

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* <u>IGDALOFF BARRY</u> (Last) (First) (Middle) <u>4551 COX ROAD, SUITE 300</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>	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>05/14/2004</u>	
	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
Series B Cumulative Convertible Preferred Stock	(1)	05/14/2004		S			432 ⁽²⁾	(3)	(4)	Common Stock	216	\$0	26,088	I	By Rose Capital
Series B Cumulative Convertible Preferred Stock	(1)							(3)	(4)	Common Stock	13,150		26,300	D	
Series A Cumulative Convertible Preferred Stock	(1)							(3)	(4)	Common Stock	10,200		20,400	D	
Series A Cumulative Convertible Preferred Stock	(1)							(3)	(4)	Common Stock	14,573		29,146	I	By Rose Capital
Series C Cumulative Convertible Preferred Stock	(1)							(3)	(4)	Common Stock	21,200		42,400	D	
Series C Cumulative Convertible Preferred Stock	(1)							(3)	(4)	Common Stock	12,450		24,900	I	By Rose Capital

Explanation of Responses:

- Converts to common stock on a 2-for-1 basis.
- Reporting person tendered these shares to Dynex Capital, Inc. in connection with the company's tender offer that was completed on May 14, 2004.
- Shares are exercisable immediately.
- Shares are perpetual preferred stock.

Remarks:

Stephen J. Benedetti, as Attorney-in-Fact for Barry Igdaloff 05/18/2004

** 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.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.