

BEXIL CORP
Form N-30D/A
March 12, 2002

BEXIL (R)
CORPORATION

ANNUAL REPORT
DECEMBER 31, 2001

INDEPENDENT PUBLIC ACCOUNTANT
TAIT, WELLER & BAKER

AMERICAN STOCK
EXCHANGE SYMBOL:

BXL

11 HANOVER SQUARE
NEW YORK, NY 10005

TEL (212) 797-7625

www.bexil.com

BEXIL CORPORATION
AMERICAN STOCK
EXCHANGE SYMBOL: BXL

11 HANOVER SQUARE, NEW YORK, NY 10005
WWW.BEXIL.COM

January 25, 2002

Fellow Shareholders:

In submitting this Annual Report, we first want to express our deepest sympathy for the families and friends of those who lost their lives in the murderous attacks of September 11, 2001. We hope and pray that those responsible are brought to justice and every effort is made to bring peace to a troubled world.

NEW POLICY

We have a number of exciting Company developments to review with shareholders. In December, the Company announced the adoption by the Board of Directors of a new non-fundamental policy which provides that the Company will seek to achieve its objective by devoting assets to operating businesses and/or investment securities as the officers of the Company deem appropriate, consistent with the shareholder-approved mandate to transition the Company from a registered investment company to an operating company. The Board eliminated the Company's former non-fundamental investment policy that required investment of at least 50% of total assets in U.S. Government Securities, obligations of U.S. Government agencies or instrumentalities and money market securities, with the remainder of its total assets primarily in equity and other securities. These changes, intended to clarify and emphasize that the Company's objective will be to operate businesses and not to invest solely in investment securities, became effective January 1, 2002. The Company anticipates filing in the first half of 2002 with the SEC an application to terminate its registration as an

Edgar Filing: BEXIL CORP - Form N-30D/A

investment company.

ACQUISITION OF 50% OF YORK INSURANCE SERVICES GROUP

In January 2002, the Company and the management of York Claims Service, Inc. announced the acquisition of York from American International Group, Inc. The acquisition was made through newly formed York Insurance Services Group, Inc., owned half by Bexil and half by York management. Since the 1930's, York's affiliates have served as both an independent adjustment company and third party administrator providing claims, data, and risk related services to insurers, insureds and intermediaries located throughout the United States. York's services have expanded to include property & casualty, workers' compensation, surveillance, transportation, environmental, construction, inland & ocean marine and litigation management. More information about York may be found at its web site <http://www.yorkclaims.com/>. York has represented to us that revenue in each of the last two fiscal years ending in December has been approximately \$25 million with net income of approximately \$2.0 million in 2000 and \$1.2 million in 2001.

Thomas MacArthur, Chairman and CEO of York Insurance Services Group, Inc., has stated that he thinks the transaction will enhance the business relationship between York and AIG for years to come, as well as expand York's services to the insurance industry as a whole. We look forward to a long and profitable association with Mr. MacArthur, given his passion for the company, pride in its services, devotion to customers, and his outstanding management team that shares his enthusiasm and purpose.

ACQUISITION PARAMETERS

We are approached from time to time about what we like to see in evaluating a potential acquisition. With respect to the size of our investment, we think the cash position should approximate \$3-4 million with any additional cost in the form of deferred payments through earn outs and non-recourse debt. Geographically, anywhere is fine but the further away from our offices in New York City, the more we need strong management and controls, etc. in place. Industries we are focusing on include service businesses and low tech, niche, manufacturing businesses. In structuring an acquisition, we like to see an experienced management team interested in sharing the rewards of growth and profitability. Buying a unit of a larger company would be our preferred acquisition. Please contact us if you are aware of a potential acquisition that meets our parameters and the seller is willing to quote a price.

RETURNS AND DIVIDEND IN 2001

We are pleased to report the Company's 2001 market total return of 26.25% on a net asset value total return of 3.20%. With respect to dividends, the objective of the Company's managed 8% dividend distribution policy is to provide shareholders with a relatively stable cash flow and reduce or eliminate any market price discount to the Company's net asset value per share, although this policy may be discontinued at any time by the Board of Directors. Payments are made primarily from ordinary income and any capital gains, with the balance from return of capital. For the twelve months ended December 31, 2001, actual distributions were 8.13% of average net assets with approximately 26.77% derived from net investment income and the balance from return of capital. With the York acquisition, it is likely that Bexil will no longer qualify to pass through to its shareholders its net income free of corporate level tax. Although this and other factors may result in the reduction or elimination of the dividend in

Edgar Filing: BEXIL CORP - Form N-30D/A

2002, it reflects the Company's increasing emphasis on capital appreciation potential in seeking to provide stockholders with an attractive rate of total return.

We appreciate your support and look forward to serving your investment needs in the months and years ahead.

Sincerely,

/s/ Bassett S. Winmill

/s/ Thomas B. Winmill

Bassett S. Winmill
Chairman

Thomas B. Winmill
President

2

BEXIL CORPORATION

SCHEDULE OF PORTFOLIO INVESTMENTS - DECEMBER 31, 2001

PAR VALUE

	U.S. GOVERNMENT OBLIGATIONS (64.33%)
\$ 500,000	U.S. Treasury Note, 4.75%, due 2/15/04
5,500,000	U.S. Treasury Note, 6.50%, due 2/15/10.....

Total U.S. Government Obligations (cost: \$6,137,383).....

	U.S. GOVERNMENT AGENCIES (.75%)
74,342	Government National Mortgage Assn., 7.00%, due 5/15/24

Total U.S. Government Agencies (cost: \$67,466).....

	NOTES (19.06%)
700,000	American Home Products Corp., 6.70% Notes, due 3/15/11.....
200,000	DuPont EI DeNemours, 6.00% Notes, due 3/06/03
1,000,000	Target Corp., 5.50% Notes, due 4/01/07

Total Notes (cost: \$1,900,455).....

SHARES

	COMMON STOCKS (15.86%)
--	------------------------

	FEDERAL & FEDERALLY-SPONSORED CREDIT AGENCIES (1.56%)
2,000	Fannie Mae.....

	HOTELS AND MOTELS (1.45%)
9,000	Extended Stay America Inc.(1).....

	INVESTMENT ADVICE (3.27%)
5,100	Alliance Capital Management Holding L.P.....
3,200	Stilwell Financial, Inc.....

	OIL ROYALTY TRADERS (.76 %)
8,100	San Juan Basin Royalty Trust.....

Edgar Filing: BEXIL CORP - Form N-30D/A

3,200	PETROLEUM REFINING (1.23 %) Exxon Mobil Corp.....
3,000	PHARMACEUTICAL PREPARATIONS (1.17%) Pfizer Inc.....
7,900	REAL ESTATE INVESTMENT TRUSTS (2.05%) Mills Corp.....

BEXIL CORPORATION 3 See accompanying notes to financial statements.

SCHEDULE OF PORTFOLIO INVESTMENTS - DECEMBER 31, 2001

SHARES

3,000	RETAIL-LUMBER & OTHER BUILDING MATERIALS DEALERS (1.50%) The Home Depot, Inc.....
100,000	SERVICES-MISCELLANEOUS BUSINESS SERVICES (2.87%) Safety Intelligence Systems Corp.*.....
	Total Common Stocks (cost: \$1,695,668).....
	TOTAL INVESTMENTS (COST: \$9,800,972) (100.00%).....

*Security is not publicly traded.
(1) Non-income producing security.

See accompanying notes to financial statements. 4 BEXIL CORPORATION

STATEMENT OF ASSETS AND LIABILITIES
December 31, 2001

ASSETS:

Investments at market value (cost: \$9,800,972) (Note 1)	\$ 10,198,636
Interest receivable	175,830
Other assets	959

Total assets	10,375,425

LIABILITIES:

Demand note payable (Note 5)	808,084
Accrued expenses	9,415
Accrued administrative fees	6,023
Cash overdraft	2,382
Other liabilities	233

Total liabilities	826,137

Edgar Filing: BEXIL CORP - Form N-30D/A

NET ASSETS: (applicable to 836,801 shares outstanding: 10,000,000 shares of \$.01 par value authorized)	\$ 9,549,288 =====
NET ASSET VALUE PER SHARE (\$9,549,288 / 836,801 shares outstanding)	\$ 11.41 =====
At December 31, 2001, net assets consisted of:	
Paid-in capital	\$ 10,235,552
Net unrealized appreciation on investments	397,663
Accumulated net realized loss on investments	(1,083,927)

	\$ 9,549,288 =====
STATEMENT OF OPERATIONS Year Ended December 31, 2001	
INVESTMENT INCOME:	
Interest	\$ 507,320
Dividends	39,871

Total investment income	547,191 -----
EXPENSES:	
Professional (Note 3)	92,223
Salaries (Note 3)	85,861
Investment management (Note 3)	39,571
Directors	35,789
Custodian	29,758
Transfer agent	23,813
Registration (Note 3)	12,140
Printing	9,702
Other	1,317

Total operating expenses	330,174
Loan interest and fees (Note 5)	4,755

Total expenses	334,929 -----
Net investment income	212,262 -----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES:	
Net realized gain on investments	70,905
Unrealized depreciation on investments during the period	(41,378)

Net realized and unrealized gain on investments	29,527 -----
Net increase in net assets resulting from operations	\$ 241,789 =====

Edgar Filing: BEXIL CORP - Form N-30D/A

BEXIL CORPORATION 5 See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended December 31, 2001 and 2000

	20

OPERATIONS:	
Net investment income.....	\$ 212
Net realized gain from security transactions.....	70
Unrealized depreciation on investments during the period.....	(41)
Net change in net assets resulting from operations.....	----- 241
DISTRIBUTIONS TO SHAREHOLDERS:	
Distributions to shareholders (\$.35 and \$.68 per share, respectively).....	(283)
Tax return of capital to shareholders (\$.62 and \$.32 per share, respectively).....	(509)
CAPITAL SHARE TRANSACTIONS:	
Increase in net assets resulting from reinvestment of distributions (30,390 and 32,219 shares, respectively).....	311

Total change in net assets.....	(239)
NET ASSETS:	
Beginning of period.....	9,788

End of period.....	\$9,549
	=====

See accompanying notes to financial statements. 6 BEXIL CORPORATION

NOTES TO FINANCIAL STATEMENTS

(1) Bexil Corporation (the "Company"), a Maryland corporation, is registered under the Investment Company Act of 1940, as amended ("1940 Act"), as a non-diversified closed-end management investment company. The Company anticipates filing with the SEC seeking to de-register from the 1940 Act in 2002. The Company's shares are listed on the American Stock Exchange. On September 8, 1999, the Board of Director's of the Company approved a change in the fiscal year end to December 31. Previously, the fiscal year end was June 30. The following is a summary of significant accounting policies consistently followed by the Company in the preparation of its financial statements. With respect to security valuation, securities listed or traded on a national securities exchange or the Nasdaq National Market System ("NMS") are valued at the last quoted sales price on the day the valuations are made. Such listed securities that are not traded on a particular day and securities traded in the over-the-counter market that are not on the NMS are valued at the mean between the current bid and asked prices. Securities for which quotations from the national securities exchange or the NMS are not readily available or reliable and other assets may be valued based on over-the-counter quotations or at fair

Edgar Filing: BEXIL CORP - Form N-30D/A

value as determined in good faith by or under the direction of the Board of Directors. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Investment transactions are accounted for on the trade date (date the order to buy or sell is executed). Interest income is recorded on the accrual basis. In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) The Company has complied with the requirements of the Internal Revenue Code applicable to regulated investment companies and distributed substantially all of its taxable investment income and net capital gains, if any, after utilization of any capital loss carryforward, to its shareholders and therefore no Federal income tax provision is required. The Company does not anticipate complying with such requirements in 2002 or in later years. At December 31, 2001, the Company had an unused capital loss carryforward of approximately \$1,084,000 of which \$290,200 expires in 2003, \$202,000 in 2004, \$229,800 in 2005, \$230,400 in 2007 and \$131,600 in 2008. Based on Federal income tax cost of \$9,800,972, gross unrealized appreciation and gross unrealized depreciation were \$561,181 and \$163,517 respectively, at December 31, 2001.

(3) The Company retained CEF Advisers, Inc. ("CEF") as its investment manager pursuant to an investment management agreement. As compensation for the service provided pursuant to such agreement, the Company paid to CEF a fee from its assets, such fee to be computed weekly and paid monthly in arrears at the annual rate of 7/10 of 1% of the first \$250 million, 5/8 of 1% from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. This fee is calculated by determining net assets on each Friday and applying the applicable rate to such amount for the number of days in the week. Certain officers and directors of the Company are officers and directors of CEF. The Company reimbursed CEF \$5,598 for providing certain administrative and accounting services at cost for the year ended December 31, 2001. At a meeting of the Board of Directors of the Company on June 13, 2001, the Board of Directors approved terminating the investment management agreement with CEF, effective at the end of business on July 31, 2001. Commencing August 1, 2001, the Company's officers (who are substantially identical to those of CEF) assumed the management of the Company's affairs, including portfolio management, subject to the oversight and final direction of the Board of Directors. Compensation of Company personnel was set in the aggregate amount of \$200,000 per year, which may be changed from time to time at the discretion of the Board of Directors.

(4) Purchases and proceeds of sales of investment securities other than short term investments aggregated \$3,708,634 and \$3,182,276, respectively, for the year ended December 31, 2001.

(5) The Company has a committed bank line of credit. At December 31, 2001, there was \$808,084 outstanding and the interest rate was equal to the Federal Reserve Funds Rate plus 1.00 percentage point. For the year ended December 31, 2001, the weighted average interest rate was 4.13% based on the balances outstanding from the line of credit during the period and the weighted average amount outstanding was \$96,508. The maximum amount of debt outstanding during the period was \$808,084.

(6) The tax character of distributions paid to shareholders for the years ended December 31, 2001 and 2000 was as follows:

2001	2000
-----	-----

Edgar Filing: BEXIL CORP - Form N-30D/A

Distributions paid from:		
Ordinary income	\$283,167	\$535,398
Return of capital	509,791	250,501
	-----	-----
	\$792,958	\$785,899

BEXIL CORPORATION 7

FINANCIAL HIGHLIGHTS

	YEARS ENDED DECEMBER 31,		SIX MONTHS ENDED DECEMBER 31,
	2001	2000	1999
	-----	-----	-----
PER SHARE DATA*			
Net asset value at beginning of period	\$12.14	\$12.62	\$12.83
	-----	-----	-----
Income from investment operations:			
Net investment income26	.60	.18
Net realized and unrealized gain (loss) on investments	(.02)	(.08)	.21
	-----	-----	-----
Total from investment operations24	.52	.39
Less distributions:			
Distributions to shareholders	(.35)	(.68)	(.18)
Tax return of capital to shareholders	(.62)	(.32)	(.42)
	-----	-----	-----
Increase (decrease) in net asset value	(.73)	(.48)	(.21)
	-----	-----	-----
Net asset value at end of period	\$11.41	\$12.14	\$12.62
	=====	=====	=====
Per share market value at end of period	\$10.21	\$ 8.88	\$ 9.50
	=====	=====	=====
TOTAL RETURN ON NET ASSET VALUE BASIS	3.20%	1.57%	4.60%
	=====	=====	=====
TOTAL RETURN ON MARKET VALUE BASIS (a)	26.25%	(4.00)%	(16.68)%
	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA			
Net assets at end of period (000's omitted)	\$9,549	\$9,789	\$9,771
	=====	=====	=====
Ratio of expenses to average net assets (b) (c) (d)	3.43%	2.33%	3.05%**
	=====	=====	=====
Ratio of net investment income to average net assets	2.18%	4.98%	2.87%**
	=====	=====	=====
Portfolio turnover rate	33%	182%	88%
	=====	=====	=====

* Per share net investment income and net realized and unrealized gain (loss) on investments have been computed using the average number of shares outstanding. These computations had no effect on net asset value per share.

** Annualized.

Edgar Filing: BEXIL CORP - Form N-30D/A

- (a) The Company has calculated total return based upon purchases and sales of shares of the Company at current market values and reinvestment of dividends and distributions at prices obtained under the dividend reinvestment plan. The calculation does not reflect brokerage commissions, if any.
- (b) The ratio for the six months ended December 31, 1999 and the years ended June 30, 1999 and 1997 after custodian fee credits was 3.05%**, 6.33% and 2.07%, respectively. There were no custodian fee credits for the year ended December 31, 2001 and 2000 and June 30, 1998.
- (c) Ratio excluding interest expense was 3.38%, 1.96%, 2.86%**, 5.80%, 4.93% and 1.94% for the years ended December 31, 2001 and 2000, the six months ended December 31, 1999 and the years ended June 30, 1999, 1998 and 1997, respectively.
- (d) Ratio prior to reimbursement was 3.18%**, 7.03% and 5.82% for the six months ended December 31, 1999 and for the years ended June 30, 1999 and 1998, respectively.

8

BEXIL CORPORATION

RESULTS OF THE ANNUAL MEETING

The Company's annual meeting of stockholders was held on October 30, 2001.

- 1. To elect the following directors to serve as follows:

DIRECTOR	CLASS	TERM	EXPIRING	VOTES FOR	VOTES WITHHELD
Russell E. Burke III	III	4 years	2005	472,424.432	10,468.224
David R.Stack	IV	5 years	2006	472,124.432	10,768.224
Thomas B. Winmill	IV	5 years	2006	470,997.500	11,895.156

Directors whose term of office continued after the meeting are Robert D. Anderson, Frederick A. Parker, Jr., Douglas Wu, and Bassett S. Winmill.

- 2. To ratify the selection of Tait, Weller & Baker as the Company's independent public accountant.

VOTES FOR	VOTES AGAINST	ABSTENTIONS	UNVOTED
467,875.546	3,462.708	11,554.402	338,387.894

The deadline for submitting stockholder proposals for inclusion in the Company's proxy statement and form of proxy for the Company's next annual meeting is May 22, 2002, pursuant to Rule 14a-8(e)2 of the 1934 Act. The date after which notice of a stockholder proposal submitted outside the processes of Rule 14a-8 under the 1934 Act is considered untimely is July 22, 2002, as established by the Company's By-Laws, as amended December 13, 2000.

DIVIDEND REINVESTMENT PLAN

The Company has adopted a Dividend Reinvestment Plan (the "Plan"). Under the Plan, each dividend and capital gain distribution, if any, declared by the Company on outstanding shares will, unless elected otherwise by each shareholder

Edgar Filing: BEXIL CORP - Form N-30D/A

by notifying the Company in writing at any time prior to the record date for a particular dividend or distribution, be paid on the payment date fixed by the Board of Directors or a committee thereof in additional shares. If the Market Price (as defined below) per share is equal to or exceeds the net asset value per share at the time shares are valued for the purpose of determining the number of shares equivalent to the cash dividend or capital gain distribution (the "Valuation Date"), participants will be issued additional shares equal to the amount of such dividend divided by the Company's net asset value per share. If the Market Price per share is less than such net asset value on the Valuation Date, participants will be issued additional shares equal to the amount of such dividend divided by the Market Price. The Valuation Date is the dividend or distribution payment date or, if that date is not an American Stock Exchange trading day, the next trading day. For all purposes of the Plan: (a) the Market Price of the shares on a particular date shall be the average closing market price on the five trading days the shares traded ex-dividend on the Exchange prior to such date or, if no sale occurred on any of these days, then the mean between the closing bid and asked quotations, for the shares on the Exchange on such day, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Company.

PRIVACY POLICY

Bexil Corporation recognizes the importance of protecting the personal and financial information of its shareholders. We consider each shareholder's personal information to be private and confidential. This describes the practices followed by us to protect our shareholders' privacy. We may obtain information about you from the following sources: (1) information we receive from you on forms and other information you provide to us whether in writing, by telephone, electronically or by any other means; (2) information regarding your transactions with us, our corporate affiliates, or others. We do not sell shareholder personal information to third parties. We will collect and use shareholder personal information only to service shareholder accounts. This information may be used by us in connection with providing services or financial products requested by shareholders. We will not disclose shareholder personal information to any nonaffiliated third party except as permitted by law. We take steps to safeguard shareholder information. We restrict access to nonpublic personal information about you to those employees and service providers who need to know that information to provide products or services to you. With our service providers we maintain physical, electronic, and procedural safeguards to guard your nonpublic personal information. Even if you are no longer a shareholder, our Privacy Policy will continue to apply to you. We reserve the right to modify, remove or add portions of this Privacy Policy at any time.

BEXIL CORPORATION

9

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

To the Board of Directors and Shareholders of Bexil Corporation:

We have audited the accompanying statement of assets and liabilities of Bexil Corporation, including the schedule of portfolio investments as of December 31, 2001, and the related statement of operations for the year then ended, the statement of changes in net assets for the two years then ended, and the financial highlights for the years ended December 31, 2001 and 2000, the six months ended December 31, 1999 and the years ended June 30, 1998 and 1997. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The financial highlights for the year ended June 30, 1999 were audited by other auditors whose

Edgar Filing: BEXIL CORP - Form N-30D/A

report, dated August 9, 1999, expressed an unqualified opinion on this information.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2001, by correspondence with the custodian. 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 and financial highlights referred to above present fairly, in all material respects, the financial position of Bexil Corporation as of December 31, 2001, the results of its operations, the changes in its net assets, and the financial highlights for the periods noted above, in conformity with accounting principles generally accepted in the United States of America.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania
January 18, 2002

OFFICERS AND DIRECTORS

DIRECTORS

BASSETT S. WINMILL
Chairman

ROBERT D. ANDERSON
Vice Chairman

RUSSELL E. BURKE III (1)
FREDERICK A. PARKER, JR. (1)
DAVID R. STACK (1)
THOMAS B. WINMILL, ESQ.
DOUGLAS WU (1)

(1) Member, Audit Committee

OFFICERS

THOMAS B. WINMILL, Esq.
President

MARION E. MORRIS
Senior Vice President
WILLIAM G. VOHRER
Treasurer

MONICA PELAEZ, Esq.
Vice President, Secretary

HEIDI KEATING
Vice President

BEXIL CORPORATION

11 Hanover Square
New York, NY 10005

Printed on recycled paper [RECYCLE LOGO]

BXL-AR-12/01