

BEXIL CORP
Form N-30D
March 31, 2003

BEXIL (R)
CORPORATION

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ANNUAL REPORT
December 31, 2002

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

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11 Hanover Square, New York, NY 10005
www.bexil.com

February 20, 2003

Fellow Shareholders:

Bexil Corporation is pleased to report that operations at York Insurance Services Group, Inc. in 2002 enjoyed excellent results. Bexil Corporation acquired 50% of York in January 2002. York's audited results for 2002 show revenues of approximately \$40.3 million with net income of approximately \$4.2 million. In 2000 and 2001, York's revenues were approximately \$25.3 million in each year with net income of approximately \$2,015,000 in 2000 and \$688,845 in 2001.

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. More information about York may be found at its web site <http://www.yorkclaims.com/>. Tom MacArthur, York's President, and a very capable team do a remarkable job marketing York's excellent services and satisfying York's customers. We expect that working with him to make the business grow further will be a very fruitful undertaking.

Our goal over the year ahead will be to grow this insurance services business. Given industry conditions, we think opportunities may arise that could be rewarding to the Company and its shareholders. It should be noted that with the York acquisition Bexil no longer qualifies to pass through to its shareholders its net income, if any, free of corporate level tax.

The Company is pursuing the application it initially filed in 2002 with the Securities and Exchange Commission to terminate its registration as an investment company. While the SEC staff had advised the Company in the fall of

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last year that it did not believe an order of de-registration was appropriate at that time, the staff did agree to meet with representatives of the Company in Washington, D.C. to discuss the application further. Based on that January 8, 2003 meeting and other correspondence we think the Company's request for an order of de-registration has strong merit, although there can be no assurance that its application will be successful.

As stated in our December 4, 2002 press release, the dividend distribution for the quarter ending December 31, 2002 reflected the discontinuation of the Company's managed 8% distribution policy. Under the discontinued policy, payments had been made primarily from ordinary income and any capital gains, with the balance from return of capital. Due to the Company's higher operating expenses, for the twelve months ended December 31, 2002, actual distributions were 100% from return of capital. This and other factors may result in the sharp reduction or elimination of the dividend in 2003.

Sharing your optimism about the Company's potential, management and its affiliates own approximately 24% of the Company's outstanding shares and may seek to purchase additional shares from time to time over the years ahead.

Sincerely,

/s/ Bassett S. Winmill

Bassett S. Winmill
Executive Chairman

/s/ Thomas B. Winmill

Thomas B. Winmill
President

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This report contains forward-looking statements and similar expressions that reflect Bexil's current expectations about its future performance, and are subject to risks, uncertainties and other factors that could cause Bexil's actual performance to differ materially from those expressed in, or implied by, these forward-looking statements.
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BEXIL CORPORATION

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STATEMENT OF ASSETS AND LIABILITIES
December 31, 2002

ASSETS:

Holdings at fair value (cost: \$9,029,616) (Note 1)	\$16,499,250
Interest receivable	49,963
Other assets	1,100

Total assets	16,550,313

LIABILITIES:

Deferred taxes (Note 7)	2,972,000
Accrued salary	451,365
Accrued expenses	132,338
Distributions payable	8,399

Total liabilities	3,564,102

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NET ASSETS: (applicable to 865,061 shares outstanding: 10,000,000 shares of \$.01 par value authorized)	\$12,986,211
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NET ASSET VALUE PER SHARE (\$12,986,211 / 865,061 shares outstanding)	\$ 15.01
	=====
At December 31, 2002, net assets consisted of:	
Paid-in capital	\$ 9,244,608
Net unrealized appreciation on holdings	7,469,635
Accumulated net realized loss on holdings	(104,522)
Accumulated deficit in net operating income	(3,623,510)

	\$12,986,211
	=====
STATEMENT OF OPERATIONS	
Year Ended December 31, 2002	
INCOME:	
Interest	\$ 257,141
Dividends	9,533

Total income	266,674

EXPENSES:	
Salary (Note 3)	665,317
Professional (Note 3)	86,865
Transfer agent	31,860
Directors	30,866
Custodian	18,086
Printing	16,740
Registration (Note 3)	13,012
Other	38,925

Total operating expenses	901,671
Loan interest and fees (Note 5)	513

Total expenses	902,184

Net operating loss before income taxes	(635,510)
Income tax benefit (Note 7)	324,000

Net operating loss	(311,510)
REALIZED AND UNREALIZED GAIN (LOSS) ON HOLDINGS:	
Net realized gain on holdings	429,658
Unrealized appreciation on holdings during the period	7,071,972
Deferred tax expense (Note 7)	(3,312,000)

Net realized and unrealized gain on holdings	4,189,630
Net increase in net assets resulting from operations	\$ 3,878,120
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See accompanying notes to financial statements.

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STATEMENTS OF CHANGES IN NET ASSETS For the Years Ended December 31, 2002 and 2001

	2002	2001
	-----	-----
OPERATIONS:		
Net income (loss)	\$ (311,510)	\$ 21,510
Net realized gain from security transactions	429,658	7,700
Unrealized appreciation (depreciation) on holdings during the period ...	3,759,972	(4,700)
	-----	-----
Net change in net assets resulting from operations	3,878,120	24,510
DISTRIBUTIONS TO SHAREHOLDERS:		
Distributions to shareholders (\$.35 per share)	--	(28,000)
Tax return of capital to shareholders (\$.87 and \$.62 per share, respectively)	(737,240)	(50,000)
CAPITAL SHARE TRANSACTIONS:		
Increase in net assets resulting from reinvestment of distributions (28,260 and 30,390 shares, respectively)	296,043	31,390
	-----	-----
Total change in net assets	3,436,923	(23,100)
NET ASSETS:		
Beginning of period	9,549,288	9,780,388
	-----	-----
End of period	\$12,986,211	\$9,549,288
	=====	=====

Schedule of Portfolio Holdings - December 31, 2002

Par Value		Fair Value
-----		-----
	U.S. Government Obligations (28.40%)	
\$4,300,000	U.S. Treasury Note, 3.00%, due 2/29/04	\$ 4,387,010
250,000	U.S. Treasury Note, 6.50%, due 2/15/10	298,905

	Total U.S. Government Obligations (cost: \$4,534,141)	4,685,915

Shares	Common Stocks (64.51%)	

	Services-Miscellaneous Business Services (64.51%)	
100,000	Safety Intelligence Systems Corp./ (1) // (2) /	282,860
500	York Insurance Services Group, Inc./ (1) // (2) /	10,360,000

	Total Common Stocks (cost: \$3,325,000)	10,642,860

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Par Value

	Short Term Investments (7.09%)	
\$1,170,475	Repurchase Agreement with State Street Bank & Trust, 0.25%, due 1/02/03 (collateralized by U.S. Treasury Notes)	1,170,475
	Total Short Term Investments (cost: \$1,170,475)	1,170,475
	Total Investments (cost: \$9,029,616) (100.00%)	\$16,499,250

- /(1)/ Security is not publicly traded. Market value is determined in good faith by or under the direction of the Board of Directors.
- /(2)/ Non-income producing security.

See accompanying notes to financial statements.

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Notes to Financial Statements

(1) Bexil Corporation (the "Company"), a Maryland corporation registered under the Investment Company Act of 1940, as amended ("1940 Act"), is a non-diversified, closed-end, management investment company. The Company has filed an application with the SEC to de-register from the 1940 Act. 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 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 did not comply with the requirements of the Internal Revenue Code regarding asset diversification requirements applicable to regulated investment companies during the year ended December 31, 2002. Thus, the Fund did not qualify as a regulated investment company under subchapter M of the Internal Revenue Code and is subject to income taxes. It is the intent of the Company to

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continue to operate as such and not qualify as a regulated investment company. The Fund accounts for income taxes by using the liability method, whereby deferred tax assets and liabilities arise from the tax effect of temporary differences between the financial statement and tax basis of assets and liabilities, measured using presently enacted tax rates. For income tax purposes, the Company had a net operating loss carryforward at December 31, 2002 of approximately \$635,500 which is available to offset future net operating income, if any, and which expires in 2017. In addition, the Company had an unused capital loss carryforward of approximately \$104,500 which expires in 2005. Based on Federal income tax cost of \$9,029,616, gross unrealized appreciation and gross unrealized depreciation were \$7,511,775 and \$42,140 respectively, at December 31, 2002.

(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 was 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. 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

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BEXIL CORPORATION

effective August 1, 2001, \$365,000 per year effective January 1, 2003, and may be further changed from time to time at the discretion of the Board of Directors. In addition, bonuses of \$412,500 were accrued in 2002.

(4) Purchases and proceeds of sales of investment securities other than short term investments aggregated \$7,973,416 and \$10,356,772, respectively, for the year ended December 31, 2002.

(5) In January 2002, the Company terminated its committed bank line of credit. The interest rate was equal to the Federal Reserve Funds Rate plus 1.00 percentage point. For the year ended December 31, 2002, the weighted average interest rate was 2.56% based on the balances outstanding from the line of credit during the period and the weighted average amount outstanding was \$15,840. The maximum amount of debt outstanding during the period was \$808,084. In connection with its acquisition of 50% of the common stock of York Insurance Services Group, Inc., the Company provided a limited guaranty of up to \$3 million to the lender of senior debt.

(6) The tax character of distributions paid to shareholders for the years ended December 31, 2002 and 2001 was as follows:

	2002	2001
	-----	-----
Distributions paid from:		
Ordinary income	\$ --	\$283,167
Return of capital	737,240	509,791
	-----	-----
	\$737,240	\$792,958

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(7) The provision for income tax expense was as follows:

	2002
Current	-----
Federal	\$ --
State and local	16,000

	16,000
Deferred	-----
Federal	2,597,000
State and local	375,000

	2,972,000

	\$2,988,000
	=====

Deferred tax liabilities (assets) are comprised of the following at December 31, 2002:

Unrealized appreciation on holdings	\$3,312,000
Net operating and capital loss carryforwards	(340,000)

Net deferred taxes	\$2,972,000
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(8) The Company subsequently changed the manner of presentation of income taxes in the statement of operations. This change of presentation did not change the total net assets, the net increase in net assets resulting from operations, total return on net asset value and total return on market value basis.

BEXIL CORPORATION

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FINANCIAL HIGHLIGHTS

	Years Ended December 31,			Six Months Ended December 31,
	2002	2001	2000	1999
	-----	-----	-----	-----
PER SHARE DATA*				
Net asset value at beginning of period	\$11.41	\$12.14	\$12.62	\$12.83
	-----	-----	-----	-----
Income from operations:				
Net income (loss)	(4.65)	.26	.60	.18
Net realized and unrealized gain (loss) on investments	9.12	(.02)	(.08)	.21
	-----	-----	-----	-----
Total from operations	4.47	.24	.52	.39
Less distributions:				

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Distributions to shareholders	--	(.35)	(.68)	(.18)
Tax return of capital to shareholders	(.87)	(.62)	(.32)	(.42)
	-----	-----	-----	-----
Increase (decrease) in net asset value	3.60	(.73)	(.48)	(.21)
	-----	-----	-----	-----
Net asset value at end of period	\$15.01	\$11.41	\$12.14	\$12.62
	=====	=====	=====	=====
Per share market value at end of period	\$10.80	\$10.21	\$ 8.88	\$ 9.50
	=====	=====	=====	=====
TOTAL RETURN ON NET ASSET VALUE BASIS	42.81%	3.20%	1.57%	4.60%
	=====	=====	=====	=====
TOTAL RETURN ON MARKET VALUE BASIS (a).....	14.84%	26.25%	(4.00)%	(16.68)%
	=====	=====	=====	=====
RATIOS/SUPPLEMENTAL DATA				
Ratio of expenses to average net assets (b) (c) (d)...	9.57%	3.43%	2.33%	3.05%**
	=====	=====	=====	=====
Ratio of net income (loss) to average net assets	(3.31)%	2.18%	4.98%	2.87%**
	=====	=====	=====	=====
Portfolio turnover rate	83%	33%	182%	88%
	=====	=====	=====	=====

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

** Annualized.

- (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 after custodian fee credits was 3.05**, and 6.33%, respectively. There were no custodian fee credits for years ended December 31, 2002, 2001 and 2000 and June 30, 1998.
- (c) Ratio excluding interest and including tax expense was 41.28%, 3.38%, 1.96%, 2.86**, 5.80% and 4.93% for the years ended December 31, 2002, 2001 and 2000, the six months ended December 31, 1999 and the years ended June 30, 1999 and 1998, 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.

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 holdings as of December 31, 2002, 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, 2002, 2001 and 2000, the six months ended December 31, 1999 and the year ended June 30, 1998. 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 report, dated August 9, 1999, expressed an unqualified opinion on this

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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, 2002, 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, 2002, 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.

As discussed in Note 8 to the financial statements, the Company reclassified the provision for income taxes in the statement of operations. The financial statements have been restated to reflect this presentation.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania January 17, 2003, except for Note 8, as to which the date is March 19, 2003

DIRECTORS AND OFFICERS

DIRECTORS

OFFICERS

BASSETT S. WINMILL
Executive Chairman

THOMAS B. WINMILL, Esq.
President

RUSSELL E. BURKE III /1/

WILLIAM G. VOHRER
Treasurer

FREDERICK A. PARKER, JR./1/

MONICA PELAEZ, Esq.
Vice President, Secretary

THOMAS B. WINMILL, Esq.

DOUGLAS WU /1/

/1/Member, Audit Committee

BEXIL CORPORATION

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RESULTS OF THE ANNUAL MEETING

The Company's annual meeting of stockholders was held on October 2, 2002.

1. To elect the following director to serve as follows:

Director	Class	Term	Expiring	Votes For	Votes Abstained
-----	-----	-----	-----	-----	-----

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Bassett S. Winmill V 5 years 2007 713,717 28,571

Directors whose term of office continued after the meeting are Frederick A. Parker, Jr., Douglas Wu, Russell E. Burke III and Thomas B. Winmill.

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 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 day before the dividend or distribution payment date or, if that day 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.

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