# BEXIL®

- **Notice of 2007 Annual Meeting and Proxy Statement**
- **2006 Annual Report**

**American Stock Exchange Symbol:**

**BXL**

11 Hanover Square
New York, NY 10005

Tel 1-212-785-0400
www.bexil.com

# BEXIL CORPORATION

## Notice of Annual Meeting of Stockholders

To the Stockholders:

Notice is hereby given that the 2007 Annual Meeting of Stockholders ("Meeting") of Bexil Corporation (the "Company") will be held at The Down Town Association, 60 Pine Street, New York, New York on May 11, 2007 at 11:00 a.m., local time, for the following purposes:

1. To elect to the Board of Directors the Nominees, Charles A. Carroll and Bassett S. Winmill, as Class III Directors with each to serve a three year term, and until his successor is duly elected and qualifies.

2. To consider and act upon any other business as may properly come before the Meeting or any adjournment thereof.

**The Board of Directors unanimously recommends that stockholders vote in favor of the Nominees.**

Stockholders of record at the close of business on March 15, 2007 are entitled to receive notice of and to vote at the Meeting.

By Order of the Board of Directors

John F. Ramírez
Secretary

New York, New York
April 5, 2007

THE MEETING WILL START PROMPTLY AT 11:00 A.M., LOCAL TIME. TO AVOID DISRUPTION, ADMISSION MAY BE LIMITED ONCE THE MEETING STARTS. PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED PRE-ADDRESSED REPLY ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. ANY STOCKHOLDER OF RECORD PRESENT AT THE MEETING MAY VOTE IN PERSON INSTEAD OF BY PROXY, THEREBY CANCELING ANY PREVIOUS PROXY.

**Please Vote Immediately by Signing and Returning the Enclosed Proxy Card.**
*Delay may cause the Company to incur additional expenses to solicit votes for the Meeting.*

# BEXIL CORPORATION

## PROXY STATEMENT

**Annual Meeting of Stockholders**
**to be held May 11, 2007**

This Proxy Statement is furnished in connection with a solicitation of proxies by Bexil Corporation (the "Company") to be voted at the 2007 Annual Meeting of Stockholders of the Company to be held at The Down Town Association, 60 Pine Street, New York, New York on May 11, 2007 at 11:00 a.m., and at any postponements or adjournments thereof ("Meeting") for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Only stockholders of record at the close of business on March 15, 2007 (the "Record Date") are entitled to be present and to vote on matters at the Meeting. Stockholders are entitled to one vote for each Company share held. Shares represented by executed and unrevoked proxies will be voted in accordance with the instructions on the Proxy Card. A stockholder may revoke a proxy by delivering to the Company a signed proxy with a date later than the previously delivered proxy or by sending a written revocation to the Company. To be effective, such revocation must be received prior to the Meeting. In addition, any stockholder who attends the Meeting in person may vote by ballot at the Meeting, thereby canceling any proxy previously given. As of the Record Date, the Company had 883,592 shares of common stock issued and outstanding. Stockholders of the Company will vote as a single class.

It is estimated that proxy materials will be mailed to stockholders as of the Record Date on or about April 6, 2007. The Company's principal executive offices are located at 11 Hanover Square, New York, New York 10005. **A copy of the Company's most recent Annual Report on Form 10-KSB is attached hereto.**

**PROPOSAL 1: TO ELECT TO THE BOARD OF DIRECTORS THE NOMINEES, CHARLES A. CARROLL AND BASSETT S. WINMILL, AS CLASS III DIRECTORS WITH EACH TO SERVE A THREE YEAR TERM, AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.**

The Board has approved the nominations of Charles A. Carroll and Bassett S. Winmill, as Class III Directors with each to serve a three year term, and until his successor is duly elected and qualifies. The Nominees currently serve as Directors of the Company. Mr. Carroll and Mr. Winmill will be elected by a plurality of the votes cast at the Meeting. Unless otherwise noted, the address of record for the Directors is 11 Hanover Square, New York, New York 10005.

The following table sets forth certain information concerning the Nominees for Class III Directors of the Company:

| Name, Principal Occupation, Business Experience for Past Five Years, and Age | Director Since | Other Reporting Company* Directorships Held by Director |
|---|---|---|
| Non-interested Nominee: | | |
| **Class III:** | | |
| CHARLES A. CARROLL – From 1990 to 2005, Mr. Carroll served as Managing Director of Kalin Associates, Inc., a member firm of the New York Stock Exchange ("NYSE"), prior to which, he served as a member of the NYSE representing Boettcher and Co. Mr. Carroll was born on December 18, 1930. | 2004 | – |
| Interested Nominee: | | |
| **Class III:** | | |
| BASSETT S. WINMILL – Mr. Winmill has been Chairman of the Board of the Company since 1996, as well as Tuxis Corporation since 1983, Global Income Fund, Inc. since 1996, and Winmill & Co. Incorporated ("WCI"), its affiliates, and certain of the investment companies managed by its subsidiaries (the "Investment Company Complex" or "ICC") since 1974. Mr. Winmill is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts. Mr. Winmill was born on February 10, 1930. | 1996 | – |

* As defined under the Securities Exchange Act of 1934.

The persons named in the accompanying form of proxy intend to vote each such proxy FOR the election of the Nominees listed above unless a stockholder specifically indicates on a proxy the desire to withhold authority to vote for the Nominees. It is not contemplated that the Nominees will be unable to serve as Directors for any reason but, if that should occur prior to the Meeting, the proxy holders reserve the right to substitute another person or persons of their choice as a Nominee. The Nominees listed above have consented to being named in this Proxy Statement and have agreed to serve as Directors if elected.

**Vote Required**

As set forth in the Company's Bylaws, "[s]ubject to the Charter, the election of any director by stockholders requires the affirmative vote of at least eighty percent (80%) of the outstanding shares of all classes of voting stock, voting together, in person or by proxy at a meeting at which a quorum is present, unless such action is approved by the vote of a majority of the Board of Directors, in which case such action requires the affirmative vote of a plurality of the votes cast at the Meeting." Because the Nominees for Directors were approved by a majority of the Board of Directors, a plurality of all the votes cast at the Meeting at which a quorum is present shall be sufficient to elect the Nominees as Directors.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE FOR THE NOMINEES.***

The following table sets forth certain information regarding the other Directors currently serving on the Board:

| Name, Principal Occupation, Business Experience for Past Five Years, and Age | Director Since | Other Reporting Company* Directorships Held by Director |
|---|---|---|
| Non-interested Directors: | | |
| **Class I:** | | |
| EDWARD G. WEBB, JR. – Mr. Webb has been an Equity Portfolio Manager for Advanced Asset Management Advisors, Inc. since October 2002. Mr. Webb was President of Webb Associates, Ltd. from 1996 to 2004. Mr. Webb was born on March 31, 1939. | 2004 | – |
| **Class II:** | | |
| DOUGLAS WU – Since 1998, Mr. Wu has been a Principal of Maxwell Partners, prior to which, he was a Managing Director of Rothschild Emerging Markets/Croesus Capital Management. Mr. Wu was born on July 31, 1960. | 1997 | – |
| Interested Director: | | |
| **Class I:** | | |
| THOMAS B. WINMILL – Mr. Winmill has served as President, Chief Executive Officer and General Counsel of the Company since 1999 and in other capacities since 1996. Since 1999, he has also served as a director, President, Chief Executive Officer and General Counsel of WCI, its affiliates, and of the ICC, and in other capacities since 1988. Mr. Winmill has also served as General Counsel of Tuxis Corporation since 2002 and in other capacities since 1988. Mr. Winmill is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. Mr. Winmill was born on June 25, 1959. | 1996 | – |

* As defined under the Securities Exchange Act of 1934.

Bassett S. Winmill, Chairman of the Board of the Company, is the father of Thomas B. Winmill, the President, Chief Executive Officer, and General Counsel of the Company.

The following table sets forth certain information concerning the Company's executive officers other than those who serve as Directors. Unless otherwise noted, the address of record for the officers is 11 Hanover Square, New York, New York 10005.

| Name and Age | Position(s) Held with Fund, Term of Office, Principal Occupation for Past Five Years |
|---|---|
| Thomas O'Malley<br>Born on July 22, 1958 | Vice President, Chief Financial Officer, and Chief Accounting Officer since 2005. He is also Vice President, Chief Financial Officer and Chief Accounting Officer of Tuxis Corporation, WCI and its affiliates, and of the ICC. Previously, Mr. O'Malley served as Assistant Controller of Reich & Tang Asset Management, LLC, Reich & Tang Services, Inc., and Reich & Tang Distributors, Inc. He is a certified public accountant. |
| John F. Ramírez<br>Born on April 29, 1977 | Vice President, Secretary, and Chief Compliance Officer since 2005. He is also Vice President, Secretary, and Chief Compliance Officer of Tuxis Corporation, WCI and its affiliates, and of the ICC. He previously served as Compliance Administrator and Assistant Secretary of the Company, Tuxis Corporation, WCI and its affiliates, and of the ICC. Mr. Ramirez is a member of the Society of Corporate Secretaries and Governance Professionals. |

## COMMITTEES OF THE BOARD OF DIRECTORS

### Governance, Compensation and Nominating Committee

The Board of Directors established on June 9, 2004 a Governance, Compensation and Nominating Committee ("GCN Committee") and adopted a charter to define and outline the responsibilities of its members. A copy of the GCN Committee charter is posted at www.bexil.com. The GCN Committee consists of Edward G. Webb, Jr., Charles A. Carroll, and Douglas Wu, all of whom are independent directors in accordance with the American Stock Exchange director independence standards. The role of the GCN Committee is to assist the Board of Directors by: (a) recommending governance guidelines applicable to the Company; (b) identifying, evaluating, and recommending the nomination of Board members; (c) setting the compensation of the Company's Chief Executive Officer and performing other compensation oversight; and (d) assisting the Board with other related tasks as assigned from time to time. In selecting the Nominees set forth in Proposal 1, the GCN Committee took into account each Nominee's independence and the independence of the Company's full Board of Directors, each Nominee's knowledge and experience and potential contribution to the Board of Directors and its committees, each Nominee's other commitments, and each Nominee's past service with the Company or with affiliates of the Company.

The GCN Committee has approved the following procedures by which stockholders may recommend director candidates: The GCN Committee will consider appropriate candidates recommended by stockholders with relevant business experience who can assist the Company or its business. A stockholder wishing to submit such a recommendation should send a letter, postmarked no later than January 1 in the year of the meeting, to the Secretary of the Company at 11 Hanover Square, New York, New York 10005. The mailing envelope must contain a clear notation that the enclosed letter is a "Director Nominee Recommendation." The letter must identify the author as a stockholder and provide: (a) the name, address, telephone number and social security number of the candidate to be considered; (b) a description of all arrangements or understandings between the stockholder and the candidate, and an executed written consent of the candidate to serve as a director of the Company if so elected; (c) a copy of the candidate's resume and at least three bona fide references; and (d) an analysis of the candidate's qualifications to serve on the Board of Directors and on each of the Board's committees. All candidates recommended for election to the Board of Directors must meet the independence standards of the American Stock Exchange.

### Audit Committee and Audit Committee Report

The Company has an Audit Committee currently comprised of Edward G. Webb, Jr., Charles A. Carroll, and Douglas Wu. The Audit Committee charter adopted by the Board of Directors may be found at www.bexil.com. The Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the Company's financial reporting practices. The purposes of the Audit Committee are: (a) to oversee the Company's accounting and financial reporting policies and practices, its internal controls and, as appropriate, the internal controls of certain service providers; (b) to oversee the quality and objectivity of the Company's financial statements and the independent audit thereof; and (c) to act as a liaison between the Company's independent auditors and the full Board of Directors.

*Report*

In discharging its oversight responsibility as to the audit process for the fiscal year ended December 31, 2006, the Audit Committee discussed with the independent auditors their independence from the Company and its management. In addition, the independent auditors provided the Audit Committee with written disclosure regarding their independence and the letter required by Independence Standards Board Standard No. 1. For the fiscal year ended December 31, 2006, the Audit Committee discussed and reviewed with the independent auditors all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, "Communication with Audit Committees," and discussed and reviewed the results of the independent auditors' examination of the Company's financial statements. The Audit Committee reviewed the audited financial statements of the Company for the fiscal year ended December 31, 2006 with management and the independent auditors. Management has the responsibility for the preparation of the Company's financial statements and the independent auditors have the responsibility for the examination of those statements. Based upon review and discussions with management and the independent auditors, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in its Annual Report for the fiscal year ended December 31, 2006 for filing with the Securities and Exchange Commission ("SEC").

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Act of 1934, as amended, and shall not otherwise be deemed filed under such Acts. The Audit Committee Members are independent, as defined in section 121(A) of the listing standards of the American Stock Exchange. In addition, each Audit Committee Member qualifies as an "audit committee financial expert" as defined by Rule 407(d)(5)(ii) of Regulation S-B by virtue of their education and work experience.

The Audit Committee is pleased to submit this report to the stockholders of the Company with regard to the above matters.

/s/ Charles A. Carroll
/s/ Edward G. Webb, Jr.
/s/ Douglas Wu

**Executive Committee**

The Company has an Executive Committee comprised of Thomas B. Winmill, the function of which is to exercise the powers of the Board of Directors between meetings of the Board to the extent permitted by law to be delegated and not delegated by the Board to any other committee.

**Director and Committee Meetings**

During the Company's most recently completed fiscal year, the Company's Board of Directors met five times, the Audit Committee met six times, the GCN Committee met two times, and the Executive Committee met one time. Each Director attended at least 75% of the Board and committee meetings held when such director was in office.

**How to Communicate with the Company's Board of Directors**

Stockholders who wish to communicate with the Board of Directors or a particular director may send a letter to the Secretary of the Company at 11 Hanover Square, New York, New York 10005. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

The Company's policy with regard to the Board members' attendance at Annual Meetings of Stockholders is that it is encouraged but not required. All Board members attended the 2006 Annual Meeting of Stockholders.

## STOCK OWNERSHIP BY CERTAIN BENEFICIAL OWNERS

The following table sets forth information regarding the direct beneficial ownership of Company common stock as of the Record Date by (i) each director and executive officer and (ii) all directors and executive officers as a group:

| Name of Director, Nominee, or Officer | Number of Shares (Note) | | Percent of Outstanding Shares* |
|---|---|---|---|
| Non-interested Nominee: | | | |
| Charles A. Carroll | 3,200 | | ** |
| Interested Nominee: | | | |
| Bassett S. Winmill | 285,554 | (1), (2) | 30.4% |
| Non-interested Directors: | | | |
| Edward G. Webb, Jr. | 1,500 | | ** |
| Douglas Wu | 4,000 | (3) | ** |
| Interested Director: | | | |
| Thomas B. Winmill | 100,674 | (1) | 10.7% |
| Officers: | | | |
| Thomas O'Malley | 0 | | ** |
| John F. Ramírez | 2,100 | (4) | ** |
| Total shares held by directors and officers as a group | 397,028 | | 39.7% |

* The percent of outstanding shares is calculated on the basis of the amount of outstanding shares plus, for each person or group, any securities that person or group has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"), including the right to acquire within sixty days pursuant to options, warrants, rights, conversion privilege or similar obligations.

** Less than 1% of the outstanding shares.

(1) This amount includes 55,369 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

(2) Bassett S. Winmill has indirect beneficial ownership of 222,644 of these shares, as a result of his status as a controlling person of WCI and Investor Service Center, Inc., the direct beneficial owner. Mr. Winmill disclaims beneficial ownership of the shares held by Investor Service Center, Inc.

(3) This amount includes 4,000 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

(4) This amount includes 2,000 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

Based on filings with the SEC, management of the Company believes the following stockholders beneficially owned 5% or more of the outstanding shares of Company common stock as of the Record Date:

| Name and Address | Number of Shares (Note) | | Percent of Outstanding Shares* |
|---|---|---|---|
| Advisory Research, Inc.<br>180 N. Stetson St.<br>Suite 5500<br>Chicago, IL 60601 | 87,400 | (1) | 9.9% |
| Thomas B. Winmill<br>11 Hanover Square<br>New York, New York 10005 | 100,674 | (2) | 10.7% |

| Name and Address | Number of Shares (Note) | | Percent of Outstanding Shares* |
|---|---|---|---|
| Investor Service Center, Inc.<br>11 Hanover Square<br>New York, New York 10005 | 222,644 | | 25.2% |
| Winmill & Co. Incorporated<br>11 Hanover Square<br>New York, New York 10005 | 222,644 | (3) | 25.2% |
| Bassett S. Winmill<br>11 Hanover Square<br>New York, New York 10005 | 285,554 | (4) | 30.4% |

* The percent of outstanding shares is calculated on the basis of the amount of outstanding shares plus, for each person or group, any securities that person or group has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days pursuant to options, warrants, rights, conversion privilege or similar obligations.

(1) According to a Schedule 13G filed February 20, 2007.

(2) Includes 55,369 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations. Thomas B. Winmill has indirect beneficial ownership of 26,712 of these shares held by his spouse and sons. Mr. Winmill disclaims ownership of the shares held by his spouse and sons.

(3) Winmill & Co. Incorporated has indirect beneficial ownership of these shares, as a result of its status as a controlling person of Investor Service Center, Inc., the direct beneficial owner.

(4) Includes 55,369 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations. Bassett S. Winmill has indirect beneficial ownership of 222,644 of these shares, as a result of his status as a controlling person of Winmill & Co. Incorporated and Investor Service Center, Inc., the direct beneficial owner. Mr. Winmill disclaims beneficial ownership of the shares held by Investor Service Center, Inc.

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth compensation for the fiscal year ended December 31, 2006 received by the Company's Chief Executive Officer and the two most highly compensated executive officers. No other executive officer of the Company serving at the end of fiscal year 2006 had total compensation in fiscal year 2006 in excess of $100,000.

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|
| Thomas B Winmill<br>President and Chief Executive Officer | 2006 | 315,000 | 1,347,500 | 32,515 | 8,203 | 1,703,218 |
| Bassett S. Winmill<br>Executive Chairman of the Board of Directors | 2006 | 46,759 | 336,875 | 32,515 | 14,152 | 430,301 |
| Thomas O'Malley<br>Vice President and Chief Financial Officer | 2006 | 63,000 | 52,663 | 16,380 | 4,017 | 136,060 |

## Narrative Disclosure to Summary Compensation Table

Mr. Thomas Winmill deferred payment of $52,500 of his 2006 salary reported in the table.

The "Bonus" dollar amounts reported reflect a special one time bonus paid upon the closing of the Company's sale of its fifty percent interest in York Insurance Services Group, Inc. ("York") to Messrs. Thomas Winmill, Bassett Winmill, and O'Malley of $1,347,500, $336,875, and $49,231, respectively. No annual bonus was awarded to Thomas Winmill and Bassett Winmill. Mr. O'Malley received an annual bonus of $3,432.

The "Option Awards" dollar amounts reflect the compensation expense recorded by the Company for financial reporting purposes with respect to stock options during the 2006 fiscal year in accordance with Statement of Financial Accounting Standards ("SFAS") 123R, "Share-Based Payment." For a discussion of the assumptions made in the valuation, refer to Note 5 to our financial statements for the fiscal year ended December 31, 2006.

Refer to the "All Other Compensation Table" below for details of amounts paid.

## All Other Compensation Table

The following table details each item of compensation included under All Other Compensation in the Summary Compensation Table above for the fiscal year ended December 31, 2006.

| Name | Company Matching Contribution to 401(k) Plan (1) ($) | Life Insurance Premiums ($) | Car Lease and Insurance ($) |
|---|---|---|---|
| Thomas B. Winmill | 7,704 | 499 | – |
| Bassett S. Winmill | 1,917 | 9,166 | 3,069 |
| Thomas O'Malley | 3,780 | 237 | – |

(1) The Company participates in a 401(k) retirement plan for substantially all of its qualified employees. The matching expense is based upon a percentage of contributions by eligible employees and are accrued and funded on a current basis. The named executive officers above also serve as officers and/or directors of WCI.

## Outstanding Equity Awards at Fiscal Year End Table

The following table sets forth information concerning unexercised options for each named executive officer as of the year ended December 31, 2006. There were no stock option exercises by the named executive officers during the year ended December 31, 2006.

| | Option Awards(1) | | | |
|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable(2) | Option Exercise Price ($) | Option Expiration Date |
| Thomas B. Winmill | 13,893 | 9,262 | 23.749 | 03/25/09 |
| | 26,845 | – | 21.590 | 03/25/09 |
| | 10,000 | – | 16.300 | 11/10/09 |
| Bassett S. Winmill | 13,893 | 9,262 | 23.749 | 03/25/09 |
| | 26,845 | – | 21.590 | 03/25/09 |
| | 10,000 | – | 16.300 | 11/10/09 |
| Thomas O'Malley | – | 5,000 | 19.500 | 08/12/10 |

(1) No named executive officer held options that qualified as equity incentive plan awards at 2006 year end.

(2) 4,631 of such options are exercisable as of March 25, 2007 and March 25, 2008, respectively, for each Thomas B. Winmill and Bassett S. Winmill. All of Mr. O'Malley's options are exercisable as of July 11, 2008.

### Director Compensation Table

The following table sets forth the compensation of each non-employee director by the Company for the year ended December 31, 2006:

| Name of Director | Fees Earned or Paid in Cash ($) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|
| Charles A. Carroll | 24,750 | 10,256 | 20,000 | $55,006 |
| Edward G. Webb, Jr. | 25,250 | 10,256 | 20,000 | $55,506 |
| Douglas Wu | 25,250 | 9,840 | 20,000 | $55,090 |

### Narrative Disclosure to Director Compensation Table

The "Option Awards" dollar amounts reflect the compensation expense recorded by the Company for financial reporting purposes with respect to stock options during the 2006 fiscal year in accordance with SFAS 123R. For a discussion of the assumptions made in the valuation, refer to Note 5 to our financial statements for the fiscal year ended December 31, 2006. Pursuant to the 2004 Incentive Compensation Plan, each of Messrs. Carroll, Webb, and Wu were granted 1,000 options at the close of business on the date of the Company's annual stockholder meeting, November 8, 2006, with a grant date value of $27.90 per share. The outstanding number of stock options awarded to each director as of December 31, 2006 was 3,000.

Under the 2004 Incentive Compensation Plan ("Plan"), the Company's non-employee directors receive non-qualified stock options for Company common stock. The Company will grant an initial option for 1,000 shares of Company common stock on the effective date of any non-employee director's initial election to the Board. The Company will also grant an annual option for 1,000 shares of Company common stock to each non-employee director at the close of business on the date of the Company's annual stockholder meeting. These amounts are subject to adjustment for corporate transactions. These option awards are the only type of awards that non-employee directors of the Company are eligible to receive under the Plan. The exercise price per share of non-employee director options will be equal to 100% of the fair market value of a share of Company common stock on the date of grant and these options will expire at the earlier of (i) five years from the date of grant or (ii) three months after the date the non-employee director ceases to serve as a director of the Company for any reason. Non-employee director options will vest at the end of a period commencing on the date of grant and ending on a date which is the sooner of three years from the date of grant date or three years from commencement of service to the Company, and if the optionee has more than three years of service on the date of grant, the options will vest immediately.

Directors of the Company or its subsidiaries who are employees or spouses of employees do not receive fees for attendance at Board meetings. Effective August 10, 2006, non-employee directors of the Company are compensated for services provided as a director as follows: $1,000 as a retainer paid quarterly; $500 per special or telephonic meeting attended and per meeting of a committee of a board attended (when not held near the time of a regular meeting), except for the GCN Committee which is $2,000 per annum; reimbursement for meeting expenses; $1,000 per annum per Board committee chaired; and a $2,000 fee per meeting of stockholders. Prior to August 10, 2006, non-employee directors of the Company were compensated for services provided as a director as follows: $500 as a retainer paid quarterly; $250 per special or telephonic meeting attended and per meeting of a committee of a board attended (when not held near the time of a regular meeting), except for the GCN Committee which is $1,000 per annum; reimbursement for meeting expenses; $500 per annum per Board committee chaired; and a $1,000 fee per meeting of stockholders.

The Board of Directors approved a cash bonus for all non-employee directors in 2006. Mr. Webb earned $1,000 for his services as chairman of the GCN Committee. Mr. Wu earned $1,000 for his services as chairman of the Audit Committee and also received $4,000 for his services as a director of York in 2006.

### Certain Relationships and Related Transactions

From 2002 until April 28, 2006, the Company's primary holding was a fifty percent interest in York, an insurance services business process sourcing company. On April 28, 2006, the Company consummated the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors for approximately $39 million in cash.

On December 29, 2005, the GCN Committee approved the payment of bonuses to Bassett Winmill, the Executive Chairman of the Board of the Company, and Thomas Winmill, the President, Chief Executive Officer and General Counsel of the Company, in the amounts of $163,125 and $652,500, respectively, as a result of the sale of the Company's fifty percent interest in York. In addition, the GCN Committee approved the payments of additional bonuses to Messrs. Bassett Winmill and Thomas Winmill, in the amounts of $336,875 and $1,347,500, respectively, and bonuses to nine other employees of the Company in the aggregate amount of approximately $236,000, which bonuses were contingent upon the closing of the sale. These bonuses were paid on May 2, 2006 after the consummation of the sale.

Certain officers of the Company also serve as officers and/or directors of WCI, Tuxis Corporation ("Tuxis"), and their affiliates (collectively with Bexil, the "Affiliates"). At December 31, 2006, WCI's wholly owned subsidiary, Investor Service Center, Inc., owned 222,644 shares of the Company and 234,665 shares of Tuxis, or 25% and 24%, respectively, of the outstanding common stock. WCI's wholly owned subsidiary, Midas Management Corporation ("MMC"), acts as "master" payer of compensation and benefits of Affiliate employees. At December 31, 2006, the Company had a reimbursement receivable from MMC relating to compensation and benefit expenses of $9,130.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions incurred by WCI are allocated to the Company and the Affiliates. The Company incurred allocated rent and overhead costs of $172,182 and $92,271 for the years ended December 31, 2006 and 2005, respectively. At December 31, 2006, the Company had a payable to WCI related to these costs of $23,253.

The Company participates in a 401(k) retirement plan for substantially all of its qualified employees. Company matching expense is based upon a percentage of contributions to the plan by eligible employees and are accrued and funded on a current basis. Matching expense for the year ended December 31, 2006 and 2005 was $17,081 and $19,668, respectively.

At December 31, 2006, the Company had $101,222 invested in Midas Dollar Reserves, Inc. ("MDR"), a money market fund advised by MMC, and $1,496 invested in Global Income Fund, Inc. ("GIF"), a closed end investment company advised by CEF Advisers, Inc., a wholly owned subsidiary of WCI. The Company earned dividends from MDR and GIF in aggregate of $1,347 and $109 for the years ended December 31, 2006 and 2005, respectively. Certain officers and directors of the Company are officers and/or directors of MDR and GIF.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Tait, Weller & Baker LLP ("Tait, Weller"), an independent registered public accounting firm ("IRPAF"), audited the Company's financial statements for the fiscal year ended December 31, 2006 and has been appointed as the Company's IRPAF for the fiscal period commencing January 1, 2007. The Company's financial statements for the fiscal year ended December 31, 2005 were audited by Deloitte & Touche LLP ("Deloitte").

Apart from its fees received as the IRPAF, neither Tait, Weller nor any of its partners have a direct, or material indirect, financial interest in the Company or its affiliates. Representatives of Tait, Weller are not expected to be present at the Meeting but have been given the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions by telephone or otherwise.

The following table sets forth the aggregate fees billed for professional services rendered by such firms for the respective years:

| Fiscal Year Ended December 31 | Audit Fees | Audit Related Fees | Tax Fees | All Other Fees | Aggregate Non-Audit Fees* |
|---|---|---|---|---|---|
| 2005 | $155,057 | $0 | $32,250 | $0 | $201,000 |
| 2006 | $66,500 | $77,065 | $22,000 | $0 | $193,500 |

* Tait Weller also provided audit, non-audit, and tax services to WCI, Tuxis, the ICC, and their affiliates. The Audit Committee considered the provision of these services and determined such services to be compatible with maintaining Tait Weller's independence.

***Audit Fees*** include the aggregate fees billed for professional services rendered by Tait, Weller and Deloitte for the audit of the Company's annual financial statements, review of the quarterly financial statements, and services rendered in connection with statutory and regulatory filings or engagements.

***Audit Related Fees*** include the aggregate fees billed for assurance and related services by Tait, Weller and Deloitte that are reasonably related to the performance of the audit or review of the annual financial statements and review of the quarterly financial statements, and review of other regulatory filings.

***Tax Fees*** include the aggregate fees billed for professional services rendered by Tait, Weller in connection with tax compliance, tax advice, and tax planning.

***All Other Fees*** include the aggregate non-audit fees not disclosed above that were billed for projects and services provided by Tait, Weller.

The Company's Audit Committee has adopted a policy to consider for pre-approval any non-audit services proposed to be provided by the IRPAF to the Company, and any non-audit services proposed to be provided by such IRPAF to its affiliates, if any, which have a direct impact on Company operations or financial reporting. In those situations when it is not convenient to obtain full Audit Committee approval, the Chairman of the Audit Committee is delegated the authority to grant pre-approvals of auditing, audit-related, non-audit related, tax, and all other services so long as all such pre-approved decisions are reviewed with the full Audit Committee at its next scheduled meeting. Such pre-approval of non-audit services proposed to be provided by the IRPAF to the Company is not necessary, however, under the following circumstances: (1) all such services do not aggregate to more than 5% of total revenues paid by the Company to the IRPAF in the fiscal year in which services are provided, (2) such services were not recognized as non-audit services at the time of the engagement, and (3) such services are brought to the attention of the Audit Committee, and approved by the Audit Committee, prior to the completion of the audit.

**Changes in Company's Certifying Accountant**

On January 13, 2005, the Company's Audit Committee unanimously voted to recommend to the Board that the resignation of Tait, Weller as the Company's independent registered public accounting firm be accepted, effective upon the appointment by the Company of successor auditors. The Audit Committee further recommended to the Board that the appointment of Deloitte as the independent registered public accounting firm for the Company be approved, effective upon the successful completion of Deloitte's client acceptance procedures. Also on January 13, 2005, the Board of Directors of the Company approved such recommendations. On April 13, 2005, Deloitte advised the Company of the successful completion of Deloitte's client acceptance procedures. Accordingly, Tait, Weller resigned effective April 13, 2005. On April 18, 2005, the Company announced the successful completion of Deloitte's client acceptance procedures.

Tait, Weller's report on the Company's financial statements for the fiscal years ended December 31, 2003 and December 31, 2002 did not contain an adverse opinion, a disclaimer of opinion, or any qualification or modifications as to uncertainty, audit scope or accounting principles. During the Company's fiscal years ended December 31, 2003 and December 31, 2002, and through the date of termination of the engagement, there were no disagreements with Tait, Weller on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Tait, Weller, would have caused Tait, Weller to make reference to the subject matter of the disagreement in connection with its report. During the fiscal years ended December 31, 2003 and December 31, 2002 and through the date of termination of the engagement, there have been no reportable events as defined in Item 304(a)(1)(iv) of Regulation S-B promulgated by the SEC. The Company did not consult with Deloitte during the fiscal years ended December 31, 2003 and December 31, 2002, nor during the subsequent period to the date of its engagement regarding either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements.

On July 6, 2006, prior to the Company notifying Deloitte of their dismissal, the Audit Committee of the Board of Directors of the Company unanimously voted to recommend to the Board the dismissal of Deloitte as the Company's IRPAF, effective upon the appointment by the Company of a successor IRPAF. The Audit Committee further recommended to the Board that the appointment of Tait, Weller as the IRPAF for the Company be approved. On July 6, 2006, the Board of Directors of the Company approved such recommendations. On July 6, 2006, the Company dismissed Deloitte as the Company's IRPAF.

Deloitte's report on the Company's financial statements for the fiscal years ended December 31, 2005 and December 31, 2004 did not contain an adverse opinion, a disclaimer of opinion, or any qualification or modifications as to uncertainty, audit scope or accounting principles. During the Company's fiscal years ended December 31, 2005 and December 31, 2004 and through the date of termination of the engagement, there were no disagreements with Deloitte on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure which, if not resolved to the satisfaction of Deloitte, would have caused Deloitte to make reference to the subject matter of the disagreement in connection with its report.

During the fiscal years ended December 31, 2005 and December 31, 2004 and through the date of termination of the engagement, there were no reportable events as defined in Item 304(a)(1)(iv) of Regulation S-B promulgated by the SEC except on June 15, 2005, the Company inadvertently filed the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004 (the "2004 Report") before all pending edits and reviews were completed. Because the edits and review procedures had not been completed, the Company's Chief Financial Officer determined that the Company's financial statements for the fiscal years ended December 31, 2004 and 2003 as filed should not be relied upon. On June 20, 2005, an amended 2004 Report was filed to correct certain errors which resulted from the inadvertent filing of the 2004 Report on June 15, 2005. The circumstances surrounding the inadvertent filing and a description of the edits which had not been completed are described in the Company's Current Report on Form 8-K dated June 15, 2005 and filed with the SEC on June 17, 2005. Additionally, in connection with the preparation of the 2004 Annual Report on Form 10-KSB/A, management determined that deficiencies within its disclosure controls and procedures including internal control over financial reporting existed that related to the following: (1) the Company's internal controls over SEC filings were not adequate and required further strengthening, (2) the controls over the application of APB 18, *The Equity Method of Accounting for Investments in Common Stock,* regarding the classification of income from equity affiliates did not operate effectively and (3) the controls over the application of APB No. 20, *Accounting Changes,* did not operate effectively. The circumstances surrounding such deficiencies are described in the Company's 2004 Annual Report on Form 10-KSB/A filed with the SEC on March 2, 2006.

The Audit Committee discussed the subject matter of the reportable events described above with Deloitte. Additionally, the Company authorized Deloitte to respond fully to the inquiries by Tait, Weller concerning the reportable events.

The Company did not consult with Tait, Weller during the fiscal year ended December 31, 2005 nor during the subsequent period to the date of its engagement regarding either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements. Tait, Weller served as the IRPAF for the Company with respect to each Quarterly Report on Form 10-QSB during the fiscal year ended December 31, 2004 and consulted with the Company regarding the application of accounting principles to the Company's deregistration as an investment company under the Investment Company Act of 1940 effective January 6, 2004. The Company did not consult with Tait, Weller regarding the type of audit opinion that might be rendered on the Company's financial statements with respect to the Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004.

## ADDITIONAL INFORMATION

At the meeting, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting is sufficient to constitute a quorum. In the event that a quorum is not present at the meeting, or if a quorum is present but sufficient votes to approve a proposal are not received, the chair of the meeting may adjourn the meeting to a later date and time not more than 120 days after the original record date without any other notice other than announcement at the meeting. A stockholder vote may be taken for one or more proposals prior to any adjournment if sufficient votes have been received for approval. If a proxy is properly executed and returned accompanied by instructions to withhold authority to vote, represents a broker "non-vote" (that is, a proxy from a broker or nominee indicating that such person has not received instructions from the beneficial owner or other person entitled to vote shares of the Company on a particular matter with respect to which the broker or nominee does not have discretionary power) or is marked with an abstention (collectively, "abstentions"), the Company's shares represented thereby will be considered to be present at the meeting for purposes of determining the existence of a quorum for the transaction of business. Under Maryland law, abstentions do not constitute a vote "for" or "against" a matter and will be disregarded in determining "votes cast" on an issue.

In addition to the use of the mails, proxies may be solicited personally, by telephone, or by other means, and the Company may pay persons holding its shares in their names or those of their nominees for their expenses in sending soliciting materials to their beneficial owners. The Company will bear the cost of soliciting proxies. Authorizations to execute proxies may be obtained by telephonic instructions in accordance with procedures designed to authenticate the stockholder's identity. In all cases where a telephonic proxy is solicited, the stockholder will be asked to provide his or her address, social security number (in the case of an individual) or taxpayer identification number (in the case of an entity) or other identifying information and the number of shares owned and to confirm that the stockholder has received the Company's Proxy Statement and proxy card in the mail. Within 72 hours of receiving a stockholder's telephonic voting instructions and prior to the meeting, a confirmation will be sent to the stockholder to ensure that the vote has been taken in accordance with the stockholder's instructions and to provide a telephone number to call immediately if the stockholder's instructions are not correctly reflected in the confirmation. Stockholders requiring further information with respect to telephonic voting instructions or the proxy generally should contact the Company's transfer agent at 1-800-937-5449. Any stockholder giving a proxy may revoke it at any time before it is exercised by submitting to the Company a written notice of revocation or a subsequently executed proxy or by attending the meeting and voting in person.

**Discretionary Authority; Submission Deadlines for Stockholder Proposals**

Although no business may come before the Meeting other than that specified in the Notice of Annual Meeting of Stockholders, shares represented by executed and unrevoked proxies will confer discretionary authority to vote on matters which the Company did not have notice of a reasonable time prior to mailing this Proxy Statement to stockholders. The Company's Bylaws provide that in order for a stockholder to nominate a candidate for election as a Director at an annual meeting of stockholders or propose business for consideration at such meeting, written notice generally must be delivered to the Secretary of the Company, at the principal executive offices, not less than 60 days nor more than 90 days prior to the first anniversary of the mailing of the notice for the preceding year's annual meeting. Accordingly, pursuant to such Bylaws and Rule 14a-5(e)(2) of the 1934 Act, a stockholder nomination or proposal intended to be considered at the 2008 Annual Meeting must be received by the Secretary no earlier than January 9, 2008 nor later than February 6, 2008. Proposals should be mailed to the Company, to the attention of the Company's Secretary, 11 Hanover Square, New York, New York 10005. In addition, if you wish to have your proposal considered for the inclusion in the Company's 2008 Proxy Statement, we must receive it on or before February 6, 2008 pursuant to Rule 14a-8(e)(2). The submission by a stockholder of a proposal for inclusion in the proxy statement or presentation at the Meeting does not guarantee that it will be included or presented. Stockholder proposals are subject to certain requirements under the federal securities laws and the Maryland General Corporation Law and must be submitted in accordance with the Company's Bylaws.

**Compliance with Section 16(a) Beneficial Ownership Reporting**

Section 16(a) of the Securities Exchange Act of 1934, and rules thereunder, requires the Company's Directors and officers, and any persons holding 10% or more of its common stock, to file reports of ownership and changes in ownership with the SEC and the American Stock Exchange. Based on the Company's review of the copies of such forms it receives, the Company believes that during the calendar year ended 2006 such persons complied with all such applicable filing requirements except for three late Form 4 filings made on behalf of Charles A. Carroll, Edward G. Webb, Jr., and Douglas Wu.

**Householding of Proxy Materials**

To reduce the expenses of printing and delivering duplicate copies of proxy statements, some banks, brokers, and other nominee record holders may be taking advantage of the SEC "householding" rules that permit the delivery of only one copy of these materials to stockholders who share an address unless otherwise requested. If you share an address with another stockholder and have received only one copy of this proxy statement, you may request a separate copy of these materials at no cost to you by or by writing to Bexil Corporation, 11 Hanover Square, New York, New York 10005, Attention: Secretary. For future stockholder meetings, you may request separate copies of these materials, or request that we send only one set of these materials to you if you are receiving multiple copies by calling or writing to us at the number or address given above.

**Notice to Banks, Broker/Dealers and Voting Trustees and Their Nominees**

Please advise the Company's transfer agent, American Stock Transfer & Trust Company, at 1-800-937-5449 whether other persons are the beneficial owners of the shares for which proxies are being solicited and, if so, the number of copies of this Proxy Statement and other soliciting material you wish to receive in order to supply copies to the beneficial owners of shares.

***It is important that proxies be returned promptly. Therefore, stockholders who do not expect to attend the meeting in person are urged to complete, sign, date and return the enclosed proxy card in the enclosed stamped envelope.***

[THIS PAGE INTENTIONALLY LEFT BLANK]

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, DC 20549**

# FORM 10-KSB

**(Mark One)**

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the fiscal year ended December 31, 2006**

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the transition period from to**

**Commission File Number 001-12233**

# Bexil Corporation
**(Name of small business issuer in its charter)**

| | |
|---|---|
| **Maryland**<br>(State or other jurisdiction of incorporation or organization) | **13-3907058**<br>(I.R.S. Employer Identification No.) |
| **11 Hanover Square, New York, New York**<br>(Address of principal executive offices) | **10005**<br>(Zip Code) |

**Issuer's telephone number: 1-212-785-0400**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock | American Stock Exchange |
| Rights to Purchase Series A Participating Preferred Stock | American Stock Exchange |

**Securities registered pursuant to Section 12(g) of the Act: None**

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The issuer's revenues for its most recent fiscal year: $5,000

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of April 2, 2007: 608,112 shares at $32.76 per share or $19,921,749.

The number of shares outstanding of the issuer's classes of common equity, as of April 2, 2007: Common Stock, par value $.01 per share—883,592 shares.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the Company's definitive proxy statement (the "2007 Proxy Statement") for its annual stockholders' meeting to be held on May 11, 2007 are incorporated by reference in Part III of this Report. Except as expressly incorporated by reference, the Company's 2007 Proxy Statement shall not be deemed to be part of this Form 10-KSB.

Transitional Small Business Disclosure format (check one): Yes ☐ No ☒

## PART I

### Item 1. Description of Business

*All of our periodic report filings with the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, are made available, free of charge, through our website, www.bexil.com, including our Annual Report on Form 10-KSB, Quarterly Reports on Form 10-QSB, Current Reports on Form 8-K and any amendments to those reports. These reports and amendments are available through our website as soon as reasonably practicable after we electronically file or furnish such material to the SEC. All subsequent references to "Notes" refer to the Consolidated Notes to Financial Statements located elsewhere in this Form 10-KSB.*

***Forward Looking Information***

Information or statements provided by or on behalf of the Company from time to time, including those within this Annual Report on Form 10-KSB may contain certain "forward-looking information," including information relating to anticipated growth in revenues or earnings per share. The Company cautions readers that any forward-looking information provided by or on behalf of the Company is not a guarantee of future performance and that actual results may differ materially from those in forward-looking information as a result of various factors, including, but not limited to, those discussed below. Further, such forward-looking statements speak only as of the date on which such statements are made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

Certain written and oral statements made or incorporated by reference from time to time by the Company in this report, other reports, filings with the SEC, press releases, conferences, or otherwise, contain "forward-looking information" and are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements. Forward-looking statements may be identified, without limitation, by the use of such words as "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects," "believes," or words or phrases of similar meaning. Forward-looking statements include risks and uncertainties, which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Other sections of this report may include reference to specific factors, which could adversely impact the Company's business and financial performance. Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors, nor can it assess the impact of known risk factors on the Company business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. The Company undertakes no obligation to revise or publicly release the results of any revisions to forward-looking statements or to identify any new risk factors, which may arise. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual future results.

Investors should also be aware that while the Company does, from time to time, communicate with securities analysts, it is against the Company's policy to disclose to them any material, non-public information. Accordingly, investors should not assume that the Company agrees with any statement or report issued by any analyst irrespective of the content of the statement or report. Furthermore, the Company has a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that the reports issued by securities analysts contain any projections, forecasts, or opinions, such reports are not the responsibility of the Company.

***Overview***

Bexil Corporation, a Maryland corporation (the "Company"), is a holding company. The Company was incorporated in 1996 under the laws of the State of Maryland as Bull & Bear U.S. Government Securities Fund, Inc., a non-diversified closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). In October 1996, the Company's predecessor, a series of shares of Bull & Bear Funds II, Inc., an open-end management investment company, transferred its net assets to the Company in exchange for shares of the Company. The Company changed its name to Bexil Corporation in 1999. In 2002, the Company filed an application with the Securities and Exchange Commission (the "SEC") to terminate its registration as an investment company registered under the 1940 Act.

On January 6, 2004, the Company's application with the SEC to terminate its registration as an investment company was granted. As a result, the Company is subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is no longer subject to regulation under the 1940 Act. The Company's shares are listed on the American Stock Exchange.

From 2002 until April 28, 2006, Bexil's primary holding was its fifty percent interest in privately held York Insurance Services Group, Inc. ("York"), an insurance services company. The Company's fifty percent interest in York was accounted for using the equity method and, therefore, York's financial results were not consolidated with ours.

On April 28, 2006, the Company consummated the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors for approximately $39 million in cash and realized a gain of approximately $37.5 million before income taxes on such sale.

Since the sale of the York shares, the Company has been operating to acquire and/or develop one or more businesses. There are no limits on the types of businesses or fields in which the Company may devote its assets. The Company has not agreed to acquire any business as of the date of this report. Our primary source of revenue since the sale of York has been from interest and dividend income earned from U.S. Treasury securities and money market funds. We have no plans to dissolve and liquidate the Company. We are currently engaged in the business of evaluating opportunities to develop and acquire long-term acute care hospitals.

***Acquisition Parameters***

The Company's acquisition parameters for a public company and private business are

- A proven track record with demonstrated earning power.
- Sales between $10 million and $50 million.
- A seasoned business with solid customer relations.
- Good return (at least 15%) on equity, little or no debt.
- Solid management must remain. Audited financials required.
- Particularly interested in a "spin-off" from a larger company.

We generally are not interested in acquiring (but we may develop) start-ups, turnarounds, or high tech. We will sign a confidentiality agreement and will protect broker's sell agreements. If the seller quotes a price, we will respond promptly.

*Long-Term Acute Care Hospitals*

We are currently evaluating opportunities to develop and acquire long-term acute care hospitals ("LTACHs"). In the fourth quarter we formed Specialty Hospital of Northeast Mississippi, Inc., a Mississippi corporation, as a wholly owned subsidiary of the Company to further our plans in this regard, although to date it is inactive and has no assets, liabilities, shareholders equity, revenues, or expenses. We are seeking other opportunities in the region. Patients in long-term acute care hospitals typically suffer from serious and often complex medical conditions that require a high degree of care. These patients have specialized needs, and serious and often complex medical conditions such as respiratory failure, neuromuscular disorders, traumatic brain and spinal cord injuries, stroke, cardiac disorders, non-healing wounds, renal disorders and cancer. These patients generally require a longer length of stay than patients in a general acute care hospital and benefit from being treated in a specialty hospital that is designed to meet their unique medical needs.

An LTACH business involves a number of risks, some of which are beyond our control. The risk and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we do not currently know or that we currently believe to be immaterial may also adversely affect the LTACH business. Compliance with changes in federal regulations applicable to long-term acute care hospitals operated as "hospitals within hospitals" or as "satellites" will result in increased capital expenditures. Government implementation of proposed changes to Medicare's method of reimbursing long-term acute care hospitals may have an adverse effect on the industry's future net operating revenues and profitability. If there are changes in the rates or methods of government reimbursements for LTACH services, net operating revenues and profitability could decline. LTACHs operate in a heavily regulated industry, and changes in regulations or violations of regulations may result in increased costs or sanctions that reduce net operating revenues and profitability. Future acquisitions may use significant resources, may be unsuccessful and could expose us to unforeseen liabilities. If we fail to establish relationships with the physicians in key markets, net operating revenues may be adversely affected. Shortages in qualified nurses or therapists could increase LTACH operating costs significantly. Competition may limit our ability to acquire LTACHs and adversely affect our growth. Our future LTACH operations, if any, could be significantly disrupted if we lose key members of our management team. Significant legal actions as well as the cost and possible lack of available insurance could subject us to substantial uninsured liabilities.

***Employees***

We have 11 employees, none of whom are full time. Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated ("Winco"), Tuxis Corporation ("Tuxis"), and their affiliates (collectively with Bexil, the "Affiliates"). Winco's wholly owned subsidiary, Midas Management Corporation ("MMC"), acts as "master" payer of compensation and benefits of Affiliate employees.

Effective January 1, 2007, MMC entered into a Client Services Agreement with ADP TotalSource, Inc., a professional employer organization. Pursuant to the Client Services Agreement, ADP TotalSource, Inc. will assume many of the legal and administrative responsibilities of human resources management, health benefits, workers' compensation, payroll, payroll tax compliance, 401(k) plan administration, and unemployment insurance.

## Item 2. Description of Property

The principal office of the Company is located at 11 Hanover Square, New York, New York 10005. The Company shares this office space of 3,800 square feet and various administrative and other support functions with Winco, Tuxis, and other Affiliates and pays an allocated cost based on an estimated assessment of use and other factors of the rent expense of jointly used office space and overhead expense of various jointly used administrative and support functions incurred by Winco. The Company incurred allocated rent and overhead costs of $172,182 and $92,271 for the years ended December 31, 2006 and 2005, respectively.

## Item 3. Legal Proceedings

From time to time, the Company is threatened or named as a defendant in litigation arising in the normal course of business. However, as of December 31, 2006, the Company was not involved in any litigation that, in the opinion of management, was reasonably likely to have a material adverse impact on the financial condition of the Company.

## Item 4. Submission of Matters to a Vote of Security Holders

During the fourth quarter of the 2006 fiscal year, the Annual Meeting of Stockholders of the Company was held on November 8, 2006 to elect Douglas Wu as a Class II Director to serve a three year term, and until his successor is duly elected and qualifies. With regard to the proposal to elect to the Board of Directors the nominee, Douglas Wu as a Class II Director, 784,575 shares were voted in favor of and 14,970 shares were voted to withhold authority for the nominee.

## PART II

### Item 5. Market for Common Equity and Related Stockholder Matters

The Company's Common Stock trades on the American Stock Exchange under the symbol BXL. There are approximately 190 holders of record of shares of Common Stock as of December 31, 2006. In addition, there are an indeterminate number of beneficial owners of shares of Common Stock that are held in "street name."

On December 29, 2005, the Company's Board of Directors authorized a special dividend to stockholders of $1.00 per share of the common stock contingent upon the closing of the sale of the Company's interest in York. The special dividend of $883,592 was paid on May 31, 2006 to stockholders of record on May 15, 2006.

The Company does not expect to pay any further dividends in the foreseeable future.

The high and low sales prices of the Common Stock during each quarterly period over the last two years were as follows:

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | High | Low | High | Low |
| First Quarter | $34.70 | $30.05 | $16.00 | $14.25 |
| Second Quarter | $31.90 | $26.80 | $19.73 | $12.25 |
| Third Quarter | $29.00 | $26.12 | $25.00 | $17.90 |
| Fourth Quarter | $33.40 | $25.93 | $35.75 | $23.21 |

***Equity Compensation Plan Information***

| | Number of shares to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of shares remaining available for future issuance under equity compensation plans |
|---|---|---|---|
| Equity compensation plans approved by security holders | 142,000 | $21.58 | 29,918 |
| Equity compensation plans not approved by security holders | — | — | — |
| Total | 142,000 | $21.58 | 29,918 |

***Recent Sales of Unregistered Securities***

None.

***Purchases of Equity Securities By The Issuer***

None.

***Stockholder Rights Plan***

The Board of Directors has adopted a stockholder rights plan. To implement the rights plan, the Board of Directors declared a dividend distribution of one right for each outstanding share of Bexil common stock, par value $.01 per share, to holders of record of the shares of common stock at the close of business on November 21, 2005. Each right entitles the registered holder to purchase from Bexil one one-thousandth of a share of preferred stock, par value $.01 per share. The rights were distributed as a non-taxable dividend and will expire on November 21, 2015. The rights are evidenced by the underlying Bexil common stock, and no separate preferred stock purchase rights certificates were distributed. The rights to acquire preferred stock will become exercisable only if a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock. If a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock, each holder of a right, except the acquirer, will be entitled, subject to Bexil's right to redeem or exchange the right, to exercise, at an exercise price of $67.50, the right for one one-thousandth of a share of Bexil's newly-created Series A Participating Preferred Stock, or the number of shares of Bexil common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Bexil's common stock on the date of the occurrence of such an event. Bexil's Board of Directors may terminate the rights plan at any time or redeem the rights, for $0.01 per right, at any time before a person acquires 10% or more of Bexil's common stock.

## Item 6. Management's Discussion and Analysis or Plan of Operation

Since the sale of the York shares, the Company has been operating to acquire and/or develop one or more businesses. Our primary source of revenue since the sale of York has been from interest and dividend income earned from U.S. Treasury securities and money market funds. We are currently engaged in the business of evaluating opportunities to develop and acquire long-term acute care hospitals.

### *Critical Accounting Policies and Estimates*

Management's Discussion and Analysis of the Results of Operations is based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosures. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

A critical accounting policy is one that is both important to the portrayal of the Company's financial condition or results of operations and requires significant judgment or complex estimation process. The Company's significant accounting policies are described in Note 1 to the audited financial statements included in Item 7 of this report. The Company believes the following are critical accounting policies:

### Investment Securities, Available-for-Sale

Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized. We regularly review investment securities for other-than-temporary impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other-than-temporary are recognized in earnings. At December 31, 2006, substantially all of the value of the securities are invested in a US Treasury Note.

### Stock-based Compensation

The Company accounts for stock option grants in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment." All stock options granted have exercise prices equal to the market value of stock on the date of grant. Accordingly, the Company records the fair value of these options using a Black-Scholes option pricing model. The Black-Scholes option pricing model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value and therefore, the expense related to future stock options. For example, increases or decreases in the assumed volatility will cause the option to increase or decrease, respectively.

### *Results of Operations*

**Revenue.** Revenue decreased $167,000 for the year ended December 31, 2006, compared to 2005 due to the decrease in consulting fees earned from York as a result of the sale of our fifty percent interest in York.

**Expenses.** Total expenses increased approximately $1,100,000 for the year ended December 31, 2006, compared to 2005. The increase is attributable to an increase in compensation and benefits of approximately $1,200,000 offset by a decrease in professional expenses of approximately $142,000 described as follows.

Compensation and benefits increased approximately $1,200,000 for the year ended December 31, 2006, compared to 2005, due to bonus award payments and stock-based compensation expense. In 2006, bonus awards of approximately $1,909,000 were paid upon consummation of the sale of York to the Chief Executive Officer, Executive Chairman, and other employees. In 2005, included in compensation and benefits were bonus payments of approximately $816,000 paid to the Chief Executive Officer and the Executive Chairman upon the signing of the agreement to sell our fifty percent interest in York to a third party. In addition, compensation expense for unvested stock options of approximately $135,000 was recorded for the year ended December 31, 2006, as a result of the adoption of SFAS 123R.

Professional expenses decreased approximately $142,000 for the year ended December 31, 2006, compared to 2005. The decrease was due to lower audit and legal fees of approximately $340,000 in 2006 compared to 2005, offset by bonus payments to the non-employee directors of $60,000 in 2006, and approximately $142,000 incurred related to LTACH development efforts in 2006. The decrease in legal fees of approximately $175,000 was attributable to costs incurred in 2005 leading up to the signing of the agreement to sell York. Audit fees decreased approximately $165,000 in 2006 compared to 2005.

Occupancy expenses increased primarily due to allocated rent and occupancy expenses for jointly used office space and administrative support functions from affiliate Winco. The amount of the increase in 2006 was approximately $80,000. Communications expenses decreased approximately $77,000 for the year ended December 31, 2006, compared to 2005. The decrease is attributable to expenses incurred leading up to the signing of the agreement to sell York.

**Other income.** Other income increased approximately $39,000,000 for the year ended December 31, 2006, compared to 2005 due to the gain from the sale of our fifty percent interest in York of approximately $37,500,000 and an increase in interest and dividend income of approximately $1,500,000.

- **York**—We consummated the sale of our fifty percent interest in York in April 2006 and realized a net after-tax gain of approximately $24,500,000. The net after-tax gain consisted of proceeds of approximately $39,000,000 less our carrying value in York of approximately $1,100,000, closing costs of approximately $400,000, and income taxes of approximately $13,000,000. In 2006, we recognized a loss in the earnings of York of approximately $734,000. This was attributable to expenses incurred by York leading up to the sale transaction.
- **Interest and dividend income—**Our investments in securities including U.S. Treasury obligations and cash and cash equivalents at December 31, 2006 increased approximately $23,000,000 compared to 2005 and contributed to the increase in dividend and interest income earned. In 2006, the cash proceeds from the sale of York were invested primarily in U.S. Treasury obligations.

Net income was $22,301,533 or $24.23 per share on a diluted basis in 2006 compared to net income of $1,400,222 or $1.59 per share on a diluted basis in 2005.

***Recent Accounting Pronouncements***

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109" ("FIN 48") which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 is effective for fiscal years beginning after December 15, 2006, and prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is currently evaluating the effect, if any, that this pronouncement will have on its future financial results.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157") to address inconsistencies in the definition and determination of fair value pursuant to generally accepted accounting principals ("GAAP"). SFAS 157 provides a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements in an effort to increase comparability related to the recognition of market-based assets and liabilities and their impact on earnings. SFAS 157 is effective for interim financial statements issued during the fiscal year beginning after November 15, 2007.

In September 2006, the SEC Office of the Chief Accountant and Divisions of Corporation Finance and Investment Management released Staff Accounting Bulletin Number 108 ("SAB No. 108"), "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," which provides interpretive guidance on how effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The SEC staff believes that registrants should quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. This guidance is effective for fiscal years ending after November 15, 2006. The adoption of this guidance had no impact on the Company's financial position, results of operations, or cash flows.

***Liquidity and Capital Resources***

Historically, we have had adequate liquidity to fund our operations. In management's opinion, we should be able to generate adequate amounts of cash to meet our anticipated obligations. During the year ended December 31, 2006, working capital increased $24,436,260 primarily due to the proceeds received from the sale of York, adjusted for closing costs and taxes.

The following table reflects the Company's working capital, total assets, long-term debt and shareholders' equity as of the dates indicated.

| | December 31, | |
|---|---|---|
| | 2006 | 2005 |
| Working Capital | $37,739,552 | $13,303,292 |
| Total Assets | $38,071,710 | $17,066,843 |
| Long-Term Debt | $ — | $ — |
| Shareholders' Equity | $37,864,881 | $16,270,966 |

Management knows of no contingencies that are reasonably likely to result in a material decrease in the Company's liquidity or that are likely to materially adversely affect the Company's capital resources.

**Item 7. Consolidated Financial Statements**

Consolidated Financial Statements required by Item 310(a) of Regulation S-B.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Bexil Corporation
New York, New York

We have audited the accompanying consolidated balance sheet of Bexil Corporation and subsidiaries (the "Company") as of December 31, 2006, and the related consolidated statements of income, shareholders' equity, and cash flows for the year ended December 31, 2006. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The financial statements of the Company for the year ended December 31, 2005 were audited by other auditors whose report, dated March 30, 2006, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2006, and the results of its operations and its cash flows for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 to the consolidated financial statements, the Company changed its method of accounting for stock-based compensation in connection with the adoption of Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment, on January 1, 2006.

TAIT, WELLER & BAKER LLP
March 23, 2007
Philadelphia, Pennsylvania

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Bexil Corporation
New York, NY

We have audited the statements of income, changes in shareholders' equity, and cash flows of Bexil Corporation for the year ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP
March 30, 2006
New York, NY

**BEXIL CORPORATION**

**CONSOLIDATED BALANCE SHEET**
**December 31, 2006**

| | |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and cash equivalents | $ 458,032 |
| Investment securities, available-for-sale | 36,498,576 |
| Receivables: | |
| Interest receivable | 599,679 |
| Refundable income taxes | 360,964 |
| Other | 29,130 |
| Total current assets | 37,946,381 |
| Deferred taxes | 125,329 |
| Total assets | $38,071,710 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | |
| Current liabilities: | |
| Accounts payable and accrued expenses | $ 206,829 |
| Total current liabilities | 206,829 |
| Commitments and contingencies (Note 9) | — |
| Shareholders' equity | |
| Common stock, $0.01 par value, 9,900,000 shares authorized, 883,592 shares issued and outstanding | 8,836 |
| Series A participating preferred stock, $0.01 par value, 100,000shares authorized, -0- shares issued and outstanding | — |
| Additional paid-in capital | 12,863,641 |
| Accumulated other comprehensive loss | (45,544) |
| Retained earnings | 25,037,948 |
| Total shareholders' equity | 37,864,881 |
| Total liabilities and shareholders' equity | $38,071,710 |

See notes to the consolidated financial statements.

## BEXIL CORPORATION

## CONSOLIDATED STATEMENTS OF INCOME
### Years Ended December 31, 2006 and 2005

| | 2006 | 2005 |
|---|---|---|
| Revenues | | |
| Consulting and other | $ 5,000 | $ 172,000 |
| | 5,000 | 172,000 |
| Expenses | | |
| Compensation and benefits | 2,586,952 | 1,352,639 |
| Professional | 656,600 | 798,460 |
| Occupancy | 187,183 | 102,896 |
| Communications | 21,597 | 98,267 |
| | 3,452,332 | 2,352,262 |
| Other income | | |
| Dividends and interest | 1,619,269 | 136,432 |
| Realized gain (loss) on investments | 682 | (325,000) |
| Gain on sale of equity interest in York Insurance Services Group, Inc. | 37,471,143 | — |
| | 39,091,094 | (188,568) |
| Income (loss) before income taxes and equity in earnings (loss)of York Insurance Services Group, Inc. | 35,643,762 | (2,368,830) |
| Income tax expense (benefit) | 12,608,481 | (156,621) |
| Equity in earnings (loss) of York Insurance Services Group, Inc. | (733,748) | 3,612,431 |
| Net income | $22,301,533 | $ 1,400,222 |
| Per share net income: | | |
| Basic | $ 25.26 | $ 1.59 |
| Diluted | $ 24.23 | $ 1.59 |
| Average shares outstanding: | | |
| Basic | 882,803 | 879,592 |
| Diluted | 920,499 | 882,521 |

See notes to the consolidated financial statements.

## BEXIL CORPORATION

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
### Years Ended December 31, 2006 and 2005

| | Common Stock | Additional Paid in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total Shareholders' Equity |
|---|---|---|---|---|---|
| Balance, December 31, 2004 879,592 common shares | $8,796 | $12,642,163 | $ 2,219,785 | $ — | $14,870,744 |
| Net income | — | — | 1,400,222 | — | 1,400,222 |
| Balance, December 31, 2005, 879,592 common shares | 8,796 | 12,642,163 | 3,620,007 | — | 16,270,966 |
| Comprehensive income | | | | | |
| Net income | — | — | 22,301,533 | — | 22,301,533 |
| Change in unrealized security holding losses, net of taxes | — | — | — | (45,544) | (45,544) |
| Total comprehensive income | | | | | 22,255,989 |
| 4,000 common shares issued upon option exercise under incentive compensation plan | 40 | 86,320 | — | — | 86,360 |
| Stock-based compensation expense | — | 135,158 | — | — | 135,158 |
| Dividend paid | — | — | (883,592) | — | (883,592) |
| Balance, December 31, 2006, 883,592 common shares | $8,836 | $12,863,641 | $25,037,948 | $(45,544) | $37,864,881 |

See notes to the consolidated financial statements.

**BEXIL CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**Years Ended December 31, 2006 and 2005**

| | 2006 | 2005 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net income | $ 22,301,533 | $ 1,400,222 |
| Adjustments to reconcile net income to net cashprovided by (used in) operating activities | | |
| Gain on sale of equity interest in York Insurance Services Group, Inc. | (37,471,143) | — |
| Equity in loss (earnings) of York Insurance Services Group, Inc. | 733,748 | (3,612,431) |
| Realized (gain) loss on sale of investments | (682) | 325,000 |
| Decrease (increase) in deferred taxes | 1,002,737 | (884,455) |
| Stock-based compensation expense | 135,158 | — |
| Accretion of discount on investment in security | (839,400) | — |
| Dividend received from York Insurance Services Group, Inc. | — | 11,535,917 |
| Increase in interest receivable | (599,679) | — |
| Increase in refundable income taxes | (360,964) | — |
| Decrease (increase) in other assets | 11,710 | (8,729) |
| (Decrease) increase in accounts payable and accrued expenses | (381,330) | 345,111 |
| (Decrease) increase in income taxes payable | (228,118) | 252,115 |
| Net cash (used in) provided by operating activities | (15,696,430) | 9,352,750 |
| **Cash flows from investing activities** | | |
| Purchases of investment securities | (85,963,231) | (5,000,000) |
| Proceeds from sale/maturity of investment securities | 50,223,469 | 5,000,000 |
| Proceeds from sale of equity interest in York Insurance Services Group, Inc., net of transaction costs | 38,602,621 | — |
| Dividend return of investment from York Insurance Services Group, Inc. | — | 1,134,774 |
| Net cash provided by investing activities | 2,862,859 | 1,134,774 |
| **Cash flows from financing activities** | | |
| Dividend paid | (883,592) | — |
| Proceeds from exercise of common stock options | 86,360 | — |
| Net cash used in financing activities | (797,232) | — |
| Net (decrease) increase in cash and cash equivalents | (13,630,803) | 10,487,524 |
| **Cash and cash equivalents** | | |
| Beginning of year | 14,088,835 | 3,601,311 |
| End of year | $ 458,032 | $14,088,835 |
| **Supplemental disclosure:** | | |
| Income taxes paid | $ 13,006,714 | $ 475,719 |

See notes to the consolidated financial statements.

**BEXIL CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**Years Ended December 31, 2006 and 2005**

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Nature of Business and Organization

Bexil Corporation (the "Company"), a Maryland corporation, is a holding company. From 2002 until April 28, 2006, the Company's primary holding was a fifty percent interest in York Insurance Services Group, Inc. ("York"), an insurance services company. On April 28, 2006, the Company consummated the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors for approximately $39 million in cash. The Company has 11 employees, none of whom are full-time.

The Company was incorporated in 1996 under the laws of the State of Maryland as Bull & Bear U.S. Government Securities Fund, Inc., a non-diversified closed end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). In October 1996, the Company's predecessor, a series of shares of Bull & Bear Funds II, Inc., an open end management investment company, transferred its net assets to the Company in exchange for shares of the Company. The Company changed its name to Bexil Corporation in 1999. In 2002, the Company filed an application with the Securities and Exchange Commission (the "SEC") to terminate its registration as an investment company registered under the 1940 Act.

On January 6, 2004, the Company's application with the SEC to terminate its registration as an investment company was granted. As a result, the Company is subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is no longer subject to regulation under the 1940 Act. The Company's shares are listed on the American Stock Exchange.

The information furnished in this report reflects all adjustments which are, in the opinion of management, necessary to a fair statement of the results of the period.

### Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. In 2006, the consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Specialty Hospital of Northeast Mississippi, Inc. ("Specialty"). Specialty, from inception on November 27, 2006 to December 31, 2006, was inactive and had no assets, liabilities, shareholders equity, revenues, or expenses. In 2005 and prior to the consummation of the sale of York, the Company accounted for its fifty percent interest in York using the equity method and, therefore, our financial results were not consolidated with York's. Certain comparative amounts for the prior year have been reclassified to conform to the fiscal year 2006 consolidated financial statement presentation. Such reclassifications did not affect income (loss) before income taxes and equity in earnings (loss) of York or net income.

### Cash and Cash Equivalents

Investments in money market funds and short term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents. At December 31, 2006, the Company held approximately $400,000 in money market fund investments.

### Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by applying the treasury stock method where the weighted average number of common shares outstanding is adjusted for the incremental shares attributed to potentially dilutive securities including outstanding exercisable options to purchase common stock during the period. The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2006 and 2005:

| | 2006 | 2005 |
|---|---|---|
| Net income | $22,301,533 | $1,400,222 |
| Weighted-average shares outstanding—basic | 882,803 | 879,592 |
| Incremental shares from assumed conversions: | | |
| Stock options under incentive compensation plan | 37,696 | 2,929 |
| Weighted-average shares outstanding—diluted | 920,499 | 882,521 |
| Per share net income: | | |
| Basic | $ 25.26 | $ 1.59 |
| Diluted | $ 24.23 | $ 1.59 |

Dilutive securities consisting of stock options were excluded if their effect was anti-dilutive. There were no potentially anti-dilutive stock options for the year ended December 31, 2006. There were options to purchase 121,000 shares of common stock for the year ended December 31, 2005, that were excluded from earnings per share because their effect was anti-dilutive.

**Income Taxes**

The Company's method of accounting for income taxes conforms to the Financial Accounting Standards Board's ("FASB") Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities.

**Investment Securities, Available-for-Sale**

Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized. We regularly review investment securities for other-than-temporary impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other-than-temporary are recognized in earnings. At December 31, 2006, substantially all of the value of the securities are invested in a US Treasury Note.

**Reporting Segment**

The Company accounts for its operations in accordance with FASB No. 131, "Disclosures about Segments of an Enterprise and Related Information." No segment disclosures have been made as the Company considers its business activities as a single segment.

**Stock-based Compensation**

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment" for stock options granted in 2006. All stock options granted have exercise prices equal to the market value of stock on the date of grant. Accordingly, the Company records compensation expense based on the fair value of the stock options using a Black-Scholes option pricing model. The Black-Scholes option pricing model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value and therefore, the expense related to future stock options.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used in the determination of equity method goodwill, investment impairment, valuation of stock-based compensation, and expenses allocation. Actual results may differ from those estimates.

**Recent Accounting Pronouncements**

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement 109" ("FIN 48") which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 is effective for fiscal years beginning after December 15, 2006, and prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is currently evaluating the effect, if any, that this pronouncement will have on its future financial results.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157") to address inconsistencies in the definition and determination of fair value pursuant to generally accepted accounting principals ("GAAP"). SFAS 157 provides a single definition of fair value, establishes a framework for measuring fair value in GAAP and expands disclosures about fair value measurements in an effort to increase comparability related to the recognition of market-based assets and liabilities and their impact on earnings. SFAS 157 is effective for interim financial statements issued during the fiscal year beginning after November 15, 2007.

In September 2006, the SEC Office of the Chief Accountant and Divisions of Corporation Finance and Investment Management released Staff Accounting Bulletin Number 108 ("SAB No. 108"), "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," which provides interpretive guidance on how effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The SEC staff believes that registrants should quantify errors using both a balance sheet and an income statement approach and evaluate whether either approach results in quantifying a misstatement that, when all relevant quantitative and qualitative factors are considered, is material. This guidance is effective for fiscal years ending after November 15, 2006. The adoption of this guidance had no impact on the Company's financial position, results of operations, or cash flows.

## 2. SALE OF YORK INSURANCE SERVICES GROUP, INC.

On April 27, 2006, the Company's stockholders voted to approve the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors; the sale was consummated on April 28, 2006. The Company recognized a gain from the sale of $37,471,143 before taxes consisting of the cash proceeds paid by the buyer of $38,864,121 plus a consulting fee and expense reimbursement received from York of $138,500 less the Company's carrying value in York of $1,131,478 and closing costs of $400,000. Included in compensation and benefits were bonus award payments of $1,909,228 in 2006 and $815,625 in 2005 paid to the Chief Executive Officer, Executive Chairman, and other employees upon consummation of the sale of York in 2006 and upon entering the agreement to sell York in 2005, respectively.

Prior to the sale, the Company's fifty percent interest in York was accounted for using the equity method and, therefore, York's financial results were not consolidated with ours. Summarized unaudited condensed financial information for York for the period January 1, 2006 to April 28, 2006 and the year ended December 31, 2005 are as follows:

| **York Insurance Services Group, Inc. Summarized Condensed Financial Information (Unaudited)** | **For the Period January 1, 2006 to April 28, 2006** | **Year Ended December 31, 2005** |
|---|---|---|
| Revenues | $30,345,914 | $75,241,609 |
| Expenses | 25,131,225 | 63,186,888 |
| Net income (loss) | (1,467,496) | 7,224,861 |
| Working capital | n/a | 8,727,146 |
| Total assets | n/a | 30,444,192 |
| Total liabilities | n/a | 13,834,609 |
| Shareholder's equity | n/a | 730,452 |

The Company earned fees of $5,000 and $172,000 from York for consulting services and for service on York's board of directors for the years ended December 31, 2006 and 2005, respectively.

In December 2005, the Company entered into an expense sharing agreement among York and the other fifty percent stockholder of York for interest and other expenses related to a bank loan obtained by and for use by York. The expense sharing agreement was limited in duration and ended in April 2006. The Company incurred expenses of approximately $165,000 and $116,000 related to the expense sharing agreement for the years ended December 31, 2006 and 2005, respectively.

### 3. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated ("Winco"), Tuxis Corporation ("Tuxis"), and their affiliates (collectively with Bexil, the "Affiliates"). At December 31, 2006, Winco's wholly owned subsidiary, Investor Service Center, Inc., owned 222,644 shares of the Company and 234,665 shares of Tuxis, or 25% and 24%, respectively, of the outstanding common stock. Winco's wholly owned subsidiary, Midas Management Corporation ("MMC"), acts as "master" payer of compensation and benefits of Affiliate employees. At December 31, 2006, the Company had a reimbursement receivable from MMC relating to compensation and benefit expenses of $9,130.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions incurred by Winco are allocated to the Company and the Affiliates. The Company incurred allocated rent and overhead costs of $172,182 and $92,271 for the years ended December 31, 2006 and 2005, respectively. At December 31, 2006, the Company had a payable to Winco related to these costs of $23,253.

The Company participates in a 401(k) retirement plan for substantially all of its qualified employees. The plan is sponsored by Winco. Company matching expense is based upon a percentage of contributions to the plan by eligible employees and are accrued and funded on a current basis. Matching expense for the year ended December 31, 2006 and 2005 was $17,081 and $19,668, respectively.

At December 31, 2006, the Company had $101,222 invested in Midas Dollar Reserves, Inc. ("MDR"), a money market fund advised by MMC and $1,496 invested in Global Income Fund, Inc. ("GIF"), a closed end investment company advised by CEF Advisers, Inc., a wholly owned subsidiary of Winco. The Company earned dividends from MDR and GIF in aggregate of $1,347 and $109 for the years ended December 31, 2006 and 2005, respectively. Certain officers and directors of the Company are officers and/or directors of MDR and GIF.

In the fourth quarter of 2006, we formed Specialty, a Mississippi corporation, as a wholly owned subsidiary of the Company. From its inception on November 27, 2006 to December 31, 2006, Specialty has been inactive and has no assets, liabilities, shareholders equity, revenues, or expenses.

## 4. INVESTMENT IN SECURITIES

Investment securities at December 31, 2006, consisted of the following:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| Investment securites, available-for-sale | | | | |
| U.S.Treasury Note due August 2008 | $36,568,133 | $— | $(71,053) | $36,497,080 |
| Global Income Fund, Inc. | 1,605 | — | (109) | 1,496 |
| Total | $36,569,738 | $— | $(71,162) | $36,498,576 |

The Company recognized an impairment loss of $325,000 related to an investment in the common stock of a non-public entity for the year ended December 31, 2005. A valuation committee established by the Company determined that the decrease in fair value of the investment was other than temporary based upon the financial condition and near term prospects of the underlying investee. The impairment loss reduced the carrying value of the investment to zero and the security was written-off in 2006.

## 5. INCENTIVE COMPENSATION PLAN

In 2004, the Company's shareholders approved the adoption of the 2004 Incentive Compensation Plan (the "Plan"), which provides for the granting of a maximum of 175,918 options to purchase common stock to directors, officers and key employees of the Company or its affiliates. The option price per share may not be less than the fair value of such shares on the date the option is granted, and the maximum term of an option may not exceed 5 years. The vesting period is three years of service. Under certain conditions participants have 3 months after the employment relationship ends to exercise all vested options.

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment" and began recognizing compensation expense for its share-based payments based on the fair value of the awards. Share-based payments include stock option grants under the Plan. SFAS 123R requires share-based compensation expense recognized since January 1, 2006, to be based on the following: a) grant date fair value estimated in accordance with the original provisions of SFAS 123 for unvested options granted prior to the adoption date; and b) grant date fair value estimated in accordance with the provisions of SFAS 123R for unvested options granted subsequent to the adoption date. Prior to January 1, 2006, the Company accounted for share-based payments using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and SFAS 123, "Accounting for Stock-Based Compensation." As options were granted at an exercise price equal to the market value of the underlying common stock on the date of grant, no stock-based employee compensation cost was reflected in net income prior to adopting SFAS 123R. As the Company adopted SFAS 123R under the modified-prospective-transition, results from prior periods have not been restated. The following table illustrates the effect on net income and earnings per share for the year ended December 31, 2005 had compensation expense been recognized based upon the estimated fair value on the grant date of the awards, in accordance with SFAS 123.

| | Year Ended December 31, 2005 |
|---|---|
| Net income—as reported | $1,400,222 |
| Less total stock option expense determined underfair value method, net of related tax effects | (103,981) |
| Pro forma net income | $1,296,241 |
| Earnings per share—Basic: | |
| As reported | $ 1.59 |
| Pro forma | $ 1.47 |
| Earnings per share—Diluted: | |
| As reported | $ 1.59 |
| Pro forma | $ 1.47 |

Under SFAS 123R forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate.

The adoption of SFAS 123R's fair value method has resulted in additional share-based expense (affecting compensation expenses and taxes) in the amount of $135,158 related to stock options for the year ended December 31, 2006, than if the Company had continued to account for share-based compensation under APB 25. For the year ended December 31, 2006, this additional share-based expense lowered pre-tax earnings by $135,158, lowered net income by $86,501, and lowered basic earnings per share by $0.10.

The following schedule shows all options granted, exercised, expired, and exchanged under the Plan as of December 31, 2006.

| | Shares Under Option | Weighted Average Exercise Price | Total Price |
|---|---|---|---|
| Balance, December 31, 2004 | 143,000 | $21.47 | $3,070,210 |
| Granted | 8,000 | $21.19 | $ 169,520 |
| Forfeited | (7,000) | $21.59 | $ (151,130) |
| Balance, December 31, 2005 | 144,000 | $21.45 | $3,088,800 |
| Granted | 3,000 | $27.90 | $ 83,700 |
| Exercised | (4,000) | $21.59 | $ (86,360) |
| Forfeited | (1,000) | $21.59 | $ (21,590) |
| Balance, December 31, 2006 | 142,000 | $21.58 | $3,064,360 |

The fair value of each option grant is separately estimated for each grant date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The Company granted 3,000 options during the year ended December 31, 2006.

The key assumptions used in determining the fair value of options granted by applying the Black-Scholes option pricing valuation model in 2006 and 2005 and a summary of the methodology applied to develop each assumption are as follows:

| | Years Ended December 31, | |
|---|---|---|
| | 2006 | 2005 |
| Expected price volatility | 36.46% | 49 – 51% |
| Risk-free interest rate | 4.61% | 4.11 – 4.49% |
| Weighted average expected lives in years | 4 | 5 |
| Forfeiture rate | 10% | 0% |
| Dividend yield | 0% | 0% |

*Expected Price Volatility*—The Company estimates the volatility of its common stock at the date of grant based solely on the historical volatility of its common stock. The volatility factor used in the Black-Scholes option valuation model is based on the Company's historical stock prices over the most recent period commensurate with the estimated expected life of the award.

*Risk-Free Interest Rate*—This is the U.S Treasury yield in effect at the time of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

*Expected Lives*—This is the period of time over which the options granted are expected to remain outstanding giving consideration to vesting schedules, historical exercise and forfeiture patterns. The Company uses the simplified method outlined in SEC Staff Accounting Bulletin No. 107 to estimate expected lives for options granted during the period. Options granted have a maximum term of 5 years. An increase in the expected life will increase compensation expense.

*Forfeiture Rate*—This is the estimated percentage of options granted that are expected to be forfeited or canceled before becoming fully vested. This estimate is based on historical experience. An increase in the forfeiture rate will decrease compensation expense.

*Expected Dividend Yield*—Since the adoption of the Plan, the Company has paid one special dividend although, at the time the options were granted, management did not anticipate paying a dividend in the foreseeable future. Consequently, the dividend yield assumption was zero. On December 29, 2005, the Board of Directors authorized a special dividend of $1.00 per share contingent upon the closing of the York sale. The sale closed on April 28, 2006 and the dividend was paid to stockholders on May 31, 2006. The expected dividend yield is based on the Company's current dividend yield and the best estimate of projected dividend yields for future periods within the expected life of the option.

The following table summarizes information about stock options outstanding at December 31, 2006:

| Range of Exercise Price | Options Outstanding | Weighted-Average Remaining Contractual Life (in years) | Weighted-Average Exercise Price | Options Exercisable | Weighted-Average Exercise Price of Exercisable Options |
|---|---|---|---|---|---|
| $ 16.30 – $ 19.50 | 28,000 | 2.98 | $17.04 | 21,000 | $16.37 |
| $ 21.59 – $ 27.90 | 114,000 | 2.34 | $22.70 | 85,476 | $22.39 |
| | 142,000 | 2.47 | $21.58 | 106,476 | $21.21 |

At December 31, 2006, the aggregate intrinsic value of all outstanding options was $2,437,953 with a weighted average remaining contractual term of 2.47 years. The total compensation cost related to non-vested awards not yet recognized was $89,285 with an expense recognition period of approximately 2 years.

On February 21, 2006, pursuant to a Post-Effective Amendment filing to a registration statement filed on Form S-8 under the Securities Act of 1933, the Plan was amended to correct a defect in the Plan regarding the circumstances in which a participant may exercise an option after the date the employment of the participant is terminated by the Company other than for cause.

## 6. INCOME TAXES

The income tax provision (benefit) is comprised of the following:

| | 2006 | 2005 |
|---|---|---|
| Current provision: | | |
| Federal | $10,334,497 | $ — |
| State and local | 1,271,247 | 727,834 |
| Total current provision | 11,605,744 | 727,834 |
| Deferred provision (benefit): | | |
| Net operating loss and capital losses | 1,102,448 | (234,729) |
| Expenses not currently deductible | (99,711) | — |
| Equity in earnings of York | — | (649,726) |
| Total deferred provision (benefit) | 1,002,737 | (884,455) |
| Total provision (benefit) for income taxes | $12,608,481 | $(156,621) |

At December 31, 2006, deferred tax assets were $125,329 comprised of unrealized losses on available for sale investment securities and expenses not deductible for income tax purposes such as compensation for stock options.

In 2006, the difference between the U.S. federal statutory income tax rate and our effective rate is due to non-deductible compensation and state and local income taxes. In 2005, the difference between the U.S. federal statutory income tax rate and our effective tax rate was due to the dividends received exclusion (80%) on the equity in the earnings of York, which was an unconsolidated affiliate.

The Company utilized net operating loss carryforwards of $2,323,176 and a net capital loss carryforward of $74,429 to offset tax expense for the year ended December 31, 2006.

**7. DIVIDEND**

On December 29, 2005, the Company's Board of Directors authorized a special dividend to stockholders of $1.00 per share of the common stock contingent upon the closing of the sale of the Company's interest in York. The special dividend of $883,592 was paid on May 31, 2006 to stockholders of record on May 15, 2006.

**8. STOCKHOLDER RIGHTS PLAN**

The Board of Directors has adopted a stockholder rights plan. To implement the rights plan, the Board of Directors declared a dividend distribution of one right for each outstanding share of Bexil common stock, par value $.01 per share, to holders of record of the shares of common stock at the close of business on November 21, 2005. Each right entitles the registered holder to purchase from Bexil one one-thousandth of a share of preferred stock, par value $.01 per share. The rights were distributed as a non-taxable dividend and will expire on November 21, 2015. The rights are evidenced by the underlying Bexil common stock, and no separate preferred stock purchase rights certificates were distributed. The rights to acquire preferred stock will become exercisable only if a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock. If a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock, each holder of a right, except the acquirer, will be entitled, subject to Bexil's right to redeem or exchange the right, to exercise, at an exercise price of $67.50, the right for one one-thousandth of a share of Bexil's newly-created Series A Participating Preferred Stock, or the number of shares of Bexil common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Bexil's common stock on the date of the occurrence of such an event. Bexil's Board of Directors may terminate the rights plan at any time or redeem the rights, for $0.01 per right, at any time before a person acquires 10% or more of Bexil's common stock.

**9. COMMITMENTS AND CONTINGENCIES**

At December 31, 2006, there were no contingent obligations or events occurring that could reasonably be expected to have a material adverse impact on the Company's consolidated financial statements.

On January 11, 2006, the staff of the Market Regulation Department of the National Association of Securities Dealers ("NASD"), on behalf of the American Stock Exchange ("AMEX"), commenced a review of trading in the Company's common stock surrounding the December 27, 2005, announcement that the Company had entered into an agreement to sell its fifty percent interest in York. In connection with this review, the NASD requested that the Company provide certain information regarding the events that preceded the corporate disclosure. Pursuant to Section 132(e) of the AMEX Company Guide, a listed company is required to furnish such information as the AMEX shall reasonably request. Failure to comply may subject a listed company to suspend dealings in its securities or removal from listing pursuant to AMEX Company Guide Section 1003. This inquiry should not be construed as an indication that the NASD has determined that any violations of AMEX rules or Federal Securities laws have occurred or as a reflection upon the merits of the securities involved or upon any person who effected transactions in such securities. The Company provided the NASD with all of the information requested on March 29, 2006. The NASD has not communicated any findings to the Company at this time.

**Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

Not applicable.

**Item 8A. Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are, as of the date covered by this Annual Report, effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

***Changes in Internal Controls***

In connection with the evaluation of our internal controls during our last fiscal quarter, our principal executive officer and principal financial officer have determined that there have been no changes to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

**Item 8B. Other Information.**

Not applicable.

## PART III

Information required by Items 9, 10, 11, 12, and 14 is incorporated by reference from the Registrant's definitive proxy statement, filed pursuant to Regulation 14A, for the Annual Meeting of Stockholders of the Registrant to be held on May 11, 2007, which meeting will involve the election of directors.

**Item 13. Exhibits**

| | |
|---|---|
| (a) | The following exhibits are incorporated as part of this Annual Report on Form 10-KSB: |
| 3.1-1 | Articles of Incorporation (the "Charter") of Bexil filed on 11/25/1996 as Exhibit A to Bexil's Registration Statement on Form N-2 (Registration No. 811-07833) ("Form N-2"), are hereby incorporated by reference. |
| 3.1-2 | Articles of Amendment to the Charter filed on 11/25/1996 as Exhibit A to Bexil's Post-Effective Amendment to Form N-2 are hereby incorporated by reference. |
| 3.1-3 | Articles of Amendment to the Charter filed on 03/29/2004 as Exhibit 4-a-3 to Bexil's S-8 are hereby incorporated by reference. |
| 3.1-4 | Articles of Amendment to the Charter filed on 06/20/2005 as Exhibit 3.1-4 to Bexil's 10-KSB/A are hereby incorporated by reference. |
| 3.1-5 | Form of Articles Supplementary to the Charter of Series A Participating Preferred Stock filed on 11/14/2005 as Exhibit 1 to Bexil's 8-A is hereby incorporated by reference. |
| 3.2 | Bylaws as amended November 8, 2006. Filed herewith. |
| 4-1 | Specimen common stock certificate filed on 06/20/2005 as Exhibit 4.1-1 to Bexil's 10-KSB/A is hereby incorporated by reference. |
| 4-2 | Bexil's 2004 Incentive Compensation Plan effective as of March 24, 2004, included as Appendix A to Bexil's Proxy Statement for its 2004 Special Meeting of Stockholders, is hereby incorporated by reference. |
| 4-3 | Forms of Stock Option Agreements under Bexil's 2004 Incentive Compensation Plan filed on 3/29/2004 as Exhibit 4-c-2 to Bexil's S-8 are hereby incorporated by reference. |
| 10 | Stock Purchase Agreement dated as of December 23, 2005 by and among York Insurance Holdings, Inc., York Insurance Acquisition, Inc., and Bexil Corporation, for the sale of Bexil Corporation's 50% interest in privately held York Insurance Services Group, Inc. to York Insurance Holdings, Inc. filed as Exhibit 2.1 to Bexil's Current Report on Form 8-K on 12/29/2005 is hereby incorporated by reference. |
| 21 | Subsidiaries of the small business. Filed herewith. |
| 23 | Consent of Independent Registered Public Accounting Firm.<br>Deloitte & Touche LLP. Filed herewith |
| 23.1 | Consent of Independent Registered Public Accounting Firm.<br>Tait, Weller & Baker LLP. Filed herewith |
| 24-1 | Power of attorney—Durable Power of Attorney of Charles A. Carroll filed on 06/20/2005 as Exhibit 24-1 to Bexil's 10-KSB/A is hereby incorporated by reference. |
| 24-2 | Power of attorney—Durable Power of Attorney of Edward G. Webb, Jr. filed on 06/20/2005 as Exhibit 24-2 to Bexil's 10-KSB/A is hereby incorporated by reference. |
| 24-3 | Power of attorney—Durable Power of Attorney of Bassett S. Winmill filed on 06/20/2005 as Exhibit 24-3 to Bexil's 10-KSB/A is hereby incorporated by reference. |
| 24-4 | Power of attorney—Durable Power of Attorney of Douglas Wu filed on 06/20/2005 as Exhibit 24-4 to Bexil's 10-KSB/A is hereby incorporated by reference. |

| Item 13. | Exhibits |
|---|---|
| 31-1 | Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 31-2 | Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 32-1 | Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 32-2 | Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith. |
| 99 | ADP TotalSource, Inc. Client Services Agreement. Filed herewith. |

## SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**BEXIL CORPORATION**

April 2, 2007

By: /s/ Thomas O'Malley

**Thomas O'Malley**
**Chief Financial Officer and Chief Accounting Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Company and in the capacities and on the dates indicated.

April 2, 2007

By: /s/ Bassett S. Winmill

**Bassett S. Winmill,**
**Chairman of the Board, Director**

April 2, 2007

By: /s/ Thomas B. Winmill

**Thomas B. Winmill, Esq.,**
**President Chief Executive Officer, General Counsel, Director**

April 2, 2007

By: /s/ Edward G. Webb, Jr.

**Edward G. Webb, Jr., Director**

April 2, 2007

By: /s/ Charles A. Carroll

**Charles A. Carroll, Director**

April 2, 2007

By: /s/ Douglas Wu

**Douglas Wu, Director**

BEXIL
11 Hanover Square
New York, NY 10005