
**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): **May 31, 2012**

DYNEX CAPITAL, INC.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-9819
(Commission File Number)

52-1549373
(IRS Employer
Identification No.)

4991 Lake Brook Drive, Suite 100
Glen Allen, Virginia
(Address of principal executive offices)

23060-9245
(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:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01. Other Events.

On May 31, 2012, Dynex Capital, Inc. (the “Company”) issued a press release announcing a restructuring of the ownership of certain legacy securities in the Company’s investment portfolio by contributing these securities to its taxable REIT subsidiary. This restructuring is expected to eliminate excess inclusion income to the Company, which may be characterized as unrelated business taxable income (“UBTI”) to the Company’s tax-exempt investors. The restructuring is intended to remove the exposure of UBTI to the Company’s tax-exempt investors and to enable the Company’s common stock to continue to be eligible for inclusion in the Russell Indexes.

A copy of the press release is being furnished as Exhibit 99.1 to this report and is incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Press release, dated May 31, 2012</u>

SIGNATURES

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: May 31, 2012

By: /s/ Stephen J. Benedetti
Stephen J. Benedetti
Executive Vice President, Chief Operating Officer and Chief Financial Officer



PRESS RELEASE

FOR IMMEDIATE RELEASE
May 31, 2012

CONTACT: Alison Griffin
804-217-5897

DYNEX CAPITAL, INC. TO ELIMINATE EXCESS INCLUSION INCOME

GLEN ALLEN, Va.--Dynex Capital, Inc. (NYSE: DX) announced today that the Company is implementing a restructuring of the ownership of certain legacy securities in the Company's investment portfolio by contributing these securities to its taxable REIT subsidiary ("TRS"). This contribution is expected to eliminate excess inclusion income to the Company. Excess inclusion income may be characterized as unrelated business taxable income ("UBTI") to the Company's tax-exempt investors although the determination of whether such income is UBTI is based on a facts and circumstances analysis by the investor. The Company will pay income taxes due on any excess inclusion income generated by these legacy securities and such amount is not expected to be material to the Company.

The Company has no intent to purchase additional excess inclusion income producing assets and has not acquired an asset generating any excess inclusion income since 2002. The restructuring is intended to remove the exposure of UBTI to the Company's tax-exempt investors and to enable the Company's common stock to continue to be eligible for inclusion in the Russell Indexes.

Dynex Capital, Inc. is an internally managed real estate investment trust, or REIT, which invests in mortgage assets on a leveraged basis. The Company invests in Agency and non-Agency RMBS and CMBS. The Company also has investments in securitized single-family residential and commercial mortgage loans originated by the Company from 1992 to 1998. Additional information about Dynex Capital, Inc. is available at www.dynexcapital.com.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding the business of Dynex Capital, Inc. that are not historical facts, such as the Company's continued eligibility for inclusion in Russell Indexes and the materiality of the income taxes which may be due on the Company's ownership of securities which generate excess inclusion income, are "forward-looking statements" that involve risks and uncertainties. For a discussion of these risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission.

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