

BEXIL

- **Notice of 2018 Annual Meeting and Proxy Statement**
- **2017 Annual Report**

Ticker:

BXLC

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New York, NY 10005**

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BEXIL CORPORATION

Notice of Annual Meeting of Stockholders

To the Stockholders:

Notice is hereby given that the 2018 Annual Meeting of Stockholders (the “Meeting”) of Bexil Corporation, A Maryland Corporation (the “Company”), will be held at 11 Hanover Square, 12th Floor, New York, New York on June 13, 2018 at 11:00 a.m., local time, for the following purposes:

1. To elect to the board of directors the Nominee, Philip N. Kadinsky-Cade, as a Class II Director to serve until the 2021 annual meeting of stockholders and until his successor is duly elected and qualifies.
2. To ratify the appointment of auditors.
3. To approve an amendment to Article VIII of the Company’s charter (“Charter”).
4. To approve an amendment to the Charter by adding a new Article XV.
5. To consider and act upon any other business as may properly come before the Meeting or any postponement or adjournment thereof.

The board of directors unanimously recommends that stockholders vote FOR each of the proposals.

Stockholders of record at the close of business on April 16, 2018 are entitled to receive notice of and to vote at the Meeting.

By Order of the board of directors

Russell Kamerman
Secretary

New York, New York
May 2, 2018

THE MEETING WILL START PROMPTLY AT 11:00 A.M., LOCAL TIME. TO AVOID DISRUPTION, ADMISSION MAY BE LIMITED ONCE THE MEETING STARTS. PHOTOGRAPHIC IDENTIFICATION WILL BE REQUIRED FOR ADMISSION TO THE MEETING. 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 June 13, 2018

This Proxy Statement is furnished in connection with a solicitation of proxies by Bexil Corporation, a Maryland corporation (the “Company”), to be voted at the 2018 Annual Meeting of Stockholders of the Company to be held at 11 Hanover Square, 12th Floor, New York, New York on June 13, 2018 at 11:00 a.m., local time, and at any postponements or adjournments thereof (the “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 April 16, 2018 (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 892,843 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 May 4, 2018.

In the absence of a quorum, the chairman of the board of directors (the “Board”), if present, or if not present, then any officer entitled to preside or act as secretary of such meeting, if present, or if not present, then any stockholder present in person or by proxy entitled to vote, may adjourn the meeting without determining the date of the new meeting or from time to time without further notice to a date not more than 120 days after the original record date. Any business that might have been transacted at the meeting originally called may be transacted at any such adjourned meeting at which a quorum is present. Abstentions and broker non-votes will not have an impact on the chairman’s determination to adjourn the Meeting. At such adjourned Meeting at which a quorum is present, any business may be transacted which might have been transacted at the Meeting as originally notified.

Properly executed proxies may contain instructions to abstain from voting or to withhold authority to vote (an “abstention”) or may represent a broker “non-vote” (which is a proxy from a broker or nominee indicating that the broker or nominee has not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the broker or nominee does not have discretionary power to vote). The shares represented by abstentions or broker non-votes will be considered present at the Meeting for purposes of determining the existence of a quorum for the transaction of business. Neither abstentions nor broker non-votes, not being votes cast, will have any effect on the outcome of the stockholder vote, except with respect to the amendments to the Charter, in which case they will have the effect of votes against the proposal.

No other business may be acted upon at the Meeting other than as described in this Proxy Statement. If any procedural matters related to the proposals described herein properly come before the Meeting, shares represented by proxies will be voted in the discretion of the person or persons holding the proxies.

All costs of soliciting proxies for the Meeting will be borne by the Company. Banks, brokerage houses, and other custodians will be requested on behalf of the Company to forward solicitation material to the beneficial owners of Company shares to obtain authorizations for the execution of proxies, and the Company will reimburse them for any reasonable expenses they incur. In addition, some of the officers of the Company may, without remuneration, solicit proxies personally, by telephone, electronically, or by other means. If you are a record holder of one or more of the Company’s shares and plan to attend the Meeting in person, in order to gain admission, you must show valid photographic identification, such as your driver’s license or passport. If you hold shares of the Company through a bank, broker, or other nominee, and plan to attend the Meeting in person, in order to gain admission, you must show valid photographic identification, such as your driver’s license or passport, and satisfactory proof of ownership of shares in the Company, such as your voting instruction form or a letter from your bank, broker, or other nominee’s statement indicating ownership as of the record date for the Meeting.

PROPOSAL 1: TO ELECT TO THE BOARD OF DIRECTORS THE NOMINEE, PHILIP N. KADINSKY-CADE, AS A CLASS II DIRECTOR TO SERVE UNTIL THE 2021 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.

Pursuant to the governing documents of the Company, the Board is divided into three classes, designated Class I, Class II, and Class III. One class of directors is to be elected at each annual meeting of stockholders to serve for a term expiring at the time of the third succeeding annual meeting of stockholders, or thereafter in each case when their respective successors are elected and qualify. At the Meeting, stockholders will be asked to elect Philip N. Kadinsky-Cade (the “Nominee”) as Class II director. Mr. Kadinsky-Cade’s term as a Class II director will expire at the Meeting, or thereafter when his successor is elected and qualifies. No other class of directors has a term that so expires this year.

The Nominee has consented to being named in this Proxy Statement and has agreed to serve if elected. If you properly execute and return your proxy but do not indicate any voting instructions, your shares will be voted for the election of the Nominee. Should the Nominee withdraw or otherwise become unavailable for election due to events not now known or anticipated, it is intended that the proxy holders will vote for the election of such other person or persons as the Board may recommend.

The following table sets forth certain information concerning the Nominee for Class II Director of the Company:

<u>Name, Address,⁽¹⁾ and Date of Birth</u>	<u>Position(s) Held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
<i>Independent⁽²⁾ Director Nominee</i> Philip N. Kadinsky-Cade May 28, 1959	Director (Class II)	Since 2014	Independent trader since 2007. Previously, Mr. Kadinsky-Cade was a founder and Managing Member of Bluehaven Management Group, LLC and co-organizer/manager of Grey Owl Partners, LP.

- (1) The mailing address of the Nominee is, except as noted otherwise, 11 Hanover Square, New York, New York 10005.
- (2) “Independent director” as used throughout this proxy statement means not employed by the Company other than as a director or otherwise deemed independent by the Board.

In considering the Nominee, the Nominating Committee evaluated the Nominee’s background and his oversight and service as a member of the Board. The nominee was deemed to have an excellent educational background, a great reputation for high ethical standards and personal and professional integrity, and strong financial, technical and other expertise which may complement the Board’s existing mix of skills and qualifications. The Nominating Committee also expected the nominee to contribute to the ongoing functions of the Board, including an ability and commitment to attend meetings regularly, work collaboratively with other members of the Board, and carry out his or her duties in the best interests of the Company, as well as qualify as a non-employee or otherwise independent director. In considering the nominee, the Board evaluated Mr. Kadinsky-Cade’s background and his specific qualifications, attributes, knowledge, expertise, experience, and skills as a result of his former positions as a founder and Managing Member of Bluehaven Management Group, LLC and co-organizer/manager of Grey Owl Partners, LP. The Board also considered and evaluated the nominee’s independence and experience with Company board, audit, compensation, governance, and operational matters.

The Board believes that the significance of each director’s qualifications, attributes, knowledge, expertise, experience, and skills is an individual matter (meaning that experience important for one director may not have the same value for another) and that these factors are best evaluated at the Board level, with no single director, or particular factor, being indicative of Board effectiveness. In its periodic self-assessment of the effectiveness of the Board, the Board considers the complementary individual skills and experience of the individual directors in the broader context of the Board’s overall composition so that the Board, as a body, possesses the appropriate (and appropriately diverse) skills and experience to oversee the business of the Company. References to the qualifications, attributes and skills of directors do not constitute holding out the Board or any director as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

Vote Required

As set forth in the Company’s bylaws, except as otherwise provided in the charter and notwithstanding any other provision of Maryland law, “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.” Inasmuch as the election of the Nominee was 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 Nominee.

Current Board Members

In addition to the Nominee for Class II director set forth above, the Board is comprised of the individuals listed below.

<u>Name, Address,⁽¹⁾ and Date of Birth</u>	<u>Position(s) Held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Independent Director			
John C. Hitchcock October 17, 1957	Director (Class III)	Since 2016 (current term ends at the 2019 annual meeting, or thereafter when his successor is elected and qualified)	Managing Director & Vice President, Energy Intelligence Group, 2010-Present. Mr. Hitchcock is an officer of a 64-year-old company whose core lines include web-based newsletters, conferences and research. Direct reports have included general counsel, circulation and billing, compliance and sales and marketing. He previously held editorial and executive positions with Dow Jones & Co. and Institutional Investor Inc.
Interested Director			
Thomas B. Winmill, Esq. P.O. Box 4 Walpole, NH 03608 June 25, 1959	Director (Class I); Chairman, President, Chief Executive Officer, and Chief Legal Officer	Since 1999 (current term ends at the 2020 annual meeting, or thereafter when his successor is elected and qualified)	Mr. Winmill has served as President and Chief Executive Officer, and a director of the Company since 1999 and in other capacities since 1996. Since 1999, he has also served as a director or trustee, President and Chief Executive Officer of Winmill & Co. Incorporated (“Winco”), its affiliates, and the investment companies managed by their affiliates (the “Fund Complex”), and in other capacities since 1988. Mr. Winmill is a member of the New York State Bar.

(1) The mailing address of each director is, except as noted otherwise, 11 Hanover Square, New York, New York 10005.

Executive Officers

The current executive officers of the Company, other than those who serve as directors, are as follows:

<u>Name, Address⁽¹⁾ and Date of Birth</u>	<u>Position(s) Held with Company</u>	<u>Officer Since⁽²⁾</u>	<u>Principal Occupation(s) During Past 5 Years</u>
Thomas O’Malley July 22, 1958	Chief Accounting Officer, Chief Financial Officer, and Treasurer	2005	Chief Accounting Officer, Chief Financial Officer, Treasurer, and Vice President of the Company, Winco, its affiliates, and the Fund Complex. He is a certified public accountant.
Russell Kamerman, Esq. July 8, 1982	Chief Compliance Officer, Secretary, and General Counsel	2014	Chief Compliance Officer, Secretary, and General Counsel of the Company, and in such capacity or as Assistant Chief Compliance Officer, Assistant Secretary, and Assistant General Counsel for Winco, its affiliates, and the Fund Complex, and in other capacities since 2014. Previously, he was an attorney in private practice focusing on regulatory, compliance, and other general corporate matters relating to the structure, formation, and operation of investment funds and investment advisers. He is a member of the New York State Bar.
Donald Klimoski II, Esq. September 24, 1980	Assistant Chief Compliance Officer, Assistant Secretary, Assistant General Counsel	2017	Assistant Chief Compliance Officer, Assistant Secretary, and Assistant General Counsel of the Company, and in such capacity or as Chief Compliance Officer, Secretary, and General Counsel for Winco, its affiliates, and the Fund Complex since 2017. He is a member of the New York, New Jersey and Patent Bars. Previously, he served as Associate General Counsel of Commvault Systems, Inc. Prior to that, he was an associate at Sullivan & Cromwell LLP, where his practice focused on mergers and acquisitions, securities law, corporate governance, intellectual

<u>Name, Address⁽¹⁾ and Date of Birth</u>	<u>Position(s) Held with Company</u>	<u>Officer Since⁽²⁾</u>	<u>Principal Occupation(s) During Past 5 Years</u>
			property and related matters.
Heidi Keating March 28, 1959	Vice President	1978	Vice President of the Company, Winco, its affiliates, and the Fund Complex.

- (1) The mailing address of each officer is, except as noted otherwise, 11 Hanover Square, New York, New York 10005.
- (2) Officers hold their positions with the Company until a successor has been duly elected and qualifies. Officers are generally elected annually. The officers were last elected on December 12, 2017.

Director Compensation

For their service on the Board, independent directors receive an annual retainer of \$5,000, payable semi-annually, a fee of \$10,000 for each semi-annual Board meeting attended, \$1,000 for each special meeting attended, \$1,000 for each committee meeting attended, \$2,000 for each stockholders' meeting attended, and 1,000 non-qualified stock options on the date of the Company's Annual Stockholders' Meeting with an exercise price per share equal to 110% of the fair market value of a share of Company common stock on the date of grant. Each independent director is reimbursed for reasonable travel and out-of-pocket expenses associated with attending Board and committee meetings. Employees of the Company receive no additional compensation for their service on the Board.

Current Board Leadership Structure and Oversight Responsibilities

The Board is responsible for the oversight of the Company's operations. The Board is currently composed of three members, two of whom are independent directors. As described below, the Board has established three standing committees, Audit, Compensation, and Governance Committee ("ACG Committee"), Executive Committee, and Nominating Committee, and may establish *ad hoc* committees or working groups from time to time, to assist the Board in fulfilling its oversight responsibilities. The Board designated the ACG to consist of all the independent directors, to consider matters related to audit, compensation, and governance. In accordance with an ACG Committee recommendation, the Board designated the Nominating Committee to consider matters related to nominating candidates for election as directors of the Company and, specifically, to determine the slate of director nominees for election to the Company's Board of Directors, to fill vacancies between annual stockholder meetings, and to review, evaluate, and recommend changes to the Company's corporate governance, and provided that the Nominating Committee be comprised of the chairman of the board, the deputy or vice chairman, if any, and the chief executive officer, with the exact number of members on the Nominating Committee depending on the number of individuals on the board with such titles. With respect to the Executive Committee, Article IV, Section 2 of the Company's Bylaws provides "Powers of the Executive Committee. Unless otherwise provided by resolution of the board of directors, when the board of directors is not in session the Executive Committee shall have and may exercise all powers of the board of directors in the direction of the management of the business and affairs of the Corporation that may lawfully be exercised by an Executive Committee."

Mr. Winmill is chairman of the Board of Directors (the "Chairman") pursuant to Article III, Section 7 of the Company's Bylaws, which provides "The chairman of the board of directors shall be the president if a director or, if not, the next most senior officer of the Corporation who is a member of the board of directors, and the chairman, or his designee, shall preside at all stockholders' meetings and at all meetings of the board of directors. He shall have such other powers and perform such other duties as may be assigned to him from time to time by the board of directors (or an authorized committee thereof)." Mr. Winmill has been active in investment management for over 25 years as a portfolio manager, chief executive officer, general counsel, compliance officer, and in other capacities. The Chairman presides at each Board meeting, establishes the agenda for Board meetings, and acts as the primary liaison between the independent directors and Company management. The Chairman of the Board is an interested director of the Company. The independent directors have not appointed a lead independent director. The independent directors believe that the utilization of an interested director as Chairman provides an efficient structure for them to coordinate with Company management in carrying out their responsibilities. The independent directors also regularly meet among themselves and the Chairman plays an important role in communicating with them in identifying matters of special interest to be addressed by Company management and the Board. The Chairman may also perform such other functions as may be requested by the directors from time to time. Designation as Chairman does not impose on such director any duties or standards greater than or different from other directors. The directors believe that the Board's leadership structure, taking into account, among other things, its committee structure, which permits certain areas of responsibility to be allocated to the independent directors, is appropriate given the characteristics and circumstances of the Company.

For the fiscal year ended December 31, 2017, the current Board held two regularly scheduled meetings and did not hold any special meetings. For the fiscal year ended December 31, 2017, each of the directors currently in office attended all of the meetings of the Board and of all Committees of the Board held during the period in which he served. The Company does not have a formal policy

regarding attendance by directors at annual meetings of stockholders but encourages such attendance. On June 15, 2017, the Company held an annual meeting of stockholders for the fiscal year ended December 31, 2017, which was attended by all of the directors.

Audit-Related and Tax Service Fees

The aggregate fees billed for professional services rendered by Tait, Weller & Baker LLP (“Tait Weller”), the Company’s auditors, for the audit of the Company’s annual financial statements and other services other than the preparation of the tax returns incurred in 2017 were \$25,000 and \$22,000 for the preparation of the tax returns, and \$12,000 for auditing services in respect of the Company’s broker/dealer pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and similar requirements.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE NOMINEE. ANY SIGNED BUT UNMARKED PROXIES WILL BE VOTED FOR THE NOMINEE.

PROPOSAL 2: TO RATIFY THE APPOINTMENT OF AUDITORS.

The Board is empowered to appoint a firm to serve as the Company’s auditors. The Board has previously appointed Tait Weller to serve as the Company’s auditors for the fiscal period commencing January 1, 2018. Tait, Weller served as the Company’s auditor for the years 2015 through 2017.

Although the Board has sole authority to appoint, re-appoint, and dismiss auditors, it is seeking the opinion of the stockholders regarding its appointment of Tait, Weller as auditors. For this reason, stockholders are being asked to ratify this appointment. If stockholders ratify the appointment of Tait, Weller as auditors, the Board will take that fact into consideration, but may, nevertheless, dismiss Tait, Weller. If stockholders do not ratify the appointment of Tait, Weller as auditors, the Board will take that fact into consideration, but may, nevertheless, continue to retain Tait, Weller. **Vote Required**

Under Article VIII of the Company’s charter, except as otherwise provided in the charter and notwithstanding any other provision of the Maryland General Corporation Law to the contrary, any action submitted to a vote 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 lesser of (A) a majority of all the votes entitled to be cast on the matter with the shares of all classes of voting stock voting together, or (B) if such action may be taken or authorized by a lesser proportion of votes under applicable law, such lesser proportion. Inasmuch as the ratification of the appointment of auditors was approved by the vote of a majority of the board of directors, a majority of all the votes cast at the Meeting at which a quorum is present is sufficient to ratify the appointment of auditors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF AUDITORS. ANY SIGNED BUT UNMARKED PROXIES WILL BE VOTED FOR PROPOSAL 2.

PROPOSAL 3: TO APPROVE AN AMENDMENT TO ARTICLE VIII OF THE COMPANY’S CHARTER.

The Board advises and recommends approval of an amendment to Section (1) of Article VIII of the Company’s charter (“Charter”) to provide that at a meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast one-third or more of all the votes entitled to be cast at the meeting constitutes a quorum. The proposed Charter amendment is attached hereto as Exhibit A.

Maryland General Corporation Law, § 2-506, provides in pertinent part that unless the charter of a corporation provides otherwise, at a meeting of stockholders 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 constitutes a quorum. Although it is believed that the quorum required for any meeting should be sufficiently high to insure a representative vote, obtaining sufficient votes to establish a quorum at a meeting of stockholders can be difficult, time consuming, and expensive. Accordingly, the Board advises and recommends approval of the amendment to lower the proportion of all the votes entitled to be cast at the meeting to constitute a quorum from a majority to one-third or more.

Vote Required

Under Article XIII of the Company’s Charter, the amendment of Section (1) of Article VIII of the Charter shall require the affirmative vote of the holders 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 approved by at least fifty percent (50%) of the board of directors, in which case such amendment or repeal would require the affirmative vote of the holders of a majority of the number of votes entitled to be cast thereon. Inasmuch as the amendment was approved and advised by at least fifty percent (50%) of the board of

directors, the affirmative vote of the holders of a majority of the number of votes entitled to be cast thereon at the Meeting at which a quorum is present is sufficient to approve the amendment.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE
FOR THE APPROVAL OF THE PROPOSED AMENDMENT.
ANY SIGNED BUT UNMARKED PROXIES WILL BE VOTED FOR PROPOSAL 3.***

PROPOSAL 4: APPROVE AN AMENDMENT TO THE CHARTER BY ADDING A NEW ARTICLE XV.

The Board advises and recommends approval of an amendment to the Charter to add a new Article XV (the “382 Charter Amendment”) to include restrictions on certain transfers of shares of stock of the Company in order to preserve certain tax benefits to which the Company is entitled pursuant to the Internal Revenue Code of 1986, as amended (the “Code”), or any successor statute, and the Treasury Regulations promulgated thereunder.

Description of Charter Amendment

The proposed 382 Charter Amendment will generally prohibit any direct or indirect transfer of shares of stock of the Company, if as a result of such transfer, any person or group becomes a 5% shareholder (as defined in the Code) or the percentage of stock of the Company owned by a 5% shareholder would be increased. As a result of these restrictions, certain transfers of stock by existing 5% shareholders would be prohibited. Any attempted transfer in violation of the foregoing restrictions will be null and void unless the transferor or transferee obtains the written approval of the Board. No employee or agent of the Company will record any purported transfer to the extent that such transfer is prohibited by the proposed 382 Charter Amendment, and the purported transferee will not be entitled to any rights of stockholders of the Company with respect to the stock that is the subject of the prohibited transfer, including the right to vote such stock and to receive dividends or distributions, whether liquidating or otherwise, in respect of such stock.

If the proposed 382 Charter Amendment is approved and the Board determines that a transfer would be prohibited, then, upon our written demand, the purported transferee will transfer the stock that is the subject of the prohibited transfer, or cause such securities to be transferred, to an agent designated by the Board. The agent will sell the stock to a buyer or buyers, which may include the Company or one of its affiliates, in one or more transactions that comply with the proposed 382 Charter Amendment. If the purported transferee has resold the stock before receiving our demand to surrender them to our agent, the purported transferee will be deemed to have sold the stock for the agent and will be required to transfer to the agent any distributions received with respect to such stock and any proceeds of the sale of such stock (except for any proceeds which the Company grants the purported transferee written permission to retain and which do not exceed the amount that the purported transferee would have received from the agent if the agent had resold such stock). The proceeds of the sale of any such stock will be applied first to the agent to cover its costs and expenses and to the Company to cover expenses associated with legal proceedings to enforce the 382 Charter Amendment, second to the purported transferee, and third to one or more charitable organizations selected by the Board.

The proposed 382 Charter Amendment will, subject to certain exceptions, require any person who acquires or attempts to acquire shares of the Company’s stock or rights or options to purchase the Company’s stock or any other interests that would be treated as our stock under the income tax regulations in violation of the Section 382 ownership limit described above to immediately give written notice to us of such event and to provide to us such other information as we may request in order to determine the effect, if any, of such purported transfer.

The proposed Charter amendment is attached hereto as Exhibit B.

Continued Risk of Ownership Change

Despite the adoption of the Section 382 ownership limit, there still remains a risk that certain changes in relationships among stockholders or other events will cause an ownership change of the Company under Section 382 and Section 383 of the Code, including as a result of transfers that do not violate the Section 382 ownership limit. We believe the Section 382 ownership limit is enforceable. The Internal Revenue Service, or IRS, has issued several private letter rulings in this area which indicate that, to the extent Section 382 ownership limit is enforceable and is enforced by a company, its terms will be respected for purposes of applying Section 382 and Section 383 of the Code. However, private letter rulings issued by the IRS cannot be relied upon as legal precedent. There can be no assurance, therefore, that if acquisitions in violation of the Section 382 ownership limit are attempted, the IRS will not assert that such acquisitions have U.S. federal income tax significance notwithstanding the Section 382 ownership limit.

Board Power to Waive or Modify Section 382 Ownership Limit

The Section 382 ownership limit will not apply if the proposed transferor or transferee obtains an exemption from such restrictions from the Board. The Board may grant or deny such exemption in its sole and absolute discretion and may grant such exemption prospectively or retroactively. As a condition to granting an exemption, the Board may, in its discretion, require (at the expense of the transferor and/or transferee) an opinion of counsel selected by the Board that the transfer will not result in any limitation on the use of the benefit of our NOLs, NCLs or certain other tax attributes. If the Section 382 Ownership Limit is adopted, the Board intends to grant waivers to directors and employees of the Company. Acquisitions or dispositions of stock by those persons in accordance with the proposed waiver could cause us the Company experience an ownership change.

Anti-Takeover Effects

The 382 Charter Amendment may have anti-takeover effects in that, subject to the limitations set forth above, it will restrict the ability of a person or entity or group to accumulate the Company's stock such that they become a 5% shareholder (as defined in the Code). Although the 382 Charter Amendment is designed primarily as a protective measure to preserve and protect the Company's NOLs and certain other tax attributes, the 382 Charter Amendment may, if the Board does not grant an exemption, have the effect secondarily intended by the Board of impeding or discouraging an acquisition of stock tender offer or other transaction, even if such a transaction may be favorable to the interests of some or all of the Company's stockholders. This might prevent the Company's stockholders from realizing an opportunity to sell all or a portion of their stock at higher than market prices. In addition, the 382 Charter Amendment may impede the assumption of control by a holder of a large block of stock and the removal of incumbent directors and management, even if such removal may be beneficial to all of the Company's stockholders.

The Board considers the Section 382 Ownership Limit to be reasonable and in the best interests of the Company because the Section 382 Ownership Limit both reduces certain of the risks that the Company will be unable to utilize its available NOLs and certain other tax attributes and provides anti-takeover protection, which is deemed useful in permitting the Board to focus on long term strategies to create stockholder value. The 382 Charter Amendment is not in response to any effort that the Board is aware of to accumulate the Company's stock or to obtain control of the Company.

Possible Effects on Liquidity

The 382 Charter Amendment will restrict a stockholder's ability to acquire, directly or indirectly, additional shares of our stock in excess of the specified limitations. Furthermore, a stockholder's ability to dispose of such stockholder's stock may be restricted as a result of the 382 Charter Amendment, and a stockholder's ownership of stock may become subject to the 382 Charter Amendment upon the actions taken by certain related persons.

Vote Required

Under Article VIII of the Company's Charter, the amendment of the Charter to add Article XV shall require the affirmative vote of the holders 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 lesser of (A) a majority of all the votes entitled to be cast on the matter with the shares of all classes of voting stock voting together, or (B) if such action may be taken or authorized by a lesser proportion of votes under applicable law, such lesser proportion. Inasmuch as the amendment was approved by the vote of a majority of the Board of Directors, a majority of all the votes entitled to be cast on the matter with the shares of all classes of voting stock voting together at which a quorum is present is sufficient to approve the amendment.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE
FOR THE APPROVAL OF THE PROPOSED AMENDMENT.
ANY SIGNED BUT UNMARKED PROXIES WILL BE VOTED FOR PROPOSAL 4.***

OTHER BUSINESS

The Company's bylaws provide that the only matters that may be acted on at the Meeting are those specified in the Notice of Meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof). Accordingly, other than procedural matters, no other business may properly come before the Meeting. If any such procedural matters requiring a vote of stockholders should arise, the persons named as proxies will vote on such procedural matters in accordance with their discretion.

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 absence of a quorum, the chairman of the board, if present, or if not present, then any officer entitled to preside or act as secretary of such meeting, if present, or if not present, then any stockholder present in person or by proxy entitled to vote, may adjourn the meeting without determining the date of the new meeting or from time to time without further notice to a date not more than 120 days after the original record date. Any business that might have been transacted at the meeting originally called may be transacted at any such adjourned meeting at which a quorum is present. Notice of adjournment of a stockholders meeting to another time or place need not be given if such time and place are announced at the meeting. A stockholder vote may be taken for one or more proposals prior to any adjournment. 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 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, electronically, 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 cases where a telephonic proxy is solicited, the stockholder may be asked to provide his or her address, social security number (in the case of an individual), 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. Please see the enclosed proxy card for voting instructions. Stockholders requiring further information with respect to voting instructions or the proxy generally should contact the Company or the Company’s transfer agent. 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 current 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. Proposals should be mailed to Bexil Corporation, Attention: Secretary, 11 Hanover Square, 12th Floor, New York, New York 10005. The submission by a stockholder of a proposal for inclusion in the proxy statement or presentation at any stockholder meeting does not guarantee that it will be included or presented. Stockholder proposals are subject to certain requirements under Maryland law and must be submitted in accordance with the Company’s bylaws.

How to Communicate with the Company’s Board of Directors

Stockholders who wish to communicate with the Board or a particular director may send a letter to the Secretary of the Company at 11 Hanover Square, 12th Floor, 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. All communications received as set forth above will be opened by the office of our Secretary for the sole purpose of determining whether the contents represent a message to Company’s directors. Materials that are unrelated to the duties and responsibilities of the Board, such as solicitations, resumes and other forms of job inquiries, surveys, and individual complaints, and materials that are unduly hostile, threatening, illegal, or similarly unsuitable will not be distributed, but will be made available upon request to the Board or individual directors as appropriate, depending on the facts and circumstances outlined in the communication.

Annual Statement of Affairs

A full and complete statement of the affairs of the Company, including a balance sheet and a financial statement of operations for the year ended December 31, 2017, shall be submitted at the Meeting and, within 20 days after the Meeting, placed on file at the Company’s principal office.

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 deliver 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 writing to Bexil Corporation, Attention: Secretary, 11 Hanover Square, 12th Floor, New York, New York 10005. 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 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 materials 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.

**EXHIBIT A
(Proposal 3)**

The addition is shown bolded and underlined.

ARTICLE VIII

CERTAIN VOTES OF STOCKHOLDERS

(1) (a) Except as otherwise provided in these Articles of Incorporation and notwithstanding any other provision of the Maryland General Corporation Law to the contrary, any action submitted to a vote 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 lesser of (A) a majority of all the votes entitled to be cast on the matter with the shares of all classes of voting stock voting together, or (B) if such action may be taken or authorized by a lesser proportion of votes under applicable law, such lesser proportion. **At all meetings of stockholders, the presence in person or by proxy of stockholders entitled to cast one-third or more of all the votes entitled to be cast at the meeting constitutes a quorum.**

EXHIBIT B
(Proposal 4)

ARTICLE XV

SECTION 382 OWNERSHIP LIMIT

(1) Purpose. In order to preserve the Tax Benefits to which the Corporation or any direct or indirect subsidiary of the Corporation is entitled pursuant to the Internal Revenue Code of 1986, as amended, or any successor statute (the “Code”), and the Treasury Regulations promulgated thereunder, the Corporation Securities shall be subject to the following restrictions.

(2) Certain Definitions. For purposes of this Article XV, the following terms shall have the meanings indicated (and any references to any portions of Treasury Regulation Section 1.382-2T shall include any successor provisions):

(a) “5% Transaction” means any Transfer or purported Transfer of Corporation Securities described in Section 3 of this Article XV, which Transfer is prohibited and/or void under the provisions of Section 3 of this Article XV.

(b) “Agent” means any agent designated by the Board of Directors of the Corporation pursuant to Section 6(b) of this Article XV.

(c) “Corporation Securities” means (i) shares of common stock of the Corporation, (ii) shares of preferred stock of the Corporation (other than preferred stock described in Section 1504(a)(4) of the Code), (iii) warrants, rights, or options (including options within the meaning of Treasury Regulation Section 1.382-4(d)(9)) to purchase stock (other than preferred stock described in Section 1504(a)(4) of the Code) of the Corporation, and (iv) any other interest that would be treated as “stock” of the Corporation pursuant to Treasury Regulation Section 1.382-2T(f)(18) or any successor provision.

(d) “Excess Securities” has the meaning set forth in Section 6(a) of this Article XV.

(e) “Five-Percent Stockholder” means a Person or group of Persons that is a “5-percent shareholder” of the Corporation pursuant to Treasury Regulation Section 1.382-2T(g).

(f) “Percentage Stock Ownership” means the percentage stock ownership interest as determined in accordance with Treasury Regulation Section 1.382-2T(g), (h), (j) and (k).

(g) “Permitted Transfer” means a Transfer of Corporation Securities (i) after the Restriction Release Date, (ii) pursuant to any merger, consolidation, conversion, statutory share exchange, tender offer, or similar transaction approved in advance by the Board of Directors in its sole and absolute discretion, or (iii) the exercise of a warrant that was first issued upon approval of the Board of Directors unless and until the Person to whom such warrant was issued thereafter acquires any Corporation Securities that are unrelated to the warrant.

(h) “Person” shall mean any individual, firm, corporation, partnership, trust association, limited liability company, limited liability partnership, or other entity, or any group of Persons making a “coordinated acquisition” of shares or otherwise treated as an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1), or otherwise and shall include any successor (by merger or otherwise) of any such entity.

(i) “Prohibited Distributions” have the meaning set forth in Section 6(b) of this Article XV.

(j) “Purported Transferee” has the meaning set forth in Section 6(a) of this Article XV.

(k) “Prohibited Transfer” means any 5% Transaction (other than a Permitted Transfer).

(l) “Restriction Release Date” means the date on which the Board of Directors may determine, in its sole and absolute discretion, that this Article XV is no longer in the best interests of the Corporation.

(m) “Section 501(c)(3)” has the meaning set forth in Section 6(c) of this Article XV.

(n) “Section 382” means Section 382 of the Code, or any comparable successor provision.

(o) “Tax Benefit” means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers, and foreign tax credit carryovers, as well as any loss or deduction attributable to a “net unrealized built-in loss” within the meaning of Section 382, of the Corporation or any direct or indirect subsidiary thereof.

(p) “Transfer” means any direct or indirect sale, transfer, assignment, exchange, issuance, grant, redemption, repurchase, conveyance, pledge, or other disposition, whether voluntary or involuntary, and whether by operation of law or otherwise, by any Person other than the Corporation. A Transfer also shall include the creation or grant of an option, warrant, or right (including an option within the meaning of Treasury Regulation Section 1.382-4(d)(9)), but only if such option, warrant, or right would be deemed exercised pursuant to Treasury Regulation Section 1.382-4(d)(2)(i). A Transfer shall not include an issuance or grant to an employee of the Corporation of any option to purchase Corporation Securities, the modification, amendment or adjustment of an existing option held by an employee of the Corporation, or the exercise by an employee of the Corporation of any option to purchase Corporation Securities granted to such employee pursuant to contract or any stock option plan or other equity compensation plan of the Corporation, provided such option complies with the provisions of Treasury Regulation Section 1.382-4(d)(7)(iii)(B).

(q) “Treasury Regulation” means the income tax regulations (whether temporary, proposed, or final) promulgated under the Code and any successor regulations. References to any subsection of such regulations include references to any successor subsection thereof.

(3) Transfer Restrictions. Any attempted Transfer of Corporation Securities prior to the Restriction Release Date, or any attempted Transfer of Corporation Securities pursuant to an agreement entered into prior to the Restriction Release Date, that is not a Permitted Transfer shall be prohibited and void *ab initio* insofar as it purports to transfer ownership or rights in respect of such Corporation Securities to the Purported Transferee to the extent that, as a result of such Transfer (or any series of Transfers of which such Transfer is a part), either (a) any Person or group of Persons shall become a Five-Percent Stockholder (including, without limitation, as a result of a disposition of Corporation Securities pursuant to Treasury Regulation Section 1.382-2T(j)(3)(i)) or (b) the Percentage Stock Ownership interest in the Corporation of any Five-Percent Stockholder shall be increased.

(4) Waiver. The restrictions set forth in Section 3 of this Article XV shall not apply to an attempted Transfer that is a 5% Transaction if the transferor or the transferee obtains the approval of the Board of Directors in its sole and absolute discretion. In considering whether to approve any such transfer, the Board of Directors may take into account any factors it deems appropriate, including, but not limited to, both the proposed Transfer and potential future Transfers, and may require an opinion of counsel (at the expense of the transferor and/or transferee) that the transfer will not result in any limitation on the use of the Tax Benefits by the Corporation or any direct or indirect subsidiary. The Board of Directors may delegate the authority granted by this Section 4 of this Article XV to duly authorized officers or agents of the Corporation.

(5) Certificate Legend. Each certificate representing shares of Corporation Securities issued following the effective date of this Article XV and prior to the Restriction Release Date shall contain the legend set forth below, evidencing the restrictions set forth in this Article XV:

“The transfer of securities represented by this certificate is (and other securities of the Corporation may be) subject to restrictions pursuant to Article XV of the Corporation’s charter. The Corporation will furnish a copy of its charter (or a summary thereof) setting forth the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights to the holder of record of this certificate without charge upon written request addressed to the Corporation at its principal place of business.”

With respect to any shares of Corporation Securities that are not represented by a certificate, but are uncertificated securities, a statement of the foregoing legend shall be provided upon stockholder request. Notwithstanding any failure to comply with this Section 5, the provisions of Sections 1 through 4, and Sections 6 through 12 of this Article XV shall apply in all cases nonetheless, including, without limitation, with respect to Prohibited Transfers involving securities issued prior to the effective date of this Article XV.

(6) Treatment of Excess Securities.

(a) No employee or agent of the Corporation shall record any Prohibited Transfer, and the purported transferee of such a Prohibited Transfer (the “Purported Transferee”) shall not be recognized as a stockholder of the Corporation for any purpose whatsoever in respect of the Corporation Securities that are the subject of the Prohibited Transfer (the “Excess Securities”). Until the Excess Securities are acquired by another Person in a Transfer that is not a Prohibited Transfer, such Purported Transferee shall not be

entitled with respect to such Excess Securities to any rights of stockholders of the Corporation, including, without limitation, the right to vote such Excess Securities or to receive dividends or other distributions, whether liquidating or otherwise, in respect thereof, if any; provided, however, that the transferor of such Excess Securities shall not be required to disgorge, and shall be permitted to retain for its own account, any proceeds of such Transfer, and shall have no further rights, responsibilities, obligations, or liabilities with respect to such Excess Securities, if such Transfer was a Prohibited Transfer. Once the Excess Securities have been acquired in a Transfer that is not a Prohibited Transfer, the Corporation Securities shall cease to be Excess Securities. For this purpose, any transfer of Excess Securities not in accordance with the provisions of this Section 6 of this Article XV shall also be a Prohibited Transfer.

(b) If the Corporation determines, in its sole and absolute discretion, that a Transfer of Corporation Securities constitutes a Prohibited Transfer then, upon written demand by the Corporation, the Purported Transferee shall transfer or cause to be transferred any certificate or other evidence of ownership of Excess Securities within the Purported Transferee's possession or control, together with any dividends or other distributions that were received by the Purported Transferee from the Corporation with respect to Excess Securities ("Prohibited Distributions"), to the Agent designated by the Board of Directors. The Agent shall thereupon sell to a buyer or buyers selected by the Board of Directors in its sole and absolute discretion, which may include the Corporation, its affiliates, or its employees, Excess Securities transferred to it in one or more open-market or privately negotiated transactions; provided, however, that the Agent shall not be required to effect any such sale within any specific timeframe if, in the Agent's judgment, such sale or sales would disrupt the market for the Corporation Securities or adversely affect the Corporation; provided further, however, if the average price received for such sale or sales before commissions, spreads, and other expenses of sale is within 15 percent of a price at which the same type of Corporation Securities traded within the prior 60 days, then such sale price shall be deemed fair and reasonable for all purposes and, if not, such price shall be entitled to a rebuttable presumption of fairness and reasonableness. If the Purported Transferee has sold or otherwise disposed of Excess Securities before receiving the Corporation's demand to surrender Excess Securities to the Agent, the Purported Transferee shall be deemed to have sold the Excess Securities for the Agent, and shall be required to transfer to the Agent any Prohibited Distributions and proceeds of such sale, except to the extent that the Corporation grants written permission to the Purported Transferee to retain a portion of such sale proceeds not exceeding the amount that the Purported Transferee would have received from the Agent pursuant to Section 6(a) of this Article XV if the Agent rather than the Purported Transferee had sold or otherwise disposed of Excess Securities. Disposition of Excess Securities by the Agent pursuant to this Section 6(b) of this Article XV shall be deemed to occur simultaneously with the Prohibited Transfer to which the Excess Securities relate.

(c) The Agent shall apply any proceeds of a sale by it of Excess Securities and, if the Purported Transferee has previously sold or otherwise disposed of Excess Securities, any amounts received by it from a Purported Transferee, as follows: (i) first, such amounts shall be paid to the Agent to the extent necessary to cover its costs and expenses incurred in connection with its duties hereunder and the Corporation to the extent necessary to cover (x) its fees and expenses of counsel incurred pursuant to Section 6(d) of this Article XV for the institution of legal proceedings and (y) in the event that the Prohibited Transfer is not disregarded for federal income tax purposes, the value of the Tax Benefits lost by the Corporation arising out of the Prohibited Transfer to which the Excess Securities relate; (ii) second, any remaining amounts shall be paid to the Purported Transferee, up to the amount paid by the Purported Transferee for Excess Securities as and to the extent such amount has been established to the satisfaction of the Agent in its sole discretion; and (iii) third, any remaining amounts, subject to the limitations imposed by the following proviso, shall be paid to one or more organizations qualifying under Section 501(c)(3) of the Code (or any comparable successor provision) ("Section 501(c)(3)") selected by the Board of Directors; provided, however, that if the Excess Securities (including any Excess Securities arising from a previous Prohibited Transfer not sold by the Agent in a prior sale or sales), represent a 5% or greater Percentage Stock Ownership in any class of Corporation Securities, then any such remaining amounts to the extent attributable to the disposition of the portion of such Excess Securities exceeding a 5% Percentage Stock Ownership interest in such class shall be paid to two or more organizations qualifying under Section 501(c)(3) selected by the Board of Directors. The recourse of any Purported Transferee in respect of any Prohibited Transfer shall be limited to the amount payable to the Purported Transferee pursuant to clause (ii) of the preceding sentence.

(d) If the Purported Transferee fails to surrender the Excess Securities or the proceeds of a sale thereof to the Agent within 30 days from the date on which the Corporation makes a written demand pursuant to Section 6(b) of this Article XV, then the Corporation shall use its commercially reasonable efforts to enforce the provisions of this Article XV, including the institution of legal proceedings to compel such surrender.

(e) Anything herein to the contrary notwithstanding, the Agent shall not act or be treated as acting as an agent for or on behalf of the Purported Transferee or for or on behalf of the Corporation and shall have no right to bind any of them, in contract or otherwise, but shall act only to carry out the ministerial functions assigned to it in this Section 6 of this Article XV for which functions it shall be entitled to indemnification and advance of expenses pursuant to Article VI hereof.

(7) Board Authority.

(a) The Board of Directors shall have the power to determine, in its sole and absolute discretion, all matters necessary for assessing compliance with this Article XV, including, without limitation, (i) the identification of any Five-Percent Stockholder, (ii) whether a Transfer is a 5% Transaction, a Prohibited Transfer, or a Permitted Transfer, (iii) the Percentage Stock Ownership in the Corporation of any Five-Percent Stockholder, (iv) whether an instrument constitutes Corporation Securities, (v) the amount (or fair market value) due to a Purported Transferee pursuant to Section 6(c) of this Article XV, and (vi) any other matters which the Board of Directors determines, in its sole and absolute discretion, to be relevant; and the determination of the Board of Directors on such matters shall be conclusive and binding for all the purposes of this Article XV.

(b) Nothing contained herein shall limit the authority of the Board of Directors to take such other action, in its sole and absolute discretion, to the extent permitted by law as it deems necessary or advisable to protect the interests of the Corporation and any direct or indirect subsidiary thereof in preserving the Tax Benefit. Without limiting the generality of the foregoing, in the event of a change in law or Treasury Regulations making one or more of the following actions necessary or desirable, the Board of Directors may (i) accelerate the Restriction Release Date, (ii) increase or decrease the percentage ownership that triggers a Transfer restriction for one or more Persons and increase or decrease the percentage ownership that triggers a Transfer restriction for all other Persons, or (iii) modify the definitions of any terms set forth in this Article XV in accordance with such change in law or Treasury Regulations; provided that the Board of Directors shall determine, in its sole and absolute discretion, that such acceleration, increase or decrease, or modification is reasonably necessary or advisable to preserve the Tax Benefit under the Code and the Treasury Regulations thereunder or that the continuation of these restrictions is no longer reasonably necessary for the preservation of the Tax Benefit or otherwise deemed necessary or advisable to protect the interests of the Corporation and any direct or indirect subsidiary thereof.

(c) In the case of an ambiguity in the application of any of the provisions of this Article XV, including any definition contained in Section 2 of this Article XV, the Board of Directors shall have the power to determine, in its sole and absolute discretion, the application of the provisions of this Article XV with respect to any situation based on the facts and information known to, or believed by, it. In the event this Article XV requires an action by the Board of Directors and the charter of the Corporation fails to provide specific guidance with respect to such action, the Board of Directors shall have the power to determine, in its sole and absolute discretion, the action to be taken so long as such action is not contrary to the provisions of Sections 1, 2 or 3 of this Article XV.

(8) Miscellaneous. Any provision in this Article XV which is judicially determined to be prohibited, invalid, or otherwise unenforceable (whether on its face or as applied to a particular stockholder, transferee, or Transfer) under the laws of the State of Maryland shall be ineffective to the extent of such prohibition, invalidity, or unenforceability without prohibiting, invalidating, or rendering unenforceable the remaining provisions of this Article XV, which shall be thereafter interpreted as if the prohibited, invalid, or unenforceable part were not contained herein, and, to the maximum extent possible, in a manner consistent with preserving the use of the Tax Benefits without any Section 382 limitation by the Corporation or any direct or indirect subsidiary thereof.

(9) Securities Exchange or Over-the-Counter Market Transactions. Nothing in this Article XV shall preclude the settlement of any transaction entered into through the facilities of any national securities exchange on which any securities of the Corporation are listed or over-the-counter market on which any securities of the Corporation are quoted. The fact that the settlement of any transaction occurs shall not negate the effect of any other provision of this Article XV and any Purported Transferee in such a transaction shall be subject to all of the provisions and limitations set forth in this Article XV.

(10) Enforcement and Indemnification. The Corporation is authorized specifically to seek equitable relief, including injunctive relief, to enforce the provisions of this Article XV. Any Five-Percent Stockholder who violates this Article XV, and any Persons controlling, controlled by or under common control with such Five-Percent Stockholder, shall be jointly and severally liable to the Corporation for, and shall indemnify and hold the Corporation harmless against, any and all damages suffered as a result of such violation, including but not limited to damages resulting from a reduction in or elimination of the Corporation's ability to utilize its Tax Benefits, and attorneys' and auditors' fees incurred in connection with such violation.

(11) Non-Waiver. No delay or failure on the part of the Agent, Corporation, or the Board of Directors in exercising any right hereunder shall operate as a waiver of any right of the Agent, Corporation, or the Board of Directors, as the case may be, except to the extent specifically waived in writing.

(12) Notice to Corporation. Any Person who acquires or attempts to acquire Corporation Securities in excess of the limitations set forth in this Article XV shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may, in its sole and absolute discretion, request in order to determine the effect, if any, of such purported transfer on the preservation and usage of the Tax Benefits.

BEXIL CORPORATION

2017 Annual Report

BEXIL CORPORATION

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BEXIL CORPORATION
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New York, New York 10005
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April 13, 2018

Fellow Shareholders:

Bexil Corporation (“Bexil” or the “Company”) is a holding company primarily engaged through wholly-owned subsidiaries in investment management and securities trading as a market intermediary. The Company’s objective is to increase book value per share over time. We believe that long term stockholders will benefit from a rising book value as market recognition builds and investors come to appreciate Bexil’s intrinsic value as well.

2017 Book Value per Share, Net Income, and Return on Equity

Bexil’s shareholders’ book value at 2017 year end amounted to about \$19.6 million or \$21.96 per share, up from \$18.2 million or \$18.64 per share a year earlier, a per share increase of 17.8%. 2017 net income attributable to Bexil shareholders was \$1.90 million or \$2.02 per diluted share, as compared to 2016 net income of \$0.95 million or \$0.97 per diluted share. Dividing this 2017 net income by 2016 year end shareholders’ equity shows a 10.4% return on equity.

Consolidated Condition and Results

The Company’s year end consolidated balance sheet shows cash and securities totaling about \$18.5 million and total liabilities of \$1.4 million, but not its net deferred tax assets of about \$5.5 million since they have been fully reduced by a valuation allowance. The majority of these assets consists of the Company’s federal net operating loss carryovers of approximately \$18.2 million, which begin to expire in 2030. The balance sheet also reflects a net intangible asset of about \$2.16 million, which is the management agreement for an investment fund acquired by Bexil Advisers LLC (“Bexil Advisers”). The agreement was acquired in 2011 for a price of about \$4.33 million, when the fund’s assets were only about 40% of what they are today. That intangible asset has been amortizing since 2011 over a 12 year schedule by roughly \$0.36 million per year.

The Company’s consolidated income statement shows 2017 revenue of about \$3.92 million, compared to 2016 revenue of about \$3.43 million, an increase primarily from greater unrealized gains on investments in securities, totaling about \$1.36 million, as compared to approximately \$0.71 million in the prior year. Total consolidated expenses were about \$2.02 million in 2017, compared to about \$2.44 million in 2016, primarily due to reduced compensation and benefits expense.

The performance of the investment management and broker-dealer businesses is discussed below. Generally, 2017 saw investment management business revenue increase about 13% and broker-dealer revenue, which includes sizable unrealized gains on securities, rising about 25%, with about a 16% decline in overall expenses, leading to positive results for the Company.

Investment Management

The Company’s investment management operations are carried out by its wholly-owned subsidiary, Bexil Advisers, a Securities and Exchange Commission registered investment adviser. Bexil Advisers acts as the investment manager of Dividend and Income Fund (“DNI” or the “Fund”), a closed end investment company listed on the New York Stock Exchange under the ticker symbol DNI (and net asset value per share ticker symbol XDNIX). Certain officers and managers of Bexil Advisers are also officers and trustees of the Fund. Under Bexil Advisers’ management, the Fund’s 2017 total return on a net asset value basis was 24.09%. After distributions and reinvestments, the Fund’s total net assets rose to about \$179 million at 2017 calendar year end from roughly \$151 million at the end of 2016.

The Fund has retained Bexil Advisers pursuant to an investment management agreement (the “IMA”). Under the terms of the IMA, Bexil Advisers receives a fee payable monthly for investment advisory services at an annual rate of 0.95% of the Fund’s managed assets. “Managed assets” means the average weekly value of the Fund’s total assets minus the sum of the Fund’s liabilities, which liabilities exclude debt relating to leverage, short term debt, and the aggregate liquidation preference of any outstanding preferred stock. By dividing the Fund’s investment management expense shown on its 2017 audited statements of operations, dated December 31, by this annual fee rate we can estimate that such managed assets in 2017 and 2016 averaged about \$172 million and \$148 million, respectively.

Management fees earned by Bexil Advisers were approximately \$1.63 million, as compared to approximately \$1.41 million in 2016. Pursuant to the IMA, the Fund also reimburses Bexil Advisers for providing at cost certain administrative services comprised of compliance and accounting services. For 2017, the Fund's reimbursements of such costs were about \$262,000, of which roughly \$170,000 and \$92,000 was for compliance and accounting services, respectively. Bexil Advisers' expenses in 2017 are estimated at approximately \$1.3 million, compared to approximately \$1.2 million in 2016.

On January 29, 2018, the Fund announced the completion and results of its non-transferable rights offering to shareholders of record on December 26, 2017. The offer commenced on December 27, 2017 and expired on January 26, 2018. The offer resulted in total gross proceeds of approximately \$23.5 million.

Broker-Dealer

Bexil Securities LLC ("Bexil Securities") may engage in trading securities for its own account and act as a mutual fund underwriter or sponsor. Its trading generated about \$49,000 in realized gains in 2017, as compared to about \$54,000 in 2016. In addition, in 2017 and 2016 Bexil Securities acquired, respectively, about 32,000 and 73,000 shares of DNI, through participation in the Fund's dividend reinvestment plan. At December 31, 2017, Bexil Securities owned approximately 892,000 shares, or 8.3%, of the Fund with a carrying value of about \$12.0 million, as compared to 2016 year end's 8.1% with a carrying value of about \$10.2 million. Bexil Securities also participated in the DNI rights offering that expired on January 26, 2018, acquiring another 190,000 shares at \$14.20 per share and bringing its DNI holding to about 1,082,000 shares. Overall in 2017, from its proprietary trading account Bexil Securities recorded approximately \$1.36 million of net unrealized gains and \$0.58 million of earned dividends and interest, as compared to 2016's \$0.77 million and \$0.82 million, respectively. Its expenses in 2017 are estimated at approximately \$192,000, compared to approximately \$130,000 in 2016.

Bexil American Mortgage Inc.

Bexil American Mortgage Inc. continues to deal with its discontinued mortgage business by negotiating and settling claims by and against the corporation, paying and collecting payables and receivables, maintaining records, and responding to regulatory, legal, customer, or other inquiries for information, as applicable. Bexil American is also devoting management time and resources to developing and monetizing its intellectual property, including domain names and registered service marks. As of December 31, 2017, Bexil owns about 92% of Bexil American's equity which, unconsolidated, has a negative book value.

Bexil Stock

The Company calculated 911,796 basic and 938,202 diluted weighted average shares of common stock outstanding over 2017, as compared to 980,094 basic and 980,557 diluted weighted average shares over 2016. In 2017 the Company agreed to buy back a total of 92,665 shares at an average price of about \$7.81. The stock's market price, quoted in the over the counter market under the ticker symbol BXLC, fluctuated in 2017 between about \$7.50 and \$12.80 per share, with a last sale in the year at about \$12.25 per share, as compared to about \$10.00 in 2016. Trading volume in 2017 for BXLC was approximately 117,000 shares, compared to 2016 volume of approximately 374,000 shares.

Outlook

Our investment management and broker-dealer businesses are dependent in large part on the health of the financial markets. In summary, the U.S. economy appears to be growing sluggishly during a period of strengthening employment and mild inflation, which suggests that investors might anticipate favorable markets ahead, although certain signs of speculative excess, such as cryptocurrencies and growing systemic leverage, indicate a cautious approach might be in order for 2018.

On behalf of management and affiliates owning over 30% of Bexil's shares, we thank you for investing with us in Bexil.

Sincerely,

Thomas B. Winmill

President

Safe Harbor Note

This letter and annual report contains certain “forward looking statements” made pursuant to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Bexil, which may cause the Company’s actual results to be materially different from those expressed or implied by such statements. Investors should carefully consider the risks, uncertainties and other factors, together with all of the other information included in this letter and annual report, at <http://www.bexil.com/cautionary-language.html>, and similar information. The forward looking statements made herein are only made as of the date of this letter and annual report, and the Company undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Bexil Corporation (the "Company") (a Maryland corporation), which comprise the consolidated balance sheet as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bexil Corporation as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


TAIT, WELLER, & BAKER LLP

Philadelphia, Pennsylvania
April 26, 2018

BEXIL CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and cash equivalents	\$ 3,213,551	\$ 1,671,550
Investments in securities	15,268,998	15,153,765
Accounts receivable	195,435	165,221
Intangible asset, net	2,162,500	2,522,916
Total assets	<u>\$ 20,840,484</u>	<u>\$ 19,513,452</u>
Liabilities and equity		
Accounts payable and accrued expenses	\$ 1,374,148	\$ 1,455,288
Repurchase reserve	—	15,000
Total liabilities	<u>1,374,148</u>	<u>1,470,288</u>
Commitments and Contingencies		
Equity		
Bexil Corporation shareholders' equity		
Common stock, \$0.01 par value, 9,900,000 shares authorized; 893,903 issued and outstanding at December 31, 2017 and 977,168 issued and outstanding at December 31, 2016	8,939	9,772
Series A participating preferred stock, \$0.01 par value, 100,000 shares	—	—
Additional paid in capital	15,351,296	15,946,513
Notes receivable for common stock issued	(1,173,671)	(1,295,746)
Accumulated comprehensive income (loss)	(2,790)	2,088
Retained earnings	5,448,164	3,550,897
Total Bexil Corporation shareholders' equity	<u>19,631,938</u>	<u>18,213,524</u>
Noncontrolling interests in subsidiary	<u>(165,602)</u>	<u>(170,360)</u>
Total equity	<u>19,466,336</u>	<u>18,043,164</u>
Total liabilities and equity	<u>\$ 20,840,484</u>	<u>\$ 19,513,452</u>

See notes to consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Management and other fees	\$ 1,839,555	\$ 1,617,175
Dividends and interest	629,467	841,766
Realized gain on investments in securities	48,419	252,325
Unrealized gain (loss) on investments in securities	1,355,050	713,955
Other	48,737	—
	3,921,228	3,425,221
Expenses		
Compensation and benefits	1,405,041	1,702,026
General and administrative	482,063	483,027
Professional services	129,439	250,747
	2,016,543	2,435,800
Income before taxes	1,904,685	989,421
Income tax expense	2,660	33,399
Net income	1,902,025	956,022
Net income attributable to noncontrolling interests	4,758	6,772
Net income attributable to Bexil Corporation shareholders	\$ 1,897,267	\$ 949,250
 Net income per share		
Basic, attributable to Bexil Corporation shareholders	\$ 2.08	\$ 0.97
Diluted attributable to Bexil Corporation shareholders	\$ 2.02	\$ 0.97
Weighted average shares outstanding		
Basic	911,796	980,094
Diluted	938,202	980,557

See notes to consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2017 and 2016

	2017	2016
Net income before noncontrolling interests	\$ 1,902,025	\$ 956,022
Other comprehensive gain, net of tax		
Unrealized gain (loss) on investment securities available-for-sale, net of tax	(4,878)	2,261
Other comprehensive gain (loss), net of tax	(4,878)	2,261
Comprehensive income	1,897,147	958,283
Comprehensive income attributable to noncontrolling interests	4,758	6,772
Comprehensive income attributable to Bexil Corporation shareholders	\$ 1,892,389	\$ 951,511

See notes to consolidated financial statements.

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
Years Ended December 31, 2017 and 2016

	Par Value Common Stock	Additional Paid in Capital	Notes Receivable for Common Stock Issued	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Non- controlling Interest	Total Equity
Balance at December 31, 2015	\$ 9,802	\$ 15,759,653	\$ (1,427,466)	\$ (173)	\$ 2,601,647	\$ (177,132)	\$ 16,766,331
Net income	—	—	—	—	949,250	6,772	956,022
Unrealized gain on investment securities available-for-sale	—	—	—	2,261	—	—	2,261
Stock-based compensation expense	—	256,580	—	—	—	—	256,580
Rescission of common stock options exercised	(30)	(69,720)	69,720	—	—	—	(30)
Repayment of promissory notes	—	—	62,000	—	—	—	62,000
Balance at December 31, 2016	9,772	15,946,513	(1,295,746)	2,088	3,550,897	(170,360)	18,043,164
Net income	—	—	—	—	1,897,267	4,758	1,902,025
Unrealized loss on investment securities available-for-sale	—	—	—	(4,878)	—	—	(4,878)
Stock-based compensation expense	—	71,024	—	—	—	—	71,024
Common stock issued with exercise of stock options	170	134,470	(44,352)	—	—	—	90,288
Common stock repurchases and rescissions	(1,003)	(800,711)	91,227	—	—	—	(710,487)
Repayment of promissory notes	—	—	75,200	—	—	—	75,200
Balance at December 31, 2017	\$ 8,939	\$ 15,351,296	\$ (1,173,671)	\$ (2,790)	\$ 5,448,164	\$ (165,602)	\$ 19,466,336

See notes to consolidated financial statements

BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Net income	\$ 1,902,025	\$ 956,022
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Purchase of investment securities, trading	(5,816,373)	(5,275,419)
Proceeds on sales of investment securities, trading	5,875,245	2,503,062
Stock-based compensation expense	71,024	256,580
Realized gain on investments in securities	(48,419)	(252,325)
Unrealized gain on investments in securities	(1,355,050)	(714,044)
Amortization	360,416	360,417
(Increase) decrease in accounts receivable	(30,214)	287,590
Decrease in accounts payable and accrued expenses	(81,140)	(418,460)
Decrease in repurchase reserves	(15,000)	—
Net cash provided by (used in) operating activities	862,514	(2,296,577)
Cash flows from investing activities		
Purchase of investment securities, available-for-sale	(735,000)	(2,940,000)
Proceeds on sale investment securities, available-for-sale	1,959,486	1,736
Net cash provided by (used in) investing activities	1,224,486	(2,938,264)
Cash flows from financing activities		
Common stock issued upon exercise of stock options	90,288	—
Proceeds from promissory notes accepted for common stock issued	75,200	62,000
Common stock repurchases	(710,487)	—
Purchase of subordinated debt convertible to stock of subsidiary	—	(60,026)
Net cash (used in) provided by financing activities	(544,999)	1,974
Net increase (decrease) in cash and cash equivalents	1,542,001	(5,232,867)
Cash and cash equivalents, beginning of year	1,671,550	6,904,417
Cash and cash equivalents, end of year	\$ 3,213,551	\$ 1,671,550
Supplemental disclosures		
Interest paid	\$ 4,620	\$ 76
Income taxes paid	\$ 28,157	\$ 33,399
Effect of rescission of stock options:		
Notes receivable for common stock issued	\$ 39,427	\$ 69,720

See notes to consolidated financial statements.

BEXIL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. THE COMPANY

Bexil Corporation (“Bexil” or the “Company”) is a holding company primarily engaged through wholly-owned subsidiaries in investment management and securities trading as a market intermediary. The Company was incorporated in Maryland in 1996.

The following are the Company’s operating subsidiaries, all of which are wholly owned except where indicated:

Bexil Advisers LLC (“Bexil Advisers”) is a Maryland limited liability company and is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Pursuant to an investment management agreement (“IMA”), Bexil Advisers acts as the investment manager of Dividend and Income Fund (“DNI”), a registered closed end investment company listed on the New York Stock Exchange under the ticker symbol DNI.

Bexil Securities LLC (“Bexil Securities”) is a Maryland limited liability company and is a registered broker-dealer under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Bexil Securities may engage in trading securities for its own account and act as a mutual fund underwriter or sponsor.

Bexil American Mortgage Inc. (“Bexil American”) is a Delaware corporation 92% owned by the Company. Bexil American deals with its discontinued mortgage business by negotiating and settling claims by and against the corporation, paying and collecting payables and receivables, maintaining records, and responding to regulatory, legal, customer, or other inquiries for information, as applicable. Bexil American also is engaged in developing and monetizing its intellectual property, including domain names and a registered service mark.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the financial position, results of operations, and cash flows of the Company and its wholly and majority owned subsidiaries in which the Company has direct or indirect controlling financial interests. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). All material intercompany balances and transactions have been eliminated in consolidation.

The third party holdings of equity interests in the Company’s consolidated subsidiaries that are less than wholly owned are presented as non-controlling interests in subsidiaries in the consolidated financial statements. The portion of net income (loss) attributable to the non-controlling interests for such subsidiaries is presented as net income (loss) attributable to non-controlling interests in subsidiaries in the Consolidated Statements of Comprehensive Income, and the portion of total equity of such subsidiaries is presented as non-controlling interests in subsidiaries in the Consolidated Balance Sheets and Consolidated Statements of Changes in Equity.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments, and may include, among other things, money market fund shares purchased with an original maturity of three months or less. The carrying amount reported on the balance sheets for cash and cash equivalents approximates fair value.

Earnings Per Share

Basic earnings per share attributable to Bexil shareholders is calculated by dividing net gain or loss attributable to Bexil shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share attributable to Bexil shareholders is calculated by dividing net gain or loss attributable to Bexil shareholders by the weighted average number of common shares used in the basic earnings per share calculation plus the dilutive effect of stock options. The dilutive effect of stock options is determined using the treasury stock method, whereby exercise is assumed at the beginning of the reporting period, the proceeds from such exercise are assumed to be used to purchase common stock at the average market price during the period, and the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share calculation.

Stock options will have a dilutive effect under the treasury stock method only when the average market price of the common stock during the period exceeds the exercise price of the option (“in the money options”). Stock options outstanding with an exercise price higher than the average stock price for the periods presented (“out of the money options”) are excluded from the calculation of diluted net income per share since the effect would have been anti-dilutive under the treasury stock method.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Net income attributable to Bexil shareholders	\$1,897,267	\$949,250
Net income per share		
Basic, attributable to Bexil shareholders	\$ 2.08	\$ 0.97
Diluted attributable to Bexil shareholders	\$ 2.02	\$ 0.97
Weighted average shares outstanding		
Basic	911,796	980,094
Diluted	938,202	980,557

Intangible Asset

The intangible asset of the Company on the Consolidated Balance Sheets is the IMA between Bexil Advisers and DNI. The Company has assigned the IMA acquired in 2011 a useful life of twelve years after considering, among other factors, the renewal or extension of the term of the arrangement, consistent with its expected use of the asset.

There was no impairment of the IMA intangible asset during 2017 or 2016.

Income Taxes

The Company records the current and deferred tax consequences of all transactions that have been recognized in the financial statements in accordance with the provisions of the enacted tax laws. Deferred tax assets are recognized for temporary differences that will result in deductible amounts in future years. Deferred tax liabilities are recognized for temporary differences that will result in taxable income in future years. The Company records a valuation allowance, when necessary, to reduce deferred tax assets to an amount that more likely than not will be realized.

The Company has reviewed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on federal, state, and local income tax returns for open tax years (2014 – 2016) or expected to be taken in the Company's 2017 tax returns.

Investments in Securities

Investments in equity securities that have readily determinable fair values are accounted for as either trading or available-for-sale. Trading securities are typically bought and held principally for the purpose of selling them in the near term. Purchases and sales of trading securities are classified as operating activities on the Consolidated Statements of Cash Flows based on the nature and purpose for which the securities were acquired. Available-for-sale securities are all other investments in equity securities not accounted for as trading. Trading and available-for-sale securities are measured at fair value. Gains or losses from changes in the fair value of trading securities are included in income, and gains or losses from changes in the fair value of available-for-sale securities are recorded in accumulated other comprehensive income, net of tax, until the investment is sold or otherwise disposed of, or until the investment is determined to be other-than-temporarily impaired, at which time the cumulative gain or loss previously reported in equity is included in income. The specific identification method is used to determine the realized gain or loss on investments sold or otherwise disposed.

Fair value is determined using a valuation hierarchy generally by reference to an active trading market, using quoted closing or bid prices. Judgment is used to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive.

The Company periodically evaluates the carrying value of investment in securities for impairment. The Company considers, among other factors, the duration and extent of any decline in fair value, the intent and ability of the Company to hold the security for a period of time sufficient for a recovery in value, and recent events specific to the issuer or industry. If the decline in value is determined to be other-than-temporary, the carrying value of the security is written down to fair value through the income statement.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and amortization. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization is calculated using the straight-line method over the estimated useful life of the asset. Leasehold improvements are amortized using the straight line method over the shorter of the lease term or estimated useful life of the asset. The estimated useful lives of the major

classifications of property and equipment are as follows: office equipment, 3-7 years; leasehold improvements, shorter of lease term or useful life, generally 1-2 years.

Regulation

Bexil Advisers is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser under the Advisers Act. Bexil Securities is registered as a broker-dealer under the Exchange Act and a member of FINRA and the Securities Investor Protection Corporation.

Revenue Recognition

The Company recognizes revenue from management and other fees consisting of payments for investment management and administrative services performed by Bexil Advisers pursuant to the IMA with DNI. Under the terms of the IMA, DNI pays Bexil Advisers a fee monthly for investment management services based on a percentage of assets under management and reimburses it monthly for providing at cost certain administrative services comprised of compliance and accounting services. Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for services provided in the normal course of business. Revenue is generally accrued over the period for which the service is provided.

Stock-based Compensation

The Company accounts for stock-based compensation expense using the fair value method. Under the fair value method, stock-based compensation expense reflects the fair value of stock-based awards measured at grant date, is recognized over the relevant service period, and is adjusted each period for anticipated forfeitures. The fair value of each option award grant is separately estimated for each grant date using the Black-Scholes option pricing model. The Black-Scholes option pricing model incorporates assumptions as to price volatility, dividend yield, an appropriate risk-free interest rate, and the expected life of the option. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. Stock-based compensation expense is generally amortized on a straight line basis between the grant date for the award and each vesting date.

Concentration of Credit and Other Risks

The Company and its subsidiaries maintain cash and cash equivalents in accounts with various financial institutions, and at times, account balances may exceed federally insured limits. They have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk.

Subsequent Events

Management has evaluated the effect of subsequent events through April 26, 2018, which is the date the consolidated financial statements were available to be issued. There were no events that require adjustment of, or disclosure in, the consolidated financial statements for the year ended December 31, 2017.

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could materially differ from management’s estimates.

3. INVESTMENTS IN SECURITIES

Investments in securities as of December 31, 2017 and 2016 consisted of the following:

December 31, 2017	Cost Basis	Gross Unrealized		Value
		Gains	Losses	
Investment securities, trading				
Closed end funds	\$ 11,548,139	\$ 431,004	\$ —	\$ 11,979,143
Certificates of deposit	940,000	—	(1,055)	938,945
Equity securities	670,089	—	(31,388)	638,701
	<u>13,158,228</u>	<u>431,004</u>	<u>(32,443)</u>	<u>13,556,789</u>
Investment securities, available-for-sale				
Certificates of deposit	1,715,000	—	(2,791)	1,712,209
Total investment in securities	<u>\$ 14,873,228</u>	<u>\$ 431,004</u>	<u>\$ (35,234)</u>	<u>\$ 15,268,998</u>
December 31, 2016	Cost Basis	Gross Unrealized		Value
Investment securities, trading				
Closed end funds	\$ 11,156,264	\$ —	\$ (963,970)	\$ 10,192,294
Certificates of deposit	1,325,000	2,049	—	1,327,049
Equity securities	686,903	5,432	—	692,335
	<u>13,168,167</u>	<u>7,481</u>	<u>(963,970)</u>	<u>12,211,678</u>
Investment securities, available-for-sale				
Certificates of deposit	2,940,000	2,087	—	2,942,087
Total investment in securities	<u>\$ 16,108,167</u>	<u>\$ 9,568</u>	<u>\$ (963,970)</u>	<u>\$ 15,153,765</u>

4. FAIR VALUE MEASUREMENTS

The use of fair value to measure the financial instruments held by the Company and its subsidiaries is fundamental to its consolidated financial statements and is a critical accounting estimate because a substantial portion of its assets and liabilities are recorded at estimated fair value. The application of fair value measurements may be on a recurring or nonrecurring basis depending on the accounting principles applicable to the specific asset or liability or whether management has elected to carry the item at its estimated fair value.

The hierarchy of valuation techniques is based on whether the inputs to those techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 — Quoted prices in active markets for identical instruments or liabilities.

Level 2 — Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of the Company. These may include quoted prices for similar assets and liabilities, interest rates, prepayment speeds, credit risk, and market-corroborated inputs.

Level 3 — Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Company's own assumptions about the factors that market participants use in pricing an asset or liability and are based on the best information available in the circumstances.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when estimating fair value. The valuation method used to estimate fair value may produce a fair value measurement that may not be indicative of ultimate realizable value. Furthermore, while management believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methods or assumptions to estimate the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such loans or investments existed, or had such loans or investments been liquidated, and those differences could be material to the financial statements.

Investments in securities. Investments in securities consist of shares of closed end management investment companies, general equities, and certificates of deposit. The value of the closed end management investment companies and general equities is based on a traded market price and is considered to be a level 1 measurement, and the value of certificates of deposit is based on over-the-counter quotations and is considered to be a level 2 measurement.

The financial assets and liabilities held by the Company and its subsidiaries that were measured at fair value were as of December 31, 2017 and 2016 as follows:

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Investment in securities				
Closed end fund	\$ 11,979,143	\$ —	\$ —	\$ 11,979,143
Equity securities	638,701	—	—	\$ 638,701
Certificates of deposit	—	2,651,154	—	2,651,154
Total assets at fair value	\$ 12,617,844	\$ 2,651,154	\$ —	\$ 15,268,998
December 31, 2016				
Assets				
Investment in securities				
Closed end fund	\$ 10,192,294	\$ —	\$ —	\$ 10,192,294
Equity securities	692,335	—	—	\$ 692,335
Certificates of deposit	—	4,269,136	—	4,269,136
Total assets at fair value	\$ 10,884,629	\$ 4,269,136	\$ —	\$ 15,153,765

5. MORTGAGE LOANS HELD-FOR-SALE

Repurchase reserve activity for previously sold loans for the years ended December 31, 2017 and 2016 was as follows:

December 31,	2017	2016
Beginning balance	\$ 15,000	\$ 30,000
Settlements	—	—
Provision for repurchases	(15,000)	(15,000)
Ending balance	\$ —	\$ 15,000

6. INTANGIBLE ASSET

As of December 31, 2017, the intangible asset of the Company on the Consolidated Balance Sheets is the IMA between Bexil Advisers and DNI. The IMA was acquired in 2011 for \$4,325,000 and the Company has assigned it a useful life of twelve years after considering, among other factors, the renewal or extension of the term of the arrangement, consistent with its expected use of the asset. Accordingly, the Company amortizes the IMA over 12 years beginning on January 1, 2011 at \$360,417 per year.

There was no impairment of the IMA intangible asset during 2017 or 2016.

The following table presents the intangible assets of the Company and its subsidiaries as of December 31, 2017 and 2016:

December 31, 2017	Gross Book Value	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period (Years)
Investment management contract	\$4,325,000	\$ (2,162,500)	\$ 2,162,500	6
December 31, 2016				
Investment management contract	\$4,325,000	\$ (1,802,084)	\$ 2,522,916	7

As of December 31, 2017, estimated future amortization expense of the IMA is as follows:

<u>Year ending December 31,</u>	
2018	\$ 360,417
2019	360,417
2020	360,417
2021	360,417
2022	360,417
Thereafter	360,415
	<u>\$2,162,500</u>

7. STOCK-BASED COMPENSATION

The Company has a long term stock incentive plan intended to facilitate the use of equity based incentives and rewards for officers, employees, directors, and consultants of the Company and its affiliates. On August 6, 2014 (“Effective Date”), the shareholders of the Company approved the 2014 Stock Incentive Plan (the “2014 Plan”). Awards under the 2014 Plan may include incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, deferred stock, and other stock-based awards. The Board of Directors determines the terms and conditions of awards under the 2014 Plan. The exercise price per share of common stock purchasable under a stock option grant may not be less than 110% of the fair market value on the date of grant. The total number of shares of common stock reserved and available for issuance under the 2014 Plan shall be (i) 15% of the number of outstanding shares of Bexil common stock as of the Effective Date, plus (ii) 15% of the number of shares of common stock issued or delivered by the Company during the term of the 2014 Plan (other than pursuant to the 2014 Plan, or other benefit plans of the Company); provided, however, that the total number of shares of common stock with respect to which incentive stock options may be granted shall in no event exceed 15% of the total number of authorized shares of Company common stock as of the Effective Date. As of the Effective Date, the number of outstanding common shares was 982,245 and the total number of authorized shares of the Company common stock was 9,900,000.

The 2014 Plan replaced the Company’s former stock-based compensation plan, the 2011 Stock Incentive Plan (the “2011 Plan”). No future awards may be granted under the 2011 Plan, although any previously issued options granted under the 2011 Plan remain effective until either they expire, are forfeited, or are exercised. Under the 2011 Plan, the Board of Directors determined the terms and conditions of awards and the exercise price per share of common stock purchasable under a stock option grant could not be less than 110% of the fair market value on the date of grant. The 2011 Plan provided for the granting of a maximum 152,639 options to purchase common stock.

On June 22, 2016, the Board of Directors approved the re-pricing of substantially all previously granted stock options, which previously granted stock options had higher option exercise prices (the “Modification”). The exercise price of the modified options was 113% of the fair market value on the Modification date and all other terms of the option grant including number of options granted, vesting, and expiration remained the same. The Company recognized additional compensation expense from the Modification of approximately \$81,000.

The Company granted 2,000 options at an exercise price of \$12.10 for the year ended December 31, 2017 and 71,100 options at an exercise price of \$7.71 to \$8.24 for the year ended December 31, 2016. The grant date fair value of the options issued was \$5.62 to \$5.80 and \$2.57 to \$3.83 per option for the years ended December 31, 2017 and 2016, respectively.

A summary of the stock options activity for the years ended December 31, 2017 and 2016 is as follows:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>
Balance, December 31, 2015	141,139	\$ 15.34
Granted	71,100	\$ 7.72
Forfeited	(45,875)	\$ 16.08
Balance, December 31, 2016	166,364	\$ 8.29
Granted	2,000	\$ 12.10
Exercised	(17,000)	\$ 7.92
Forfeited	(21,200)	\$ 11.27
Balance, December 31, 2017	<u>130,164</u>	\$ 7.91

At December 31, 2017 and 2016, exercisable and vested stock options were 95,764 and 121,164, respectively. The weighted average exercise price of the exercisable outstanding stock options at December 31, 2017 and 2016 was \$7.91 and \$8.48, respectively. There were no options exercised during 2016.

Stock options outstanding and exercisable at December 31, 2017 are as follows:

<u>Exercise Price</u>	<u>Options Outstanding</u>	<u>Weighted Average Remaining Contractual Life (in years)</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercise Price of Exercisable Options</u>
\$7.71 to \$8.81	128,164	3.2	95,764	\$ 7.87
\$12.10	2,000	9.5	1,000	\$ 12.10
	<u>130,164</u>	3.3	<u>96,764</u>	\$ 7.91

At December 31, 2017, the aggregate intrinsic value of outstanding options was \$183,869.

A summary of the methodology applied to develop each assumption used in determining the fair value of options granted by applying the Black-Scholes option pricing valuation model is as follows:

<u>Fair value</u>	<u>2017</u>	<u>2016</u>
Expected price volatility	58.1% - 60.4%	66.9% - 56.6%
Risk-free interest rate	1.8% - 1.9%	1.0% - 1.5%
Weighted average expected life in years	5.2 - 6.0	5.0 - 5.7
Dividend yield	0%	0%

The expected price volatility is based on the Company's historical stock prices over the most recent period commensurate with the estimated expected life of the award. The expected life is the period of time the option holders are expected to hold the options, including the vesting period, and is based, in part, on actual experience with other grants. The expected dividend yield, excluding any special dividends that the Company may declare from time to time, 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.

For the years ended December 31, 2017 and 2016, the total stock-based compensation was \$71,024 and \$256,580, respectively.

As of December 31, 2017, the total compensation expense related to non-vested awards which are expected to vest but not yet recognized is \$55,969 with an expense recognition period of approximately 3 years.

The exercise of stock options may result in a tax deduction before the actual realization of the related tax benefit because in a year in which the Company has a current year net operating loss. The tax benefit and a credit to additional paid in capital for the excess deduction will not be recognized until that deduction reduces taxes payable.

8. INCOME TAXES

The income tax provision (benefit) consisted of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Current provision:		
Federal	\$ (24,242)	\$ —
State and local	26,902	33,399
Total current provision	<u>2,660</u>	<u>33,399</u>
Deferred provision (benefit):		
Federal	\$ —	\$ —
State and local	—	—
Total deferred provision	<u>-</u>	<u>—</u>
Total provision for income taxes	<u>\$ 2,660</u>	<u>\$ 33,399</u>

Deferred tax assets consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Deferred tax assets (liabilities):		
Net operating losses	\$ 3,995,041	\$ 6,054,995
Capital loss	704,454	1,057,078
Section 195 start-up costs	374,081	609,946
Death benefit liability	343,383	505,583
Unrealized (gain) loss on investments	(127,797)	431,150
Stock-based compensation	100,459	196,419
Basis difference in intangibles	56,183	47,014
Other accruals	24,735	56,163
Loan loss reserve	—	6,747
Total deferred tax assets, net	<u>5,470,539</u>	<u>8,958,348</u>
Valuation allowance	<u>(5,470,538)</u>	<u>(8,965,095)</u>
Net	<u>\$ —</u>	<u>\$ —</u>

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “TCJA”) was signed into law making significant changes to the Internal Revenue Code. Among other things, the TCJA reduces the federal corporate tax rate from 35% to 21%, effective for tax years beginning after December 31, 2017. The change in the federal tax rate required the Company to remeasure its deferred tax assets and its valuation allowance, resulting in a decrease to both the deferred tax asset, the corresponding valuation allowance. The Company had an effective tax rate of and a federal statutory rate of 35%, with the difference being attributable to the utilization of net operating loss carryovers which were fully provided for in the valuation allowance.

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The Company has evaluated the available evidence supporting the realization of its gross deferred tax assets, including the amount and timing of future taxable income, and has determined that, based on net losses to date, it may not utilize all of its deferred tax assets in the future. Therefore, the Company has established a full valuation allowance against all of its deferred tax assets.

As of December 31, 2017, the Company has federal net operating loss carryovers of approximately \$18.2 million. These losses will begin to expire in 2030.

The utilization of net operating loss carryovers may be subject to limitations under provision of the Internal Revenue Code Section 382 and similar state provisions.

ASC 740-10, Accounting for Uncertain Tax Positions, requires that the Company recognize the impact of tax positions in the financial statements if the position is more likely than not to be sustained upon examination and on the technical merits of the position. The Company's policy is to recognize interest accrued related to unrecognized tax benefits and penalties as income tax expense. The Company has no material uncertain tax positions at December 31, 2017. Consequently, no interest or penalties have been accrued by the Company.

The Company is subject to taxation in the U.S. and various state jurisdictions. The Company is no longer subject to federal examination for years before 2014.

9. CAPITAL STOCK

The Company is authorized to issue 9,900,000 shares of \$0.01 par value common stock. The Company also has 100,000 shares of Series A participating preferred stock, \$0.01 par value, authorized, of which none has been issued.

Changes in the number of shares of common stock outstanding for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Shares outstanding, beginning of year	977,168	980,168
Common stock issued with exercise of stock options	11,400	—
Common stock repurchased and retired	(92,665)	(3,000)
Rescission of common stock	(2,000)	—
Shares outstanding, end of year	<u>893,903</u>	<u>977,168</u>

10. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated ("Winco"), Tuxis Corporation ("Tuxis"), Global Self Storage, Inc. ("SELF"), and their affiliates (collectively with Bexil, the "Affiliates"). At December 31, 2017, Winco owned approximately 25%, 19%, and 2%, respectively, of the outstanding common stock the Company, Tuxis, and SELF. Pursuant to an arrangement between a professional employer organization ("PEO") and the Affiliates, the PEO provides payroll, benefits, compliance, and related services for employees of the Affiliates in accordance with applicable rules and regulations of the Internal Revenue Service, and in connection therewith Midas Management Corporation ("MMC"), a subsidiary of Winco, acts as a conduit payer of compensation and benefits to Affiliate employees including those who are concurrently employed. The Company had a payable of \$24,089 and a receivable of \$15,445 as of December 31, 2017 and 2016, respectively, with MMC relating to compensation and benefit expenses.

Rent expense of concurrently used office space and overhead expenses for various concurrently used administrative and support functions incurred by the Affiliates are allocated at cost among the Affiliates. The Company's allocated rent and overhead costs were \$82,078 and \$103,133 for the years ended December 31, 2017 and 2016, respectively, and it had a related payable for these costs of \$1,769 at December 31, 2017 and \$623 at December 31, 2016.

Bexil Securities owns approximately 8% of the shares of DNI with a carrying value of \$11,979,143 and \$10,192,294 as of December 31, 2017 and 2016, respectively, and earned dividends of \$525,670 and \$814,874 for the years ended December 31, 2017 and 2016, respectively. Certain officers and directors of the Company are also officers and/or trustees of DNI.

The Company has accepted promissory notes from directors, officers, and employees in connection with their exercise of stock options to purchase the common stock of the Company. The notes have nine year maturities and bear interest at 1.65% per annum payable semiannually. The notes, as well as accrued interest thereon, may be prepaid in part or in full at any time or from time to time without penalty. In the event of default in the payment of principal or interest, the full principal amount and any accrued and unpaid interest shall be immediately due and payable. The outstanding principal balance was \$1,173,670 and \$1,295,746, as of December 31, 2017 and 2016, respectively. As of December 31, 2017, \$1,173,671 is due and payable in 2022. The Company earned interest income of \$20,496 and \$21,481 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017, the Company owned approximately 92% of Bexil American's outstanding stock which includes common and Series A preferred stock. The preferred stock is convertible participating preferred stock that includes: a dividend, if any, equal to the dividend payable for an equivalent number of shares of common stock; a liquidation price and preference equal to the purchase price

of the preferred stock, or the purchase price of common stock converted to such preferred stock, and all accrued but unpaid dividends; voting rights equal to the voting right of common stock; the option of the holder to convert each share to a share of common stock at any time; and, full ratchet anti-dilution protection, subject to certain customary exclusions.

11. EMPLOYEE BENEFIT PLAN

The Affiliates participate in a 401(k) retirement savings plan for substantially all qualified employees. A matching expense based upon a percentage of contributions to the plan by eligible employees is incurred and allocated among the Affiliates. The matching expense is accrued and funded on a current basis and may not exceed the amount permitted as a deductible expense under the Internal Revenue Code. The Company's allocated matching expense under the plan was \$34,562 and \$36,124 for the years ended December 31, 2017 and 2016, respectively.

12. REGULATORY REQUIREMENTS

Bexil Securities, a registered broker-dealer, is subject to the Uniform Net Capital Rule under Rule 15c3-1 of the Exchange Act, which requires broker-dealers to maintain a minimum level of net capital, as defined. As of December 31, 2017, Bexil Securities had net capital of \$7,168,417, which exceeded its \$100,000 required minimum capital by \$7,068,417.

13. STOCKHOLDER RIGHTS PLAN

The Board of Directors has adopted a stockholder rights plan pursuant to a Rights Agreement dated November 10, 2005 (the "Rights Agreement") and other action. 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 \$0.01 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 \$0.01 per share. The rights were distributed as a non-taxable dividend. 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.

On November 11, 2011, in consideration of a Standstill Agreement providing, among other things, that the Boulderado Group (as defined in the Standstill Agreement) does not acquire equal to or greater than 15.0% of the common stock of the Company, the Company entered into a First Amendment to the Rights Agreement (the "Amendment") to exclude the Boulderado Group (as defined in the Amendment) from being deemed an "Acquiring Person" as defined in the Rights Agreement and to extend the "Final Expiration Date" of the Rights Agreement from November 21, 2016 until November 21, 2020. The parties entered into a First Amendment to the Standstill Agreement, dated as of June 1, 2012, to increase the allowed ownership percentage of the Boulderado Group from not equal to or greater than 15.0% to not equal to or greater than 16.0% of the common stock of the Company and to a Second Amendment to the Rights Agreement, dated as of June 1, 2012, to increase the beneficial ownership threshold of the Boulderado Group, without being deemed to be an "Acquiring Person", from less than 15% to less than 16% of the Common Shares and to exclude certain parties from being deemed an "Acquiring Person."

In consideration of an August 15, 2014 agreement with Mr. Kelly Cardwell and Central Square Management LLC (collectively the "Central Parties") that the Central Parties and their affiliates ("Central Group") do not acquire any more of the issued and outstanding common stock of the Company, sell sufficient shares of common stock over the 12 month period (amended on July 16, 2016 to 15 months and providing for an option to Bexil to purchase such sufficient shares by generally such time at the volume weighted average sales price for the 20 business day period prior to November 1, 2016) commencing on the date thereof so that the Central Group owns beneficially less than the lesser of 98,000 shares or 10.0% of the common stock, and other conditions, on August 15, 2014 the Company entered into a Third Amendment to the Rights Agreement which excluded the Central Group from being deemed an "Acquiring Person" and extended the "Final Expiration Date" of the Rights Agreement from November 21, 2020 until November 21, 2025.

In conjunction with the stockholder rights plan, the Board of Directors authorized the reclassification of 100,000 unissued shares of common stock of the Company (from among 1,000,000,000 shares of common stock, \$0.01 par value, of the Company which are authorized) into 100,000 shares of Series A Participating Preferred Stock, par value \$0.01 per share, of the Company.

14. COMMITMENTS AND CONTINGENCIES

Pursuant to a Death Benefit Agreement (the “DBA”) among the Company and certain of its affiliates and a deceased employee, Mr. Bassett S. Winmill, payments to the employee’s wife are made monthly until her death by the Company and certain of its affiliates. The annual amount equals 90% of the employee’s average annual base salary in the three year period prior to his death, subject to certain adjustments. The payment obligations under the DBA are not secured and not assignable, and became effective on May 15, 2012, following the death of the employee. The Company’s estimated total liability under the DBA is approximately \$1.2 million at December 31, 2017 and 2016, respectively.

Bexil Securities leases office space under a sublease agreement with Winco expiring in 2018. The future minimum lease payments under the sublease are \$1,800 through 2018.

15. SUBSEQUENT EVENTS

On January 26, 2018, pursuant to a non-transferable rights offering by DNI, Bexil Securities through its participation in the rights offering subscribed for 190,000 shares for a total purchase price of \$2,698,000.

CORPORATE INFORMATION

The Company's common stock is quoted in the over the counter market under the ticker symbol BXLC.

The high and low sales prices of the common stock during each quarterly period over the last two fiscal years were as follows (unaudited):

	2017		2016	
	High	Low	High	Low
First quarter	\$ 10.25	\$ 7.65	\$ 10.74	\$ 7.23
Second quarter	\$ 11.00	\$ 7.50	\$ 8.49	\$ 5.71
Third quarter	\$ 11.00	\$ 9.00	\$ 9.00	\$ 6.01
Fourth quarter	\$ 12.80	\$ 11.00	\$ 10.00	\$ 7.70

DIRECTORS

JOHN C. HITCHCOCK
PHILIP KADINSKY-CADE
THOMAS B. WINMILL

OFFICERS AND STAFF

THOMAS B. WINMILL
President, Chief Executive Officer, Chief Legal Officer

THOMAS O'MALLEY
Treasurer, Chief Financial Officer, Chief Accounting Officer

RUSSELL KAMERMAN
Chief Compliance Officer, Secretary, General Counsel

DONALD KLIMOSKI, II
Assistant Chief Compliance Officer, Assistant Secretary,
Assistant General Counsel

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Vice President

HEIDI KEATING
Vice President

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