

**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>7801 FORSYTH BLVD.</u>  (Street) <u>ST. LOUIS MO 63105</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>DYNEX CAPITAL INC [ DX ]</u>	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) <u>05/19/2004</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

**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	05/19/2004		j <sup>(1)</sup>	v	3,314	A	\$0 <sup>(1)</sup>	7,474	I	By Leon A. Felman IRA Rollover
Common Stock	05/19/2004		j <sup>(1)</sup>	v	9,297	A	\$0 <sup>(1)</sup>	20,967	I	By Homebaker Brand Profit Sharing Plan
Common Stock	05/19/2004		j <sup>(1)</sup>	v	2,937	A	\$0 <sup>(1)</sup>	6,624	I	By The Leon A. Felman Keogh Profit Sharing Plan
Common Stock	05/19/2004		j <sup>(1)</sup>	v	278	A	\$0 <sup>(1)</sup>	628	I	By The Leon A. Felman Family Trust
Common Stock	05/19/2004		j <sup>(1)</sup>	v	780	A	\$0 <sup>(1)</sup>	1,760	I	By HLF Corporation
Common Stock	05/19/2004		j <sup>(1)</sup>	v	191	A	\$0 <sup>(1)</sup>	431	I	By Harriet Felman IRA
Common Stock	05/19/2004		j <sup>(1)</sup>	v	237	A	\$0 <sup>(1)</sup>	535	I	By Leon A. Felman IRA

**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 C Preferred Stock <sup>(2)</sup>	\$0 <sup>(5)</sup>	05/19/2004		j <sup>(1)</sup>	v		4,160	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	4,160	\$0 <sup>(1)</sup>	0	I	By Leon A. Felman IRA Rollover
Series C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		j <sup>(1)</sup>	v		11,670	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	11,670	\$0 <sup>(1)</sup>	0	I	By Homebaker Brand Profit Sharing Plan

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 C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V		3,687	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	3,687	\$0 <sup>(1)</sup>	0	I	By The Leon A. Felman Keogh Profit Sharing Plan
Series C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V		350	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	350	\$0 <sup>(1)</sup>	0	I	By The Leon A. Felman Family Trust
Series C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V		980	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	980	\$0 <sup>(1)</sup>	0	I	By HLF Corporation
Series C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V		298	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	298	\$0 <sup>(1)</sup>	0	I	By Leon A. Felman IRA
Series C Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V		240	08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	240	\$0 <sup>(1)</sup>	0	I	By Harriet Felman IRA
Series D Preferred Stock <sup>(4)</sup>	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	14,476		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	14,476	\$0 <sup>(1)</sup>	14,476	I	By Leon A. Felman IRA Rollover
Series D Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	40,611		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	40,611	\$0 <sup>(1)</sup>	40,611	I	By Homebaker Brand Profit Sharing Plan
Series D Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	12,830		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	12,830	\$0 <sup>(1)</sup>	12,830	I	By The Leon A. Felman Keogh Profit Sharing Plan
Series D Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	1,218		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	1,218	\$0 <sup>(1)</sup>	1,218	I	By The Leon A. Felman Family Trust
Series D Preferred Stock	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	3,410		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	3,410	\$0 <sup>(1)</sup>	3,410	I	By HLF Corporation
Series D Preferred Stock <sup>(4)</sup>	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	1,037		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	1,037	\$0 <sup>(1)</sup>	1,037	I	By Leon A. Felman IRA
Series D Preferred Stock <sup>(4)</sup>	\$0 <sup>(5)</sup>	05/19/2004		J <sup>(1)</sup>	V	835		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	835	\$0 <sup>(1)</sup>	835	I	By Harriet Felman IRA
Series D Preferred Stock	\$0 <sup>(5)</sup>	05/28/2004		P		15,799		08/08/1988 <sup>(3)</sup>	08/08/1988 <sup>(3)</sup>	Common Stock	17,017	\$9.83	17,017	I	By The Leon A. Felman Family Trust

**Explanation of Responses:**

- Pursuant to a conversion of the outstanding classes of the Issuer's preferred stock, each share of Series C Preferred Stock was converted into 3.48 shares of Series D Preferred Stock and 0.7967 shares of Common Stock.
- The full name of the Series C Preferred Stock is "Series C 9.73% Cumulative Convertible Preferred Stock."
- The Series C Preferred Stock was, and the Series D Preferred Stock is, immediately exercisable and has no expiration date.
- The full name of the Series D Preferred Stock is "Series D 9.50% Cumulative Convertible Preferred Stock."
- The conversion is on a one for one basis for the underlying security.

Stephen J. Benedetti, Attorney-In-Fact 06/02/2004

\*\* 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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