

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>FELMAN LEON A</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>10/15/2010</u> 4. If Amendment, Date of Original Filed (Month/Day/Year)	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) 6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> 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	10/15/2010		J ⁽¹⁾		3,200	A	\$0 ⁽¹⁾	13,200	D	
Common Stock	10/15/2010		J ⁽¹⁾		777	A	\$0 ⁽¹⁾	1,132	I	By Leon A. Felman IRA
Common Stock	10/15/2010		J ⁽¹⁾		10,848	A	\$0 ⁽¹⁾	42,237	I	By Leon A. Felman IRA Rollover
Common Stock	10/15/2010		J ⁽¹⁾		30,826	A	\$0 ⁽¹⁾	74,273	I	By Homebaker Brand Profit Sharing Plan
Common Stock	10/15/2010		J ⁽¹⁾		9,614	A	\$0 ⁽¹⁾	20,751	I	By Leon A. Felman Keogh Profit Sharing Plan
Common Stock	10/15/2010		J ⁽¹⁾		11,840	A	\$0 ⁽¹⁾	33,918	I	By the Felman Family Trust dated 4/28/99
Common Stock	10/15/2010		J ⁽¹⁾		2,555	A	\$0 ⁽¹⁾	10,975	I	By HLF Corporation
Common Stock	10/15/2010		J ⁽¹⁾		626	A	\$0 ⁽¹⁾	904	I	By Harriet Felman IRA
Common Stock								15,000	I	By the Leon A. Felman Family Trust dated 2000

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				
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			3,200	(1)	(1)	Common Stock	3,200	\$0 ⁽¹⁾	0	D	
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			777	(1)	(1)	Common Stock	777	\$0 ⁽¹⁾	0	I	By Leon A. Felman IRA
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			10,848	(1)	(1)	Common Stock	10,848	\$0 ⁽¹⁾	0	I	By Leon A. Felman IRA Rollover
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			30,826	(1)	(1)	Common Stock	30,826	\$0 ⁽¹⁾	0	I	By Homebaker Brand Profit Sharing Plan
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			9,614	(1)	(1)	Common Stock	9,614	\$0 ⁽¹⁾	0	I	By Leon A. Felman Keogh Profit Sharing Plan
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			11,840	(1)	(1)	Common Stock	11,840	\$0 ⁽¹⁾	0	I	By the Felman Family Trust dated 4/28/99
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			2,555	(1)	(1)	Common Stock	2,555	\$0 ⁽¹⁾	0	I	By HLF Corporation
Series D Preferred Stock ⁽²⁾	(1)	10/15/2010		J ⁽¹⁾			626	(1)	(1)	Common Stock	626	\$0 ⁽¹⁾	0	I	By Harriet Felman IRA

Explanation of Responses:

- On October 15, 2010, Dynex Capital, Inc. redeemed all of its Series D Preferred Stock in exchange for shares of its common stock at a one-for-one redemption ratio, in accordance with the terms of the Series D Preferred Stock. Before such redemption, the Series D Preferred Stock was convertible into common stock at any time on a one-for-one basis, with no expiration date.
- The full name of the Series D Preferred Stock is "Series D 9.50% Cumulative Convertible Preferred Stock."

Remarks:

Alison G. Griffin, as attorney-in-fact for Leon A. Felman 10/19/2010

** 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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