



February 11, 2013

**IMPORTANT TAX INFORMATION REGARDING 2012  
DIVIDENDS FROM DYNEX CAPITAL, INC.**

We are providing this information below to assist you in your tax reporting requirements relating to the distribution as dividends of taxable income by Dynex Capital, Inc. (“Dynex” or the “Company”). As detailed below, dividends paid by Dynex on its Common Stock and Series A Preferred Stock were in part ordinary taxable income and in part capital gains. No portion of the dividends paid in 2012 were attributable to a return of capital. The distributions of ordinary taxable income are not eligible for the tax rate reductions enacted for qualified dividend income under the Jobs and Growth Tax Relief Reconciliation Act of 2003 and are accordingly being reported as non-qualifying dividends.

Shareholders should review the 2012 tax statements and/or 1099s that they receive from their brokerage firms in order to ensure that the dividend distribution information reported on such statements conforms to the information set forth in this notice.

The table below provides a summary of the tax information relating to the quarterly dividend distributions of the Company for the 2012 tax year:

**Dynex Capital Common Stock (CUSIP 26817Q506)**

<b>Dividend Record Date</b>	<b>Payment Date</b>	<b>Dividends per Share</b>	<b>Ordinary Income</b>	<b>Capital Gain Distribution</b>	<b>Return of Capital</b>
12/31/2012	01/31/2013	\$0.2900	\$0.25234	\$0.03766	\$0.00000
10/05/2012	10/31/2012	\$0.2900	\$0.22983	\$0.06017	\$0.00000
07/06/2012	07/31/2012	\$0.2900	\$0.24813	\$0.04187	\$0.00000
04/05/2012	04/30/2012	\$0.2800	\$0.27355	\$0.00645	\$0.00000
		<u>\$1.1500</u>	<u>\$1.00385</u>	<u>\$0.14615</u>	<u>\$0.00000</u>

**Dynex Capital Series A Preferred Stock (CUSIP 26817Q704)**

<b>Dividend Record Date</b>	<b>Payment Date</b>	<b>Dividends per Share</b>	<b>Ordinary Income</b>	<b>Capital Gain Distribution</b>	<b>Return of Capital</b>
10/01/2012	10/15/2012	\$0.436810	\$0.34618	\$0.09063	\$0.00000

**Tax Disclaimer**

The information above should not be construed as tax advice and is not a substitute for careful tax planning and analysis. You should consult your own tax advisor regarding the specific federal, state, local, foreign and other tax consequences to you regarding your ownership of shares of the Company’s Common and Preferred stock.