

DYNEX CAPITAL INC
 Form 4
 February 28, 2007

FORM 4

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

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 FELMAN LEON A

2. Issuer Name and Ticker or Trading Symbol
 DYNEX CAPITAL INC [DX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

C/O DYNEX CAPITAL, INC., 4551
 COX ROAD, SUITE 300

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/26/2007

Director 10% Owner
 Officer (give title below) Other (specify below)

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

GLEN ALLEN, VA 23060

(City) (State) (Zip)

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)
				(A) or (D) Code V Amount (D) Price			
Common Stock	02/26/2007		M	5,000 A \$ 7.425	5,000	D	
Common Stock					18,278	I	By The Felman Family Trust, DTD 4/28/99
Common Stock					6,589	I	By Leon A. Felman IRA Rollover
Common					43,447	I	By

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Stock				Homebaker Brand Profit Sharing Plan
Common Stock	9,037	I		By The Leon A. Felman Keogh Profit Sharing Plan
Common Stock	2,120	I		By HLF Corporation
Common Stock	278	I		By Harriet Felman IRA
Common Stock	355	I		By Leon A. Felman IRA

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

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 Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Options (1)	\$ 7.425	02/26/2007		M	5,000	06/16/2006 06/16/2011	Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FELMAN LEON A C/O DYNEX CAPITAL, INC. 4551 COX ROAD, SUITE 300	X			

GLEN ALLEN, VA 23060

Signatures

Stephen J. Benedetti,
Attorney-In-Fact

02/26/2007

__Signature of Reporting Person

Date

Explanation of Responses:

- * 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).
- (1) The stock options were granted under the Issuer's 2004 Stock Incentive Plan and are fully vested at the date of grant. The strike price was determined by adding 10% to the market price on the date of grant.
 - (2) The stock options were granted at no cost to the Reporting Person.

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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