

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

|   |   |  |
|---|---|--|
| 1. Name and Address of Reporting Person*<br><u>BENEDETTI STEPHEN J</u><br><br>(Last) (First) (Middle)<br><u>4551 COX ROAD</u><br><br>(Street)<br><u>GLEN ALLEN VA 23060</u><br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>DYNEX CAPITAL INC [ DX ]</u><br><br>3. Date of Earliest Transaction (Month/Day/Year)<br><u>01/02/2005</u><br><br>4. If Amendment, Date of Original Filed (Month/Day/Year) | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)<br><br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>EVP, CFO, Secretary and Treas.</u><br><br>6. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br>Form filed by More than One Reporting Person |
|---|---|--|

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  | (A) or (D) | Price |   |  |   |

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 Securities Underlying Derivative Security (Instr. 3 and 4) |                            | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-------------------|---|----------------------------|--|--|---|--|
|   |  |                                      |  | Code                           | V | (A)  | (D) | Date Exercisable   | Expiration Date   | Title   | Amount or Number of Shares |  |  |   |  |
| <u>SARs (Stock Appreciation Rights)<sup>(1)</sup></u> | <u>\$7.81</u>  | <u>01/02/2005</u>                    |  | <u>A</u>                       |   | <u>60,000</u>  |     | <u>01/02/2005<sup>(1)</sup></u>                          | <u>12/31/2011</u> | <u>Common Stock</u>   | <u>60,000</u>              | <u>\$0<sup>(2)</sup></u>                   | <u>60,000</u>  | <u>D</u>  |  |

Explanation of Responses:

1. The stock appreciation rights were granted under the Issuer's 2004 Stock Incentive Plan and and vest in equal amounts over a four year period.  
2. The stock appreciation rights were granted at no cost to the Reporting Person.

Stephen J. Benedetti 07/11/2005  
\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.  
\* 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).  
Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.  
Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.