

TUXIS[®] CORPORATION

ANNUAL REPORT December 31, 2001

**Independent Public Accountant
Tait, Weller & Baker**

**American Stock
Exchange Symbol:**

TUX

**11 Hanover Square
New York, NY 10005**

1-800-937-5449

www.tuxis.com

11 Hanover Square, New York, NY 10005
www.tuxis.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.

Tuxis to Become an Operating Company

At their October Special Meeting, stockholders approved a change in the nature of the Company's business so as to cease to be an investment company and amend the Company's fundamental investment restriction regarding concentration and investing in real estate. As noted in the proxy statement for the meeting, upon such approval the Company would adopt internal management and terminate the investment management agreement with the external manager, CEF Advisers, Inc. Company management currently is conducting a business review, development, and acquisition program with respect to the real estate and services industries. Reflecting the new internal management's commitment to the Company, approximately 18% of the Company's outstanding shares are owned by affiliates of management.

Following through on these developments, in December the Board of Directors announced a new non-fundamental policy providing 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. In this connection, the Board eliminated the Company's former non-fundamental investment policy that required investment of at least 50% of its assets in municipal securities and the balance primarily in securities of selected growth companies and tax-advantaged investments. These changes, intended to clarify and emphasize that the Company's objective will be to operate businesses rather than solely to invest in securities, became effective January 1, 2002. Accordingly, in 2002 it is likely that Tuxis will no longer qualify to pass through to its shareholders interest on its municipal bond holdings free of income tax. Further, since it will likely no longer qualify as a regulated investment company under the Internal Revenue Code, Tuxis itself probably will pay corporate income tax for 2002. Although these and other factors may result in the reduction or elimination of the dividend in 2002, they reflect the Company's increasing emphasis on capital appreciation potential in seeking to provide stockholders with an attractive rate of total return on an after tax basis.

Returns and Dividends in 2001

For the year ending December 31, 2001, the Company's market total return was negative 4.06% on a net asset value total return of negative 6.40%. With respect to dividends, the objective of the Company's managed 10% 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, distributions were 10.20% of average net assets with approximately 27.74% derived from net investment income and the balance from return of capital.

Sharing your optimism about the Company's potential, we appreciate your support and look forward to serving your investment needs in the months and years ahead.

Sincerely,

A handwritten signature in blue ink, appearing to be 'B. Winmill', with a long horizontal line extending to the right.

Bassett S. Winmill
Chairman

A handwritten signature in blue ink, appearing to be 'T. Winmill', with a long horizontal line extending to the right.

Thomas B. Winmill
President

Schedule of Portfolio Investments - December 31, 2001

<u>Par Value</u>		<u>S&P Rating</u>	<u>Market Value</u>
MUNICIPAL BONDS (70.39%)			
Alabama (2.12%)			
\$250,000	Alabama Special Care Facilities Revenue Bonds, 5.00%, due 11/1/25.....	Aaa*	\$ <u>243,030</u>
Arizona (5.01%)			
500,000	Phoenix General Obligation Bonds, Series A, 6.25%, due 7/1/16.....	AA+	<u>573,700</u>
Georgia (8.83%)			
400,000	Georgia State Municipal Electric Power Authority Revenue Bonds, Series B, 8.25%, due 1/1/11	A	500,564
500,000	Private Colleges & Universities Authority Revenue Bonds, Series A, 5.50%, due 11/1/24.....	AA	<u>510,895</u>
			<u>1,011,459</u>
Hawaii (8.44%)			
500,000	Hawaii County General Obligation Bonds, Series A, 5.60%, due 5/1/13.....	AAA	539,520
400,000	Honolulu City & County General Obligation Bonds, Series A, 8.75%, due 1/1/03.....	AA-	<u>427,180</u>
			<u>966,700</u>
Illinois (13.97%)			
500,000	Chicago, Illinois General Obligation Bonds, Series A, 5.125%, due 1/1/25.....	AAA	486,830
500,000	Cook County, Illinois General Obligation Bonds, Series A, 5.00%, due 11/15/28	AAA	474,900
250,000	Illinois Health Facilities Authority Revenue Bonds, Series A, 5.00%, due 7/1/24.....	AAA	241,473
125,000	Illinois Health Facilities Authority Revenue Bonds, 5.25%, due 8/1/17.	AAA	AAA
124,271			
250,000	Illinois Health Facilities Authority Revenue Bonds, 6.75%, due 2/15/14.....	A1*	<u>273,747</u>
			<u>1,601,221</u>
Massachusetts (.92%)			
110,000	Massachusetts State Water Resource Revenue Bonds, Series B, 5.00%, due 12/1/25	AAA	<u>105,926</u>

Schedule of Portfolio Investments - December 31, 2001

<u>Par Value</u>		<u>S&P Rating</u>	<u>Market Value</u>
New Mexico (4.28%)			
\$500,000	Albuquerque, New Mexico Gross Receipts Tax Revenue Bonds, Series B, 5.00%, due 7/1/18.....	AA	<u>\$ 490,915</u>
New York (2.34%)			
250,000	New York General Obligation Bonds, Series H, 6.00%, due 8/1/13	A	263,372
5,000	City of New York General Obligation Bonds, Series D, 7.50%, due 2/1/16.....	A	<u>5,102</u>
			<u>268,474</u>
North Carolina (2.36%)			
250,000	Charlotte, North Carolina Storm Water Fee Revenue Bonds, 6.00%, due 6/01/20.....	AA+	<u>270,090</u>
Pennsylvania (7.80%)			
500,000	Pennsylvania State Higher Education Facilities Authority Revenue Bonds, Series A, 5.00%, due 8/01/29	AAA	473,170
425,000	Pittsburgh & Allegheny County Public Auditorium Regonial Asset District Sales Tax Revenue Bond, 5.25%, due 2/01/31	AAA	<u>420,291</u>
			<u>893,461</u>
South Carolina (1.98%)			
250,000	Piedmont Municipal Power Agency Revenue Bonds, Series A, 4.75%, due 1/1/25.....	AAA	<u>226,758</u>
Texas (5.19%)			
500,000	Alvin Texas Independent School District General Obligation Bonds, 5.25%, due 8/15/25	Aaa*	491,925
100,000	San Antonio Electric & Gas Revenue Bonds, 5.50%, due 2/1/15.....	AA	<u>103,097</u>
			<u>595,022</u>
Vermont (2.05%)			
250,000	Vermont Educational and Health Buildings Financing Agency Revenue Bonds, 5.00%, due 11/01/38.....	AA	<u>235,393</u>
Wisconsin (5.10%)			
500,000	Wisconsin Clean Water Revenue Bonds, Series 1, 6.875%, due 6/1/11	AA+	<u>584,490</u>
	Total Municipal Bonds (cost: \$7,492,313).....		<u>8,066,639</u>

*Moody's rating.

Schedule of Portfolio Investments - December 31, 2001

<u>Shares</u>		<u>Market Value</u>
	COMMON STOCKS (29.61%)	
	Beverages (2.12%)	
5,000	PepsiCo, Inc.....	\$ 243,450
	Electronic & Other Electrical Equipment (2.10%)	
6,000	General Electric Company.....	240,480
	Federal & Federally-Sponsored Credit Agencies (1.39%)	
2,000	Fannie Mae.....	159,000
	Fire, Marine & Casualty Insurance (2.20%)	
100	Berkshire Hathaway Inc. Class B*.....	252,500
	Food & Kindred Products (1.60%)	
4,000	Philip Morris Companies Inc.....	183,400
	Hotels & Motels (4.32%)	
23,000	Hilton Hotels Corp.....	251,160
6,000	Marriott International, Inc. Class A.....	243,900
		495,060
	Investment Advice (3.01%)	
5,000	Alliance Capital Management Holding L.P.....	241,600
3,800	Stilwell Financial, Inc.	103,436
		345,036
	National Commercial Banks (4.11%)	
5,000	Citigroup Inc.....	252,400
6,000	J.P. Morgan Chase & Co.	218,100
		470,500
	Oil Royalty Traders (.75%)	
9,000	San Juan Basin Royalty Trust	86,310
	Petroleum Refining (1.03%)	
3,000	Exxon Mobil Corp.	117,900
	Pharmaceutical Preparations (3.45%)	
4,000	Johnson & Johnson.....	236,400
4,000	Pfizer Inc.....	159,400
		395,800
	Real Estate Investment Trusts (2.19%)	
9,500	Mills Corp.....	251,560
	Retail - Lumber & Other Building Materials Dealers (1.34%)	
3,000	The Home Depot	153,030
	Total Common Stocks (cost: \$3,327,389).....	3,394,026
	Total Investments (cost: \$10,819,702) (100.00%).....	\$11,460,665

*Indicates non-income producing security.

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2001

ASSETS:

Investments at market value (cost: \$10,819,702) (note 1).....	\$11,460,665
Interest and dividends receivable.....	160,262
Other assets.....	<u>2,317</u>
Total assets.....	<u>11,623,244</u>

LIABILITIES:

Demand note payable to bank (note 5) ..	1,579,342
Accrued expenses.....	<u>72,069</u>
Variation margin payable.....	<u>25,250</u>
Total liabilities.....	<u>1,676,661</u>

NET ASSETS: (applicable to 892,475

shares outstanding: 1,000,000,000 shares of \$.01 par value authorized).....	<u>\$9,946,583</u>
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NET ASSET VALUE PER SHARE

(\$9,946,583 ÷ 892,475 shares outstanding).....	<u>\$11.14</u>
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At December 31, 2001, net assets consisted of:

Paid-in capital.....	\$10,647,551
Net unrealized appreciation on investments and futures.....	640,197
Accumulated net realized loss on investments.....	<u>(1,341,165)</u>
	<u>\$9,946,583</u>

STATEMENT OF OPERATIONS

Year Ended December 31, 2001

INVESTMENT INCOME:

Interest.....	\$ 515,571
Dividends.....	<u>55,501</u>
Total investment income.....	<u>571,072</u>

EXPENSES:

Professional (note 3).....	59,041
Investment management (note 3).....	58,675
Custodian.....	35,961
Directors.....	34,455
Transfer agent.....	28,919
Printing.....	25,724
Registration (note 3).....	5,844
Other	<u>1,566</u>
Total operating expenses.....	250,185
Loan interest and fees (note 5).....	<u>20,070</u>
Total expenses.....	<u>270,255</u>
Net investment income.....	<u>300,817</u>

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

AND FUTURES:

Net realized loss on investments.....	(209,827)
Net realized loss from futures transactions ..	(698,037)
Unrealized depreciation on investments and futures during the year.....	<u>(121,017)</u>
Net realized and unrealized loss on investments.....	<u>(1,028,881)</u>
Net decrease in net assets resulting from operations.....	<u>\$ (728,064)</u>

STATEMENTS OF CHANGES IN NET ASSETS

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
OPERATIONS		
Net investment income.....	\$ 300,817	\$ 350,334
Net realized gain (loss) on investments.....	(209,827)	664,966
Net realized loss from futures transactions	(698,037)	(911,190)
Unrealized depreciation on investments during the year.....	<u>(121,017)</u>	<u>(356,009)</u>
Net change in net assets resulting from operations.....	(728,064)	(251,899)
DISTRIBUTIONS TO SHAREHOLDERS:		
Distributions to shareholders (\$.67 and \$.72 per share, respectively).....	(575,271)	(589,142)
Tax return of capital distributions (\$.59 and \$.73 per share, respectively).....	(509,213)	(594,797)
CAPITALSHARE TRANSACTIONS:		
Increase in net assets resulting from reinvestment of distributions (46,618 and 46,709 shares, respectively)	<u>519,930</u>	<u>533,520</u>
Total change in net assets	(1,292,618)	(902,318)
NET ASSETS:		
Beginning of year.....	<u>11,239,201</u>	<u>12,141,519</u>
End of year.....	<u>\$9,946,583</u>	<u>\$11,239,201</u>

Notes to Financial Statements

(1) Tuxis Corporation (the "Company"), a Maryland corporation, is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended, although it may seek to de-register in 2002. The Company's shares are listed on the American Stock Exchange, Inc. The investment objective of the Company, which is non-fundamental and may be changed by the Board of Directors without shareholder approval, is to provide an attractive level of long term total return on an after tax basis, consisting of current income and capital appreciation. 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, municipal securities which have remaining maturities of more than 60 days and for which market quotations are readily available are valued at the mean between the most recently quoted bid and asked prices. Money market securities which have remaining maturities of more than 60 days and for which market quotations are readily available are valued at the most recent bid price or yield equivalent. Debt obligations with remaining maturities of 60 days or less are valued at cost adjusted for amortization of premiums and accretion of discounts. Securities for which quotations are not readily available or reliable and other assets may be valued as determined in good faith by or under the direction of the Board of Directors. 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. Premiums and discounts on securities purchased and amortized over the life of the respective securities are amortized. 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 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 may not so comply or distribute in 2002 or later years. At December 31, 2001, the Company had an unused capital loss carryforward of approximately \$1,366,400 of which \$115,000 expires in 2002 and \$1,251,400 expires in 2009. Based on Federal income tax cost of \$10,819,702, gross unrealized appreciation and gross unrealized depreciation was \$830,665 and \$189,703, respectively at December 31, 2001.

(3) The Company retained CEF Advisers, Inc. ("CEF") as its Investment Manager. Under the terms of the investment management agreement, CEF received a management fee from its assets, such fee to be computed weekly and paid monthly in arrears at the annual rate of 0.60% of the first \$500 million and 0.50% over \$500 million of the Company's net assets. The 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. The Company reimbursed CEF \$9,419 for providing certain administrative services at cost for the year ended December 31, 2001. Pursuant to approval of stockholders at a special meeting as adjourned to November 7, 2001, the investment management agreement with CEF was terminated effective at the end of business on November 30, 2001. Commencing December 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 securities other than short term notes aggregated \$4,267,080 and \$4,107,827, respectively, for the year ended December 31, 2001. The Company has entered into an arrangement with its custodian whereby interest earned on cash balances is used to offset a portion of the Company's expenses.

(5) The Company has a committed bank line of credit. At December 31, 2001, there was \$1,579,342 outstanding on the line of credit 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 3.92% based on the balances outstanding during the period and the weighted average amount outstanding was \$483,681.

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

	<u>2001</u>	<u>2000</u>
Distributions paid from:		
Ordinary income	\$ 293,359	\$ 287,273
Tax exempt income	281,912	301,869
Return of capital	<u>509,213</u>	<u>594,797</u>
	<u>\$1,084,484</u>	<u>\$1,183,939</u>

FINANCIAL HIGHLIGHTS

	Years Ended December 31,				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
PER SHARE DATA*					
Net asset value at beginning of year.....	\$13.29	\$15.19	\$16.54	\$16.74	\$16.41
Income from investment operations:					
Net investment income.....	.67	.43	.40	.57	.58
Net realized and unrealized gain (loss) on investments.....	(1.56)	(.88)	(.15)	.57	.59
Total from investment operations.....	(.89)	(.45)	(.25)	1.14	1.17
Less distributions:					
Distributions to shareholders.....	(.67)	(.72)	(.63)	(1.12)	(.86)
Tax return of capital to shareholders.....	(.59)	(.73)	(.97)	(.22)	—
Total distributions.....	(1.26)	(1.45)	(1.60)	(1.34)	(.84)
Net asset value at end of year.....	<u>\$11.14</u>	<u>\$13.29</u>	<u>\$15.19</u>	<u>\$16.54</u>	<u>\$16.74</u>
Per share market value at end of year.....	<u>\$9.88</u>	<u>\$11.50</u>	<u>\$11.50</u>	<u>\$16.38</u>	<u>\$14.88</u>
TOTAL RETURN ON NET ASSET VALUE BASIS.....	<u>(6.40)%</u>	<u>(.86)%</u>	<u>4.01%</u>	<u>7.40%</u>	<u>8.17%</u>
TOTAL RETURN ON MARKET VALUE BASIS (a).....	<u>(4.06)%</u>	<u>13.31%</u>	<u>(20.46)%</u>	<u>19.66%</u>	<u>(9.73)%</u>
RATIOS/SUPPLEMENTAL DATA					
Net assets at end of period (000's omitted).....	<u>\$9,947</u>	<u>\$11,239</u>	<u>\$12,142</u>	<u>\$12,512</u>	<u>\$12,139</u>
Average net assets.....	<u>\$10,628</u>	<u>\$11,412</u>	<u>\$11,786</u>	<u>\$12,295</u>	<u>\$11,739</u>
Ratio of expenses before loan interest and nonrecurring expenses.....	<u>2.35%</u>	<u>1.97%</u>	<u>1.70%</u>	<u>1.86%</u>	<u>1.68%</u>
Ratio of total expenses to average net assets (b).....	<u>2.54%</u>	<u>2.16%</u>	<u>1.82%</u>	<u>1.89%</u>	<u>1.70%</u>
Ratio of net investment income to average net assets.....	<u>2.83%</u>	<u>3.07%</u>	<u>2.61%</u>	<u>3.40%</u>	<u>3.53%</u>
Portfolio turnover rate.....	<u>38%</u>	<u>116%</u>	<u>98%</u>	<u>26%</u>	<u>43%</u>

* 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

(a) The Company has calculated total return on market value basis based on 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) Ratio after the reduction of custodian fees under a custodian agreement was 1.77%, 1.85% and 1.68% for the years ended December 31, 2000, 1999, 1998 and 1997, respectively.

RESULTS OF THE SPECIAL MEETING

The Company's special meeting of stockholders was held on October 31, 2001 and adjourned to November 7, 2001.

	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Abstentions</u>
1. Change the nature of the Company's business	448,496	187,025	39,739
2A. Proposal to amend the Company's policy regarding concentration	453,610	173,161	24,484
2B. Proposal to amend the Company's policy regarding real estate investment	457,880	168,830	24,545
3A. Proposal to amend Article VIII of the Company's Articles of Incorporation	466,705	171,145	37,410
3B. Proposal to amend Article XII of the Company's Articles of Incorporation	472,114	164,470	38,676

RESULTS OF THE ANNUAL MEETING

The Company's annual meeting was held on December 18, 2001.

- To elect the following directors to serve as follows:

<u>Director</u>	<u>Class</u>	<u>Term</u>	<u>Expiring</u>	<u>Votes For</u>	<u>Votes Withheld</u>
George B. Langa	III	4 years	2005	594,428	81,739
Peter K. Werner	IV	5 years	2006	594,628	81,538
Thomas B. Winmill	IV	5 years	2006	594,570	81,596

Directors whose term of office continued after the meeting are Robert D. Anderson, Russell E. Burke III, David R. Stack, and Bassett S. Winmill.

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

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Unvoted</u>
591,797	48,822	35,547	201,020

The Company's annual meeting of stockholders for the current year has been scheduled for October 1, 2002. Accordingly, 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 July 1, 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 August 1, 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 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

Tuxis 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.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

To the Board of Directors and Shareholders of Tuxis Corporation:

We have audited the accompanying statement of assets and liabilities of Tuxis 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 each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. 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 audits.

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 Tuxis Corporation as of December 31, 2001, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, 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 *

GEORGE B. LANGA*

DAVID R. STACK *

PETER K. WERNER*

THOMAS B. WINMILL, Esq.

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

*Member, Audit Committee

TUXIS CORPORATION

11 Hanover Square
New York, NY 10005

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TUX-AR-12/01