

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

SCHEDULE 13D  
Under the Securities Exchange Act of 1934  
(Amendment No. 3)\*

Dynex Capital, Inc.

(Name of Issuer)

Common Stock, par value \$.01 per share

(Title of Class of Securities)

26817Q506

(CUSIP Number)

Arthur D. Lipson  
Western Investment LLC  
7050 South Union Park Center, Ste. 590  
Midvale, UT 84047

(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

April 6, 2010

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), (f) or (g), check the following box ☐.

CUSIP No. - 26817Q506

- 1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).  
WESTERN INVESTMENT LLC
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a) ☐  
(b) ☐
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS\* (See Item 3)  
OO
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) ☐  
OR 2(e) ☐
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION  
DELAWARE
- |  |    |  |
|--|----|--|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON<br>WITH | 7  | SOLE VOTING POWER (See Item 5)<br>723,182 shares |
|  | 8  | SHARED VOTING POWER (See Item 5)<br>0 shares     |
|  | 9  | SOLE DISPOSITIVE POWER<br>723,182 shares         |
|  | 10 | SHARED DISPOSITIVE POWER<br>0 shares             |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
(See Item 5) 723,182 shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
4.8%

14 TYPE OF REPORTING PERSON\*  
OO

1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).  
ARTHUR D. LIPSON

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a) [ ]  
(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\* (See Item 3)  
OO,PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) [ ]  
OR 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
USA

NUMBER OF	7	SOLE VOTING POWER (See Item 5)
SHARES		748,182 shares
BENEFICIALLY	8	SHARED VOTING POWER (See Item 5)
OWNED BY		0 shares
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		748,182 shares
PERSON	10	SHARED DISPOSITIVE POWER
WITH		0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
(See Item 5) 748,182 shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
4.95%

14 TYPE OF REPORTING PERSON\*  
IN

1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).  
WESTERN INVESTMENT HEDGED PARTNERS LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a) [ ]  
(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\* (See Item 3)  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) [ ]  
OR 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
DELAWARE

NUMBER OF SHARES	7	SOLE VOTING POWER (See Item 5) 21,201 shares
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER (See Item 5) 0 shares
EACH	9	SOLE DISPOSITIVE POWER 21,201 shares
REPORTING PERSON	10	SHARED DISPOSITIVE POWER 0 shares
WITH		

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
(See Item 5) 21,201 shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
0.1%

14 TYPE OF REPORTING PERSON\*  
PN

1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).  
WESTERN INVESTMENT INSTITUTIONAL PARTNERS LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a) [ ]  
(b) [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\* (See Item 3)  
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEMS 2(d) [ ]  
OR 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
DELAWARE

NUMBER OF SHARES	7	SOLE VOTING POWER (See Item 5) 696,431 shares
BENEFICIALLY OWNED BY	8	SHARED VOTING POWER (See Item 5) 0 shares
EACH	9	SOLE DISPOSITIVE POWER 696,431 shares
REPORTING PERSON	10	SHARED DISPOSITIVE POWER 0 shares
WITH		

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
(See Item 5) 696,431 shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
4.6%

14 TYPE OF REPORTING PERSON\*  
OO

1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY).  
WESTERN INVESTMENT TOTAL RETURN PARTNERS LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
 (a) ☐ [ ]  
 (b) ☐ [ ]

3 SEC USE ONLY

4 SOURCE OF FUNDS\* (See Item 3)  
 WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
 ITEMS 2(d) ☐ [ ]  
 OR 2(e) ☐ [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION  
 DELAWARE

NUMBER OF	7	SOLE VOTING POWER (See Item 5)
SHARES		5,550 shares
BENEFICIALLY	8	SHARED VOTING POWER (See Item 5)
OWNED BY		0 shares
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		5,550 shares
PERSON	10	SHARED DISPOSITIVE POWER
WITH		0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 (See Item 5) 5,550 shares

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
 SHARES\* ☐ [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
 less than 0.1%

14 TYPE OF REPORTING PERSON\*  
 PN

The following constitutes Amendment No. 3 to the Schedule 13D filed by the undersigned ("Amendment No. 3"). This Amendment No. 3 amends the Schedule 13D as specifically set forth herein.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Item 3 is hereby amended and restated to read as follows:

The aggregate purchase price of the 581,181 Common Shares beneficially owned by WILLC (not including shares issuable upon conversion of Preferred Shares beneficially owned by WILLC) is approximately \$4,089,285. The aggregate purchase price of the 142,001 Preferred Shares beneficially owned by WILLC is approximately \$1,466,172. The Common Shares and Preferred Shares beneficially owned by WILLC were acquired with the investment funds of each of WIHP, WIIP and WITRP. The aggregate purchase price of the 25,000 Common Shares owned directly by Mr. Lipson is \$141,500. The Common Shares owned directly by Mr. Lipson were acquired with his personal funds.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

Item 5(a) is hereby amended and restated to read as follows:

(a) The aggregate percentage of Common Shares reported owned by each person named herein is based upon 14,962,278 Common Shares outstanding as of March 23, 2010, as reported in the Issuer's Form DEF 14A, filed with the Securities and Exchange Commission on April 1, 2010.

As of the close of business on April 6, 2010, WIHP, WIIP and WITRP beneficially owned 21,201, 696,431 and 5,550 Common Shares, respectively, representing approximately 0.1%, 4.6% and less than 0.1%, respectively, of the Common Shares outstanding. The Common Shares beneficially owned by WIIP include 142,001 Common Shares that are issuable upon the conversion of Preferred Shares owned by WIIP. WILLC beneficially owned 723,182 Common Shares, constituting approximately 4.8% of the Common Shares outstanding. Mr. Lipson beneficially owned 748,182 Common Shares, constituting approximately 4.95% of the Common Shares outstanding. The Common Shares beneficially owned by Mr. Lipson consist

of the 723,182 Common Shares beneficially owned by WILLC and 25,000 Common Shares owned directly by him.

As the managing member of WIIP and general partner of each of WIHP and WITRP, WILLC may be deemed to beneficially own the 723,182 Common Shares beneficially owned in the aggregate by WIHP, WIIP and WITRP. As the managing member of WILLC, Mr. Lipson may be deemed to beneficially own the 723,182 Common Shares beneficially owned by WILLC, in addition to the 25,000 Common Shares owned directly by him.

Item 5(c) is hereby amended to add the following:

(c) Schedule A annexed hereto lists all transactions in the Common Shares and Preferred Shares since the filing of Amendment No. 2 to the Schedule 13D. All of such transactions were effected in the open market.

Item 5(e) is hereby amended and restated to read as follows:

(e) As of April 6, 2010, the Reporting Persons ceased to be the beneficial owners of more than 5% of the Shares of the Issuer.

#### SIGNATURES

After reasonable 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.

April 7, 2010

WESTERN INVESTMENT LLC

By: /s/ Arthur D. Lipson, Managing Member

WESTERN INVESTMENT HEDGED PARTNERS LP

By: Western Investment LLC,  
its General Partner

By: /s/ Arthur D. Lipson, Managing Member

WESTERN INVESTMENT INSTITUTIONAL PARTNERS LLC

By: Western Investment LLC,  
its Managing Member

By: /s/ Arthur D. Lipson, Managing Member

WESTERN INVESTMENT TOTAL RETURN PARTNERS LP

By: Western Investment LLC,  
its General Partner

By: /s/ Arthur D. Lipson, Managing Member

/s/ Arthur D. Lipson

ARTHUR D. LIPSON

#### SCHEDULE A

Transactions in the Shares Since the Filing of Amendment  
No. 2 to the Schedule 13D.

#### COMMON STOCK

	Transaction Code	Quantity	Trade Date	Price
WIIP	Sell	22,356	3/24/2010	\$9.2935
	Sell	12,100	3/25/2010	\$9.3089
	Sell	6,500	3/26/2010	\$9.2564
	Sell	13,441	3/29/2010	\$9.0231

Sell	12,616	3/30/2010	\$9.0245
Sell	12,369	3/31/2010	\$9.0640
Sell	13,400	4/01/2010	\$9.0501
Sell	14,400	4/05/2010	\$9.0682
Sell	15,700	4/06/2010	\$9.0956