

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

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* FELMAN LEON A (Last) (First) (Middle) C/O DYNEX CAPITAL, INC. 4551 COX ROAD, SUITE 300 (Street) GLEN ALLEN VA 23060 (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol DYNEX CAPITAL INC [DX]	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)
	3. Date of Earliest Transaction (Month/Day/Year) 01/09/2006	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	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

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				
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			260	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	260	\$10	777	I	For Leon A. Felman IRA
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			3,628	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	3,628	\$10	10,848	I	For Leon A. Felman IRA Rollover
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			9,785	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	9,785	\$10	30,826	I	For Homebaker Brand Profit Sharing Plan
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			3,216	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	3,216	\$10	9,614	I	For Leon A. Felman Keogh Profit Sharing Plan
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			3,959	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	3,959	\$10	11,840	I	For The Felman Family Trust dated 4/28/99
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			855	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	855	\$10	2,555	I	For HLF Corporation
Series D Preferred Stock ⁽¹⁾	\$10	01/09/2006		j ⁽²⁾			209	08/08/1988 ⁽³⁾	08/08/1988 ⁽³⁾	Common Stock	209	\$10	626	I	For Harriet Felman IRA

Explanation of Responses:

- The full name of the Series D Preferred Stock is "Series D 9.50% Cumulative Convertible Preferred Stock."
- The reported securities were disposed of in a mandatory redemption by the Issuer, pursuant to the terms of the designation of the preferred stock in the Issuer's Articles of Incorporation, at a price equal to their stated issue price of \$10.00 per share.
- The Series D Preferred Stock is immediately exercisable and has no expiration date.

Stephen J. Benedetti, Attorney-In-Fact 03/07/2006

** 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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