BEXIL CORP
Form 10QSB
May 14, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ___________ TO ___________

COMMISSION FILE NUMBER 001-12233

BEXIL CORPORATION
(NAME OF SMALL BUSINESS ISSUER IN ITS CHARTER)

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

ISSUER'S TELEPHONE NUMBER: 1-212-785-0400

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

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

The number of shares outstanding of the issuer's classes of common equity, as of May 14, 2007: Common Stock, par value $.01 per share - 886,592 shares.

Transitional Small Business Disclosure Format (check one): Yes [_] No [X]

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INDEX

PART I. FINANCIAL INFORMATION

BEXIL CORPORATION
CONDENDSED CONSOLIDATED BALANCE SHEET
MARCH 31, 2007
(UNAUDITED)

ASSETS	
Current assets:	
Cash and cash equivalents	$ 1
Investment securities, available-for-sale	36
Receivables:	
Interest receivable	
Refundable taxes	
Prepaid expenses	
Total current assets	38
Deferred taxes	
Total assets	$ 38

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	$
Total current liabilities	
Commitments and contingencies (Note 8)	
Shareholders' equity	
Common stock, $0.01 par value, 9,900,000 shares authorized, 886,592 shares issued and outstanding	
Series A participating preferred stock, $0.01 par value, 100,000 shares authorized, -0- shares issued and outstanding	
Additional paid-in capital	12
Accumulated other comprehensive loss	
Retained earnings	25
Total shareholders' equity	38
Total liabilities and shareholders' equity	$ 38

See notes to the condensed consolidated financial statements.

BEXIL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	TH
	200
Revenues	
Consulting and other	
Expenses	
Compensation and benefits	212
Professional	234
Occupancy	23
Communications	7
	478

Other income	
Dividends and interest	441
	441
Loss before income taxes and equity in earnings of York Insurance Services Group, Inc.	(36
Income tax (benefit) expense	(18
Equity in earnings of York Insurance Services Group, Inc.	
Net income (loss)	$ (18
Per share net income (loss):	
Basic	$ (
Diluted	$ (
Average shares outstanding:	
Basic	883
Diluted	883

See notes to the condensed consolidated financial statements.

BEXIL CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)

	COMMON STOCK	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	A CO
Balance at December 31, 2006, 883,592 common shares	$ 8,836	$ 12,863,641	$ 25,037,948	
Comprehensive loss				
Net loss	-	-	(18,333)	
Change in unrealized security holding losses, net of taxes	-	-	-	
Total comprehensive loss				
3,000 restricted common shares issued	30	98,460	-	
Stock-based compensation expense	-	30,681	-	
Balance at March 31, 2007, 886,592 common shares	$ 8,866	$ 12,992,782	$ 25,019,615	

See notes to the condensed consolidated financial statements.

5

BEXIL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income (loss)	$
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities	
Equity in earnings of York Insurance Services Group, Inc.	
Decrease (increase) in deferred taxes	
Stock-based compensation expense related to restricted stock	
Stock-based compensation expense related to stock options	
Decrease in interest receivable	
Increase in refundable taxes	(
Decrease (increase) in other assets	
Increase in accounts payable and accrued expenses	
Decrease in income taxes payable	
Net cash provided by (used in) operating activities	
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from exercise of common stock options	
Net cash provided by financing activities	
Net increase (decrease) in cash and cash equivalents	
CASH AND CASH EQUIVALENTS	
Beginning of period	
End of period	$ 1,
SUPPLEMENTAL DISCLOSURE:	
Income taxes paid	$

See notes to the condensed consolidated financial statements.

6

BEXIL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2007
(UNAUDITED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS AND ORGANIZATION

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

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

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

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

BASIS OF PRESENTATION

The condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America. The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Specialty Hospital of Northeast Mississippi, Inc. ("Specialty"). Specialty, from inception on November 27, 2006 to March 31, 2007, was inactive and had no assets, liabilities, shareholders equity, revenues, or expenses. In 2006 and prior to the consummation of the sale of York, the Company accounted for its fifty percent interest in York using the equity method and, therefore, our financial results were not consolidated with York's.

The unaudited interim financial information contained in these condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2006, included in our Annual Report on Form 10-KSB filed with the SEC.

CASH AND CASH EQUIVALENTS

Investments in money market funds and short term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents. At March 31, 2007, the Company held approximately $1,110,000 in money market fund investments.

EARNINGS PER SHARE

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

	Three Months End March 31,	
	2007	20
Net income (loss)	$(18,333)	$ 466
Weighted-average shares outstanding - basic	883,725	880
Incremental shares from assumed conversions:		
Stock options under incentive compensation plan	-	45
Weighted-average shares outstanding - diluted	883,725	925
Per share net income (loss):		
Basic	$ (0.02)	$
Diluted	$ (0.02)	$

Dilutive securities consisting of stock options were excluded if their effect was anti-dilutive. There were 143,000 potentially anti-dilutive stock options excluded from earnings per share for the three months ended March 31, 2007. There were no potentially anti-dilutive stock options for the three months ended March 31, 2006.

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

INVESTMENT SECURITIES, AVAILABLE-FOR-SALE
Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized. We regularly review investment securities for other-than-temporary impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other-than-temporary are recognized in earnings. At March 31, 2007, substantially all of the value of the securities are invested in a US Treasury Note.

RECLASSIFICATIONS
Certain comparative amounts for the prior period have been reclassified to conform to the current period condensed consolidated financial statement presentation. Such reclassifications did not affect income (loss) before income taxes and equity in earnings of York or net income.

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

STOCK-BASED COMPENSATION
The Company accounts for stock based compensation in accordance with FASB Statement of Financial Accounting Standards No. 123R "Share-Based Payment" ("SFAS 123R"). Under SFAS 123R, 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 compensation cost recorded for stock based compensation, which includes stock options and restricted stock, is based on the grant date fair value as required by SFAS 123R.

The Company has issued stock options in accordance with its 2004 Incentive Compensation Plan. All stock options granted have exercise prices equal to the market value of stock on the date of grant. Accordingly, the Company records compensation expense based on the fair value of the stock options using a Black-Scholes option pricing model. The Black-Scholes option pricing model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value and therefore, the expense related to future stock options.

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

RECENT ACCOUNTING PRONOUNCEMENTS
In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109" ("FIN 48") which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 requires the Company to recognize in the financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of our 2007 fiscal year, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The effect of FIN 48 had no impact on the Company's retained earnings or 2007 income from operations.

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

2. SALE OF YORK INSURANCE SERVICES GROUP, INC.

On April 27, 2006, the Company's stockholders voted to approve the sale of its fifty percent interest in York to a newly formed entity controlled by a private equity fund and certain other investors; the sale was consummated on April 28, 2006. The Company recognized a gain from the sale of $37,471,143 before taxes consisting of the cash proceeds paid by the buyer of $38,864,121 plus a consulting fee and expense reimbursement received from York of $138,500 less the Company's carrying value in York of $1,131,478 and closing costs of $400,000. Prior to the sale, the Company's fifty percent interest in York was accounted for using the equity method and, therefore, York's financial results were not consolidated with ours. Summarized unaudited condensed financial information for York for the period January 1, 2006 to March 31, 2006 are as follows:

YORK INSURANCE SERVICES GROUP, INC.
SUMMARIZED CONDENSED FINANCIAL INFORMATION
(UNAUDITED)

Revenues
Expenses
Net income
Working capital
Total assets
Total liabilities
Shareholder's equity

The Company earned fees of $3,000 from York for service on York's board of directors for the three months ended March 31, 2006.

In December 2005, the Company entered into an expense sharing agreement among York and the other fifty percent stockholder of York for interest and other expenses related to a bank loan obtained by and for use by York. The expense

sharing agreement was limited in duration and ended in April 2006. The Company incurred expenses of approximately $113,000 related to the expense sharing agreement for the three months ended March 31, 2006.

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 March 31, 2007, Winco's wholly owned subsidiary, Investor Service Center, Inc., owned 222,644 shares of the Company and 234,665 shares of Tuxis, or 25% and 24%, respectively, of the outstanding common stock. Winco's wholly owned subsidiary, Midas Management Corporation ("MMC"), acts as "master" payer of compensation and benefits of Affiliate employees. At March 31, 2007, the Company had a reimbursement payable to MMC relating to compensation and benefit expenses of $175,796.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions incurred by Winco are allocated to the Company and the Affiliates. The Company incurred allocated rent and overhead costs of $21,418 and $24,999 for the three months ended March 31, 2007 and 2006, respectively. At March 31, 2007, the Company had a payable to Winco related to these costs of $9,671.

The Company participates in a 401(k) retirement plan for substantially all of its qualified employees. Company matching expense is based upon a percentage of contributions to the plan by eligible employees and are accrued and funded on a current basis. In 2006 and through January 31, 2007, the plan was sponsored by Winco. Matching expense to the Winco plan for the three months ended March 31, 2007 and 2006 was $12,218 and $10,049, respectively. Effective February 1, 2007, the Company began participating in a non-affiliated 401(k) plan and matching expense in aggregate for the three months ended March 31, 2007 and 2006 was $16,217 and $10,049, respectively.

At March 31, 2007, the Company had $102,262 invested in Midas Dollar Reserves, Inc. ("MDR"), a money market fund advised by MMC and $1,450 invested in Global Income Fund, Inc. ("GIF"), a closed end investment company advised by CEF Advisers, Inc., a wholly owned subsidiary of Winco. The Company earned dividends from MDR and GIF in aggregate of $1,060 and $50 for the three months ended March 31, 2007 and 2006, respectively. Certain officers and directors of the Company are officers and/or directors of MDR and GIF.

4. INVESTMENT IN SECURITIES

Investment securities at March 31, 2007, consisted of the following:

	AMORTIZED COST	GROSS UNREALIZE GAINS	LOSS
Investment securites, available-for-sale			
U.S.Treasury Note due August 2008	$36,559,615	$ -	$(15,4
Global Income Fund, Inc.	1,605	-	(1
Total	$36,561,220	$ -	$(15,6

5. INCENTIVE COMPENSATION PLAN

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

The Company accounts for the cost of its stock options under Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment" and began recognizing compensation expense for its share-based payments based on the fair value of the awards. Share-based payments include stock option grants under the Plan. SFAS 123R requires share-based compensation expense recognized since

January 1, 2006, to be based on the following: a) grant date fair value estimated in accordance with the original provisions of SFAS 123 for unvested options granted prior to the adoption date; and b) grant date fair value estimated in accordance with the provisions of SFAS 123R for unvested options granted subsequent to the adoption date. Under SFAS 123R forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate is adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate. SFAS 123R's fair value method has resulted in additional share-based expense (affecting compensation expenses and taxes) in the amount of $30,681 and $38,604 related to stock options for the three months ended March 31, 2007 and 2006, respectively. For the three months ended March 31, 2007 and 2006, this additional share-based expense lowered pre-tax earnings by $30,681 and $38,604, respectively, lowered net income by $18,102 and $37,117, respectively, and lowered basic earnings per share by $0.02 and $0.04, respectively.

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

	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 2004	143,000	$21.47
Granted	8,000	$21.19
Forfeited	(7,000)	$21.59
Balance, December 31, 2005	144,000	$21.45
Granted	3,000	$27.90
Exercised	(4,000)	$21.59
Forfeited	(1,000)	$21.59
Balance, December 31, 2006	142,000	$21.58

A summary of stock option activity since our most recent fiscal year end is as follows:

	SHARES UNDER OPTION	WEIGHTED AVERAG EXERCISE PRICE
Balance, December 31, 2006	142,000	$21.58
Granted	1,000	$32.83
Balance, March 31, 2007	143,000	$21.66

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The fair value of each option grant is separately estimated for each grant date. The fair value of each option is amortized into compensation expense on a straight-line basis between the grant date for the award and each vesting date. The Company has estimated the fair value of all stock option awards as of the date of the grant by applying the Black-Scholes option pricing valuation model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the determination of compensation expense. The Company granted 1,000 options during the three months ended March 31, 2007. There were no options granted during the three month period ended March 31, 2006.

The key assumptions used in determining the fair value of options granted by applying the Black-Scholes option pricing valuation model in 2007 and a summary of the methodology applied to develop each assumption are as follows:

Expected price volatility	35.92%
Risk-free interest rate	4.50%
Weighted average expected lives in years	4
Forfeiture rate	10%
Dividend yield	0%

11

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

RISK-FREE INTEREST RATE - This is the U.S Treasury yield in effect at the time of the grant having a term equal to the expected life of the option. An increase in the risk-free interest rate will increase compensation expense.

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

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

EXPECTED DIVIDEND YIELD - Since the adoption of the Plan, the Company has paid one special dividend, although at the time the options were granted management did not anticipate paying a dividend in the foreseeable future. Consequently, the dividend yield assumption was zero. The expected dividend yield is based on the Company's current dividend yield and the best estimate of projected dividend yields for future periods within the expected life of the option.

The following table summarizes information about stock options outstanding at March 31, 2007:

RANGE OF EXERCISE PRICE	OPTIONS OUTSTANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE (IN YEARS)	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE	E EX
$ 16.30 - $ 19.50	28,000	2.73	$17.04	21,000	
$ 21.59 - $ 32.83	115,000	2.12	$22.78	100,738	
	143,000	2.24	$21.66	121,738	

At March 31, 2007, the aggregate intrinsic value of all outstanding options was $2,087,200 with a weighted average remaining contractual term of 2.24 years. The total compensation cost related to non-vested awards not yet recognized was $68,873 with an expense recognition period of approximately 2 years.

6. INCOME TAXES

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

	THREE MON MARC 2007
Current provision (benefit):	
Federal	$ (72,386)
State and local	2,400
Total current provision (benefit)	(69,986)
Deferred provision (benefit):	
Expenses not currently deductible	51,717
Net operating loss	-
Equity in earnings of York	-
Total deferred provision (benefit)	51,717
Total provision (benefit) for income taxes	$ (18,269)

At March 31, 2007, deferred tax assets were $73,612 comprised unrealized losses on available for sale investment securities and expenses not deductible for income tax purposes such as compensation for stock options.

The difference between the U.S. federal statutory income tax rate and our effective rate is due to state and local income taxes.

7. SHAREHOLDERS' EQUITY

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.

RESTRICTED STOCK

On March 28, 2007, the Board of Directors approved a grant of 1,000 shares of restricted common stock to each non-employee director as additional compensation. The award is valued at the grant date fair value, which is the market price of the underlying common stock. A total of 3,000 shares of restricted common stock were issued and the related compensation expense of $98,490 is reflected in the Statement of Income under professional expenses. The related net tax benefit for the three months ended March 31, 2007 was $58,109.

8. COMMITMENTS AND CONTINGENCIES

At March 31, 2007, there were no contingent obligations or events occurring that could reasonably be expected to have a material adverse impact on the Company's consolidated financial statements.

13

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

FORWARD LOOKING INFORMATION

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

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

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

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

OVERVIEW

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

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

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

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

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

ACQUISITION PARAMETERS

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

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

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

LONG-TERM ACUTE CARE HOSPITALS

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

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

15

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

A critical accounting policy is one that is both important to the portrayal of the Company's financial condition or results of operations and requires significant judgment or complex estimation process. The Company's significant accounting policies are described in Note 1 to the audited financial statements included in with the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006. The Company believes the following are critical accounting policies:

INVESTMENT SECURITIES, AVAILABLE-FOR-SALE
Investment securities, available-for-sale are carried at fair value. Realized gains and losses are included in investment income based on specific identification. Unrealized gains and losses are recorded net of tax as part of accumulated other comprehensive income until realized. We regularly review investment securities for other-than-temporary impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds market value, the duration of that market decline, our intent and ability to hold to maturity or until forecasted recovery, and the financial health of and specific prospects for the issuer. Unrealized losses that are other-than-temporary are recognized in earnings. At March 31, 2007, substantially all of the value of the securities are invested in a US Treasury Note.

STOCK-BASED COMPENSATION
The Company accounts for stock option grants in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment." All stock options granted have exercise prices equal to the market value of stock on the date of grant. Accordingly, the Company records the fair value of these

options using a Black-Scholes option pricing model. The Black-Scholes option pricing model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value and therefore, the expense related to future stock options. For example, increases or decreases in the assumed volatility will cause the option to increase or decrease, respectively.

RESULTS OF OPERATIONS

REVENUE. Revenue decreased $3,000 for the three months ended March 31, 2007, compared to 2006. In 2006, revenue consisted of fees earned from York for board of directors meeting attendance all of which ceased as a result of the sale of our fifty percent interest in York in April 2006.

EXPENSES. Total expenses increased approximately $8,000 for the three months ended March 31, 2007, compared to 2006.

Compensation and benefits increased approximately $9,000 for the three months ended March 31, 2007, compared to 2006, due to annual salary increases. Compensation and benefit costs generally consist of salaries, payroll taxes, incentive compensation, stock based compensation, and health and welfare benefits.

Professional expenses, which generally consist of costs for audit, legal, non-employee directors' , and other professional services, increased approximately $11,000 for the three months ended March 31, 2007, compared to 2006. The increase was due to higher non-employee director compensation of approximately $111,000 which included a grant of restricted common stock with a fair value of approximately $100,000. The increase in directors' compensation was partially offset by lower audit, legal, and other professional fees of approximately $100,000 for the three months ended March 31, 2007, compared to 2006. The decrease in audit, legal, and other professional fees was attributable to costs incurred in 2006 leading up to the sale of York.

16

INTEREST AND DIVIDEND INCOME. Our investments in securities including U.S. Treasury obligations and money market funds at March 31, 2007 increased approximately $25,000,000, compared to 2006. As a result, dividend and interest income earned increased approximately $306,000 for the three months ended March 31, 2007, compared to 2006.

YORK. For the three months ended March 31, 2006, we recognized equity in the earnings of York of approximately $1,072,000.

Net loss was $18,333 or $0.02 per share on a diluted basis in 2007 compared to net income of $466,353 or $0.50 per share on a diluted basis in 2006.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109" ("FIN 48") which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 requires the Company to recognize in the financial statements, the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The provisions of FIN 48 are effective as of the beginning of our 2007 fiscal year, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The effect of FIN 48 had no impact on the Company's retained earnings or 2007 income from operations.

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

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have had adequate liquidity to fund our operations. In management's opinion, we should have adequate amounts of cash to meet our anticipated obligations. At March 31, 2007, the Company had positive working capital of $37,937,663, total assets of $38,377,973, no long term debt, and shareholders equity of $38,011,275.

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

ITEM 3. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company has carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2007. However, on April 3, 2007, the Company filed an Amendment No. 1 on Form 10-KSB/A to its Annual Report on Form 10-KSB for the fiscal year ended December 31, 2006, as filed with the SEC on April 2, 2007, to amend Item 13 to update the exhibit list and to file as Exhibit 23.1 the consent of Tait, Weller & Baker LLP which was omitted from the original filing of the Annual Report on Form 10-KSB.

CHANGES IN INTERNAL CONTROLS

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

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 28, 2007, the Board of Directors approved a grant of 1,000 shares of restricted common stock to each non-employee director as additional compensation. The award is valued at the grant date fair value which is the market price of the underlying common stock. A total of 3,000 shares of restricted common stock were issued to the non-employee directors and the related compensation expense was $98,490. The issuance was exempt from registration under Section 4(2) of the Securities Act of 1933, as amended.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

None

SIGNATURES

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

BEXIL CORPORATION

May 14, 2007 By: /s/ Thomas O'Malley

Thomas O'Malley
Chief Financial Officer and Chief Accounting Officer

CERTIFICATION - EXCHANGE ACT RULES 13A-14 AND 15D-14

I, Thomas B. Winmill, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Bexil Corporation ("small business issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted in accordance with SEC Release Nos. 33-8238 and 34-47986];

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Thomas B. Winmill

Thomas B. Winmill
Chief Executive Officer
Date: May 14, 2007

CERTIFICATION - EXCHANGE ACT RULES 13A-14 AND 15D-14

I, Thomas O'Malley, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Bexil Corporation ("small business issuer");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;

3. Based on my knowledge, the consolidated financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [omitted in accordance with SEC Release Nos. 33-8238 and 34-47986];

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the small business issuers internal control over financial reporting that occurred during the small business issuers most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuers' internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

/s/ Thomas O'Malley

Thomas O'Malley
Chief Financial Officer
Date: May 14, 2007

21

CEO CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bexil Corporation (the "Company") on Form 10-QSB for the period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas B. Winmill, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas B. Winmill

Thomas B. Winmill
Chief Executive Officer
May 14, 2007

22

CFO CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bexil Corporation (the "Company") on Form 10-QSB for the period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas O'Malley, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Thomas O'Malley

Thomas O'Malley
Chief Financial Officer
May 14, 2007