485	-	2,485	1.6%
Other assets and other liabilities	7,165	4,755	2,410	1.6%
	$ 818,532	$ 663,905	$ 154,627	100.0%

(1) Associated financing includes repurchase agreements, payable for securities pending settlement, securitization financing and obligation under payment agreement.

Management Remarks

Thomas Akin, Chairman and Chief Executive Officer, commented, "The story of this quarter is the performance of our Agency MBS investment portfolio. We earned a net interest spread of 3.70% on Agency MBS as our borrowing costs continued to decline and prepayments on our portfolio were less than we had forecast. Our strategy of investing in shorter-duration Agency Hybrid ARMs and not hedging our funding costs has performed extraordinarily well for the first half of this year. Our net interest income grew over 17% quarter over quarter and book value increased by $0.18 to $8.54 at quarter end. We have seen further declines in our borrowing costs in July and further increases in prices for our Agency MBS investments. Our highly seasoned non-Agency investments continue to generate solid earnings and cashflow for the Company."

Mr. Akin continued, "This quarter we earned $0.25 per common share on a diluted basis, which is in excess of our dividend for the quarter. While we will consider our dividend in the context of our annual earnings, for the foreseeable future we would anticipate utilizing our tax net operating loss carryforward and retaining any excess earnings over the current $0.23 dividend pay-out to grow our book value per common share and to provide investment capital."

Mr. Akin concluded, "Overall we believe we are well positioned for changes in market conditions given our current capital allocation and significant cash position. We continue to maintain a large cash position given our view of the risk still remaining in the credit markets, but also to take advantage of potential attractive investment opportunities as a result of the environment. For example, through the joint venture we own call rights on seasoned non-Agency CMBS that may ultimately be eligible as collateral for financing under the Government's TALF program. We also selectively see value in short-duration Agency MBS versus holding cash in order to enhance the overall returns for the Company."

Dynex Capital, Inc. is a specialty finance company that elects to be treated as a real estate investment trust (REIT) for federal income tax purposes. Additional information about Dynex Capital, Inc. is available at www.dynexcapital.com.

Note: This release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "forecast," "anticipate," "estimate," "project," "plan," and similar expressions identify forward-looking statements that are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. The Company's actual results and timing of certain events could differ materially from those projected in or contemplated by the forward-looking statements as a result of unforeseen external factors. These factors may include, but are not limited to, changes in general economic and market conditions, including the ongoing volatility in the credit markets which impacts assets prices and the cost and availability of financing, defaults by borrowers, availability of suitable reinvestment opportunities, variability in investment portfolio cash flows, fluctuations in interest rates, fluctuations in property capitalization rates and values of commercial real estate, defaults by third-party servicers, prepayments of investment portfolio assets, other general competitive factors, uncertainty around government policy, the impact of regulatory changes, including the Emergency Economic Stabilization Act of 2008, the full impact of which is unknown at this time, and the impact of Section 404 of the Sarbanes-Oxley Act of 2002. For additional information, see the Company's Annual Report on Form 10-K for the year ended December 31, 2008, and other reports filed with and furnished to the Securities and Exchange Commission.

# # #

DYNEX CAPITAL, INC.
Consolidated Balance Sheets
(Thousands except share data)
(unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Agency MBS Investments:		
Pledged to counterparties, at fair value	$ 476,526	$ 300,277
Unpledged, at fair value	31,506	11,299
Pending settlement	23,514	-
	531,546	311,576
Non-Agency Investments:		
Securitized mortgage loans, net	233,214	243,827
Investment in joint venture	6,109	5,655
Non-Agency MBS	5,813	6,260
Other investments	2,485	6,475
	247,621	262,217
Total Investments	779,167	573,793
Cash and cash equivalents	32,200	27,309
Other assets	7,165	6,089
	$ 818,532	$ 607,191
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Repurchase agreements	$ 472,532	$ 274,217
Securitization financing	154,468	178,165
Obligation under payment agreement	8,555	8,534
Payable for unsettled securities	23,595	-
Other liabilities	4,755	5,866
	663,905	466,782
SHAREHOLDERS' EQUITY:		
Preferred stock	41,749	41,749
Common stock	132	122
Additional paid-in capital	373,438	366,817
Accumulated other comprehensive income (loss)	3,968	(3,949)
Accumulated deficit	(264,660)	(264,330)
	154,627	140,409
	$ 818,532	$ 607,191
Book value per common share	$ 8.54	$ 8.07

DYNEX CAPITAL, INC.
Consolidated Statements of Operations
(Thousands except share data)
(unaudited)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Interest income:				
Investments	$ 9,816	$ 6,497	$ 19,287	$ 12,656
Cash and cash equivalents	3	177	9	501
	9,819	6,674	19,296	13,157
Interest expense	(3,938)	(4,173)	(8,371)	(8,235)
Net interest income	5,881	2,501	10,925	4,922
Provision for loan losses	(139)	(321)	(318)	(347)
Net interest income after provision for loan losses	5,742	2,180	10,607	4,575
Equity in earnings (loss) of joint venture	610	560	(144)	(1,691)
Fair value adjustments, net	(507)	(173)	138	4,058
Gain (loss) on sale of investments, net	138	(43)	221	2,050
Other income	143	3,025	164	3,092
General and administrative expenses				
Compensation and benefits	(1,069)	(590)	(1,953)	(1,084)
Other general and administrative expenses	(687)	(663)	(1,530)	(1,385)
Net income	4,370	4,296	7,503	9,615
Preferred stock dividends	(1,003)	(1,003)	(2,005)	(2,005)
Net income to common shareholders	$ 3,367	$ 3,293	$ 5,498	$ 7,610
Net income per common share				
Basic	$ 0.26	$ 0.27	$ 0.44	$ 0.63
Diluted	$ 0.25	$ 0.26	$ 0.44	$ 0.59
Weighted average number of common shares outstanding:				
Basic	12,987,784	12,169,762	12,581,033	12,163,320
Diluted	17,209,785	16,398,667	12,581,033	16,392,784