

# BEXIL

- **Notice of 2011 Annual Meeting and Proxy Statement**
- **2010 Annual Report**

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Ticker:

**BXLC**



# BEXIL CORPORATION

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## Notice of Annual Meeting of Stockholders

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To the Stockholders:

Notice is hereby given that the 2011 Annual Meeting of Stockholders (“Meeting”) of Bexil Corporation (the “Company”) will be held at The Down Town Association, 60 Pine Street, New York, New York on June 7, 2011 at 11:00 a.m., local time, for the following purposes:

1. To elect to the Board of Directors the Nominees, Edward G. Webb, Jr. and Thomas B. Winmill, as Class I Directors with each to serve a three year term and until his successor is duly elected and qualifies.
2. To ratify the appointment of auditors.
3. To approve the Company’s 2011 Stock Incentive Plan.
4. To consider and act upon any other business as may properly come before the Meeting or any adjournment thereof.

**The Board of Directors unanimously recommends that stockholders vote FOR Proposals 1, 2, and 3.**

Stockholders of record at the close of business on April 8, 2011 are entitled to receive notice of and to vote at the Meeting.

By Order of the Board of Directors



John F. Ramirez  
Secretary

New York, New York  
May 18, 2011

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 7, 2011

This Proxy Statement is furnished in connection with a solicitation of proxies by Bexil Corporation (the “Company”) to be voted at the 2011 Annual Meeting of Stockholders of the Company to be held at The Down Town Association, 60 Pine Street, New York, New York on June 7, 2011 at 11:00 a.m., local time, and at any postponements or adjournments thereof (“Meeting”) for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Only stockholders of record at the close of business on April 8, 2011 (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 1,017,592 shares of common stock issued and outstanding. Stockholders of the Company will vote as a single class.

It is estimated that proxy materials will be mailed to stockholders as of the Record Date on or about May 20, 2011. **A copy of the Company’s most recent Annual Report is attached hereto.**

#### **PROPOSAL 1: TO ELECT TO THE BOARD OF DIRECTORS THE NOMINEES, EDWARD G. WEBB, JR. AND THOMAS B. WINMILL, AS CLASS I DIRECTORS WITH EACH TO SERVE A THREE YEAR TERM AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.**

The Board has approved the nominations of Edward G. Webb, Jr. and Thomas B. Winmill (the “Nominees”) as Class I Directors with each to serve a three year term and until his successor is duly elected and qualifies. The Nominees currently serve as Directors of the Company. Unless otherwise noted, the address of record for the Directors is 11 Hanover Square, New York, New York 10005.

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

<u>Name, Principal Occupation, and Business Experience</u>	<u>Director Since</u>
<u>Non-interested Nominee</u>	
<b>Class I:</b>	
EDWARD G. WEBB, JR. – Mr. Webb has been an Equity Portfolio Manager for Advanced Asset Management Advisors, Inc. since October 2002. Mr. Webb was President of Webb Associates, Ltd. from 1996 to 2004. Mr. Webb was born on March 31, 1939.	2004
<u>Interested Nominee</u>	
<b>Class I:</b>	
THOMAS B. WINMILL – Mr. Winmill has served as President, Chief Executive Officer, and General Counsel of the Company since 1999 and in other capacities since 1996. Since 1999, he has also served as a director, President, Chief Executive Officer, and General Counsel of Winmill & Co. Incorporated, its affiliates, and certain of the investment companies managed by its subsidiaries, and in other capacities since 1988. Mr. Winmill has also served as General Counsel of Tuxis Corporation since 2002 and in other capacities since 1988. Mr. Winmill is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. Mr. Winmill was born on June 25, 1959.	1996

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

## **Vote Required**

As set forth in the Company's bylaws, 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 Nominees 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 Nominees.

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

## **PROPOSAL 2: TO RATIFY THE APPOINTMENT OF AUDITORS.**

The Board of Directors is empowered to appoint a firm to serve as the Company's auditors. The Board of Directors appointed Tait, Weller & Baker LLP ("Tait, Weller") to serve as the Company's auditors for the fiscal period commencing January 1, 2011. Tait, Weller has served as the Company's auditors since 2006.

Although the Board of Directors has sole authority to appoint 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 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, the affirmative vote of the majority of the votes validly cast at the Meeting at which a quorum is present will be required to ratify the appointment of auditors.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS SHAREHOLDERS VOTE FOR THE PROPOSAL TO RATIFY THE APPOINTMENT OF AUDITORS.***

## **PROPOSAL 3: TO APPROVE THE COMPANY'S 2011 STOCK INCENTIVE PLAN.**

The Company proposes to replace the current 2004 Incentive Compensation Plan with the 2011 Stock Incentive Plan (the "2011 Plan"), which would be a new long term stock incentive plan intended to facilitate the continued use of equity based incentives and rewards for employees, directors and consultants of the Company and its affiliates. If the 2011 Plan is approved by the Company's stockholders at the upcoming annual meeting, the 2004 Incentive Compensation Plan will be frozen and no new awards will be made under that plan, but outstanding awards will continue to be administered in accordance with their terms. The following is a summary of the 2011 Plan and is qualified in its entirety by reference to the 2011 Plan, a copy of which is attached as Exhibit A to this proxy statement. The 2011 Plan is substantially similar to the 2004 Incentive Compensation Plan, except for the following changes:

- Includes a list of performance goals that can be used to grant performance-based awards (including increase in book value per share over time), and a related limit on the number of shares awarded as performance awards;
- Provides for automatic reload option grants when shares are tendered or withheld to exercise an outstanding option or cover tax withholding;
- Permit stock appreciation rights to be granted as standalone or tandem awards, and allow them to be cash-settled rather than stock-settled in the Board's discretion;
- Add "phantom stock units" as a category of Other Stock-Based Awards that may be granted to participants;

- Provide that the 2011 Plan will be administered by the Board (although the Board may still delegate its powers under the Plan to a committee); and
- Reserve a number of shares equal to 15% of the outstanding capitalization to be available for awards under the 2011 Plan (the 2004 Plan reserved 20%), plus 15% of any additional shares issued outside of the Company's plans.

## **Administration**

The 2011 Plan is administered by the Company's Board of Directors or a committee appointed by the Board. The Board has the authority to determine, within the limits of the express provisions of the 2011 Plan, the individuals to whom awards will be granted, the nature, amount and terms of such awards and the objectives and conditions for earning such awards.

## **Types of Awards**

Awards under the 2011 Plan may include incentive stock options, nonqualified stock options, stock appreciation rights ("SARs"), restricted stock, deferred stock and other stock-based awards.

*Stock Options.* The Board may grant to a participant options to purchase Company stock that qualify as incentive stock options for purposes of Section 422 of the U.S. Internal Revenue Code ("incentive stock options"), options that do not qualify as incentive stock options ("nonqualified stock options") or a combination of both types. The terms and conditions of stock option grants, including the quantity, price, vesting periods, and other conditions on exercise will be determined by the Board, provided that the option exercise price will not be less than 110% of the market price of the Company's stock on the grant date.

*Stock Appreciation Rights.* The Board may grant to a participant an award of SARs, which entitles the participant to receive, upon its exercise, a payment equal to (i) the excess of the fair market value of a share of stock on the exercise date over the SAR exercise price, times (ii) the number of shares of stock with respect to which the SAR is exercised.

*Restricted Stock.* The Board may award to a participant shares of stock subject to specified restrictions and forfeiture conditions ("restricted stock"). Restricted stock is subject to forfeiture if the participant does not meet certain conditions such as continued employment over a specified forfeiture period or the attainment of specified performance targets over the forfeiture period. The terms and conditions of restricted stock awards are determined by the Board.

*Deferred Stock.* The Board also may award to a participant deferred stock representing the right to receive shares of stock in the future subject to the achievement of one or more goals relating to the completion of service by the participant or the achievement of performance or other objectives ("deferred stock"). The terms and conditions of deferred stock awards are determined by the Board.

*Other Stock-Based Awards.* The Board may grant equity-based or equity-related awards, referred to as "other stock-based awards," other than options, SARs, restricted stock or deferred stock. Other stock-based awards may include, without limitation, stock purchase rights, phantom stock units or unrestricted bonus stock awards. The terms and conditions of each other stock-based award are determined by the Board. Payment under any other stock-based awards may be made in stock or cash, as determined by the Board in its discretion.

*Performance Awards.* The Board may grant any of the above awards subject to or otherwise conditioned on one or more of the following performance goals:

- increase in book value per share over time
- earnings before interest, taxes, depreciation and amortization
- net income (loss) (either before or after interest, taxes, depreciation and/or amortization)
- growth in the market price of the stock
- economic value-added
- sales or revenue
- acquisitions or strategic transactions
- operating income (loss)
- cash flow (including, but not limited to, operating cash flow and free cash flow)
- return on capital, assets, equity, or investment
- stockholder returns
- return on sales
- gross or net profit levels
- productivity
- expense

- margins
- operating efficiency
- customer satisfaction
- working capital
- earnings (loss) per share of stock
- sales or market shares

In addition to the performance goals, the terms and conditions of any performance-based award are determined by the Board and such awards may be designed to comply with the performance-based compensation requirements of Section 162(m) of the Code. Performance awards may be paid in cash, shares of stock or a combination thereof, as determined by the Board in its discretion.

### **Eligibility and Limitation on Awards**

The Board may grant awards to any employee, director, consultant or other person providing services to the Company or its affiliates.

If an award is intended to comply with the requirements for performance-based compensation under Section 162(m) of the Code, the maximum number of shares of stock that can be awarded under the 2011 Plan to a single participant in any calendar year with respect to such awards will be equal to fifteen percent (15%) of the number of outstanding shares of the Company's stock as of April 13, 2011.

### **Shares Subject to the 2011 Plan**

An aggregate number of shares of stock equal to fifteen percent (15%) of the number of outstanding shares of the Company's stock as of April 13, 2011 is reserved for issuance and available for awards under the 2011 Plan, including incentive stock options granted under the 2011 Plan. Shares of stock not actually issued (as a result, for example, of the lapse of an option), as well as any shares surrendered to or withheld by the Company in payment or satisfaction of the exercise price of a stock option or tax withholding obligations with respect to an award will be available for additional grants.

### **Anti-Dilution Protection**

In the event of any changes in the capital structure of the Company, including a change resulting from a stock dividend or stock split, or combination or reclassification of shares, the Board is empowered to make such equitable adjustments with respect to awards or any provisions of the 2011 Plan as it deems necessary and appropriate, including, if necessary, any adjustments in the maximum number of shares of common stock subject to the 2011 Plan, the number of shares of common stock subject to and the exercise price of an outstanding award, or the maximum number of shares that may be subject to one or more awards granted to any one recipient during a calendar year.

### **Effective Date**

The 2011 Plan was approved by the Board of Directors on April 13, 2011 and will become effective on the date of Board approval, subject to approval by the Company's stockholders.

### **Tax Treatment**

With the exception of incentive stock options, all awards will be taxable to the participant at either the time of exercise (for options and SARs) or the time of vesting or issuance of vested shares (for restricted stock, deferred stock and all other stock-based awards). If the participant meets certain holding requirements applicable to incentive stock options, the participant will have no tax at the time of exercise and will treat the gain on the value of the exercised stock as long-term capital gain at the time of the stock is sold by the participant. The Company is entitled to a tax deduction at the time the participant is taxed on the award, except for incentive stock options for which the Company receives no deduction if the required holding periods are met.

### **Securities Law Issues**

Shares reserved for issuance under the plan may be registered with the SEC on a Form S-8 registration statement. This registration requires certain disclosures to participants in the Plan.

### **Accounting Treatment**

All awards under the 2011 Plan will be reflected as a compensation expense in the Company's financial statements.



## **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 approval of the 2011 Plan was approved by the vote of a majority of the Board of Directors, the affirmative vote of the majority of the votes validly cast at the Meeting at which a quorum is present will be required to approve the 2011 Plan.

***THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE FOR THE COMPANY'S 2011 STOCK INCENTIVE PLAN.***

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

Stockholders who wish to communicate with the Board of Directors or a particular director may send a letter to the Secretary of the Company at 11 Hanover Square, New York, New York 10005. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the Board or just certain specified individual directors. 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 our Directors. Materials that are unrelated to the duties and responsibilities of the Board of Directors, such as solicitations, resumes and other forms of job inquiries, surveys and individual customer complaints, or materials that are unduly hostile, threatening, illegal or similarly unsuitable will not be distributed, but will be made available upon request to the Board of Directors or individual Directors as appropriate, depending on the facts and circumstances outlined in the communication.

## **ADDITIONAL INFORMATION**

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

In addition to the use of the mails, proxies may be solicited personally, by telephone, or by other means, and the Company may pay persons holding its shares in their names or those of their nominees for their expenses in sending soliciting materials to their beneficial owners. The Company will bear the cost of soliciting proxies. Authorizations to execute proxies may be obtained by telephonic instructions in accordance with procedures designed to authenticate the stockholder's identity. In all cases where a telephonic proxy is solicited, the stockholder will be asked to provide his or her address, social security number (in the case of an individual), taxpayer identification number (in the case of an entity), or other identifying information, and the number of shares owned and to confirm that the stockholder has received the Company's Proxy Statement and proxy card in the mail. Within 72 hours of receiving a stockholder's telephonic voting instructions and prior to the Meeting, a confirmation will be sent to the stockholder to ensure that the vote has been taken in accordance with the stockholder's instructions and to provide a telephone number to call immediately if the stockholder's instructions are not correctly reflected in the confirmation. Stockholders requiring further information with respect to telephonic voting instructions or the proxy generally should contact the Company's transfer agent at 1-800-757-5755. Any stockholder giving a proxy may revoke it at any time before it is exercised by submitting to the Company a written notice of revocation or a subsequently executed proxy or by attending the Meeting and voting in person.



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

Although no business may come before the Meeting other than that specified in the Notice of Annual Meeting of Stockholders, shares represented by executed and unrevoked proxies will confer discretionary authority to vote on matters which the Company did not have notice of a reasonable time prior to mailing this Proxy Statement to stockholders. The Company's bylaws provide that in order for a stockholder to nominate a candidate for election as a director at an annual meeting of stockholders or propose business for consideration at such meeting, written notice generally must be delivered to the Secretary of the Company, at the principal executive offices, not less than 60 days nor more than 90 days prior to the first anniversary of the mailing of the notice for the preceding year's annual meeting. Proposals should be mailed to Bexil Corporation, Attention: Secretary, 11 Hanover Square, 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.

## **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, 2010, 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 or by writing to Bexil Corporation, Attention: Secretary, 11 Hanover Square, 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, Illinois Stock Transfer Company, at 1-800-757-5755 whether other persons are the beneficial owners of the shares for which proxies are being solicited and, if so, the number of copies of this Proxy Statement and other soliciting material you wish to receive in order to supply copies to the beneficial owners of shares.

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

**BEXIL  
CORPORATION**

**2010  
ANNUAL  
REPORT**

**BEXIL CORPORATION**  
**11 Hanover Square**  
**New York, New York 10005**  
**Tel. 1-212-785-0400 www.Bexil.com**

May 12, 2011

Fellow Shareholders:

Bexil Corporation is a holding company seeking operating businesses directly or through companies in which it has a majority or other substantial interest. Our objective is simple, straightforward, and sharply focused: 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.

<b>At December 31</b>	<b>Shares issued and outstanding</b>	<b>Total \$ Shareholders' Equity</b>	<b>Book Value \$ per share</b>
2000	806,411	9,788,927	12.14
2001	836,801	9,549,288	11.41
2002	865,061	12,983,211	15.01
2003	879,591	15,148,085	17.22
2004	879,591	14,882,887	16.92
2005	879,591	16,270,966	18.50
2006	883,592	37,864,881	42.85
2007	883,592	38,462,447	43.53
2008	883,592	38,583,085	43.67
2009	1,011,592	38,054,185	37.62
2010	1,017,592	36,624,015	35.99

Shareholders' equity shrunk in 2010 due primarily to a net loss of \$1,454,146, or \$1.43 per share. Professional fees in 2010 were \$1,138,816, compared to \$124,928 in 2009, primarily for legal expenses incurred for litigation defense and transactional advice.

In 2010, Bexil entered into an agreement providing for its wholly owned subsidiary, Bexil Advisers LLC, to become the investment manager to Dividend and Income Fund, Inc., a closed end investment company listed on the New York Stock Exchange under the ticker symbol DNI. Dividend and Income Fund has a primary investment objective of providing its shareholders a high level of income. Capital appreciation is a secondary objective. The Fund seeks to achieve its objectives by investing, under normal circumstances, at least 50% of its total assets in income generating equity securities, including dividend paying common stocks, convertible securities, preferred stocks and other equity-related securities. The Fund attempts to minimize individual security risk by diversifying across many industries and asset classes.

Effective on the date the transaction closed, February 1, 2011, the Fund pays Bexil Advisers a monthly fee 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. The Fund's most recently reported balance sheet dated November 30, 2010 showed total assets of approximately \$94.5 million, and liabilities excluding debt related to leverage, etc. of \$1.2 million. Inasmuch as Bexil's affiliates manage other registered investment companies, no substantial additional expense is currently expected to be incurred to manage the Fund.

Going forward, how do we propose to increase book value? Through major equity interests in the best businesses we can find, where we can work with superior managers to grow the value of the business prudently and solidly for the long term. We will continue to seek opportunities accretive to book value per share over the long term. There are no limits on the types of businesses or fields in which we may devote the Company's assets.

Our acquisition parameters for a public and private business are:

- A proven track record with demonstrated earning power.
- A seasoned business with solid customer relations.
- Good return on equity, with little or no debt.
- Solid management.
- Audited financials required.

Bexil's preferred transaction is a management buyout and we are particularly interested in a spinoff from a larger company. Bexil can provide the equity component of leveraged buyout (LBO) financing. We generally are not interested in acquiring (but we may develop) start-ups, turnarounds, or high tech. We will sign a confidentiality agreement and will protect a broker's sell agreement. If the seller quotes a price, we will respond promptly.

Having the value of your investment in Bexil grow is as important to us as it is to you -- management and affiliates own over 30% of Bexil's shares.

Thank you for investing in Bexil Corporation.

Sincerely,

Thomas B. Winmill  
President

**This Annual Report contains forward looking statements about the Company, including its business operations, strategy and expected financial performance and conditions. Forward looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” or similar expressions. Such statements are based on the current expectations of management, and inherently involve numerous risks and uncertainties, both known and unknown. These forward looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in this Annual Report. The forward looking statements that are contained in this Annual Report are made as of May 12, 2011, and, except as may be required by applicable law, the Company does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward looking statements.**

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

### **The Board of Directors and Shareholders of Bexil Corporation**

We have audited the accompanying consolidated balance sheets of Bexil Corporation and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Bexil Corporation and subsidiaries at December 31, 2010 and 2009, and the results of its operations and cash flows for each of the two years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

**Tait, Weller & Baker LLP**

**Philadelphia, Pennsylvania**

**May 12, 2011**

**BEXIL CORPORATION**  
**CONSOLIDATED BALANCE SHEET**  
**December 31, 2010 and 2009**

	<b>2010</b>	<b>2009</b>
Assets		
Current assets		
Cash and cash equivalents	\$ 35,713,373	\$ 37,741,633
Investment securities, available-for-sale	1,493	1,307
Receivables		
Refundable income taxes	569,833	-
Interest	8,140	1,467
Total current assets	36,292,839	37,744,407
Property and equipment	6,086	-
Deferred taxes	944,177	581,962
	950,263	581,962
Total assets	\$ 37,243,102	\$ 38,326,369
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 619,087	\$ 272,184
Total current liabilities	619,087	272,184
Commitments and contingencies (Note 9)	-	-
Shareholders' equity		
Common stock, \$0.01 par value, 9,900,000 shares authorized; Issued and outstanding: 1,017,592 and 1,011,592 at December 31, 2010 and 2009, respectively	10,176	10,116
Series A participating preferred stock, \$0.01 par value, 100,000 shares authorized, -0- shares issued and outstanding	-	-
Additional paid in capital	15,935,171	15,789,940
Notes receivable for common stock issued	(2,827,223)	(2,705,783)
Accumulated other comprehensive loss	(66)	(191)
Retained earnings	23,505,957	24,960,103
Total shareholders' equity	36,624,015	38,054,185
Total liabilities and shareholders' equity	\$ 37,243,102	\$ 38,326,369

See notes to consolidated financial statements.



**BEXIL CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Revenues	<u>\$ -</u>	<u>\$ -</u>
Expenses		
Compensation and benefits	1,207,592	998,952
Professional	1,138,816	124,928
General and administrative	<u>166,322</u>	<u>303,412</u>
	<u>2,512,730</u>	<u>1,427,292</u>
Other income		
Dividends and interest	<u>132,938</u>	<u>284,780</u>
Loss before income taxes	(2,379,792)	(1,142,512)
Income tax benefit	<u>(925,646)</u>	<u>(545,484)</u>
Net loss	<u>\$ (1,454,146)</u>	<u>\$ (597,028)</u>
Basic and diluted per share net loss	\$ (1.43)	\$ (0.62)
Basic and diluted average shares outstanding	1,013,855	968,937

See notes to consolidated financial statements.

**BEXIL CORPORATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**Years Ended December 31, 2010 and 2009**

	Common Stock Shares	Par Value	Additional Paid in Capital	Notes Receivable for Common Stock Issued	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2008	883,592	\$ 8,836	\$ 13,017,527	\$ -	\$ 25,557,131	\$ (409)	\$ 38,583,085
Comprehensive income (loss)							
Net loss	-	-	-	-	(597,028)	-	(597,028)
Unrealized security holding gain, net of taxes	-	-	-	-	-	218	218
Total comprehensive loss	-	-	-	-	-	-	(596,810)
Share-based compensation expense	-	-	27,210	-	-	-	27,210
Common stock issued with exercise of stock options	128,000	1,280	2,745,203	-	-	-	2,746,483
Acceptance of promissory notes with exercise of stock options	-	-	-	(2,745,203)	-	-	(2,745,203)
Repayment of promissory notes	-	-	-	39,420	-	-	39,420
Balance at December 31, 2009	1,011,592	10,116	15,789,940	(2,705,783)	24,960,103	(191)	38,054,185
Comprehensive income (loss)							
Net loss	-	-	-	-	(1,454,146)	-	(1,454,146)
Unrealized security holding gain, net of taxes	-	-	-	-	-	125	125
Total comprehensive loss	-	-	-	-	-	-	(1,454,021)
Share-based compensation expense	-	-	23,791	-	-	-	23,791
Common stock issued with exercise of stock options	6,000	60	121,440	-	-	-	121,500
Acceptance of promissory notes with exercise of stock options	-	-	-	(121,440)	-	-	(121,440)
Balance at December 31, 2010	1,017,592	\$ 10,176	\$ 15,935,171	\$ (2,827,223)	\$ 23,505,957	\$ (66)	\$ 36,624,015

See notes to consolidated financial statements.

**BEXIL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net loss	\$ (1,454,146)	\$ (597,028)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Increase in deferred taxes	(362,276)	(463,346)
Share-based compensation expense	23,791	27,210
(Increase) decrease in refundable income taxes	(569,833)	221,669
Increase in interest receivable	(6,673)	(1,467)
Increase in accounts payable and accrued expenses	346,903	105,013
Net cash used in operating activities	<u>(2,022,234)</u>	<u>(707,949)</u>
Cash flows from investing activities		
Purchase of property and equipment	<u>(6,086)</u>	<u>-</u>
Net cash used in investing activities	<u>(6,086)</u>	<u>-</u>
Cash flows from financing activities		
Issuance of stock upon exercise of stock options	121,500	2,746,483
Promissory notes accepted with exercise of stock options	(121,440)	(2,745,203)
Prepayment of promissory notes accepted with exercise of stock options	<u>-</u>	<u>39,420</u>
Net cash provided by financing activities	<u>60</u>	<u>40,700</u>
Net decrease in cash and cash equivalents	<u>(2,028,260)</u>	<u>(667,249)</u>
Cash and cash equivalents		
Beginning of year	<u>37,741,633</u>	<u>38,408,882</u>
End of year	<u>\$ 35,713,373</u>	<u>\$ 37,741,633</u>
Supplemental disclosure:		
Income taxes paid	\$ 3,500	\$ -

See notes to consolidated financial statements.

**BEXIL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2010 and 2009**

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**1. NATURE OF BUSINESS AND ORGANIZATION**

Bexil Corporation (“Bexil” or the “Company”) is an operating company incorporated in Maryland in 1996. The Company’s wholly owned subsidiaries are Bexil Advisers LLC (“BALLC”) and Bexil Securities LLC (“BSLLC”) each organized as Maryland limited liability companies in 2010. BALLC is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and provides investment advisory services to a registered investment company. BSLLC is a registered broker-dealer under the Securities and Exchange Act of 1934 and may engage in trading securities for its own account and as a mutual fund underwriter or sponsor on a best efforts basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The consolidated financial statements include the accounts of the Company and all of its wholly owned subsidiaries. All material inter-company accounts and transactions have been eliminated in consolidation.

**Cash and Cash Equivalents**

Investments in money market funds and short term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents.

**Comprehensive Income**

The Company reports comprehensive income in the consolidated statement of shareholders’ equity. Comprehensive income includes net income and unrealized gains and losses on investment securities available-for-sale, net of taxes.

**Earnings Per Share**

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income 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.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Net loss	\$ (1,454,146)	\$ (597,028)
Weighted average common shares outstanding:		
Basic weighted average shares outstanding	1,013,855	968,937
Dilutive potential shares from stock options issued	-	-
Dilutive weighted average shares outstanding	<u>1,013,855</u>	<u>968,937</u>
Basic and diluted per share net loss	\$ (1.43)	\$ (0.62)

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 potential shares of common stock that are not included in the diluted earnings per share calculations above because to do so would be anti-dilutive for the years ended December 31 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Stock options outstanding:		
Out of the money options	<u>15,000</u>	<u>20,000</u>

### **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 (2007 – 2009) or expected to be taken in the Company’s 2010 tax returns.

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

Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized. The Company periodically reviews each investment security position that has an unrealized loss, or impairment, to determine if that impairment is other than temporary. If the Company determines that the impairment on a security position is other than temporary, the loss will be recognized and recorded in the statement of income.

### **Property and Equipment**

Equipment, furniture, and fixtures are recorded at cost. Expenditures for repairs and maintenance are charged to expense when incurred. Depreciation is recorded on the straight-line method over the estimated useful life of the applicable assets from 3 to 5 years at the time the asset is placed in service. As of December 31, 2010, no assets had been placed in service and no depreciation expense was recorded.

### **Reporting Segment**

The Company views its operations as comprising one operating segment.

### **Share-based Compensation**

The Company accounts for share-based compensation expense using the fair value method. Under the fair value method, share-based compensation expense reflects the fair value of share-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. Share-based compensation expense is amortized on a straight-line basis between the grant date for the award and each vesting date.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain items, including the reported amounts of assets and liabilities, 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. Estimates are primarily used in the determination of investment impairment, valuation of share-based compensation, and expenses allocation. Actual results may differ from those estimates.

### **Newly Issued Accounting Guidance**

The Company evaluates all newly issued accounting and reporting guidance that is applicable to its operations and the preparation of its financial statements. The Company believes that any issued guidance that it has not yet adopted likely will not have a material effect on its financial position or results of operations.

## **3. RELATED PARTIES**

Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated (“Winco”), Tuxis Corporation (“Tuxis”), and their affiliates (collectively with Bexil, the “Affiliates”). At December 31, 2010, Winco, owned 222,644 shares of the Company, and 234,665 shares of Tuxis, or approximately 22% and 23%, respectively, of the outstanding common stock. Pursuant to an arrangement between a professional employer organization (“PEO”) and the Affiliates, the PEO provides payroll, benefits, compliance, and related services for concurrently employed 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. At December 31, 2010 and 2009, the Company had a payable to MMC relating to compensation and benefit expenses of \$9,991 and \$9,067, respectively.

Rent expense of jointly used office space and overhead expenses for various jointly used administrative and support functions jointly incurred by the Affiliates are allocated at cost among them. The Company’s allocated rent and overhead costs were \$140,977 and \$159,566 for the years ended December 31, 2010 and 2009, respectively, and had a related payable for these costs of \$2,558 and \$1,844 at December 31, 2010 and 2009, respectively.

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 jointly 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 \$33,705 and \$43,850 for the years ended December 31, 2010 and 2009, respectively.

The Company invests in Global Income Fund, Inc. (“GIFD”), a closed end investment company advised by a subsidiary of Winco. The Company’s carrying value in GIFD was \$1,493 and \$1,307 at December 31, 2010 and 2009, respectively, and dividends earned were \$79 and \$84 for the years

ended December 31, 2010 and 2009, respectively. Certain officers and directors of the Company are officers and/or directors of GIFD.

In 2010 and 2009, the Company accepted promissory notes from certain directors, officers, and employees in connection with their exercise of stock options to purchase the common stock of the Company. The notes bear interest at fixed rates ranging from 1.58% to 2.85% per annum which is payable semi-annually. 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 \$2,827,223 and \$2,705,783, at December 31, 2010 and 2009, respectively, and the notes are due and payable in 2015 and 2014, respectively. The Company earned interest income of \$55,521 and \$36,860 for the years ended December 31, 2010 and 2009, respectively, and had a receivable for interest due of \$8,130 and \$1,467 at December 31, 2010 and 2009, respectively.

#### 4. INVESTMENT IN SECURITIES

##### Available-for-Sale

Investment securities available-for-sale at December 31, 2010 and 2009 consisted of the following:

	<u>Amortized</u> <u>Cost</u>	<u>Gross Unrealized</u>		<u>Fair</u> <u>Value</u>
		<u>Gains</u>	<u>Losses</u>	
<b>2010</b>				
Issuer:				
Global Income Fund, Inc.	\$ 1,605	\$ -	\$ (112)	\$ 1,493
<b>2009</b>				
Issuer:				
Global Income Fund, Inc.	\$ 1,605	\$ -	\$ (298)	\$ 1,307

##### Fair Value

The Company uses a three level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Company's investment in its entirety is assigned a level based upon the inputs which are significant to the overall valuation. The hierarchy of inputs is summarized below.

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities including securities actively traded on a securities exchange.
- Level 2 - observable inputs other than quoted prices included in level 1 that are observable for the asset or liability which may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.
- Level 3 - unobservable inputs for the asset or liability including the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.



The following is a summary of fair value measurements as of December 31, 2010 and 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2010</b>				
Investments, available-for-sale	\$ 1,493	\$ -	\$ -	\$ 1,493
<b>2009</b>				
Investments, available-for-sale	\$ 1,307	\$ -	\$ -	\$ 1,307

The carrying amounts of cash, cash equivalents, receivables, and accounts payable and accrued expenses approximate fair value because of the short term nature of these items.

## 5. INCENTIVE COMPENSATION PLAN

The Company may award directors, officers, key employees, and vendors of the Company or its affiliates, stock options to purchase common stock or various other forms of share-based compensation under the terms of the 2004 Incentive Compensation Plan, as amended (the "Plan"). The Board of Directors determines the terms and conditions of awards under the 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. Prior to December 9, 2008, the option price per share could not be less than the fair value of such shares on the date the options were granted, the maximum term of an option could not exceed five years, and the vesting period was three years of service. The Plan provides for the granting of a maximum 175,918 options to purchase common stock and as of December 31, 2010, approximately 23,000 were available for grant.

The Company issued 3,000 options at an exercise price of \$26.40 and 3,000 options at an exercise price of \$31.08 for the years ended December 31, 2010 and 2009, respectively. The grant date fair value of the options issued was \$7.93 and \$9.07 per option for the years ended December 31, 2010 and 2009, respectively.

A summary of the stock options activity for the years ended December 31, 2010 and 2009 is as follows:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>
Balance, December 31, 2008	148,000	\$ 21.95
Granted	3,000	\$ 31.08
Exercised	(128,000)	\$ 21.46
Expired	(3,000)	\$ 21.59
Balance, December 31, 2009	20,000	\$ 26.52
Granted	3,000	\$ 26.40
Exercised	(6,000)	\$ 20.25
Expired	(2,000)	\$ 24.00
Balance, December 31, 2010	15,000	\$ 29.34

At December 31, 2010 and 2009, there were exercisable outstanding stock options of 15,000 and 20,000, respectively. The weighted average exercise price of the exercisable outstanding stock options at December 31, 2010 and 2009 was \$29.34 and \$26.52, respectively.

Stock options outstanding and exercisable at December 31, 2010 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>
\$26.40 - \$32.33	15,000	2.5	15,000	\$ 29.34

At December 31, 2010, the aggregate intrinsic value of all outstanding options was \$32,385 with a weighted average remaining contractual term of less than three years.

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 are as follows:

	<u>2010</u>	<u>2009</u>
Expected price volatility	37.7%	35.7%
Risk-free interest rate	2.1%	2.6%
Weighted average expected life in years	5	5
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 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.

As of December 31, 2010 and 2009, all of the outstanding option awards were fully vested and all related compensation costs have been recorded. For the years ended December 31, 2010 and 2009, the Company recorded \$23,791 and \$27,210, respectively, in share-based compensation expense which resulted in the recognition of tax benefits of \$9,754 and \$11,156, respectively.

In 2010 and 2009, the Company received \$60 and \$1,280 in cash, respectively, and accepted five year promissory notes in connection with the exercise of stock options. The principal amount of the promissory notes accepted, repayments, and outstanding balances were as follows:

	<u>2010</u>	<u>2009</u>
Principal outstanding, beginning of year	\$ 2,705,783	\$ -
Promissory notes accepted	121,440	2,745,203
Prepayments	-	(39,420)
Principal outstanding, end of year	<u>\$ 2,827,223</u>	<u>\$ 2,705,783</u>

The exercise of stock options will result in a tax deduction before the actual realization of the related tax benefit because 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.

## 6. INCOME TAXES

The income tax provision (benefit) is comprised of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Current provision (benefit):		
Federal	\$ (569,833)	\$ (93,658)
State and local	6,463	11,520
Total current provision (benefit)	<u>(563,370)</u>	<u>(82,138)</u>
Deferred provision (benefit):		
Net operating losses	(302,280)	(507,512)
Share-based compensation	(59,996)	44,166
Total deferred provision (benefit)	<u>(362,276)</u>	<u>(463,346)</u>
Total provision (benefit) for income taxes	<u>\$ (925,646)</u>	<u>\$ (545,484)</u>

Deferred tax assets are comprised of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Net operating loss	\$ 809,792	\$ 507,512
Share-based compensation	134,339	74,343
Unrealized loss on investments	46	107
Total deferred tax assets	<u>\$ 944,177</u>	<u>\$ 581,962</u>

In 2010 and 2009, the difference between the U.S. federal statutory income tax rate and the Company's effective income tax rate is due to the benefit derived from the reversal of the prior year income tax accrual.

## 7. REGULATORY REQUIREMENTS

BSLLC, a registered broker-dealer, is subject to the Uniform Net Capital Rule under Rule 15c3-1 of the Securities Exchange Act of 1934, which requires broker-dealers to maintain a minimum level of net capital, as defined. As of December 31, 2010, BSLLC had net capital of \$741,499, which exceeded its \$100,000 required minimum capital by \$641,499.

## 8. STOCKHOLDER RIGHTS PLAN

The Board of Directors has adopted a stockholder rights plan. To implement the rights plan, the Board of Directors declared a dividend distribution of one right for each outstanding share of Bexil common stock, par value \$.01 per share, to holders of record of the shares of common stock at the close of business on November 21, 2005. Each right entitles the registered holder to purchase from Bexil one one-thousandth of a share of preferred stock, par value \$.01 per share. The rights were distributed as a non-taxable dividend and will expire on November 21, 2015. The rights are evidenced by the underlying Bexil common stock, and no separate preferred stock purchase rights certificates were distributed. The rights to acquire preferred stock will become exercisable only if a person or group, other than certain exempt persons, acquires or commences a tender offer for 10% or more of Bexil's common stock. If a person or group, other than certain exempt persons, acquires or commences a

tender offer for 10% or more of Bexil's common stock, each holder of a right, except the acquirer, will be entitled, subject to Bexil's right to redeem or exchange the right, to exercise, at an exercise price of \$67.50, the right for one one-thousandth of a share of Bexil's newly created Series A Participating Preferred Stock, or the number of shares of Bexil common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Bexil's common stock on the date of the occurrence of such an event. Bexil's Board of Directors may terminate the rights plan at any time or redeem the rights, for \$0.01 per right, at any time before a person acquires 10% or more of Bexil's common stock.

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.

## **9. COMMITMENTS AND CONTINGENCIES**

The Company entered into a Death Benefit Agreement (the "DBA") among the Affiliates and its Chairman. Following his death, the DBA provides for annual payments from the Company and its affiliates, equal to 90% of his average annual base salary received from the Company, its affiliates, subsidiaries, and other related entities for the three year period prior to his death subject to certain adjustments to his wife until her death. The Company's obligations under the DBA are not secured and will terminate if he leaves the Company's employ under certain circumstances.

BSLLC leases office space under a sublease agreement with Winco expiring on September 29, 2013. The future minimum lease payments under the sublease are \$2,400, \$2,400, and \$1,800 for the years ending December 31, 2011, 2012, and 2013, respectively.

## **10. LEGAL PROCEEDINGS**

On December 15, 2009, a verified complaint, Case Number: 24-C-09-008499 OC, was filed in the Circuit Court for Baltimore City, Maryland ("Court") by Steven Bronson and Kimberly Bronson, individually and on behalf of a putative class of similarly situated persons, as plaintiffs, against Bexil Corp., Bassett S. Winmill, Thomas B. Winmill, Charles A. Carroll, Edward G. Webb, Jr., and Douglas Wu, as defendants ("Maryland Litigation"). The Court did not certify a class in this action. The plaintiffs sought as a remedy dissolution of the Company, an order requiring that defendants purchase the shares of the minority shareholders at their full 2008 book value, plus interest from April 2006, compensatory damages from the individual defendants in the amount of \$12 million, plus prejudgment interest, and such other relief as the Court may deem appropriate. The plaintiffs also sought unspecified punitive damages solely as to the Winmills, but that claim was dismissed based on the initial pleadings by the Court. The Company plans to continue advancing litigation costs for all the individual defendants as provided under its Charter and Bylaws. The Company believes that the lawsuit was without merit and defended all claims vigorously.

## **11. SUBSEQUENT EVENTS**

On February 1, 2011, BALLC paid \$4,200,000 in cash to Chartwell Investment Partners, LP ("CIP") pursuant to an agreement (the "Transaction Agreement") dated November 9, 2010, to become investment manager to Dividend and Income Fund, Inc. (formerly named Chartwell Dividend and Income Fund, Inc.) a closed end investment company. The Transaction Agreement provides for a contingent cash payment to CIP 18 months after the initial closing of up to \$125,000 upon satisfaction of certain terms and conditions.

On February 28, 2011, Bexil paid a special dividend of \$0.20 per share of common stock to

stockholders of record as of February 15, 2011. The Board of Directors of Bexil authorized the special dividend to stockholders contingent upon the closing of the Transaction Agreement with CIP which occurred on February 1, 2011.

As of April 18, 2011, the defendants and the individual plaintiffs in the Maryland Litigation agreed to settle all claims set forth in the complaint on mutually acceptable terms and conditions, including the dismissal of the complaint with prejudice, release by plaintiffs of all claims against defendants and their affiliates, and the payment by defendants of \$150,000 to plaintiffs' counsel, representing a portion of plaintiffs' attorneys fees and expenses. No other compensation was paid to the individual plaintiffs in connection with the settlement. The Company advanced and will pay on behalf of all defendants the \$150,000 amount. No class was certified in this action and the settlement only binds the signatories to the agreement. The parties agreed that the settlement shall not be construed as, deemed evidence of, or deemed an admission on the part of any of the defendants of any fault, wrongdoing, or liability. Defendants entered the settlement without conceding any infirmity in their defenses and solely to put to rest all controversies between them and plaintiffs and to avoid the expense and disruption that continued litigation would likely have entailed. All defendants deny any liability or that they were indebted to plaintiffs for any amount. A notice of dismissal of the Maryland Litigation with prejudice was filed with the Court on or about May 4, 2011.

The Company's common stock is traded over the counter 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):

	<u>2010</u>		<u>2009</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$26.50	\$22.40	\$29.25	\$22.50
Second Quarter	\$28.00	\$23.00	\$28.25	\$24.50
Third Quarter	\$23.50	\$22.60	\$25.00	\$21.75
Fourth Quarter	\$32.00	\$23.50	\$25.00	\$21.20

**DIRECTORS**

CHARLES A. CARROLL  
EDWARD G. WEBB, JR.  
BASSETT S. WINMILL  
THOMAS B. WINMILL  
DOUGLAS WU

**OFFICERS AND STAFF**

BASSETT S. WINMILL  
Executive Chairman

THOMAS B. WINMILL  
President, Chief Executive Officer, General  
Counsel

THOMAS O'MALLEY  
Treasurer, Chief Financial Officer

JOHN F. RAMIREZ  
Vice President, Secretary, Associate General  
Counsel, Chief Compliance Officer

MARK C. WINMILL  
Vice President

HEIDI KEATING  
Vice President

ANNE M. CHI  
Accounting Coordinator

JACOB BUKHSBAUM  
Compliance Associate

DAVID CHEN  
Compliance Assistant

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