

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20459

SCHEDULE TO-I/A

TENDER OFFER STATEMENT
UNDER SECTION 14(d) (1) OR 13(e) (1) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. 2)

DYNEX CAPITAL, INC.
(NAME OF SUBJECT COMPANY (ISSUER))

DYNEX CAPITAL, INC. (OFFEROR)
(NAME OF FILING PERSON (IDENTIFYING STATUS AS OFFEROR, ISSUER OR OTHER PERSON))

SERIES A PREFERRED STOCK, PAR VALUE \$0.01 PER SHARE
SERIES B PREFERRED STOCK, PAR VALUE \$0.01 PER SHARE
SERIES C PREFERRED STOCK, PAR VALUE \$0.01 PER SHARE
(TITLE OF CLASS OF SECURITIES)

(26817Q 20 9)
(CUSIP NUMBER OF SERIES A PREFERRED STOCK)
(26817Q 30 8)
(CUSIP NUMBER OF SERIES B PREFERRED STOCK)
(26817Q 40 7)
(CUSIP NUMBER OF SERIES C PREFERRED STOCK)

THOMAS H. POTTS, PRESIDENT
DYNEX CAPITAL, INC.
4551 COX ROAD, SUITE 300
GLEN ALLEN, VIRGINIA 23060
(804) 217-5800

(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO
RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF FILING PERSON
FILING THE STATEMENT)

COPY TO:
ELIZABETH R. HUGHES, ESQUIRE
VENABLE, BAETJER & HOWARD, LLP
2010 CORPORATE RIDGE, SUITE 400
MCLEAN, VA 22102
(703) 760-1649

CALCULATION OF FILING FEE

TRANSACTION VALUATION: AMOUNT OF FILING FEE:
*\$15,081,566 **\$3,016

*CALCULATED SOLELY FOR THE PURPOSE OF DETERMINING THE AMOUNT OF FILING FEE,
ASSUMING THE PURCHASE OF 212,817 SHARES OF SERIES A PREFERRED STOCK AT THE

TENDER OFFER PRICE OF \$16.80 PER SHARE, THE PURCHASE OF 297,746 SHARES OF SERIES
B PREFERRED STOCK AT THE TENDER OFFER PRICE OF \$17.15 PER SHARE, AND THE
PURCHASE OF 304,757 SHARES OF SERIES C PREFERRED STOCK AT THE TENDER OFFER PRICE
OF \$21.00 PER SHARE.

**THIS AMOUNT WAS PREVIOUSLY PAID IN CONNECTION WITH THE ORIGINAL FILING OF THIS
SCHEDULE TO ON SEPTEMBER 6, 2001.

[] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2)
and identify the filing with which the offsetting fee was previously paid.
Identify the previous filing by registration statement number, or the form or
schedule and the date of its filing.

Amount Previously Paid: \$3,016 Form or Registration No.: 005-41043
Filing Party: Dynex Capital, Inc. Date Filed: September 6, 2001

[] Check the box if the filing relates solely to preliminary communications
made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the
statement relates:

[] third-party tender offer subject to Rule 14d-1.

[X] issuer tender offer subject to Rule 13e-4.

[] going-private transaction subject to Rule 13e-3.

[] amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer: []

This Amendment No.2 amends and supplements the Tender Offer Statement on Schedule TO (as amended by Schedule TO-I/A filed September 24, 2001), filed with the Securities and Exchange Commission on September 6, 2001, relating to the offer by Dynex Capital, Inc. to purchase shares of its Series A preferred stock, Series B preferred stock, Series C preferred stock all upon the terms and subject to the conditions set forth in the Offer to Purchase, dated September 6, 2001 and the related Letters of Transmittal. This Amendment No. 2 to the Tender Offer Statement on Schedule TO is intended to satisfy the reporting requirements of Rule 13e-4(c)(3) of the Securities Exchange Act of 1934, as amended. Copies of the Offer to Purchase and the related Letter of Transmittal were previously filed with the Schedule TO as Exhibits (a)(1)(A), (a)(1)(B)(i), (a)(1)(B)(ii) and (a)(1)(B)(iii). The information in the Offer to Purchase and the related Letter of Transmittal, including all schedules and annexes thereto, are hereby expressly incorporated herein by reference in response to Items 1 through 11 of Schedule TO, as amended, except that such information is hereby amended and supplemented to the extent specifically provided herein.

Item 1. Summary Term Sheet

The Summary Term Sheet is amended to provide that the Offer will expire on October 10, 2001, at 5:00 p.m., New York City time, unless Dynex extends it.

Introduction: The first sentence of paragraph seven (7) is amended to delete October 4, 2001 and insert October 10, 2001 in lieu thereof.

Item 4. Number Shares; Prorations Extension of the Offer.

Item 4 of the Schedule TO is hereby amended as follows:

The date October 10, 2001 shall be inserted in lieu of October 4, 2001 in the first sentence of the second paragraph.

Item 11. Additional Information

Item 11 of the Schedule TO is hereby amended and supplemented as follows:

Item 10 - Certain Information About Dynex.

Paragraph 17 is amended to add the following:

On September 28, 2001, the court determined to combine ACA's motion for a preliminary injunction with the trial which is set to begin on October 15, 2001. In connection therewith, Dynex agreed with the Court to delay the funding of the purchase of shares tendered pursuant to this tender offer until November 2, 2001.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DYNEX CAPITAL, INC.

By: /s/ Thomas H. Potts

Thomas H. Potts
President

Dated: October 2, 2001

INDEX TO EXHIBITS

EXHIBIT NUMBER -----	DESCRIPTION -----
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(a)(1)(A)	Offer to Purchase dated September 6, 2001.*
(a)(1)(B)(i)	Series A Preferred Stock Letter of Transmittal.*
(a)(1)(B)(ii)	Series B Preferred Stock Letter of Transmittal.*
(a)(1)(B)(iii)	Series C Preferred Stock Letter of Transmittal.*
(a)(1)(C)	Notice of Guaranteed Delivery.*

- (a) (1) (D) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees September 6, 2001.*
- (a) (1) (E) Letter to Clients from Brokers, Dealers, Commercial Banks, Trust Companies and other Nominees dated September 6, 2001.*
- (a) (1) (F) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.*
- (a) (1) (G) Press Release (incorporated by reference to Dynex Capital, Inc. Schedule TO filed with the Securities and Exchange Commission on September 6, 2001).*
- (a) (1) (H) Press release dated October 2, 2001.
- (a) (2)-(5) Not applicable.*
- (b) Not applicable.*
- (d) Not applicable.*
- (e) Not applicable.*
- (g) Not Applicable.*

* Previously filed on Schedule TO

PRESS RELEASE

FOR IMMEDIATE RELEASE
October 2, 2001

CONTACT: Kathy Fern
804-217-5800

DYNEX CAPITAL, INC.
UPDATES MARKET ON LITIGATION; EXTENDS TENDER OFFERS

Dynex Capital, Inc. (NYSE: DX) updated the market today on recent developments in certain litigation in which it is engaged. The Company reported that in orders issued by the U.S. District Court for the Eastern District of Virginia in regard to the litigation with California Investment Fund (CIF) as a result of the termination by Dynex of the Merger Agreement dated November 7, 2000 between Dynex and CIF, the court determined, among other things, that if CIF were successful in its claims of breach against Dynex, any damages available for such breach would be capped at the \$2 million provided for in the Merger Agreement, plus the return of the funds and shares that were placed in escrow by CIF in connection with the Merger Agreement. This court order effectively eliminated CIF's claim for damages of \$45 million. The case is set for trial beginning October 10, 2001.

Separately, in the action brought by ACA Financial Guaranty Corporation (ACA) against the Company in the U.S. District Court for the Southern District of New York, the Court has determined to combine the motion for a preliminary injunction to enjoin the Company from completing its tender offer, with the trial which is set to begin on October 15, 2001. The Company has agreed with the Court to delay the funding of the purchase of shares of its Series A, Series B and Series C Preferred Stock tendered pursuant to the tender offers until November 2, 2001.

In light of these announcements, Dynex has elected to extend the expiration date for the cash tender offers for its Series A, Series B and Series C Preferred Stock until 5:00 p.m. EDT on October 10, 2001.

The Company's Board of Directors is not making any recommendation to its preferred shareholders as to whether or not they should tender any preferred shares pursuant to the tender offers. The Company's directors and executive officers have agreed not to participate in the tender offers.

This press release is for information purposes only and is not an offer to buy or the solicitation of an offer to sell any shares of the Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock of Dynex. The solicitation of offers to buy shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock of Dynex will only be made pursuant to the Tender Offer Statement (including an Offer to Purchase, the related Letters of Transmittal and other offer documents), which has been delivered to all of the holders of the Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, at no expense to them. The Tender Offer Statement, as amended, (including the Offer to Purchase, the related Letters of Transmittal and all other offer documents filed with the Commission) is also available for no charge at the Securities and Exchange Commission's web site at www.sec.gov. The Tender Offer Statement, as amended, (including an Offer to Purchase, the related Letters of Transmittal and other offer documents) contains important information that should be read carefully before any decision is made with respect to any of the tender offers.

Dynex Capital, Inc. is a financial services company that elects to be treated as a real estate investment trust (REIT) for federal income tax purposes.

Note: This document contains "forward-looking statements" (within the meaning of the Private Securities Litigation Act of 1995) that inherently involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of unforeseen external factors. As discussed in the Company's filings with the SEC, these factors may include, but are not limited to, changes in general economic conditions, disruptions in the capital markets, the availability of funds from the Company's lenders to finance future loans, fluctuations in interest rates, increases in costs and other general competitive factors.

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