

**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* <u>Childress Jeffrey L</u>  (Last) (First) (Middle) <u>C/O DYNEX CAPITAL, INC.</u> <u>4991 LAKE BROOK DRIVE, SUITE 100</u>  (Street) <u>GLEN ALLEN VA 23060</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>DYNEX CAPITAL INC [ DX ]</u>  3. Date of Earliest Transaction (Month/Day/Year) <u>09/01/2010</u>  4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner Officer (give title below) <b>X</b> Other (specify below) <b>Controller</b>  6. Individual or Joint/Group Filing (Check Applicable Line) <b>X</b> Form filed by One Reporting Person Form filed by More than One Reporting Person
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**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			
Common Stock	09/01/2010		M		10,000	A	\$6.61	16,259	D	
Common Stock <sup>(1)</sup>	09/01/2010		D		10,000	D	\$10.19	6,259	D	
Common Stock	09/01/2010		M		7,500	A	\$7.06	13,759	D	
Common Stock <sup>(1)</sup>	09/01/2010		D		7,500	D	\$10.19	6,259	D	

**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				
Stock Appreciation Rights <sup>(2)</sup>	\$6.61	09/01/2010		M			10,000	(2)	12/31/2012	Common Stock	10,000	\$0	0	D	
Stock Appreciation Rights <sup>(3)</sup>	\$7.06	09/01/2010		M			7,500	(3)	12/31/2013	Common Stock	7,500	\$0	2,500	D	

**Explanation of Responses:**

1. Deemed sale of common stock to the company in connection with exercise of cash-settled stock appreciation rights.  
 2. The stock appreciation rights vested in equal installments on January 12, 2007, 2008, 2009 and 2010.  
 3. The portion of the stock appreciation rights that was exercised vested in equal installments on January 3, 2008, 2009 and 2010. The unexercised portion of the stock appreciation rights will vest on January 3, 2011.

**Remarks:**

Stephen J. Benedetti, as attorney-  
in-fact for Jeffrey L. Childress 09/03/2010

\*\* 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.

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