
TUXIS[®] CORPORATION

- Notice of 2007 Annual Meeting and Proxy Statement
- 2006 Annual Report

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

11 Hanover Square
New York, NY 10005
Tel 1-212-785-9300

www.tuxis.com

Stock Symbol:

TUXS

TUXIS CORPORATION

Notice of Annual Meeting of Stockholders

To the Stockholders:

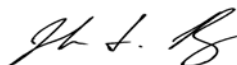
Notice is hereby given that the 2007 Annual Meeting of Stockholders (“Meeting”) of Tuxis Corporation (the “Company”) will be held at the offices of the Company at 11 Hanover Square, 12th Floor, New York, New York on June 15, 2007 at 10:00 a.m., local time, for the following purposes:

1. To elect to the board of directors the Nominees, Frederick A. Parker, Jr. and Bassett S. Winmill, as Class II Directors with each 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 Nominees.

Stockholders of record at the close of business on March 16, 2007 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 15, 2007

THE MEETING WILL START PROMPTLY AT 10:00 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 15, 2007

This Proxy Statement is furnished in connection with a solicitation of proxies by Tuxis Corporation (the “Company”) to be voted at the 2007 Annual Meeting of Stockholders of the Company at the offices of the Company at 11 Hanover Square, 12th Floor, New York, New York on June 15, 2007 at 10:00 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 March 16, 2007 (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 15, 2007. The Company’s principal offices are located at 3814 Route 44, Millbrook, New York 12545, but most of its executive officers are located at 11 Hanover Square, New York, New York 10005. **A copy of the Company’s most recent Annual Report is attached hereto.**

PROPOSAL 1: TO ELECT TO THE BOARD OF DIRECTORS THE NOMINEES, FREDERICK A. PARKER, JR. AND BASSETT S. WINMILL, AS CLASS III DIRECTORS WITH EACH TO SERVE A THREE YEAR TERM, AND UNTIL HIS SUCCESSOR IS DULY ELECTED AND QUALIFIES.

The Board has approved the nominations of Frederick A. Parker, Jr. and Bassett S. Winmill, as Class II Directors with each to serve a three year term, and until his successor is duly elected and qualifies. The Nominees currently serve as Directors of the Company. Mr. Parker and Mr. Winmill will be elected by a plurality of the votes cast at the Meeting. Unless otherwise noted, the address of record for the Directors is 11 Hanover Square, New York, New York 10005.

The following table sets forth certain information concerning the Nominees for Class II Directors of the Company:

<u>Name, Principal Occupation, and Business Experience</u>	<u>Director Since</u>
<u>Non-interested Nominee:</u>	
Class II:	
FREDERICK A. PARKER, JR.– He is retired President and Chief Executive Officer of American Pure Water Corporation, a manufacturer of water purifying equipment.	2004
<u>Interested Nominee:</u>	
Class III:	
BASSETT S. WINMILL – Mr. Winmill has been Chairman of the Board of the Company since 1996, as well as Bexil Corporation since 1983, Global Income Fund, Inc. since 1996, and Winmill & Co. Incorporated, its affiliates, and certain of the investment companies managed by its subsidiaries since 1974. Mr. Winmill is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts.	1996

The persons named in the accompanying form of proxy intend to vote each such proxy FOR the election of the Nominees listed above unless a stockholder specifically indicates on a proxy the desire to withhold authority to vote for the Nominees. It is not contemplated that the Nominees will be unable to serve as Directors 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 Nominees listed above have consented to being named in this Proxy Statement and have agreed to serve as Directors 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 Nominees 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 Nominees.

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

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 Maryland law, 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) or 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 1-800-937-5449. 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. Pursuant to such Bylaws, a stockholder nomination or proposal intended to be considered at the 2008 Annual Meeting must be received by the Secretary no earlier than February 15, 2008 nor later than March 16, 2008. 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 the 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 or 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, American Stock Transfer & Trust Company, at 1-800-937-5449 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

2006 ANNUAL REPORT

TUXIS CORPORATION

3814 ROUTE 44
MILLBROOK, NEW YORK 12545
TEL. 1-845-677-2700 FAX 1-845-677-2800

11 HANOVER SQUARE
NEW YORK, NEW YORK 10005
TEL. 1-212-785-9300 FAX 1-212-363-1101

May 14, 2007

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 Millbrook Commons redevelopment project continues as previously reported. Progress has been made toward the renovation of the 18,000 square foot building, as Tuxis has obtained last year the requisite zoning and other permits in order to commence construction. Tuxis intends to engage in an active leasing program, and operate the site for multiple tenants in retail and other businesses.

Tenant turnover at the Mabbettsville Dairy Cream has resulted in a new two year lease with two five year options to renew with an experienced food service tenant. This property adjoins Millbrook Commons and is part of an overall re-development and enhancement of the site. Tuxis may seek to further expand its property holdings in this area.

Tuxis has completed its concept site plan for the development over time of its 215 acre property in Clinton Corners and Millbrook, NY. Management intends to initiate permitting and entitlement procedures with the local town planning boards and to proceed with its development plans.

Company management is actively reviewing a number of other real estate acquisition candidates and anticipates additional transactions in the future. In particular, management is pursuing the acquisition of self-storage properties and looks forward to completing a transaction in the near future.

Tuxis Files to Delist and Deregister Its Common Stock

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.

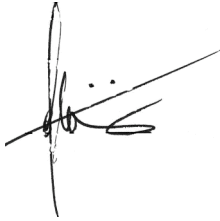
Although the Company's common stock no longer is quoted on the AMEX, the common stock is currently quoted over-the-counter in the Pink Sheets under symbol TUXS. Pink Sheets LLC is an electronic network through which participating broker-dealers can make markets and enter orders to buy and sell shares 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.

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

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Winmill', with a long horizontal stroke extending to the right.

Bassett S. Winmill
Chairman

A handwritten signature in black ink, appearing to read 'M. Winmill', with a prominent peak at the start and a horizontal stroke extending to the right.

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 14, 2007, 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

ASSETS	December 31,	
	2006	2005
Current assets:		
Cash and cash equivalents	\$ 4,203,601	\$ 5,310,837
Accounts receivable:		
Rental	15,300	6,546
Due from affiliate	10,717	-
Other	10,182	-
Prepaid expenses	1,954	6,291
Total current assets	<u>4,241,754</u>	<u>5,323,674</u>
Properties and equipment, net	3,830,899	3,404,882
Other assets	4,129	10,346
	<u>3,835,028</u>	<u>3,415,228</u>
Total assets	<u>\$ 8,076,782</u>	<u>\$ 8,738,902</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 91,624	\$ 150,478
Income taxes	-	33,252
Total current liabilities	<u>91,624</u>	<u>183,730</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	10,064,211	9,954,515
Accumulated deficit	<u>(2,088,891)</u>	<u>(1,409,181)</u>
Total shareholders' equity	<u>7,985,158</u>	<u>8,555,172</u>
Total liabilities and shareholders' equity	<u>\$ 8,076,782</u>	<u>\$ 8,738,902</u>

See notes to these consolidated financial statements.

TUXIS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,	
	2006	2005
Revenue		
Rental income	\$ 49,500	\$ 37,369
	<u>49,500</u>	<u>37,369</u>
Expenses		
Employee compensation and benefits	585,506	399,557
General and administrative	199,487	181,123
Professional	123,804	149,202
	<u>908,797</u>	<u>729,882</u>
Operating loss	(859,297)	(692,513)
Non-operating revenue (expense)		
Dividends	211,654	168,652
Unrealized depreciation on holdings	-	(115,006)
	<u>211,654</u>	<u>(115,006)</u>
Loss before income taxes and cumulative effect of change in accounting principle	(647,643)	(638,867)
Income taxes	32,067	34,880
	<u>32,067</u>	<u>34,880</u>
Loss before cumulative effect of change in accounting principle	(679,710)	(673,747)
Cumulative effect to October 5, 2005 of change in accounting principle	-	115,006
	<u>-</u>	<u>115,006</u>
Net loss	<u>\$ (679,710)</u>	<u>\$ (558,741)</u>
Basic and diluted per share net loss:		
Loss before cumulative effect of accounting change	\$ (0.69)	\$ (0.69)
Cumulative effect of accounting change	-	0.12
	<u>\$ (0.69)</u>	<u>\$ (0.57)</u>
Net loss		
Basic and diluted weighted average common shares outstanding	983,776	983,776

See notes to these consolidated financial statements.

TUXIS CORPORATION**CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY**

	Net Assets (Predecessor Basis)	Common Stock Shares	Par Value	Additional Paid in Capital	Accumulated Deficit	Total Shareholders' Equity
Balance at December 31, 2004	\$ 9,113,913	983,776	\$ -	\$ -	\$ -	\$ -
Adjustment from predecessor basis						
Allocated balance as of January 1, 2005	(9,113,913)		9,838	9,954,515	(850,440)	9,113,913
Net loss	-	-	-	-	(558,741)	(558,741)
Balance at December 31, 2005	-	983,776	9,838	9,954,515	(1,409,181)	8,555,172
Stock compensation expense	-	-	-	109,696	-	109,696
Net loss	-	-	-	-	(679,710)	(679,710)
Balance at December 31, 2006	<u>\$ -</u>	<u>983,776</u>	<u>\$ 9,838</u>	<u>\$ 10,064,211</u>	<u>\$ (2,088,891)</u>	<u>\$ 7,985,158</u>

See notes to these consolidated financial statements.

TUXIS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2006	2005
Cash flows from operating activities		
Net loss	\$ (679,710)	\$ (558,741)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation	32,081	26,327
Stock-based compensation	109,696	-
Increase in rentals receivable	(8,754)	(6,546)
Increase in receivable from affiliate	(10,717)	-
(Decrease) increase in accounts payable and accrued expenses	(58,854)	51,145
(Decrease) increase in income taxes payable	(33,252)	32,060
Decrease (increase) in other assets and liabilities	372	(7,638)
Net cash used in operating activities	<u>(649,138)</u>	<u>(463,393)</u>
Cash flows from investing activities		
Purchase of real estate	-	(1,759,201)
Development of real estate	(458,098)	(288,922)
Purchase of equipment	-	(2,447)
Net cash used in investing activities	<u>(458,098)</u>	<u>(2,050,570)</u>
Net decrease in cash and cash equivalents	(1,107,236)	(2,513,963)
Cash and cash equivalents		
Beginning of year	5,310,837	7,824,800
End of year	<u>\$ 4,203,601</u>	<u>\$ 5,310,837</u>
Supplemental disclosure:		
Income taxes paid	\$ 65,319	\$ 2,320

See notes to these consolidated financial statements.

TUXIS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2006 and 2005

1. ORGANIZATION AND FORMATION OF THE COMPANY

Tuxis Corporation (“Tuxis” or the “Company”) is a real estate development and services company that acquires and manages properties primarily in Dutchess County, New York through its wholly owned subsidiaries. Tuxis was incorporated under the laws of the State of Maryland on December 8, 1983.

On February 26, 2007, the Company filed a Form 25 with the Securities and Exchange Commission (the “SEC”) 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 in the Pinksheets under the 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 Operations LLC (“TOP”)
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, 2006 and 2005, the Company held approximately \$4,174,000 and \$5,161,000, 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.

Earnings Per Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and common equivalent shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share:

	Years Ended	
	December 31,	
	2006	2005
Loss before cumulative effect of accounting change	\$ (679,710)	\$ (673,747)
Cumulative effect of accounting change	-	115,006
Net loss	<u>\$ (679,710)</u>	<u>\$ (558,741)</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		
Loss before cumulative effect of accounting change	\$ (0.69)	\$ (0.69)
Cumulative effect of accounting change	-	0.12
Net loss	<u>\$ (0.69)</u>	<u>\$ (0.57)</u>

Stock options representing 128,900 shares that otherwise would have been included in the earnings per share calculations for the year ended December 31, 2006, were excluded because of the net losses reported. There were no potentially dilutive shares in 2005.

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")'s Statement of Financial Accounting Standards 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 are stated at the lower of fair value, less costs to sell, or cost, which includes acreage, development, construction and carrying costs, and other related costs. Certain carrying costs are capitalized on properties currently under development. 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. Equipment and fixtures are stated at cost.

In accordance with Statement of Financial Accounting Standards 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.

Reclassifications

Certain amounts in the consolidated financial statements of the prior year have been reclassified to conform to the presentation of the current year for comparative purposes.

Reporting Segment

The Company's primary business is the ownership, development, and management of real estate with a geographic concentration in Dutchess County, New York. 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

Rental income is derived from an operating lease and is 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.

Stock-based Compensation

Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123R "Share-Based Payment" for stock options granted in 2006. All stock options granted have exercise prices equal to the market value of stock on the date of grant. Accordingly, the Company records compensation expense based on the fair value of the stock options using a Black-Scholes option pricing model. The Black-Scholes option pricing model takes into account variables such as volatility, dividend yield, and the risk-free interest rate. Although the initial fair value of stock options is not adjusted after the grant date, changes in the Company's assumptions may change the value and therefore, the expense related to future stock options.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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

In June 2006, the FASB issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109" ("FIN 48") which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements in accordance with SFAS 109. FIN 48 is effective for fiscal years beginning after December 15, 2006, and prescribes a recognition threshold and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company is currently evaluating the effect, if any, that this pronouncement will have on its future financial results.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157") to address inconsistencies in the definition and determination of fair value pursuant to generally accepted accounting principals ("GAAP"). SFAS 157 provides a single definition of fair value, establishes a framework for measuring fair

value in GAAP and expands disclosures about fair value measurements in an effort to increase comparability related to the recognition of market-based assets and liabilities and their impact on earnings. SFAS 157 is effective for interim financial statements issued during the fiscal year beginning after November 15, 2007.

3. CHANGE IN ACCOUNTING PRINCIPLE

The Company operated as a registered investment company under the Investment Company Act of 1940 (the "1940 Act") from its inception through October 5, 2005. As a registered investment company, the Company recorded its net assets at fair value (or market value). Effective with an SEC order on October 5, 2005, the Company ceased to be a registered investment company pursuant to Section 8(f) of the 1940 Act. Upon de-registration, the Company began reporting its assets and liabilities on a historical cost basis.

As a consequence of de-registration, the Company changed its method of accounting for its investments in its wholly owned subsidiaries. The Company began reporting its investments in subsidiaries at cost and consolidating the accounts of its subsidiaries with the accounts of the Company.

The cumulative effect of the change in accounting principle to October 5, 2005, was as follows:

Property held for use:		
At market value	\$	(3,234,377)
At cost		3,349,383
		<u>3,349,383</u>
Total cumulative effect of the change in accounting principle	\$	<u>115,006</u>

4. PROPERTY ACQUISITION

On March 10, 2005, the Company acquired through its wholly owned subsidiary Winmark I, a 215 acre parcel of undeveloped land located in Clinton Corners and Millbrook, New York for an aggregate price \$1,951,700 in cash. The purchase price was allocated to long-lived assets.

5. PROPERTIES AND EQUIPMENT

At December 31, 2006 and 2005, properties and equipment consisted of:

	<u>2006</u>	<u>2005</u>
Property held for use - under development		
Land and land improvements	\$ 2,091,219	\$ 2,008,707
Building and building improvements	<u>1,426,431</u>	<u>1,050,845</u>
	<u>3,517,650</u>	<u>3,059,552</u>
Property held for use - under lease		
Land	80,000	80,000
Building and building improvements	174,795	174,795
Equipment and fixtures	<u>116,862</u>	<u>116,862</u>
	371,657	371,657
Less accumulated depreciation	<u>58,408</u>	<u>26,327</u>
	<u>313,249</u>	<u>345,330</u>
	<u>\$ 3,830,899</u>	<u>\$ 3,404,882</u>

Depreciation expense for the years ended December 31, 2006 and 2005 was \$32,081 and \$26,327, respectively.

Our principal real estate holdings are currently in the Millbrook and Clinton Corners areas of northern Dutchess County, New York. Our most significant holdings are the 215.42 acre parcel of undeveloped land located in the Towns of Washington (Millbrook) and Clinton (Clinton Corners) and the 18,598 square foot commercial property in Mabbettsville, New York now known as “Millbrook Commons” (formerly known as “Washington Lanes”). We also own an adjacent 1,006 square foot commercial property known as the Mabbettsville Dairy Cream.

Effective December 1, 2006, the operating lease between the Company and its tenant for the Mabbettsville 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, 2006 and 2005 as follows:

	<u>2006</u>	<u>2005</u>
Current provision:		
Federal	\$ -	\$ -
State and local	32,067	34,880
Total current provision	<u>32,067</u>	<u>34,880</u>
Deferred provision	-	-
Total provision for income taxes	<u>\$ 32,067</u>	<u>\$ 34,880</u>

Deferred taxes were comprised of the following at December 31, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Deferred tax assets:		
Net operating loss carryforward	\$ 795,064	\$ 574,506
Stock-based compensation expense	44,975	-
Net capital loss carryforward	15,100	15,100
Total deferred tax assets	855,139	589,606
Valuation allowance	(855,139)	(589,606)
Deferred tax assets after valuation allowance	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2005, deferred tax assets include the 2005 operating loss and the recognition of the net operating and net capital loss carryforwards of the Company when it operated as a registered investment company and complied with the requirements of the Internal Revenue Code applicable to investment companies.

As of December 31, 2006, the net operating loss carryforwards of \$1,881,126 expires as follows: \$38,741 in 2022, \$332,365 in 2023, \$442,592 in 2024, \$497,414 in 2025, and \$570,014 in 2026. 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>2006</u>	<u>2005</u>
Statutory U.S federal rate	(34.0) %	(34.0) %
State income taxes, net of federal benefit	3.3	3.7
Valuation allowance for deferred tax assets	<u>35.7</u>	<u>35.8</u>
Effective tax rate	<u>5.0 %</u>	<u>5.5 %</u>

7. DEFINED CONTRIBUTION PLAN

In 2006, the Company began participating in a 401(k) retirement plan for substantially all of its qualified employees. The plan is sponsored by an affiliate of the Company, Winmill & Co. Incorporated (“Winco”). In 2005, the Company sponsored a SIMPLE IRA plan for substantially all of its qualified employees. Company matching expense under the 401(k) plan and the SIMPLE IRA plan is based upon a percentage of contributions by eligible employees and are accrued and funded on a current basis. Matching expense for the years ended December 31, 2006 and 2005 was \$27,266 and \$8,175, respectively.

8. 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 market value of such shares on the date the option is granted, the maximum term of an option may not exceed 5 years, and 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 may issue new shares when options are exercised.

The Company accounts for the cost of its stock options under Statement of Financial Accounting Standards (“SFAS”) No. 123R “Share-Based Payment” and recognizes compensation expense for its share-based payments based on the fair value of the awards granted. Share-based payments include stock option grants under the Plan. The adoption of SFAS 123R’s fair value method has resulted in additional share-based expense (affecting compensation expenses and taxes) related to stock options of \$109,696 for the year ended December 31, 2006. For the year ended December 31, 2006, this additional share-based compensation increased pre-tax net loss by \$109,696, increase net loss by \$64,721, and increased basic earnings per share by \$0.07.

The following schedule shows all option activity under the Plan as of December 31, 2006:

	<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	\$ 843,840
Balance, December 31, 2006	128,900	\$ 6.55	\$ 843,840

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 128,900 options during the year ended December 31, 2006.

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

Expected price volatility	30.34 - 30.80%
Risk-free interest rate	4.86 - 4.98%
Weighted average expected lives	4 years
Forfeiture rate	10%
Dividend yield	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 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 as of December 31, 2006:

Exercise Price	Options Outstanding	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Options Exercisable	Weighted-Average Exercise Price of Exercisable Options
\$6.00 - \$6.60	128,900	4.6	\$ 6.55	47,700	\$ 6.59

At December 31, 2006, the aggregate intrinsic value of all outstanding options was \$465,325 with a weighted average remaining contractual term of 4.6 years. The total compensation cost related to non-vested awards not yet recognized was \$86,419 with an expense recognition period of approximately 3 years.

9. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winco, Bexil Corporation (“Bexil”), and their affiliates (collectively with Tuxis, the “Affiliates”). At December 31, 2006, 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, 2006, the Company had a reimbursement receivable from MMC for compensation and benefits of \$10,717.

Rent expense of jointly used office space and overhead expense for various jointly used administrative and support functions incurred by Winco are allocated to the Company and the Affiliates. The Company incurred allocated rent and overhead costs of \$105,998 and \$77,761 for the years ended December 31, 2006 and 2005, respectively. The Company had a payable to Winco related to these costs of \$7,792 and \$7,761 at December 31, 2006 and 2005, respectively.

In 2005, MMC performed certain accounting services for the Company. The Company incurred accounting services costs performed by MMC of \$20,000 and at December 31, 2005, had a payable to MMC for such services of \$20,000.

At December 31, 2006, the Company had \$101,222 invested in Midas Dollar Reserves, Inc. (“MDR”), a money market fund advised by MMC and earned \$1,222 in dividends for the year ended December 31, 2006. There was no investment in MDR in 2005. Certain officers and directors of the Company are officers/directors of MDR.

10. 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.

11. BUSINESS RISK AND UNCERTAINTIES

The Company is vulnerable to concentration risks because our current real estate activities are in one market: Dutchess County, New York. Our properties are located in northern Dutchess County, New York. The geographic concentration and limited number of projects expose our operations to local economic downturns and adverse project-specific risks. Our properties can be significantly affected thereby also affecting our financial condition and results of operations.

12. COMMITMENTS AND CONTINGENCIES

At December 31, 2006, 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.

**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, 2006 and 2005, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2006. 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 standards of the Public Company Accounting Oversight Board (United States). 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, 2006 and 2005, and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP
Philadelphia, Pennsylvania
March 23, 2007

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:

	2006		2005	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
First Quarter	\$ 9.01	\$ 6.38	\$ 9.12	\$ 7.19
Second Quarter	\$ 7.19	\$ 6.11	\$ 9.29	\$ 7.15
Third Quarter	\$ 6.20	\$ 5.92	\$ 9.61	\$ 8.41
Fourth Quarter	\$ 6.30	\$ 5.76	\$ 9.25	\$ 7.25

PRIVACY POLICY

Tuxis Corporation recognizes the importance of protecting the personal and financial information of its shareholders. We consider each shareholders' 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: 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; 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 our 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, Tuxis Corporation's 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.

DIRECTORS

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FREDERICK A. PARKER, JR.

BASSETT S. WINMILL

MARK C. WINMILL

OFFICERS

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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

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Winmark Properties I LLC

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