

TUXIS CORPORATION

- Notice of 2008 Annual Meeting and Proxy Statement
- 2007 Annual Report

3814 Route 44
Millbrook, NY 12545
Tel 1-845-677-2700

www.tuxis.com

Symbol:

TUXS

TUXIS CORPORATION

Notice of Annual Meeting of Stockholders

To the Stockholders:

Notice is hereby given that the 2008 Annual Meeting of Stockholders ("Meeting") of Tuxis Corporation (the "Company") will be held at 11 Hanover Square, 12th Floor, New York, New York on June 18, 2008 at 9:00 a.m., local time, for the following purposes:

1. To elect to the Board of Directors the Nominee, Russell E. Burke III, as a Class III Director to serve a three year term and until his successor is duly elected and qualifies.
2. To consider and act upon any other business as may properly come before the Meeting or any adjournment thereof.

The Board of Directors unanimously recommends that stockholders vote in favor of the Nominee.

Stockholders of record at the close of business on April 18, 2008 are entitled to receive notice of and to vote at the Meeting.

By Order of the Board of Directors



John F. Ramirez
Secretary

New York, New York
May 16, 2008

THE MEETING WILL START PROMPTLY AT 9:00 A.M., LOCAL TIME. TO AVOID DISRUPTION, ADMISSION MAY BE LIMITED ONCE THE MEETING STARTS. PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED PRE-ADDRESSED REPLY ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. ANY STOCKHOLDER OF RECORD PRESENT AT THE MEETING MAY VOTE IN PERSON INSTEAD OF BY PROXY, THEREBY CANCELING ANY PREVIOUS PROXY.

Please Vote Immediately by Signing and Returning the Enclosed Proxy Card.
Delay may cause the Company to incur additional expenses to solicit votes for the Meeting.

TUXIS CORPORATION

PROXY STATEMENT

Annual Meeting of Stockholders to be held June 18, 2008

This Proxy Statement is furnished in connection with a solicitation of proxies by Tuxis Corporation (the "Company") to be voted at the 2008 Annual Meeting of Stockholders of the Company at 11 Hanover Square, 12th Floor, New York, New York on June 18, 2008 at 9:00 a.m., local time, and at any postponements or adjournments thereof ("Meeting") for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. Only stockholders of record at the close of business on April 18, 2008 (the "Record Date") are entitled to be present and to vote on matters at the Meeting. Stockholders are entitled to one vote for each Company share held. Shares represented by executed and unrevoked proxies will be voted in accordance with the instructions on the Proxy Card. A stockholder may revoke a proxy by delivering to the Company a signed proxy with a date later than the previously delivered proxy or by sending a written revocation to the Company. To be effective, such revocation must be received prior to the Meeting. In addition, any stockholder who attends the Meeting in person may vote by ballot at the Meeting, thereby canceling any proxy previously given. As of the Record Date, the Company had 983,776 shares of common stock issued and outstanding. Stockholders of the Company will vote as a single class.

It is estimated that proxy materials will be mailed to stockholders as of the Record Date on or about May 16, 2008. A copy of the Company's most recent Annual Report is attached hereto.

PROPOSAL 1: TO ELECT TO THE BOARD OF DIRECTORS THE NOMINEE, RUSSELL E. BURKE III, AS A CLASS III DIRECTOR TO SERVE A THREE YEAR TERM, AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.

The Board has approved the nomination of Russell E. Burke III, as a Class III Director to serve a three year term, and until his successor is duly elected and qualifies. The Nominee currently serves as a Director of the Company. Mr. Burke will be elected by a plurality of the votes cast at the Meeting. Unless otherwise noted, the address of record for the Director is 11 Hanover Square, New York, New York 10005.

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

<u>Name, Principal Occupation, and Business Experience</u>	<u>Director Since</u>
<u>Non-interested Nominee:</u>	
Class III:	
RUSSELL E. BURKE III – He is President of Russell E. Burke III, Inc. Fine Art. He was born on August 23, 1946.	1997

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

Vote Required

Under Article VIII of the Company's charter, except as otherwise provided in the charter and notwithstanding any other provision of the Maryland General Corporation Law ("MGCL") to the contrary, any action submitted to a vote by stockholders requires the affirmative vote of at least eighty percent (80%) of the outstanding shares of all classes of voting stock, voting together, in person or by proxy at a meeting at which a quorum is present, unless such action is approved by the vote of a majority of the Board of Directors, in which case such action requires the lesser of (1) a majority of all the votes entitled to be cast on the matter with the shares of all classes of voting stock voting together, or (2) if such action may be taken or authorized by a lesser proportion of votes under applicable law, such lesser proportion. Inasmuch as the election of the Nominee was approved by the vote of a majority of the Board of Directors, a plurality of all the votes cast at the Meeting at which a quorum is present is sufficient to elect the Nominee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS YOU VOTE FOR THE NOMINEE.

How to Communicate with the Company's Board of Directors

Stockholders who wish to communicate with the Board of Directors or a particular director may send a letter to the Secretary of the Company at 11 Hanover Square, New York, New York 10005. The mailing envelope must contain a clear notation indicating that the enclosed letter is a "Stockholder-Board Communication" or "Stockholder-Director Communication." All such letters must identify the author as a stockholder and clearly state whether the intended recipients are all members of the Board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors.

ADDITIONAL INFORMATION

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

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

Discretionary Authority; Submission Deadlines for Stockholder Proposals

Although no business may come before the Meeting other than that specified in the Notice of Annual Meeting of Stockholders, shares represented by executed and unrevoked proxies will confer discretionary authority to vote on matters which the Company did not have notice of a reasonable time prior to mailing this Proxy Statement to stockholders. The Company's Bylaws provide that in order for a stockholder to nominate a candidate for election as a Director at an annual meeting of stockholders or propose business for consideration at such meeting, written notice generally must be delivered to the Secretary of the Company, at the principal executive offices, not less than 60 days nor more than 90 days prior to the first anniversary of the mailing of the notice for the preceding year's annual meeting. Proposals should be mailed to the Company, to the attention of the Company's Secretary, 11 Hanover Square, New York, New York 10005. The submission by a stockholder of a proposal for inclusion in the proxy statement or presentation at any stockholder meeting does not guarantee that it will be included or presented. Stockholder proposals are subject to certain requirements under the MGCL and must be submitted in accordance with the Company's Bylaws.

Householding of Proxy Materials

To reduce the expenses of printing and delivering duplicate copies of proxy statements, some banks, brokers, and other nominee record holders may deliver only one copy of these materials to stockholders who share an address unless otherwise

requested. If you share an address with another stockholder and have received only one copy of this proxy statement, you may request a separate copy of these materials at no cost to you by writing to Tuxis Corporation, 11 Hanover Square, New York, New York 10005, Attention: Secretary. For future stockholder meetings, you may request separate copies of these materials, or request that we send only one set of these materials to you if you are receiving multiple copies by calling or writing to us at the number or address given above.

Notice to Banks, Broker/Dealers, and Voting Trustees and Their Nominees

Please advise the Company's transfer agent, Illinois Stock Transfer Company, at 1-800-757-5755 whether other persons are the beneficial owners of the shares for which proxies are being solicited and, if so, the number of copies of this Proxy Statement and other soliciting material you wish to receive in order to supply copies to the beneficial owners of shares.

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

TUXIS CORPORATION

• **2007 Annual Report**

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TUXIS CORPORATION

May 9, 2008

Fellow Shareholders:

It is a pleasure to welcome the new shareholders who have made their investment in Tuxis Corporation since our last report.

Real Estate Development Progress

The most significant Tuxis real estate development event of 2007 was the acquisition on May 31, 2007 of Heritage Park Self Storage [since renamed "Tuxis Self Storage"], 6 Heritage Park Road, Clinton, CT 06413. As has been previously reported in our press release dated June 6, 2007, Heritage Park Self Storage is a 177 unit, 25,705 square foot facility with 3,500 square feet of office and warehouse space and a cell tower on 1.93 acres. It is located in an industrial park about a mile from Exit 64 on I-95. The self storage facility, which offers a mix of standard and climate control units, has been operating since 1985. The entire facility is paved, fenced and lighted. Entry is via an electronic gate with keypad access.

Tuxis has been operating the facility since its acquisition. Management has added signage and marketing enhancements which combined with other construction and site management improvements have resulted in an increase in physical occupancy from approximately 70% upon the signing of the purchase contract to around 85% today; concomitantly rental rates have been increased with little effect on occupancy levels; management has secured permitting and is currently in construction of an additional 1,200 square feet of climate-controlled storage in response to customer demand as evidenced by our storage unit waiting list. Management is gratified by the dramatically improved operational results at Tuxis Self Storage in Clinton, CT and is committed to maintaining the property as a high quality, high security self storage facility.

As of June 2007 the Millbrook Commons redevelopment project was reconfigured and approved by the local permitting agencies to be substantially a climate-controlled self storage facility – Tuxis Self Storage at Millbrook Commons – complemented by office/retail space at the front of the building along well-traveled Route 44, Millbrook, NY. Construction on the project is ongoing and project completion is forecasted by the end of this year.

Operations at the Mabbettsville Dairy Cream continue with the experienced food service tenant as previously reported. The highlight for this property is that it remained open year-round for the first time in its 53 year history. This property adjoins Millbrook Commons and is part of an overall redevelopment and enhancement of the site. Tuxis may seek to further expand its property holdings in this area.

Tuxis has completed an analysis for highest-and-best use practice and current valuation for its 215 acre property in Clinton Corners and Millbrook, NY. After much research and analysis, including evaluating the concept site plan created for the property's development over time, alternative subdivision concepts, comparable sales and other valuation approaches, management has initiated procedures in order to sell the property for the greatest achievable value for Tuxis. It is intended that the property's sales proceeds would be invested into additional self storage properties, portfolios of self storage properties or self storage companies, trusts or other self storage investment vehicles.

Company management is actively reviewing a number of other real estate acquisition candidates, in particular self storage properties, and anticipates additional transactions in the future.

Tuxis Delists and Deregisters Its Common Stock

As previously reported by press release on March 8, 2007 Tuxis announced that it had filed to delist and deregister its common stock. The Board of Directors decided to take this action after concluding that the disadvantages of maintaining its listing on the AMEX outweigh the benefits to the Company and its stockholders. Among the factors considered were the ongoing costs and expenses, both direct and indirect, associated with being listed on the AMEX and the preparation and filing of the Company's periodic reports with the SEC; the increase in costs and expenses that the Company expects to incur in light of the Sarbanes-Oxley Act of 2002, particularly complying with Section 404 of such Act; the limited trading volume and liquidity of the Company's stock on the AMEX; and the lack of analyst coverage for the Company's stock.

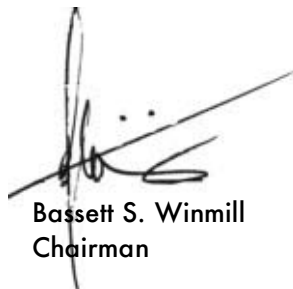
Although the Company's common stock no longer is quoted on the AMEX, the common stock is currently quoted over-the-counter in the Pink Sheets under symbol TUXS. The Pink Sheets, operated by Pink OTC Markets Inc., is an electronic network through which participating broker-dealers can make markets and enter orders to buy and sell shares of issuers. It is a centralized quotation service that collects and publishes market maker quotes in real time primarily through its website www.pinksheets.com, which provides stock and bond price quotes, financial news and information about securities traded.

Delisting and deregistration will allow management to focus its resources on implementing the Company's business plan and position the Company to enhance long-term stockholder value. The Company intends to update its stockholders with financial information on a regular basis. Information on the Company's operations can be found on its website, www.tuxis.com.

Tuxis Announces Improved Financial Results

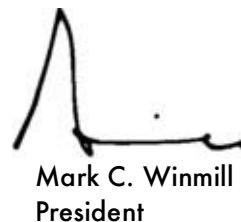
For the year ended December 31, 2007, the Company reported a net loss of \$526,276 compared to a net loss of \$679,710 for 2006. The net loss per share was \$0.53 for 2007 compared to a net loss per share of \$0.69 for 2006. Total rental revenues increased \$72,064 or 146% and total operating expenses decreased \$129,270 or 14% for the year 2007 compared to the year 2006. The Company attributes the increase of total rental revenue to the addition of Tuxis Self Storage, Clinton, CT revenues for the last seven months of 2007. The Company attributes the decrease in total expenses to no longer having to bear both the direct and indirect expenses associated with being listed on the American Stock Exchange and having to prepare and file periodic reports with the Securities and Exchange Commission.

Sharing your optimism about the Company's potential, management and its affiliates own approximately 26% of the Company's outstanding shares.



Bassett S. Winmill
Chairman

Sincerely,



Mark C. Winmill
President

This Annual Report contains forward looking statements about the Company, including its business operations, strategy and expected financial performance and conditions. Forward looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. Such statements are based on the current expectations of management, and inherently involve numerous risks and uncertainties, both known and unknown. These forward looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in this Annual Report. The forward looking statements that are contained in this Annual Report are made as of May 9, 2008, and, except as may be required by applicable law, the Company does not undertake any obligation to update publicly or to revise any of the included forward looking statements, whether as a result of new information, future events, or otherwise. The reader is cautioned not to place undue reliance on forward looking statements.

TUXIS CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,090,512	\$ 4,203,601
Accounts receivable:		
Rental	-	15,300
Due from affiliate	-	10,717
Other	365	10,182
Refundable income taxes	26,171	-
Prepaid expenses	22,112	1,954
Asset held for sale	2,194,589	-
Total current assets	<u>4,333,749</u>	<u>4,241,754</u>
Properties and equipment, net	3,269,973	3,830,899
Other assets	7,067	4,129
	<u>3,277,040</u>	<u>3,835,028</u>
Total assets	<u>\$ 7,610,789</u>	<u>\$ 8,076,782</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 89,129	\$ 91,624
Total current liabilities	<u>89,129</u>	<u>91,624</u>
Commitments and contingencies	-	-
Shareholders' equity		
Common stock, \$0.01 par value, 999,900,000 shares authorized; 983,776 shares issued and outstanding	9,838	9,838
Series A participating preferred stock, \$0.01 par value, 100,000 shares authorized; -0- shares issued and outstanding	-	-
Additional paid in capital	10,126,989	10,064,211
Accumulated deficit	(2,615,167)	(2,088,891)
Total shareholders' equity	<u>7,521,660</u>	<u>7,985,158</u>
Total liabilities and shareholders' equity	<u>\$ 7,610,789</u>	<u>\$ 8,076,782</u>

See notes to these consolidated financial statements.

TUXIS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,	
	2007	2006
Revenue		
Rental income	\$ 121,564	\$ 49,500
	<u>121,564</u>	<u>49,500</u>
Expenses		
Employee compensation and benefits	495,757	585,506
General and administrative	220,583	199,487
Professional	63,187	123,804
	<u>779,527</u>	<u>908,797</u>
Operating loss	(657,963)	(859,297)
Non-operating revenue		
Dividends	141,393	211,654
Loss before income taxes	(516,570)	(647,643)
Income taxes	9,706	32,067
Net loss	<u>(526,276)</u>	<u>(679,710)</u>
Basic and diluted per share net loss	\$ (0.53)	\$ (0.69)
Basic and diluted weighted average common shares outstanding	983,776	983,776

See notes to these consolidated financial statements.

TUXIS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Common Stock		Additional	Accumulated	Total
	Shares	Par Value	Paid in	Deficit	Shareholders'
			Capital		Equity
Balance at December 31, 2005	983,776	\$ 9,838	\$ 9,954,515	\$ (1,409,181)	\$ 8,555,172
Share-based compensation expense	-	-	109,696	-	109,696
Net loss	-	-	-	(679,710)	(679,710)
Balance at December 31, 2006	983,776	9,838	10,064,211	(2,088,891)	7,985,158
Share-based compensation expense	-	-	62,778	-	62,778
Net loss	-	-	-	(526,276)	(526,276)
Balance at December 31, 2007	983,776	\$ 9,838	\$ 10,126,989	\$ (2,615,167)	\$ 7,521,660

See notes to these consolidated financial statements.

TUXIS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2007	2006
Cash flows from operating activities		
Net loss	\$ (526,276)	\$ (679,710)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Share-based compensation expense	62,778	109,696
Depreciation	52,064	32,081
Decrease (increase) in rentals receivable	15,300	(8,754)
Decrease (increase) in receivable from affiliate	10,717	(10,717)
Decrease in other receivables	9,817	-
Increase in refundable income taxes	(26,171)	-
Increase in prepaid expenses	(20,158)	-
Decrease in accounts payable and accrued expenses	(2,495)	(58,854)
Decrease in income taxes payable	-	(33,252)
(Increase) decrease in other assets	(2,938)	372
Net cash used in operating activities	<u>(427,362)</u>	<u>(649,138)</u>
Cash flows from investing activities		
Purchase of self storage facility	(1,509,489)	-
Real estate development	(171,538)	(458,098)
Purchase of equipment	(4,700)	-
Net cash used in investing activities	<u>(1,685,727)</u>	<u>(458,098)</u>
Net decrease in cash and cash equivalents	(2,113,089)	(1,107,236)
Cash and cash equivalents		
Beginning of year	<u>4,203,601</u>	<u>5,310,837</u>
End of year	<u>\$ 2,090,512</u>	<u>\$ 4,203,601</u>
Supplemental disclosure:		
Income taxes paid	\$ 35,877	\$ 65,319

See notes to these consolidated financial statements.

TUXIS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2007 and 2006

1. NATURE OF BUSINESS AND ORGANIZATION

Tuxis Corporation ("Tuxis" or the "Company") is a real estate development and service company incorporated in Maryland in 1983.

On February 26, 2007, the Company filed a Form 25 with the Securities and Exchange Commission to withdraw the listing of its common stock and rights to purchase series A participating preferred stock from the American Stock Exchange which became effective on March 8, 2007. The Company's common stock is quoted over-the-counter in the Pinksheets under symbol TUXS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

Tuxis Real Estate I LLC ("TRE I")
Tuxis Real Estate II LLC ("TRE2")
Tuxis Real Estate Brokerage LLC ("TREB")
Tuxis Self Storage I LLC ("TSS")
Winmark Properties I LLC ("Winmark I")

All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Investments in money market funds and short term investments and other marketable securities maturing in 90 days or less are considered to be cash equivalents. At December 31, 2007 and 2006, the Company held approximately \$1,993,000 and \$4,174,000, respectively, in money market funds.

Depreciation

Acquisitions and additions are capitalized while routine maintenance and repairs, which do not improve the asset or extend its life, are charged to expense when incurred. Depreciation is being provided by the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives of the assets are 3 to 5 years for equipment and fixtures and 40 years for buildings and improvements.

Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares used in the basic earnings per share calculation plus the dilutive effect of stock options. The dilutive effect of stock options is determined using the treasury stock method, whereby exercise is assumed at the beginning of the

reporting period, the proceeds from such exercise are assumed to be used to purchase common stock at the average market price during the period, and the incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share calculation.

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2007 and 2006:

	Years Ended December 31,	
	2007	2006
Net loss	<u>\$ (526,276)</u>	<u>\$ (679,710)</u>
Basic and diluted weighted-average common shares outstanding	<u>983,776</u>	<u>983,776</u>
Basic and diluted net loss per share of common stock	<u>\$ (0.53)</u>	<u>\$ (0.69)</u>

Stock options representing 129,900 and 128,900 shares that otherwise would have been included in the earnings per share calculations for the year ended December 31, 2007 and 2006, respectively, were excluded because of the net losses reported.

Income Taxes

The Company and its subsidiaries file consolidated income tax returns. The Company's method of accounting for income taxes conforms to the Financial Accounting Standards Board ("FASB") Statement No. 109, "Accounting for Income Taxes." 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 tax basis of assets and liabilities. The Company records a valuation allowance to reduce the deferred tax asset to an amount that is more likely than not to be realized.

Properties and Equipment

Properties, equipment, and fixtures are stated at cost. Certain carrying costs are capitalized on properties currently under development. Property held for sale is stated at the lower of cost or fair value less costs to sell, which includes acreage, development, construction and carrying costs, and other related costs. Capitalized costs are assigned to individual components of a project under development, as practicable, whereas other common costs, if any, are allocated based on a relative value method as appropriate under the circumstances.

In accordance with FASB Statement No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," when events or circumstances indicate that an asset's carrying amount may not be recoverable, an impairment test is performed. Events or circumstances that the Company considers indicators of impairment include significant decreases in market values, adverse changes in regulatory requirements (including environmental laws), and current period or projected operating cash flow losses. Impairment tests for properties to be held and used involve the use of estimated future net undiscounted cash flows expected to be generated from the use of the property and its eventual disposition. If projected undiscounted cash flow from properties to be held and used is less than the related carrying amount, then a reduction of the carrying amount of the long-lived asset to fair value is required. Measurement of the impairment loss is based on the fair value of the asset. The Company determines fair value using valuation techniques such as discounted expected

future cash flows, estimated market values for similar properties in similar locations, and management estimates of costs to sell. If estimated fair value less costs to sell is less than the related carrying amount, then a reduction of the long-lived asset to fair value less costs to sell is required. No impairment losses are reflected in the accompanying consolidated statements of income.

Reporting Segment

The Company's primary business is the ownership, development, and management of real estate. Accordingly, the Company has concluded it currently has a single reportable segment for FASB Statement No. 131, "Disclosure about Segments of an Enterprise and Related Information" purposes.

Revenue Recognition

All of the Company's leases are operating leases. Rental income from the self storage facility is recognized in accordance with the terms of the leases, which generally are month-to-month. Revenues from long term operating leases are recognized on the straight line method of accounting under which rental income based on the contractual rent increases or rebates is recognized evenly over the lease term.

Share-based Compensation

The Company accounts for share-based compensation in accordance with FASB Statement No. 123R "Share-Based Payment" ("Statement 123R"). Under Statement 123R, share-based compensation expense reflects the fair value of share-based awards at grant date, is recognized over the relevant service period, and is adjusted each period for anticipated forfeitures. The compensation cost for share-based compensation, which includes stock options, is based on the grant date fair value as required by Statement 123R.

The Company has issued stock options in accordance with its 2006 Incentive Compensation Plan (the "Plan"). All stock options granted have exercise prices equal to the market value of the 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 valuation model. The Black-Scholes option pricing valuation 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 grants of 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 the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used in the determination of long-lived asset impairment and expense allocations. Actual results may differ from those estimates.

Recent Accounting Pronouncements

The Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109" ("FIN 48") on January 1, 2007. FIN 48 provides guidance on how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires an evaluation of tax positions taken or

expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. The Company has analyzed its tax positions taken on federal, state, and local income tax returns for all open tax years (tax years ended December 31, 2004 - 2007) and has concluded that no additional adjustments are required in the financial statements.

In September 2006, the FASB issued Statement No. 157, "Fair Value Measurements" ("Statement 157") to address inconsistencies in the definition and determination of fair value pursuant to generally accepted accounting principals ("GAAP"). Statement 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. Statement 157 is effective for interim financial statements issued during the fiscal year beginning after November 15, 2007.

3. SELF STORAGE ACQUISITION

On May 31, 2007, the Company acquired through its wholly owned subsidiary TSS, a 177 unit self storage facility located in Clinton, Connecticut for an aggregate price \$1,509,000 in cash. The purchase price was allocated to long-lived assets.

4. ASSET HELD FOR SALE, PROPERTIES AND EQUIPMENT

At December 31, 2007 and 2006, assets held for sale, properties and equipment consisted of:

	<u>2007</u>	<u>2006</u>
Asset held for sale		
Land and land improvements	\$ 2,194,589	\$ -
Properties and equipment		
Property held for use - under development		
Building and building improvements	\$ 1,494,599	\$ 1,426,431
Land and land improvements	-	2,091,219
	<u>1,494,599</u>	<u>3,517,650</u>
Property held for use - under lease		
Building and building improvements	1,534,284	174,795
Land	230,000	80,000
Equipment and fixtures	121,562	116,862
	<u>1,885,846</u>	<u>371,657</u>
Less accumulated depreciation	110,472	58,408
	<u>1,775,374</u>	<u>313,249</u>
	<u>\$ 3,269,973</u>	<u>\$ 3,830,899</u>

At December 31, 2007, the Company's holdings include Tuxis Self Storage at Heritage Park, a 177 unit, 25,705 square foot self storage facility on 1.93 acres located in Clinton, Connecticut which is approximately 85% leased. The Company holds an 18,598 square foot commercial property on 1.7 acres permitted for redevelopment primarily as self storage facility to be known as Tuxis Self Storage at Millbrook Commons in Millbrook, New York. The Company also holds an

adjacent 1,006 square foot commercial property on 0.35 acres operating under lease as the Mabbetsville Dairy Cream ("Dairy Cream").

The Company's property held for sale is a 215 acre parcel of land located in Millbrook and Clinton Corners, New York. The Company initiated procedures in 2007 to sell the 215 acre parcel of land and marketing activity is expected to commence in the near term.

Depreciation expense for the years ended December 31, 2007 and 2006 was \$52,064 and \$32,081, respectively.

5. FUTURE MINIMUM RENTS

The Company, through its subsidiary TRE 2, executed a two year operating lease for the Dairy Cream commencing May 1, 2007. Future minimum rentals under the operating lease are \$33,600 in 2008 and \$11,200 in 2009. A third party has guaranteed the lease payments for the term of the lease.

On December 1, 2006, the operating lease between the Company and its prior tenant for the Dairy Cream was terminated. A sum of \$15,300 was paid to the Company by the tenant in consideration of the early termination of the lease that was originally due to expire in March 2010.

6. INCOME TAXES

The provision for income tax expense for the years ended December 31, 2007 and 2006 as follows:

	<u>2007</u>	<u>2006</u>
Current provision:		
Federal	\$ -	\$ -
State and local	9,706	32,067
Total current provision	<u>9,706</u>	<u>32,067</u>
Deferred provision	-	-
Total provision for income taxes	<u>\$ 9,706</u>	<u>\$ 32,067</u>

Deferred taxes were comprised of the following at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Deferred tax assets:		
Net operating loss carryforward	\$ 981,119	\$ 795,064
Share-based compensation	70,714	44,975
Net capital loss carryforward	15,100	15,100
Total deferred tax assets	<u>1,066,933</u>	<u>855,139</u>
Valuation allowance	<u>(1,066,933)</u>	<u>(855,139)</u>
Deferred tax assets after valuation allowance	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2007, the net operating loss carryforwards of \$2,342,436 expires as follows: \$38,741 in 2022, \$332,365 in 2023, \$442,592 in 2024, \$497,414 in 2025, \$577,531 in 2026, and \$453,793 in 2027. A capital loss carryforward of \$36,742 expires in 2008.

The difference between the effective provision (benefit) for income taxes and the amount computed using the U.S. federal income tax rate is as follows:

	<u>2007</u>	<u>2006</u>
Statutory U.S federal rate	(34.0) %	(34.0) %
State income taxes, net of federal benefit	1.2	3.3
Valuation allowance for deferred tax assets	34.6	35.7
Effective tax rate	<u>1.8 %</u>	<u>5.0 %</u>

7. INCENTIVE COMPENSATION PLAN

On May 23, 2006, the Company's shareholders approved the adoption of the 2006 Incentive Compensation Plan (the "Plan"), which provides for performance based compensation including the granting of a maximum of 196,755 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, the maximum term of an option may not exceed 5 years. The vesting period is generally three years of service. Under certain conditions participants will 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 123R and recognizes 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. Statement 123R's fair value method has resulted in additional share-based expense (affecting compensation expense and taxes) in the amount of \$62,778 and \$109,696 related to stock options for the years ended December 31, 2007 and 2006, respectively. For the years ended December 31, 2007 and 2006, this additional share-based compensation increased pre-tax net loss by \$62,778 and \$109,696, respectively, increased net loss by \$37,037 and \$64,721, respectively, and increased basic earnings per share by \$0.04 and \$0.07, respectively.

The following schedule shows all option activity under the Plan as of December 31, 2007:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>	<u>Total Price</u>
Granted since May 23, 2006 (Plan inception)	128,900	\$6.55	\$ 844,295
Balance, December 31, 2006	128,900	\$6.55	\$ 844,295
Granted	2,000	\$5.55	\$ 11,100
Forfeited	(1,000)	\$6.50	\$ (6,500)
Balance, December 31, 2007	<u>129,900</u>	<u>\$6.53</u>	<u>\$ 848,247</u>

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 2,000 and 128,900 options for the years ended December 31, 2007 and 2006, respectively, and the weighted average fair value of the options granted using the Black-Scholes option pricing valuation model was \$1.80 and \$2.09 for the years ended December 31, 2007 and 2006, respectively.

The key assumptions used in determining the fair value of options granted by applying the Black-Scholes option pricing valuation model in 2007 and 2006 and a summary of the methodology applied to develop each assumption are as follows:

	Years Ended December 31,	
	2007	2006
Expected price volatility	30.96%	30.34 - 30.80%
Risk-free interest rate	5.10%	4.86 - 4.98%
Weighted average expected lives in years	4	4
Forfeiture rate	10%	10%
Dividend yield	0%	0%

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 pricing 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, 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. An increase in the forfeiture rate will decrease compensation expense.

Expected Dividend Yield - 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 December 31, 2007:

<u>Exercise Price</u>	<u>Options Outstanding</u>	<u>Weighted-Average Remaining Contractual Life (in years)</u>	<u>Weighted-Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted-Average Exercise Price of Exercisable Options</u>
\$5.55 - \$6.60	129,900	3.6	\$ 6.53	83,500	\$ 6.54

At December 31, 2007, there was no aggregate intrinsic value on outstanding options as the market price per share was below the grant price per share. The total compensation cost related to non-vested awards not yet recognized was \$25,000 with an expense recognition period of approximately 2 years.

8. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winmill & Co., Incorporated ("Winco"), Bexil Corporation ("Bexil"), and their affiliates (collectively with Tuxis, the "Affiliates"). At December 31, 2007, Winco's wholly owned subsidiary, Investor Service Center, Inc., owned 234,665 shares of the Company and 222,644 shares of Bexil, or 24% and 25%, 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 December 31, 2007 and 2006, the Company had a payable of \$22,964 and a receivable of \$10,717, respectively, to MMC for compensation and benefit expenses.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions jointly incurred by the Affiliates are allocated among them. The Company incurred allocated rent and overhead costs of \$29,208 and \$105,998 for the years ended December 31, 2007 and 2006, respectively, and had a payable related to these costs of \$8,777 and \$7,792 at December 31, 2007 and 2006, respectively.

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 years ended December 31, 2007 and 2006 was \$3,323 and \$27,266, respectively. Effective February 1, 2007, the Company began participating in a non-affiliated 401(k) plan and incurred matching expense of \$13,293 for the year ended December 31, 2007.

The Company had \$105,260 and \$101,222 invested in Midas Dollar Reserves, Inc. ("MDR"), a money market fund advised by MMC at December 31, 2007 and 2006, respectively, and earned \$4,038 and \$1,222 in dividends for the years ended December 31, 2007 and 2006, respectively. Certain officers and directors of the Company are officers/directors of MDR.

9. 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 Tuxis common stock, par value \$.01 per share, to holders of record of the shares of common stock at the close of business on November 3, 2005. Each right entitles the registered holder to purchase from Tuxis 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 3, 2015. The rights are evidenced by the underlying Tuxis 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 acquires or commences a tender offer for 25% or more of Tuxis' common stock. If a person or group acquires or commences a tender offer for 25% or more of Tuxis' common

stock, each holder of a right, except the acquirer, will be entitled, subject to Tuxis' right to redeem or exchange the right, to exercise, at an exercise price of \$40.50, the right for one one-thousandth of a share of Tuxis' newly-created Series A Participating Preferred Stock, or the number of shares of Tuxis common stock equal to the holder's number of rights multiplied by the exercise price and divided by 50% of the market price of Tuxis' common stock on the date of the occurrence of such an event. Tuxis' 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 25% or more of Tuxis' common stock.

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

10. BUSINESS RISK AND UNCERTANTIES

The Company is vulnerable to concentration risks because the Company's real estate activities are in two markets: Dutchess County, New York and Clinton, Connecticut. The geographic concentration and limited number of projects expose its operations to local economic downturns and adverse project-specific risks. The Company's properties can be significantly affected thereby also affecting its financial condition and results of operations.

11. COMMITMENTS AND CONTINGENCIES

At December 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 financial statements.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Shareholders of Tuxis Corporation

We have audited the accompanying consolidated balance sheets of Tuxis Corporation and subsidiaries as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tuxis Corporation and subsidiaries at December 31, 2007 and 2006, and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

**Tait, Weller & Baker LLP
Philadelphia, Pennsylvania
May 9, 2008**

The Company's common stock is publicly traded under the symbol TUXS. Prior to March 8, 2007, the Company's common stock traded on the American Stock Exchange and thereafter in the Pink Sheets.

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

	2007		2006	
	High	Low	High	Low
First Quarter	\$ 6.40	\$ 5.15	\$ 9.01	\$ 6.38
Second Quarter	\$ 6.00	\$ 5.40	\$ 7.19	\$ 6.11
Third Quarter	\$ 5.50	\$ 4.06	\$ 6.20	\$ 5.92
Fourth Quarter	\$ 4.25	\$ 3.40	\$ 6.30	\$ 5.76

DIRECTORS

RUSSELL E. BURKE, III

FREDERICK A. PARKER, JR.

BASSETT S. WINMILL

MARK C. WINMILL

OFFICERS AND STAFF

BASSETT S. WINMILL
Chairman

MARK C. WINMILL
President, Chief Executive Officer

THOMAS B. WINMILL, Esq.
General Counsel

THOMAS O'MALLEY
Chief Financial Officer, Treasurer

ROBERT J. MATHERS
Vice President, Operations

JOHN F. RAMIREZ
Vice President, Chief Compliance Officer,
Secretary

HEIDI KEATING
Vice President

KIMBERLY BAKOLEDIS
Assistant Vice President
Tuxis Self Storage

COMPANY INFORMATION

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Clinton, CT 06413
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OPERATING SUBSIDIARIES

Tuxis Real Estate Brokerage LLC
Tuxis Real Estate I LLC
Tuxis Real Estate II LLC
Tuxis Self Storage I LLC
Winmark Properties I LLC

INDEPENDENT AUDITORS

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1818 Market Street
Philadelphia, PA 19103

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Suite 903
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STOCK SYMBOL

TUXS

Visit us on the web at
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TUXIS SELF STORAGE

at Heritage Park, Clinton

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