BEXIL CORPORATION
11 Hanover Square
New York, New York 10005

Notice of Special Meeting of Stockholders to be Held
on April 27, 2006

To the Stockholders:

A Special Meeting of Stockholders (the "Special Meeting") of Bexil Corporation, a Maryland corporation (the "Company"), will be held at the offices of the American Stock Exchange, 86 Trinity Place, 14th Floor, New York, New York 10005 on April 27, 2006 at 10:00 a.m., local time, for the following purposes:

1. To authorize and approve the sale of all 500 shares of York Insurance Services Group, Inc. common stock owned by the Company to York Insurance Acquisition, Inc. for approximately $38,864,000, pursuant to the Stock Purchase Agreement, dated as of December 23, 2005, by and among the Company, York Insurance Holdings, Inc. and York Insurance Acquisition, Inc., attached to the accompanying proxy statement as Exhibit A (the "Proposal").
2. To consider and vote upon the adjournment of the Special Meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the Proposal.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. Stockholders of record at the close of business on March 20, 2006 will be entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof.

All stockholders are cordially invited to attend the Special Meeting. Whether or not you expect to attend the Special Meeting, please complete, date and sign the enclosed proxy card and mail it promptly in the enclosed envelope in order to ensure representation of your shares.

By Order of the Board of Directors

John F. Ramirez
Secretary

BEXIL CORPORATION
Hanover Square
New York, New York 10005

PROXY STATEMENT

Special Meeting of Stockholders to be Held on April 27, 2006

Bexil Corporation, a Maryland corporation, referred to as "Bexil," the "Company," "we" or "us" in this document, is sending you this proxy statement and the enclosed proxy card because our Board of Directors is soliciting your proxy to vote at a Special Meeting of Stockholders to be held on April 27, 2006 at 10:00 a.m., local time, at the offices of the American Stock Exchange, 86 Trinity Place, 14th Floor, New York, New York 10005 and at any adjournment or postponement thereof (the "Special Meeting").

This proxy statement summarizes information about the matters that our stockholders will consider at the Special Meeting and other information you may find useful in determining how to vote. The proxy card is a means by which you actually authorize another person to cast your vote in accordance with your instructions.

At the Special Meeting, stockholders will consider and act upon the following matters:

1. To authorize and approve the sale of all 500 shares of York Insurance Services Group, Inc. common stock owned by the Company to York Insurance Acquisition, Inc. for approximately $38,864,000, pursuant to the Stock Purchase Agreement, dated as of December 23, 2005, by and among the Company, York Insurance Holdings, Inc. and York Insurance Acquisition, Inc., attached to this proxy statement as Exhibit A (the "Proposal").
2. To consider and vote upon the adjournment of the Special Meeting to a later date, if necessary, to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the Proposal.

No other business, other than related procedural matters, may come before the Special Meeting.

Our principal executive offices are located at 11 Hanover Square, New York, New York 10005. We are mailing this proxy statement and the accompanying proxy card to stockholders on or about March 27, 2006.

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SUMMARY

This summary highlights the material terms of the transactions proposed in this proxy statement and may not contain all of the information that you may consider important. To understand more fully the Proposal and for a more complete description of the legal terms of the Proposal, you should read the entire proxy statement and the other documents to which we have referred you, including the Stock Purchase Agreement attached hereto as Exhibit A. For further discussion, you should read "Who can help answer questions?" on page 6 of this proxy statement.

Purposes of Special Meeting

- Authorize and approve the sale of all 500 shares of York Insurance Services Group, Inc. ("York") common stock owned by Bexil for approximately $38,864,000.
- Approve, if necessary, the adjournment of the Special Meeting to a later date to solicit additional proxies.

Sale of the York Shares (see pages 9 – 27)

- On December 23, 2005 our board of directors authorized the sale to York Insurance Acquisition, Inc. ("York Buyer") of all 500 shares of York common stock we own (the "York Shares") and our entry into a Stock Purchase Agreement dated as of December 23, 2005 (the "Bexil Purchase Agreement") by and among the Company, York Insurance Holdings, Inc. ("Holdings") and York Buyer to sell the York Shares. It is a condition to closing of the Bexil Purchase Agreement (the "Closing") that the Stock Purchase Agreement, dated as of December 23, 2005 (the "MacArthur Purchase Agreement") by and among Holdings, York Buyer and Thomas C. MacArthur ("MacArthur") be consummated. The MacArthur Purchase Agreement provides for, among other things, (i) the contribution by MacArthur to Holdings of a number of shares of York common stock owned by MacArthur equal to $10 million divided by the purchase price per share as determined under the MacArthur Purchase Agreement in exchange for shares of common stock of Holdings having an aggregate value of $10 million and (ii) the sale by MacArthur to York Buyer of the remaining portion of the 500 shares of York common stock owned by MacArthur which are not contributed to Holdings. A copy of the MacArthur Purchase Agreement is attached to this proxy statement as Exhibit B. Our Board of Directors is seeking stockholder approval to sell the York Shares owned by us pursuant to the terms of the Bexil Purchase Agreement.

Voting and Votes Required (see page 7)

- Sale of York Shares—The affirmative vote of the holders of a majority of the votes entitled to be cast on the Proposal.
- Adjournment of the Special Meeting to a later date, if necessary—The affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the Special Meeting.

Certain of our directors and executive officers and an affiliate of one of our directors, holding an aggregate of 280,343.663 shares of our common stock, which represents approximately 31.9% of our issued and outstanding common stock, have entered into a voting agreement with Holdings agreeing to vote their shares in favor of our sale of the York Shares to York Buyer.

GENERAL INFORMATION

Who is entitled to vote at the Special Meeting?

The record date (the "Record Date") for the Special Meeting is March 20, 2006. Only stockholders of record at the close of business on that date are entitled to notice of and to vote at the Special Meeting. At the close of

business on the Record Date there were 879,592 shares of our common stock issued and outstanding and no other shares of our capital stock are issued and outstanding as of the date of this proxy statement.

Will any other business be conducted at the Special Meeting?

Other than as set forth in the attached Notice of Special Meeting of Stockholders, no business, other than related procedural matters, will be considered at the Special Meeting.

Why has the Board of Directors approved the sale of the York Shares?

Our Board of Directors determined that it is in the best interests of Bexil and its stockholders to sell the York Shares because the Board determined that the net proceeds we anticipate from such sale are of greater value to us than retaining our interest in York at this time. In reaching its determination to approve the sale of the York Shares and to advise and recommend the Proposal, our Board of Directors consulted with senior management and financial and legal advisors and considered a number of factors including other potential strategic alternatives, the opportunities and challenges facing York and the terms of the Bexil Purchase Agreement.

How does our Board of Directors recommend I vote on the Proposal?

Our Board of Directors unanimously recommends that you vote FOR the Proposal (see page 8 and pages 16 – 17).

What was the opinion of the financial adviser to the Special Committee of Bexil's Board of Directors?

A Special Committee of Bexil's Board of Directors which considered this transaction (the "Special Committee") received an opinion from a financial advisor, Empire Valuation Consultants, LLC, that the consideration to be received by Bexil from the sale of the York Shares to York Buyer is fair, from a financial point of view, to the public stockholders of Bexil (see pages 17 – 22).

What will happen if the Proposal is approved?

If the sale of the York Shares is approved at the Special Meeting, we plan to consummate the transactions contemplated by the Bexil Purchase Agreement as soon as practicable following the Special Meeting. In addition, upon the Closing, the Board of Directors of York has approved the payment to Bexil of a $100,000 consulting fee bonus.

What will happen if the Proposal is not approved?

If the Proposal is not approved, the Bexil Purchase Agreement will be terminated. The Bexil Purchase Agreement obligates us to pay York Buyer its reasonable out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to York Buyer and its affiliates) incurred by York Buyer or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of the Bexil Purchase Agreement and the MacArthur Purchase Agreement up to a maximum of $1,750,000 if the Bexil Purchase Agreement is terminated for certain reasons, including if the sale of the York Shares is not approved by the stockholders of Bexil at the Special Meeting (see pages 26 – 27).

Do directors and officers have interests in the sale of the York Shares that differ from mine?

Yes. On December 29, 2005, the Governance, Compensation and Nominating Committee of the Board (comprised of Edward G. Webb, Jr., Charles A. Carroll, and Douglas Wu, all of whom in relation to Bexil are independent directors in accordance with the American Stock Exchange director independence standards), approved the payment of bonuses to Bassett Winmill, the Executive Chairman of the Board of the Company, and Thomas Winmill, the President, Chief Executive Officer and General Counsel of the Company, in the amounts of $163,125 and $652,500, respectively, as a result of Bexil having entered into the Bexil Purchase Agreement. In addition, the Governance, Compensation and Nominating Committee approved the payments of additional

bonuses to Messrs. Bassett Winmill and Thomas Winmill, in the amounts of $336,875 and $1,347,500, respectively, and bonuses to nine other employees of Bexil in the aggregate amount of approximately $236,000, which bonuses are all contingent upon the Closing of the Bexil Purchase Agreement. On December 29, 2005 our Board of Directors authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the closing of the Bexil Purchase Agreement. The Board authorized the Executive Committee of the Board to establish the record date and payment date for such dividend. As of March 20, 2006, the officers and directors of Bexil beneficially owned, directly or indirectly, approximately 280,344 of the 879,592 shares of our common stock which were issued and outstanding as of such date. Therefore, assuming such persons continued to hold their shares until the record date for the dividend and there are no changes in our outstanding shares between March 20, 2006 and the record date which is set for the dividend, our directors and officers (or their affiliates) shall be entitled to receive approximately $280,344 or 31.9% of the aggregate of $879,592 in cash dividends that will be paid if the Bexil Purchase Agreement is consummated.

For information as to the number of shares of our common stock beneficially owned by our directors and officers, see pages 28 – 29.

What are the factors to be considered in determining whether to approve the Proposal?

We have set forth certain factors to be considered in determining whether you should approve the Proposal. (See pages 9 – 11)

What are the tax consequences of the sale of the York Shares?

We will recognize taxable income on the sale of the York Shares, which will likely result in corporate income tax. Our taxable income generally will be measured by the difference between the amount realized by us in the sale and our adjusted tax basis in the York Shares. We believe that a portion of the income or gain from the sale of the York Shares will be offset by our useable net operating loss carryforwards. We estimate that our net operating loss carryforwards as of December 31, 2005 were approximately $1.8 million, our tax basis in the York Shares is approximately $3,000,000 as of March 15, 2006, our effective federal, state and local income tax rate is 41% and the income taxes on our gain from the sale of the York Shares will be approximately $15,775,000.

Consummation of the sale of the York Shares itself will not result in any United States federal income tax consequences to our stockholders.

What steps were taken by Bexil to find other potential purchasers for the York Shares or other transactions to enable Bexil to realize the maximum value for the York Shares?

The section of this proxy statement entitled “Sale of the York Shares—Background of the Transaction” on pages 12 to 16 of this proxy statement discusses the steps taken by Bexil since the fall of 2004 regarding a potential sale of the York Shares or other transaction that would enable Bexil to realize maximum value from its investment in York. Such steps included, among other things, discussions with MacArthur, the other 50% stockholder of York, concerning various potential transactions, including Bexil’s acquisition of some or all of MacArthur’s shares; Bexil’s purchase of newly issued shares of York and a public offering by York and/or its stockholders of shares of York; the retention by MacArthur of a firm to render a valuation of York and to prepare a confidential private offering memorandum to solicit potential purchasers; Bexil’s agreement subsequent to MacArthur’s retention of the firm to York reimbursing MacArthur for the $40,000 fee paid to such firm for the valuation and preparation of the memorandum; the consideration of several proposals received from potential purchasers, including Odyssey Investment Partners, LLC (which later formed York Buyer); the formation of a Special Committee of independent directors of Bexil to consider a proposal made by Odyssey regarding the purchase of the York Shares; the consideration by the Special Committee of alternatives to the sale of the York Shares; the selection by the Special Committee of a financial adviser regarding the proposal received from Odyssey and to render a fairness opinion regarding the sale of the York Shares to York Buyer; and the approval by the Special Committee and the full Board of Directors of Bexil, after consideration of various factors, of the sale of the York Shares to York Buyer upon the terms set forth in the Bexil Purchase Agreement.

How does the consideration being paid to Bexil under the Bexil Purchase Agreement for the sale of the York Shares compare to the consideration to be paid to MacArthur for his shares of York under the MacArthur Purchase Agreement?

Under the Bexil Purchase Agreement we anticipate that we will receive approximately $38,864,000 in gross proceeds for our sale of 500 York Shares (approximately $77,728 per share). Unlike the purchase price per share to be paid to Bexil for the York Shares, the purchase price per share to be paid to MacArthur is subject to certain possible deductions determined as of the time of the Closing. As a result and based upon estimates provided by MacArthur, the gross proceeds per share to be paid to MacArthur will be approximately $77,728 or slightly less per share, but will not be greater than the gross proceeds per share to be paid to Bexil. The MacArthur Purchase Agreement provides for (i) the contribution by MacArthur to Holdings of a number of shares of York common stock owned by MacArthur equal to $10 million divided by the purchase price per share as determined under the MacArthur Purchase Agreement in exchange for shares of common stock of Holdings having an aggregate value of $10 million and (ii) the sale by MacArthur to York Buyer of the remaining portion of the 500 shares of York common stock owned by MacArthur which are not contributed to Holdings. MacArthur estimates that under the MacArthur Purchase Agreement he will contribute to Holdings approximately 129 shares of York common stock in exchange for shares of common stock of Holdings having an aggregate value of $10 million and will sell approximately 371 shares of York common stock to York Buyer.

Are any employees of York employed by Bexil or do any employees of York receive compensation from Bexil?

Thomas Winmill, the President, Chief Executive Officer and General Counsel of Bexil, is a director and Vice Chairman of York. Douglas Wu is a director of both Bexil and York. Mr. Winmill does not receive any employee or director compensation from York, although York pays to Bexil director fees for services rendered by Mr. Winmill as a director of York, which Bexil retains. York also pays to Bexil the directors fees earned by Mr. Wu and Bexil pays the amount of such fees over to Mr. Wu. In the year ended December 31, 2005 York paid $12,000 in directors fees in respect of the services of Mr. Winmill and an additional $12,000 in respect of the services of Mr. Wu. Other than Mr. Winmill and Mr. Wu, no director or employee of Bexil is a director, officer or employee of York and, other than Mr. Wu, no employee, director or officer of York is employed by or otherwise receives any compensation from Bexil.

What will Bexil do with the net proceeds of the sale of the York Shares if the Bexil Purchase Agreement is consummated?

Bexil will seek to acquire and/or develop one or more businesses. There are no limits on the types of businesses or fields in which Bexil may invest. No businesses to acquire or develop have been identified by Bexil at this time. Bexil cannot predict what changes to its present business or operations would result from the sale of the York Shares.

What will be the effect on the price of Bexil's common stock if the Bexil Purchase Agreement is consummated?

Bexil cannot predict the effect on the price of Bexil's common stock if the Bexil Purchase Agreement is consummated. On December 23, 2005, the last trading date before the date Bexil publicly announced that it had entered into the Bexil Purchase Agreement, the closing price of Bexil's common stock on the American Stock Exchange was $24.80 per share. From such date until February 23, 2006, the closing price of Bexil's common stock has ranged from $24.80 to $35.75 per share. The book value per basic share of Bexil's outstanding common stock on September 30, 2005 after giving effect to the sale of the York Shares and certain related transactions on a pro forma basis as if the sale of the York Shares occurred on such date is approximately $39.14 per share.

Will Bexil revert to being an investment company if the sale of the York Shares is consummated?

Bexil intends to acquire a controlling interest in one or more other businesses if the sale of the York Shares is consummated. In such event, Bexil does not believe that it will be required to register as an investment

company after the sale of the York Shares. However, no assurance can be given that at all times following the sale of the York Shares Bexil may not become subject to registration requirements under the Investment Company Act of 1940.

What happens to any profits which may be earned by York from the date the Bexil Purchase Agreement was signed until the closing of the Bexil Purchase Agreement?

The purchase price for the York Shares under the Bexil Purchase Agreement is $38,864,121 less the aggregate amount of any cash payments made by York to us (including management or consulting fees) between the dates of signing and closing of the Bexil Purchase Agreement. The purchase price will not be adjusted for any profits made or losses incurred by York during any period. Therefore, we will not receive any benefit as a result of any profits generated by York during the period from the signing until the closing of the Bexil Purchase Agreement.

OTHER INFORMATION

Do I have dissenters' appraisal rights?

No. Holders of our common stock are not entitled to dissenting stockholders' appraisal rights or other similar rights in connection with our sale of the York Shares. The Maryland General Corporation Law does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a sale of assets if the shares of the corporation are listed on a national securities exchange, such as the American Stock Exchange, on the record date for determining stockholders entitled to vote on the sale of assets.

How may I cast votes for shares that are registered in my name?

You may cast your votes for your shares at the Special Meeting by written proxy or in person.

- To vote by written proxy, you must mark, sign and date the enclosed proxy card and then mail the proxy card in the enclosed postage-paid envelope. Your proxy will be valid only if you complete and return the proxy card before the Special Meeting. By completing and returning the proxy card, you will direct the designated persons to cast your votes at the Special Meeting (which includes at any adjournment or postponement thereof) in the manner you specify in the proxy card. If you complete the proxy card, but do not provide voting instructions, then the designated persons will vote your shares FOR the approval of the sale of the York Shares.
- To vote in person, you must attend the Special Meeting, and then complete and submit the ballot provided at the Special Meeting.

How may I vote if my shares are held in "street name?"

If the shares you own are held in "street name" by a bank or brokerage firm, the nominee of your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you. Many banks and brokerage firms also offer the option of voting over the Internet or by telephone, instructions for which would be provided by your bank or brokerage firm.

If you do not give instructions to your bank or brokerage firm, it will still be able to cast your votes with respect to certain "discretionary" items, but will not be allowed to cast your votes with respect to certain "non-discretionary" items. In the case of non-discretionary items, the shares will be treated as "broker non-votes." "Broker non-votes" are shares that are held in "street name" by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote on a particular matter. If you do not give instructions to your bank or brokerage firm, your bank or brokerage firm will not be permitted to cast your votes with respect to the approval of the sale of the York Shares or the adjournment of the Special Meeting.

If you wish to attend the Special Meeting in person to vote your shares held in street name, you will need to obtain a proxy from the holder of record (i.e., the nominee of your brokerage firm or bank).

Can I change my vote after I submit my proxy?

Yes, you may revoke your proxy and change your vote by:

- sending us another signed proxy with a later date;
- giving written notice of the revocation of your proxy to our Secretary prior to the Special Meeting; or
- voting in person at the Special Meeting.

What is the effect if I abstain from voting on the Proposal or the adjournment of the Special Meeting?

If you abstain from voting or vote against the Proposal or against the adjournment of the Special Meeting in order to solicit additional proxies in the event that there are insufficient shares present in person or by proxy voting in favor of the Proposal, then your shares will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions will have the effect of a vote against the Proposal to approve the sale of the York Shares and against the adjournment of the Special Meeting.

How many shares must be present to hold the Special Meeting?

A quorum must be present at the Special Meeting on a matter for a vote to be taken on the Proposal. The presence at the Special Meeting, in person or by proxy, of the holders of a majority of the shares of common stock issued, outstanding and entitled to vote on the Proposal will constitute a quorum with respect to that matter. Abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting for the purpose of determining a quorum.

What if a quorum is not present at the Special Meeting, or we do not obtain the required vote for approval of the Proposal?

The Special Meeting may be adjourned or postponed from time to time to a later date if a quorum of stockholders is not present in person or by proxy or to permit the further solicitation of proxies to obtain approval of the Proposal or for other purposes.

How will votes be counted?

Each share of Bexil common stock is entitled to one vote. For purposes of the vote on the Proposal, abstentions and broker non-votes will have the same effect as votes against the Proposal.

Can I still sell my shares?

Yes, you may sell your shares of Bexil at any time.

What do I need to do now?

After carefully reading and considering the information contained in this proxy statement, you should complete and sign your proxy and return it in the enclosed return envelope as soon as possible so that your shares are represented at the Special Meeting. A majority of shares entitled to vote must be present in person or by proxy at the Special Meeting to enable us to conduct business at the Special Meeting.

Who can help answer questions?

If you have any additional questions about the proposals, you should contact the Secretary of Bexil at 1-212-785-0400 or N.S. Taylor & Associates, Inc., a proxy solicitation firm that we have engaged, at 1-866-470-3300.

Our annual report on Form 10-KSB/A for the year ended December 31, 2004, and our quarterly reports on Form 10-QSB for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005, each as filed with the SEC, and including financial statements, are available free of charge through the SEC's electronic data system at www.sec.gov. To request additional printed copies of this proxy statement, which we will provide to you free of charge, either write to Bexil Corporation, 11 Hanover Square, New York, New York 10005, Attention: Secretary, or email us at info@bexil.com. Our other public filings can also be accessed at the SEC's web site at www.sec.gov.

THE SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place of the Special Meeting

The Special Meeting will be held on April 27, 2006 at 10:00 a.m., local time, at the offices of the American Stock Exchange, 86 Trinity Place, 14th Floor, New York, New York 10005.

Matters to be considered at the Special Meeting

At the Special Meeting, stockholders will consider and vote on proposals to (1) approve the sale of the York Shares to York Buyer pursuant to the Bexil Purchase Agreement attached as Exhibit A and (2) if necessary, to approve the adjournment of the special meeting to a later date to solicit additional proxies.

Record Date

The Record Date for the determination of stockholders entitled to notice of and to vote at the Special Meeting is the close of business on March 20, 2006. At the close of business on the Record Date there were issued, outstanding and entitled to vote an aggregate of 879,592 shares of our common stock, $.01 par value per share. There were no other shares of our capital stock issued and outstanding as of the date of this proxy statement.

Voting and Votes Required

Each share of our common stock is entitled to one vote. All properly executed proxies will be voted in accordance with the instructions contained therein, and if no instructions are specified, the proxies will be voted in favor of the sale of the York Shares, and, if necessary, the adjournment of the meeting to a later date to solicit additional proxies. With respect to any procedural matter properly presented at the Special Meeting, the persons named in the proxy will be authorized to vote, or otherwise act, in accordance with their discretion on such matter.

A stockholder may revoke any proxy at any time before it is exercised by delivery of written revocation to the Secretary of Bexil or by voting in person at the Special Meeting. A stockholder may also change a vote by signing and submitting another proxy with a later date. Attendance at the Special Meeting will not itself be deemed to revoke a proxy unless the stockholder votes in person at the Special Meeting.

The affirmative vote of the holders of a majority of the votes entitled to be cast on the Proposal is required to approve the Proposal and the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the Special Meeting is required to approve the adjournment of the meeting to a later date to solicit additional proxies.

Quorum

The holders of a majority of the shares of common stock issued, outstanding and entitled to vote at the Special Meeting shall constitute a quorum at the Special Meeting. Shares of common stock present in person or represented by proxy, including shares that abstain, represent broker non-votes or do not vote with respect to one or more of the matters presented for stockholder approval, will be counted for purposes of determining whether a quorum is present.

Adjournment

Although it is not expected, we may attempt to adjourn the Special Meeting in order to solicit additional proxies to approve the Proposal if fewer shares are voted in favor of the Proposal than are required to approve the Proposal. Any adjournment of the Special Meeting may be made without notice, other than by the announcement made at the Special Meeting, to a date no more than 120 days after the Record Date for the Special Meeting (which Record Date is the close of business on March 20, 2006) by approval of a majority of the votes cast on such matter. At any subsequent reconvening of the Special Meeting, all proxies will be voted on the Proposal in the same manner as they would have been voted at the original convening of the Special Meeting, except for any proxies properly changed or revoked.

Abstentions and Broker Non-Votes

Shares that abstain from voting as to a particular matter, and shares held in "street name" by brokers or nominees who indicate on their proxies that they do not have discretionary authority to vote such shares as to a particular matter, will not be counted as votes in favor of such matter and will also not be counted as votes cast or shares voting on such matter. Accordingly, abstentions and "broker non-votes" will have the effect of a vote against the Proposal to approve the sale of the York Shares and against the adjournment of the Special Meeting.

Shares Owned and Voted by our Directors and Executive Officers

At the close of business on March 20, 2006, the Record Date for the Special Meeting, our directors and executive officers and a corporation controlled by one of our directors beneficially owned, in the aggregate, 280,343.663 shares of our common stock and have entered into a voting agreement with Holdings agreeing to vote their shares in favor of our sale of the York Shares to York Buyer. These shares represent approximately 31.9% of our shares of issued and outstanding common stock and do not include shares issuable upon the exercise of outstanding options and warrants.

Other Matters

No other business may be considered at the Special Meeting.

Recommendation of the Board of Directors

After careful consideration, our Board of Directors has unanimously approved the sale of the York Shares to York Buyer pursuant to the Bexil Purchase Agreement and unanimously advises and recommends that you vote FOR the Proposal (see pages 16 – 17.)

In considering such recommendation, you should be aware that Bassett Winmill, a director and Executive Chairman of the Board of the Company, and Thomas Winmill, a director and the President, Chief Executive Officer and General Counsel of the Company have been awarded bonuses in the amounts of $163,125 and $652,500, respectively, as a result of Bexil having entered into the Bexil Purchase Agreement. In addition, the Governance, Compensation and Nominating Committee approved the payments of additional bonuses to Messrs. Bassett Winmill and Thomas Winmill, in the amounts of $336,875 and $1,347,500, respectively, and nine other employees of Bexil have been awarded bonuses aggregating $236,000 which bonuses are all contingent upon the Closing of the Bexil Purchase Agreement.

You should also note that on December 29, 2005 our Board of Directors authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the closing of the Bexil Purchase Agreement. The Board authorized the Executive Committee of the Board to establish the record date and payment date for such dividend. As of March 20, 2006, the officers and directors of Bexil beneficially owned, directly or indirectly, approximately 280,344 of the 879,592 shares of our common stock which were issued and outstanding as of such date. Therefore, assuming such persons continued to hold their shares until the record date for the dividend and there are no changes in our outstanding shares between March 20, 2006 and the record date which is set for the dividend, our directors and officers (or their affiliates) shall be entitled to receive approximately $280,344 or 31.9% of the aggregate of $879,592 in cash dividends that will be paid if the Bexil Purchase Agreement is consummated.

SALE OF THE YORK SHARES

Our Board of Directors is advising and recommending the sale of the York Shares pursuant to the terms of the Bexil Purchase Agreement for approval by our stockholders at the Special Meeting. The sale of the York Shares was approved by our Board of Directors, subject to stockholder approval, on December 23, 2005. A copy of the Bexil Purchase Agreement is attached as Exhibit A to this proxy statement. The material terms of the Bexil Purchase Agreement are summarized below. This is not a complete summary of the Bexil Purchase Agreement and is subject in all respects to the provisions of, and is qualified by reference to, the Bexil Purchase Agreement. Stockholders are urged to read the Bexil Purchase Agreement in its entirety.

Our Board of Directors advises and recommends a vote FOR the Proposal.

Factors That Our Stockholders Should Consider

There are several factors that stockholders should consider when deciding to vote to approve the sale of the York Shares, including the following factors:

The consideration to be received by us for the sale is substantial and shall consist entirely of cash.

We anticipate that the consideration for the York Shares to be received by us will be approximately $38,864,000 in cash. This represents approximately 13.04 times the sum of our fiscal 2004 revenues and our 2004 equity in earnings of York, approximately 2.34 times our total assets as of September 30, 2005, approximately 1.78 times our market capitalization on December 23, 2005 which was the last trading day prior to the public announcement that we had entered into the Bexil Purchase Agreement, approximately 1.30 times our market capitalization as of December 30, 2005. An approximate 406% premium above our market capitalization as of January 18, 2002 (the day on which we acquired our interest in York), and a return of approximately 13 times our initial investment in York. We also expect to receive a consulting fee bonus of $100,000 payable by York at the Closing. Moreover, the consideration is all cash, which provides certainty of value compared to a transaction involving receipt of stock or other non-cash consideration, especially in light of the volatility of the stock market.

The Bexil Purchase Agreement contains certain provisions that we consider favorable to Bexil and the Bexil Purchase Agreement does not impose certain obligations on us that are customarily imposed on sellers in sale transactions.

We believe that the Bexil Purchase Agreement contains a number of provisions favorable to Bexil, such as: the consideration to be paid to us for the sale of the York Shares is all in cash and not subject to adjustment, except for a dollar for dollar reduction in the purchase price for any distributions and management fees that may be paid to us from the date of signing to the Closing of the Bexil Purchase Agreement; there is no escrow deposit by Bexil of any portion of the purchase price; and Bexil has made only a limited number of representations and warranties in the Bexil Purchase Agreement relating only to Bexil, required SEC filings by Bexil and Bexil's ownership of the York Shares. Bexil makes no representations and warranties in the Bexil Purchase Agreement relating to York and none of the representations and warranties of the parties contained in Bexil Purchase Agreement survive the Closing. Furthermore, there are no provisions in the Bexil Purchase Agreement requiring a party to indemnify the other for any reason. As the seller in the transaction, we believe that these features could eliminate or lessen any potential liability of Bexil in the event the Bexil Purchase Agreement is consummated.

Because we will not receive stock of York Buyer or its affiliates as all or partial consideration for the sale, our stockholders will not participate in the potential future growth of York.

Since we will not receive equity in York or York Buyer or its affiliates in consideration of our sale of the York Shares, we and our stockholders will lose the opportunity to capitalize on the potential future growth of York's business and on its potential future success and profits.

Our Board of Directors has authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the Closing of the Bexil Purchase Agreement; other than such special dividend, we do not intend to distribute any proceeds of the sale of the York Shares to our stockholders.

We will sell the York Shares to York Buyer in exchange for a cash payment to us rather than directly to our stockholders. Our Board of Directors has authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the Closing of the Bexil Purchase Agreement. The record date for determining stockholders entitled to such special dividend will be set by the Executive Committee of our Board of Directors after the Closing, but we anticipate it will be on or about the 15th business day after the Closing of the Bexil Purchase Agreement. Except for such special dividend, we do not plan to distribute any proceeds of the sale of the York Shares to our stockholders, but rather intend to use such proceeds to start up and develop a business or make acquisitions of existing businesses or for other purposes which we have not identified. Any cash that we receive from the sale of the York Shares will be subject to claims of our creditors.

Two of our directors and all of our executive officers have interests that are different from, or in addition to, those of our stockholders generally.

On December 29, 2005, the Governance, Compensation and Nominating Committee of the Board (comprised of Edward G. Webb, Jr., Charles A. Carroll, and Douglas Wu, all of whom in relation to Bexil are independent directors in accordance with the American Stock Exchange director independence standards), approved the payment of bonuses to Bassett Winmill, the Executive Chairman of the Board of the Company, and Thomas Winmill, the President, Chief Executive Officer and General Counsel of the Company, in the amounts of $163,125 and $652,500, respectively, as a result of Bexil having entered into the Bexil Purchase Agreement. In addition, the Governance, Compensation and Nominating Committee approved the payments of additional bonus to Messrs. Bassett Winmill and Thomas Winmill in the amounts of $336,875 and $1,347,500, respectively, and bonuses to nine other employees of Bexil in the aggregate amount of approximately $236,000, which bonuses are all contingent upon the Closing of the Bexil Purchase Agreement. In arriving at its decisions to award bonus compensation, the Governance, Compensation and Nominating Committee considered a report and presentation of Strategic Compensation Planning, Inc., a compensation consulting firm retained by the Company, regarding compensation paid to executive officers and key employees of other companies in connection with the sale of the business or substantial assets by such companies. The Governance, Compensation and Nominating Committee also considered the advice of the Company's legal advisors.

You should also note that on December 29, 2005 our Board of Directors authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the closing of the Bexil Purchase Agreement. The Board authorized the Executive Committee of the Board to establish the record date and payment date for such dividend. As of March 20, 2006, the officers and directors of Bexil beneficially owned, directly or indirectly, approximately 280,344 of the 879,592 shares of our common stock which were issued and outstanding as of such date. Therefore, assuming such persons continued to hold their shares until the record date for the dividend and there are no changes in our outstanding shares between March 20, 2006 and the record date which is set for the dividend, our directors and officers (or their affiliates) shall be entitled to receive approximately $280,344 or 31.9% of the aggregate of $879,592 in cash dividends that will be paid if the Bexil Purchase Agreement is consummated.

The business terms of the Bexil Purchase Agreement are favorable when compared to the terms of the MacArthur Purchase Agreement.

The business terms of the MacArthur Purchase Agreement differ from those of the Bexil Purchase Agreement in, among other things, the following ways:

- The purchase price per share of York to be sold under the MacArthur Purchase Agreement is expressed as a formula subject to certain possible deductions determined as of the time of the Closing. The Board anticipates that the per share proceeds for the shares of York to be sold under the MacArthur Purchase Agreement will be approximately the same as for the shares to be sold under the Bexil Purchase Agreement, although, as a result of certain possible deductions determined as of the time of the Closing from the purchase price per share to be paid to MacArthur and according to MacArthur's estimates, such per share proceeds could ultimately be slightly less than that received by Bexil; and

- MacArthur has agreed to make various representations and warranties regarding York and its businesses that survive the closing for a period of time and are subject to a $4,500,000 indemnification obligation and escrow arrangement. These terms do not apply to the sale of the York Shares under the Bexil Purchase Agreement.

The obligation of York Buyer to consummate the Bexil Purchase Agreement is conditioned upon, among other things, the closing of the MacArthur Purchase Agreement, the closing of which is in turn conditioned upon certain matters not within our control, including that the Buyer Parties shall have obtained debt financing sufficient to pay the purchase price under the Bexil Purchase Agreement and MacArthur Purchase Agreement.

The obligation of York Buyer and Holdings (collectively referred to as the "Buyer Parties") to consummate the Bexil Purchase Agreement is conditioned upon, among other things, the consummation of the MacArthur Purchase Agreement, which includes various conditions which must be satisfied. We cannot control the satisfaction of such conditions to the consummation of the MacArthur Purchase Agreement. Therefore, even if we satisfy the conditions to closing the Bexil Purchase Agreement, the Buyer Parties will not be obligated to consummate the Bexil Purchase Agreement if the MacArthur Purchase Agreement is not consummated for any reason.

In addition to the satisfaction by MacArthur or the waiver by Buyer Parties of the same or similar conditions applicable to the Buyer Parties' obligations to consummate the Bexil Purchase Agreement, the Buyer Parties' obligation to consummate the MacArthur Purchase Agreement is subject to the satisfaction of, among others, the following conditions: there shall be no material adverse change in the condition (financial or otherwise), business or results of operations of York since May 31, 2005; Buyer Parties shall have obtained debt financing for the purchase of MacArthur's and Bexil's shares of York; counsel to MacArthur shall have delivered a legal opinion to York Buyer regarding certain matters; and the directors of York and its subsidiaries shall have resigned.

The statements contained in this proxy statement concerning the MacArthur Purchase Agreement are qualified in their entirety by reference to the MacArthur Purchase Agreement, which is attached to this proxy statement as Exhibit B and which we urge stockholders to read carefully.

The Purchaser

The purchaser pursuant to the Bexil Purchase Agreement is York Insurance Acquisition, Inc., a Delaware corporation which is a wholly owned subsidiary of Holdings, another Delaware corporation. Both corporations have been recently formed by Odyssey Investment Partners Fund III, L.P. and its Manager, Odyssey Investment Partners, LLC (collectively, "Odyssey") for purposes of acquiring all of the outstanding shares of common stock of York. As of the date of this proxy statement, Odyssey Investment Partners Fund III, L.P. owns all of the outstanding capital stock of Holdings, although it has not guaranteed the obligations of the Buyer Parties.

None of the officers, directors or affiliates of York or Bexil is affiliated with Odyssey. None of the officers, directors or affiliates of Odyssey or York is affiliated with Bexil. Thomas B. Winmill, Bexil's President, Chief Executive Officer and General Counsel, is also the Vice Chairman and a director of York and the Vice Chairman and a director of two subsidiaries of York, namely York Claims Service, Inc. and York Claims Service, Inc.—Florida. Douglas Wu, a director of Bexil, is also a director of York.

Use of Proceeds from the Sale

We are currently reviewing alternatives for the use or disposition of our assets following the sale of the York Shares. We anticipate that net of selling expenses, federal and state income taxes aggregating approximately $16.4 million on the gain recognized on such sale and the payment of bonuses in connection with the transaction to certain employees and officers aggregating approximately $1.9 million (an additional $816,000 of non-contingent bonuses relating to the Bexil Purchase Agreement were paid in December 2005), we shall receive approximately $20.6 million in net proceeds as a result of the sale of the York Shares. We have no plans to dissolve and liquidate the Company. We may decide to use some, most, or all of the proceeds (other than approximately $880,000 which our Board of Directors has authorized to be distributed as a cash special dividend contingent upon the Closing of the Bexil Purchase Agreement) to start up and develop a business or to explore other alternatives, such as an acquisition of or business combination with, another entity or entities. At this time our Board of Directors has not made any decision to pursue any of these options.

Background of the Transaction

We are a holding company. Our primary holding is a 50% interest in privately held York. The remaining 50% interest in York is held by MacArthur. York is a privately owned insurance services company based in the United States. Since the 1930's, York, through predecessor companies, has served as both an independent adjustment company and third party administrator providing comprehensive claims, data, and risk related services to insurance companies, self-insureds, and intermediaries throughout the United States. More recently York has established business units in the program management, licensed private investigation, recovery, environmental consulting, retail logistics and large/complex loss adjusting markets. For 2004 and 2005 our 50% interest in York has been accounted for using the equity method and, therefore, York's financial statements are not consolidated with our own. For 2001 to 2003, inasmuch as we were then a registered investment company during such period, York was accounted for using the fair value method.

When Bexil and MacArthur purchased York, the parties entered into a Stockholders Agreement dated January 18, 2002 (the "Stockholders Agreement") that set forth, among other things, procedures and restrictions upon the stockholders in the event they desired to sell or otherwise transfer their respective shares of York. Specifically, certain provisions give the non-selling stockholder the right of first offer and "tag-along" rights. In essence, the right of first offer provision requires the stockholder desiring to sell its or his shares to first offer the shares to the other stockholder and York on specific terms and, if such offer is declined by the non-selling stockholder and York, to permit the sale of the shares to a third party within the next 60 days, but only on the terms offered to the non-selling stockholder and York or on terms less favorable to the third party than the terms offered to the non-selling stockholder and York. Through the tag-along right, in the event a stockholder proposes a transfer of a portion or all of such stockholder's shares of York to an unaffiliated third party, the other stockholder has the right to require the initiating stockholder to arrange with the proposed transferee to the purchase from the other stockholder of a proportional amount of the other stockholder's shares.

In the fall of 2004, MacArthur advised Bexil that he desired to diversify his assets and at the same time achieve a capital structure which would support York's growth by acquisitions, and that he would be interested in selling some of his shares in York to accomplish these goals. Bexil and MacArthur discussed various means to assist MacArthur in achieving his objectives that would be consistent with Bexil's long term corporate strategies, including Bexil's potential acquisition and an initial public offering of York's common stock, which could include MacArthur's shares and/or newly-issued shares offered by York. However, Bexil and MacArthur could not agree on the price or other terms for a transaction between them and a public offering would have been constrained by numerous considerations, including our unwillingness to have our voting interest in York diluted below 50% by an offering of voting shares. As a result, we and MacArthur then sought a third party valuation of York.

In considering the valuations and proposals relating to York discussed in this "Background of the Transaction" section, you should note that such valuations and proposals were made either before or without making allowance for dividends in the aggregate amount of $25,341,382 declared by York during the period from June 2005 through November 2005, pursuant to which an aggregate of $12,670,691 was paid to us.

At the January 12, 2005 meeting of the York Board of Directors, Chapman Associates General Business, Inc. ("Chapman") presented a valuation of York as of January 11, 2005 and an outline of a confidential offering memorandum ("COM") relating to a private offering of the 50% of the common stock of York owned by MacArthur. Under the various methods used, Chapman noted an enterprise valuation of 100% of York ranging between approximately $100 and $120 million. MacArthur informed Bexil that he wished to explore the possible sale to a third party of a portion of his shares of York and to retain Chapman to assist him in this regard. The valuation and outline of the COM were reviewed by the Bexil Board of Directors at its meeting on February 15, 2005. During this period and subsequently, Bexil and MacArthur continued to discuss potential transactions between them, but could not agree on terms or price.

On March 10, 2005, Bexil, MacArthur and York entered into a protocol agreement governing the distribution of confidential York information by MacArthur and certain other matters in connection with MacArthur's exploration of potential transactions. The protocol agreement also provided that the parties thereto

acknowledged that Bexil was not offering the York Shares for sale. The agreement further provided that inasmuch as the York Board of Directors had determined that it would benefit York for members of the York Board to receive Chapman's valuation of York and the COM, the York Board authorized York to reimburse MacArthur for Chapman's $40,000 fee for providing a valuation of York and preparing the COM.

The protocol agreement further provided that MacArthur was solely responsible for any and all other fees and expenses due and payable to Chapman; provided, however, that if Bexil exercised its tag-along rights pursuant to the Stockholders Agreement and sold all or any portion of the York Shares in connection with the sale of shares of York by MacArthur, or MacArthur and Bexil engaged in a transaction with each other, each stockholder would, at the closing of the sale transaction, reimburse to the other stockholder in cash or immediately available funds, such stockholder's pro rata share, based on the number of shares of common stock of York sold by such stockholder, of the fees and expenses paid and payable to the unaffiliated financial advisors of such stockholder, provided that each stockholder would pay its own financial advisor's fees and expenses to the extent they exceeded those payable to Chapman. A form of confidentiality agreement attached as an exhibit to the protocol agreement provided that the signer acknowledged that the common stock of one of the stockholders was publicly traded and that the evaluation material constituted material, non-public information about the publicly traded stockholder for purposes of the securities laws, and that nothing in the agreement should be intended to suggest that the publicly traded stockholder was offering for sale any of the shares of stock it owned in York.

In March 2005, Chapman contacted various strategic and financial buyers about a possible transaction pertaining to the shares of York owned by MacArthur. After receipt of signed confidentiality agreements pursuant to the protocol agreement, Chapman distributed approximately 50 copies of the COM dated February 2005 to various interested parties. The COM noted that Bexil was pleased with the York investment over the past three years, and therefore, its primary interest was in maintaining its holding in York. Chapman received 11 letters from potential strategic and financial buyers, including Odyssey, many of which indicated enterprise values of York within a range of approximately $100 million. By April 2005, Chapman had analyzed the non-binding proposals of interested potential buyers and presented them to MacArthur.

From April to July, MacArthur worked with a first potential buyer, which MacArthur selected based upon that potential buyer having indicated the highest enterprise value for York. Such potential buyer conducted due diligence on York and negotiated terms of a possible purchase with MacArthur, although ultimately MacArthur and this first potential buyer were unable to agree on a definitive price and other terms for a purchase transaction.

During the same period, MacArthur and Bexil also recognized that a sale transaction with a potential buyer might not occur and in order to help MacArthur diversify his assets and obtain more liquidity, they would recommend to the York Board that York undertake a program in which York would declare and pay to its stockholders cash dividends. On June 10, 2005 the York Board of Directors declared a cash dividend of $2,500,000 to each of MacArthur and us, and paid such dividends on June 16, 2005. On June 10, 2005, the York Board of Directors further declared a cash dividend to stockholders of record on the close of business June 30, 2005, July 31, 2005, August 31, 2005, and September 30, 2005 payable on, respectively, July 1, 2005, August 1, 2005, September 1, 2005 and October 1, 2005 in the amount of cash on hand at York as of such respective record dates, provided that York's cash balance on such date not be reduced below $2,500,000 by the payment of such dividend. York paid the June 30, 2005 record date cash dividend of $170,691 to each of us and MacArthur on July 25, 2005, although no dividends for the July 31, 2005, August 31, 2005, and September 30, 2005 record dates were paid due to the cash balance limitation.

After determining that a transaction with the first potential buyer was not feasible, MacArthur and Chapman re-evaluated the proposals of the other ten potential buyers, which included Odyssey, and requested further indications of interest and final bids from the four potential buyers, including Odyssey, that had offered the next highest enterprise values. MacArthur made his determination as to which of the potential buyers to request final bids based on which were most likely to consummate a transaction and after checking such potential buyers' references. As a result of the analysis of the four potential bids, MacArthur decided to pursue discussions with Odyssey because it offered the highest bid and the most favorable transaction terms. One of the other bidders also offered $110,000,000, but the transaction terms were less favorable to the shareholders than those offered by

Odyssey and Odyssey had a strong relationship with a financing source which provided greater confidence that it would be able to obtain the financing necessary to consummate the transaction. The other two bidders offered between $100,000,000 and $104,000,000. As indicated above, all such bids were made either before or without making allowances for dividends in the aggregate amount of $25,341,382 paid by York.

In late August 2005, MacArthur advised Bexil that he was in discussions with Odyssey. On September 1, 2005, Chapman provided Bexil with three letters that Chapman had received from Odyssey. The third letter, dated August 26, 2005, expressed a total enterprise valuation of $110 million based upon the buyer acquiring York's May 31, 2005 balance sheet "debt free" and York containing $7.8 million of cash at the closing. (The balance sheet of York as of May 31, 2005 set forth institutional bank indebtedness of $1,054,784 and cash of $7,792,165.) On September 6, 2005, Bexil management met with MacArthur and representatives from Odyssey. By letter dated October 14, 2005 to Bexil and York, MacArthur gave notice of the receipt by MacArthur of a non-binding proposal from Odyssey to purchase all the outstanding shares of York for a purchase price of $110 million based upon the buyer acquiring York's May 31, 2005 balance sheet "debt free" and York containing $7.8 million of cash at the closing and subject to certain adjustments and other conditions, including that MacArthur would roll over a portion of his shares into equity of the buyer or an affiliate of the buyer.

On October 17, 2005, Bexil received a draft stock purchase agreement prepared by Odyssey. The draft agreement provided for, among other things: the purchase price being subject to certain possible deductions determined as of the Closing; the making by Bexil of certain extensive representations and warranties concerning itself and York, which representations and warranties would survive the Closing; the deposit in escrow by Bexil of $5,500,000 of the purchase price payable to Bexil to secure Bexil's potential liabilities under the agreement; and a termination fee payable by Bexil of $2,750,000. Bexil management discussed the draft with MacArthur and Chapman, and consulted legal and tax counsel. Having circulated to the Bexil Board of Directors the draft stock purchase agreement, MacArthur's letter dated October 14, 2005, and Odyssey's letter dated August 26, 2005, Bexil held a conference call for its directors to discuss the matter on October 28, 2005. The directors discussed the advantages and disadvantages, including without limitation those listed above, as well as the risks associated with the draft agreement's sale structure and related matters. The directors informally concluded not to proceed with a transaction containing the terms included in the draft stock purchase agreement. Subsequently on October 28, 2005, Bexil management received MacArthur's proposed revisions to the draft agreement, although it concluded that the proposed revisions did not materially alter the risks of concern to the Bexil Board.

On October 31, 2005, Bexil informed MacArthur that it would not proceed with the transaction as then contemplated and suggested a meeting to pursue other liquidity and capital structure strategies. As a result of that meeting and further discussions, Bexil and MacArthur discussed a plan for a leveraged dividend by York that would enable York to distribute to its stockholders a portion of York's retained earnings in excess of the cash of York on hand, and outlined a plan to explore the possibility of an initial public offering of shares by York ("IPO"). In contrast to 2004, Bexil agreed to permit an offering of York voting stock, notwithstanding potential dilution of Bexil's voting interest. Numerous potential impediments to a successful IPO were also outlined at that meeting.

On November 9, 2005, Bexil received a revised stock purchase agreement draft from Odyssey to be entered into by and between a newly-formed corporation controlled by Odyssey and Bexil for the sale of the York Shares by Bexil to the buyer. The structure was changed to provide for the sale of the York Shares and the sale and roll-over of MacArthur's shares in York pursuant to two separate agreements, although the price consideration in both agreements was based on the same enterprise valuation. The following changes deemed material were also made in the Bexil revised stock purchase agreement draft: there were no balance sheet adjustments to the purchase price payable to Bexil; there was no escrow deposit by Bexil of any portion of the purchase price; Bexil would make limited representations and warranties relating only to Bexil, required SEC filings by Bexil, and its ownership of the York Shares; Bexil would not make any representations and warranties relating to York; and none of the representations and warranties in the revised draft would survive the closing. Also different was that in the event of a termination of the revised draft stock purchase agreement, neither party would have any liability to the other party, except with respect to any damages incurred as a result of a breach by the other party of any of its representations, warranties and covenants and, in the event that the Closing did not occur because of Bexil's

breach of its representations, warranties and covenants under the revised draft stock purchase agreement, Bexil's non-satisfaction of certain closing conditions, Bexil stockholder approval was not obtained, or Bexil accepted a superior proposal, Bexil would reimburse buyer for up to $1,750,000 of buyer's expenses, as opposed to reasonable expenses and a termination fee of $2,750,000 as provided in the prior draft. Other changes deemed less material were made as well. Also, certain stockholders of Bexil would enter into a voting agreement with the buyer to agree to support the transactions contemplated by the revised draft of the Bexil stock purchase agreement.

Following on the dividend policy to declare and pay to its stockholders dividends of cash available for distribution that was implemented by the York Board during the period from June through September of 2005, the York Board declared on November 29, 2005 a cash dividend of $2,500,000 to each of MacArthur and us, and paid such dividends on November 30, 2005. Further, on November 29, 2005 the York Board declared a cash dividend of $7,500,000 to each of MacArthur and us. These latter dividends were financed by a $15,000,000 loan to York by a bank and paid on December 22, 2005. The aggregate amount of dividends declared and paid by York to its stockholders during the period from June 10, 2005 to December 31, 2005 was $25,341,382, of which half, or an aggregate of $12,670,691, was paid to us. These dividends were approved by the Board of Directors of York based on the recommendation of the York stockholders to provide liquidity for the stockholders when it appeared doubtful that other liquidity events, such as a sale of all or a portion of the equity in, or assets of, York, or an IPO of York stock would occur, and likely reduced the amount that a buyer would pay for the York Shares.

At a regular meeting of the Bexil Board of Directors on November 10, 2005, the Bexil directors received a presentation by MacArthur as to Odyssey's proposal as contained in the revised stock purchase agreement draft and the IPO proposal, a similar presentation by Bexil management, and otherwise reviewed the proposals. The Bexil Board at that time determined to form a special committee comprised exclusively of Bexil's independent directors, as defined in AMEX Company Guide Section 121, to study the Odyssey proposal.

The Special Committee, comprised of Charles Carroll, Douglas Wu and Edward G. Webb, Jr., was authorized to and directed to take such further action with respect to the evaluation of a potential extraordinary sale transaction regarding the York Shares and all similar and related matters as it may deem necessary or appropriate, including without limitation, to hire and confer with advisers, counsel and special counsel as it deems appropriate, to report to the Board from time to time on such matters as necessary or appropriate, to negotiate price and other matters, to make a final determination as to whether or not to proceed with any proposed extraordinary transaction, and to make any further recommendations to the Board in this regard.

The Special Committee met on November 22, 2005, November 29, 2005, December 16, 2005 and December 23, 2005.

At its meeting held on November 22, 2005, the Special Committee considered possible alternatives to a sale of the York Shares. However, the Special Committee did not determine to contact any of the 10 potential buyers besides Odyssey or seek any additional bids for York because the Special Committee believed that the terms of the Bexil Purchase Agreement with Odyssey were favorable to Bexil and that any delay in negotiating a definitive agreement with Odyssey might jeopardize the consummation of such transaction.

The Special Committee also reviewed the experience, credentials of and proposals made by a number of firms to act as financial advisor to the Special Committee and to render a fairness opinion to the Special Committee regarding the sale of the York Shares to York Buyer. During portions of the meeting, the Special Committee consulted with the directors of the Board who were not members of the Special Committee as well as certain members of management and representatives of legal counsel to the Company. The Special Committee selected Empire Valuation Consultants, LLC ("Empire") as its financial advisor and to render the fairness opinion, subject to certain modifications of Empire's proposal and other matters.

At its meeting held on November 29, 2005, the Special Committee reviewed its process in the selection of a financial advisor and then confirmed its selection of Empire as its financial advisor and to render the fairness opinion. The Special Committee then engaged in a general discussion with Empire regarding its valuation procedure and certain aspects of a valuation process and considerations relevant to Bexil, the York Shares, and

the York business. Empire discussed its preliminary views and areas appropriate for further analysis and review. During portions of the meeting, the Special Committee consulted with the directors of the Board who were not members of the Special Committee as well as certain members of management and representatives of legal counsel to the Company. A representative of Empire attending the meeting responded to questions asked by our directors regarding Empire's valuation methodology, including how various factors, such as the lack of many comparable companies by which to gauge a valuation, would affect Empire's analysis. It was determined that Empire's representative had answered all questions to the satisfaction of the Board and then the Special Committee, meeting in executive session, confirmed that all questions had been satisfactorily answered.

At the meeting held on December 16, 2005 attended by all members of the Special Committee, certain members of management, representatives of legal counsel, and representatives of Empire, a representative of Empire gave a presentation regarding the analyses made by and the preliminary conclusions of Empire regarding the fairness to the public stockholders of Bexil, from a financial point of view, of the sale of the York Shares upon the terms set forth in the then current draft of the Bexil stock purchase agreement. The representative of Empire indicated that he expected that Empire would be able to deliver an opinion that the transaction, in its current form, was fair, from a financial point of view, to the public stockholders of Bexil, subject to a review of final documentation of the transaction.

A meeting of the Special Committee and our Board of Directors was held on December 23, 2005. After considering the terms of the agreements relating to the sale of the York Shares and the presentations by our management and our legal and financial advisors, including the delivery by Empire to the meeting of its written opinion that the transaction, in its current form, was fair from a financial point of view to the stockholders of Bexil, the members of the Special Committee approved the Bexil Purchase Agreement and recommended such approval to our full Board of Directors. Thereupon, after further discussion, our full Board of Directors, by unanimous vote of all directors:

- approved the sale of the York Shares pursuant to the Bexil Purchase Agreement and the transactions contemplated thereby; and
- advised and recommended to our stockholders that they authorize and approve the Bexil Purchase Agreement. The Board then authorized and directed our management to execute the Bexil Purchase Agreement.

Reasons for the Board's Recommendation

In reaching its decision to approve and recommend the sale, our Board of Directors considered the following factors:

- The process undertaken by MacArthur to solicit third party indications of interest for the sale.
- We had not received any firm offers for the York Shares involving cash consideration exceeding that offered by York Buyer.
- The structure of the proposal by York Buyer as a cash transaction was deemed favorable by our Board of Directors.
- The terms of the Bexil Purchase Agreement were the result of extensive arm's length negotiations.
- A portion of the income or gain from the sale of the York Shares will be offset by our useable net operating loss carryforwards.
- None of the representations and warranties of the parties contained in Bexil Purchase Agreement survive the Closing and there are no provisions in the Bexil Purchase Agreement requiring a party to indemnify the other for any reason.
- Presentations by, and discussions with, our senior management and representatives of our financial and legal advisors regarding the proposed transactions.

- Factors that increase the likelihood of the consummation of the transactions contemplated by the Bexil Purchase Agreement, including the fact that the sale of the York Shares is not subject to any material consents and approvals, except a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and the expiration of the waiting period thereunder and stockholder approval.
- Empire's opinion dated December 23, 2005, that, as of the date of its opinion and based on the matters considered and subject to the assumptions, conditions and qualifications set forth in the written opinion,
- the consideration to be received by Bexil pursuant to the Bexil Purchase Agreement is fair, from a financial point of view, to the public stockholders of Bexil.
- The uncertainties and risks in the insurance business generally and those relating specifically to the business of York.

Our Board of Directors also identified and considered potentially negative factors involved in the sale of the York Shares, including the following:

- The proposed sale of the York Shares does not provide for a cash payment directly to our stockholders enabling our stockholders, at the earliest possible time, to obtain the benefits of the transaction, but that the benefits of the sale will be obtained only, if at all, over time through our use of the sale proceeds and any distributions we choose to make to our stockholders. Our Board of Directors has authorized a special dividend to our stockholders of $1.00 per share of our common stock contingent upon the Closing of the sale of the York Shares pursuant to the Bexil Purchase Agreement. The record date for determining stockholders entitled to such special dividend will be set by the Executive Committee of our Board of Directors after the Closing, but we anticipate that it will be on or about the 15th business day after the Closing of the Bexil Purchase Agreement. Except for such special dividend, distributions to our stockholders are not currently anticipated.
- We will incur a substantial income tax on our gain from the sale of the York Shares, which we estimate to be approximately $15,775,000.
- The Bexil Purchase Agreement does not provide for an upward adjustment of the purchase price for the York Shares to be paid to Bexil in the event that York earns profits between the dates of signing and closing of the Bexil Purchase Agreement.
- We and our stockholders will lose the opportunity to capitalize on the potential future growth of York's business and its potential future success and profits had we elected to retain the York Shares.
- Odyssey has not guaranteed the obligations of the Buyer Parties, which likely will have substantially no assets and may not have any assets until immediately prior to the Closing.

The foregoing discussion of the information and positive and negative factors considered and given weight by our Board of Directors is not intended to be exhaustive. The members of our Board considered their knowledge of our business, financial condition and prospects, and the views of management and our financial and legal advisors. In view of the variety of factors considered, our Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations. In addition, individual members of the Board may have given different weights to different factors.

Opinion of Empire Valuation Consultants, LLC

Pursuant to an engagement letter dated November 23, 2005, we retained Empire to render an opinion to the Special Committee of our Board of Directors as to the fairness, from a financial point of view, to our public stockholders of the consideration to be received by us pursuant to the Bexil Purchase Agreement.

On December 16, 2005, Empire delivered certain of its written analyses and its oral opinion to our Board of Directors, subsequently confirmed in writing, to the effect that and subject to the various assumptions set forth

therein, as of December 12, 2005, the consideration to be received in the transaction was fair, from a financial point of view, to our public stockholders. On December 23, 2005 Empire delivered its written opinion to the same effect as it had provided on December 12, 2005.

The full text of the written opinion of Empire, dated December 23, 2005, is attached as Exhibit C and is incorporated by reference. Empire has reviewed Exhibit C as well as the summary of its opinion set forth in this proxy statement and has consented to the inclusion of its opinion and the summary of such opinion in this proxy statement. Holders of our common stock are urged to read the opinion in its entirety for the assumptions made, procedures followed, other matters considered and limits of the review by Empire. The summary of the written opinion of Empire set forth herein is qualified in its entirety by reference to the full text of such opinion. Empire's analyses and opinion were prepared for and addressed to the Special Committee of our Board of Directors and are directed only to the fairness to the public stockholders of Bexil, from a financial point of view, of the consideration to be received in the transaction, and do not constitute an opinion as to the merits of the transaction or a recommendation to any stockholder as to how to vote on the proposed transaction. Empire's analyses and opinion also did not take into consideration any tax issues related to the sale of the York Shares. The consideration received in the transaction was determined through negotiations between Bexil and Buyer Parties and not pursuant to recommendations of Empire.

In arriving at its opinion, Empire reviewed and considered such financial and other matters as it deemed relevant, including, among other things:

- Drafts of the Bexil Purchase Agreement at various stages in the negotiating process;
- an executed copy of the Bexil Purchase Agreement dated as of December 23, 2005;
- certain publicly available financial and other information regarding York and us, and certain other relevant financial and operating data furnished to Empire by our management and advisors;
- certain internal financial analyses, financial forecasts, reports and other information concerning York prepared by our management (collectively, the "York Forecasts");
- discussions Empire had with certain members of our management concerning the historical and current business operations, financial conditions and prospects of York and such other matters Empire deemed relevant;
- certain operating results of York as compared to the operating results of certain publicly traded companies Empire deemed relevant;
- certain financial terms of the transaction as compared to the financial terms of certain selected business combinations Empire deemed relevant; and
- such other information, financial studies, analyses and investigations and such other factors that Empire deemed relevant for the purposes of its opinion.

In conducting its review and arriving at its opinion, Empire, with management's consent, assumed and relied, without independent investigation, upon the accuracy and completeness of all financial and other information provided to it by York or us or which was publicly available. Empire did not undertake any responsibility for the accuracy, completeness or reasonableness of, or attempted independently to verify, this information. In addition, Empire visited York's executive offices in Parsippany, New Jersey, but otherwise did not conduct any physical inspection of the properties or facilities of York. Empire further relied upon the assurance of our management that we were unaware of any facts that would make the information provided to Empire incomplete or misleading in any respect. Empire, with management's consent, assumed that the York Forecasts provided to Empire were reasonably prepared by our management, and reflected the best available estimates and good faith judgments of our management as to York's future performance and that such projections provide a reasonable basis for its opinion. There were no limitations placed on the scope of Empire's review.

Empire did not make or obtain any independent evaluations, valuations or appraisals of York's assets or liabilities, nor was Empire furnished with these materials. Empire expresses no opinion with respect to such legal

matters. Empire's services to us in connection with the transaction have included serving as exclusive financial advisor to the Special Committee of our Board of Directors and rendering an opinion as to the fairness to our public stockholders, from a financial point of view, of the consideration to be received in the transaction. Empire's opinion was necessarily based upon economic and market conditions and other circumstances as they existed and could be evaluated by Empire on the date of its opinion. Although Empire's analysis of the value of York in connection with its opinion included a discounted cash flow analysis based upon projections of future cash flow of York, Empire did not take into account in its determination of the fairness to our public stockholders, from a financial point of view, of the consideration to be received in the transaction, the fact that the Bexil Purchase Agreement does not provide for an upward adjustment of the purchase price for the York Shares to be paid to Bexil in the event that York earns profits between the dates of signing and closing of the Bexil Purchase Agreement. It should also be understood that although subsequent developments may affect its opinion, Empire does not have any obligation to update, revise or reaffirm its opinion and Empire expressly disclaims any responsibility to do so.

In rendering its opinion, Empire assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Bexil Purchase Agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the Bexil Purchase Agreement and that all conditions to the consummation of the Bexil Purchase Agreement will be satisfied without waiver thereof. Empire also assumed that all governmental, regulatory and other consents and approvals contemplated by the Bexil Purchase Agreement would be obtained and that, in the course of obtaining any of those consents, no restrictions will be imposed or waivers made that would have an adverse effect on the contemplated benefits of the sale of the York Shares.

Empire's opinion does not constitute a recommendation to any stockholder as to how the stockholder should vote on the proposed sale. Empire's opinion is limited to the fairness to the public stockholders of Bexil, from a financial point of view, of the consideration to be received in the sale of the York Shares. Empire expresses no opinion as to the underlying business reasons that may support the decision of our Board of Directors to approve, or our decision to consummate, the sale of the York Shares.

In preparing its opinion, Empire performed a variety of financial and comparative analyses, including those described below. The summary of these analyses is not a complete description of the analyses. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is difficult to summarize. Accordingly, Empire believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Empire considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its opinion. Many of these factors are beyond the control of the Company or York. No company, transaction or business used in those analyses as a comparison is identical to York or the proposed sale of the York Shares, nor is an evaluation of those analyses entirely mathematical; rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions being analyzed.

The estimates contained in Empire's analyses and the valuation ranges resulting from any particular analysis do not necessarily reflect actual values or future results or values. Those values may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

Empire's opinion and analyses were only one of many factors considered by the Special Committee in its evaluation of the sale of the York Shares and should not be viewed as determinative of the views of the Special Committee, the Company's Board of Directors or management with respect to the sale.

The following is a summary of the principal financial analyses performed by Empire to arrive at its opinion. Some of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data set forth in the tables without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the financial analyses. Empire performed certain procedures, including each of the financial analyses described below, and reviewed with our management the assumptions on which such analyses were based and other factors, including our historical and projected financial results. No limitations were imposed by our Board with respect to the investigations made or procedures followed by Empire in rendering its opinion.

You should note that in considering the valuations of York discussed below, such valuations reflect the fact that York distributed an aggregate of $25,341,382 to its stockholders in 2005, of which $12,670,691 was distributed to us.

Discounted Cash Flow Analysis

Using the projections provided by Chapman and the Company's management, Empire performed a discounted cash flow analysis on the free cash flows of York for the 19 remaining days of 2005 after the date of the analysis and for calendar years 2006 through 2009. Based on its review of the projections and discussions with management of York and the Company, Empire first made several adjustments to the assumptions contained in the supplied projections. Empire's analysis assumed that York would require to keep on hand operating cash equal to one month's operating expenses. Interest income was assumed to be based on one half of York's projected cash balances at an average interest rate of 2.5%. Empire assumed that capital expenditures would be $3 million in 2008 and 2009 as compared to $2 million projected by management with corresponding increases in depreciation in such years. In addition, Empire's assumptions reduced the cash and equity value of York to reflect distributions made which were not reflected in historical information provided to Empire and anticipated distributions after the date of the analysis.

Empire assumed two scenarios—a stable profit margin scenario and a scenario based on increasing profit margins. Empire considered the stable profit margin scenario to be more probable given historical margins for York and certain guideline companies, discussions Empire had with management of York and the Company and the potential for future competition to York. Empire discounted the net cash flows in each scenario through the calendar year 2009 back to the present by using discount rates based on a weighted average cost of capital rate developed using three models. The discount rates chosen by Empire were 15.5% in the case of the stable profits scenario and 16.5% in the case of the increasing profits scenario. The higher discount rate in the case of the increasing profits scenario is attributable to the higher risk which Empire assumed York would have to bear in order to achieve increasing profits. Empire then added the present value of these net cash flows to the horizon value of York in calendar year 2009, discounted back to the present at the same discount rates. Empire computed the horizon value of York in calendar year 2009 by capitalizing a normalized horizon cash flow base in that year using the Gordon Growth model.

Empire considered a number of factors in assessing York's cash flows, including industry and economic trends, York's relative growth prospects and overall financial health, the advantages and disadvantages of York's relationship with York's largest customer, projected profit margins relative to historical margins and margins for certain guideline public companies for York, discussions with management of York, York's performance in 2004 and 2005 which included a significant component of business related to increased catastrophe activity in such years and other factors.

Applying the above profit scenarios, ranges of discount rates and horizon values yielded the following implied equity values of the York Shares:

- Stable Profit Margin Scenario: $32 million
- Increasing Profit Margin Scenario: $45 million

Guideline Company Analysis

In order to develop appropriate multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA") to apply in valuing York, Empire compared selected historical operating data and ratios for York to the corresponding data and ratios of certain other companies whose securities are publicly traded and which Empire believes have operating and market valuations similar to what might be expected of York, including revenues of less than $1 billion, a focus on providing insurance related services and a significant customer base in North America. Theses companies were:

- Crawford & Company
- Lindsey Morden Group, Inc.
- Hooper Holmes Inc.

Market value of invested capital ("MVIC," the market value of equity plus the market value of debt, less outstanding cash) to EBITDA multiples were calculated for the trailing twelve month ("TTM") period and over a weighted average three-year historical period. The following is a summary of the multiples exhibited for each of the guideline companies as of December 12, 2005:

Company	MVIC/ 3 Yr. Avg. EBITDA	MVIC/ TTM EBITDA
Crawford & Company	7.2	7.4
Lindsey Morden Group, Inc.	8.2	7.4
Hooper Holmes Inc.	6.7	7.6

Based on the analysis of such guideline companies, Empire applied multiples of 5.5 and 6.5 to York's 3 year weighted average EBITDA per share and multiples of 5.5 and 6.5 to York's TTM EBITDA per share in order to determine a range of aggregate marketable total invested capital of York. The multiples selected were lower than the median three-year multiple by 10% to 24% and the median TTM multiple by 12% to 26%, due to the fact that all of these companies have had significantly higher revenues than York (ranging from four to eleven times greater for the TTM period), have a significantly more diversified base of customers and a broader international customer base.

Then Empire subtracted net debt and cash, recent and anticipated distributions to stockholders and applied a control premium of 15% in determining an aggregate equity value for the York Shares on a controlling interest basis. The guideline company analysis resulted in an implied equity value of the York Shares in the range of $31 to $43 million.

Guideline Transaction Analysis

Empire utilized public and private information regarding certain guideline transactions from 2002 to 2005 of companies deemed to be similar in operations to York having revenues of less than $1 billion. Empire considered three transactions: the acquisitions of Managed Care Holdings Corp., Octagon Risk Services, Inc. and Insurance Management Solutions Group. Since no directly comparable transactions with information available were found, the analysis was considered in light of this qualification. Empire calculated the market value of the transactions as a multiple of revenue, which ranged from 0.37x to 0.78x with a median of 0.40x; a multiple of EBITDA for the TTM, which was 4.8x for one of the selected companies (and not applicable for the other two companies); and a multiple of earnings before interest and taxes ("EBIT") for the TTM, which ranged from 1.4x to 5.3x with a median of 3.4. Based on its analysis of the other transactions, Empire selected multiples of 1.00x revenues, 6.0x of EBITDA for the TTM and 6.5 of EBIT for the TTM in determining a range of enterprise values for York. Empire then subtracted outstanding debt and recent and anticipated distributions to stockholders and added back cash. Based on the foregoing, Empire determined that the York Shares had a controlling interest equity value of $31 to $34 million.

Fee Arrangements. Under the terms of its engagement, the Company agreed to pay Empire a fee of $77,000 of which $38,500 was payable at the time Empire was retained by the Special Committee and $38,500 was payable prior to Empire's delivering of its opinion relating to the sale of the York Shares.

The Company has also agreed to reimburse Empire for its travel and other reasonable out-of-pocket expenses, including the reasonable fees and expenses of its legal counsel, and to indemnify Empire and related persons against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

In the ordinary course of business, Empire and its affiliates may actively trade or hold the securities of the Company for their own account or for the account of customers and, accordingly, may at any time hold a long or short position in those securities.

The Company selected Empire based on its experience, expertise and reputation and the remuneration it sought for its services. Empire is a nationally recognized independent valuation consulting firm that, as a customary part of its business, values business interests, financial securities, and intangible assets for estate, corporate, and other purposes.

Material U.S. Federal Income Tax Consequences of the Sale of the York Shares

We will recognize taxable income on the sale of the York Shares, which will likely result in corporate income tax. Our taxable income generally will be measured by the difference between the amount realized by us in the sale and our adjusted tax basis in the York Shares. We believe that a portion of the income or gain from the sale of the York Shares will be offset by our useable net operating loss carryforwards. Consummation of the sale of the York Shares itself will not result in any U.S. federal income tax consequences to our stockholders.

No Rights of Appraisal

Holders of our common stock are not entitled to dissenting stockholders' appraisal rights or other similar rights in connection with our sale of the York Shares. The Maryland General Corporation Law does not provide for appraisal rights or other similar rights to stockholders of a corporation in connection with a sale of assets if the shares of the corporation are listed on a national stock exchange such as the American Stock Exchange on the Record Date for determining stockholders entitled to vote on the sale of assets.

Material Terms of the Bexil Purchase Agreement

The Bexil Purchase Agreement. We have entered into a Stock Purchase Agreement dated as of December 23, 2005 with Holdings and York Buyer (collectively, the "Buyer Parties"), a copy of which is attached to this proxy statement as Exhibit A. See "The Purchaser" above for a description of the Buyer Parties.

Sale of York Shares. Pursuant to the Bexil Purchase Agreement, we have agreed to sell to York Buyer all 500 York Shares we own. Simultaneously with our execution and delivery of the Bexil Purchase Agreement, MacArthur, the owner of the other 500 outstanding shares of common stock of York, entered into a Stock Purchase Agreement, dated as of December 23, 2005 with the Buyer Parties (the "MacArthur Purchase Agreement") to sell to York Buyer certain of the shares of common stock of York owned by MacArthur and to contribute to Holdings all of the other shares of common stock of York owned by MacArthur, which are not sold.

Purchase Price. As consideration for the sale to it of all of our York Shares, York Buyer has agreed to pay to us an amount in cash equal to $38,864,121 less the aggregate amount of cash distributions, if any, received by Bexil (including, without limitation, any management or consulting fees) from the signing of the Bexil Purchase Agreement on December 23, 2005 to the Closing.

The purchase price will not be adjusted for any profits made or losses incurred by York during any period. Therefore, we will not receive any benefit as a result of any profits generated by York during the period from the signing until the closing of the Bexil Purchase Agreement.

Voting Agreement. At the time of signing the Bexil Purchase Agreement, each of our officers and directors who owns outstanding shares of our common stock and an affiliate of one of our directors, Investor Service Center, Inc., entered into a Voting Agreement with Holdings (the "Voting Agreement") agreeing to vote all of their shares of Bexil in favor of the approval of the Bexil Purchase Agreement and the consummation of the transactions contemplated thereby, including the sale of the York Shares. Such persons own in the aggregate,

280,343.663 shares of our common stock. These shares represent approximately 31.9% of our shares of outstanding common stock. The Voting Agreement does not relate to a vote regarding any other matter.

Regulatory Approvals. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (referred to herein as the "HSR Act"), and the rules and regulations promulgated under such legislation, the sale of the York Shares cannot be completed until we, MacArthur and Odyssey notify and furnish certain information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, and the specified waiting period requirements have been satisfied. We, MacArthur and Odyssey filed such notification and report forms on January 4, 2006 under the HSR Act with the Federal Trade Commission and the Antitrust Division. Early termination of the waiting period has been granted.

At any time before or after completion of the sale of the York Shares, the Federal Trade Commission or the Antitrust Division could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin consummation of the sale or seeking divestiture of substantial assets by us, MacArthur or Odyssey. Individual states or private parties also may bring actions under the antitrust laws in certain circumstances. We cannot provide any assurance that a challenge to the sale of the York Shares on antitrust grounds will not be made or, if a challenge is made, that it will not be successful.

We do not believe that any other material United States federal or state regulatory requirement must be complied with or approvals obtained in connection with the sale of the York Shares.

Closing. The Bexil Purchase Agreement contemplates a closing on the first business day following the satisfaction or waiver of all required conditions, including the approval of our stockholders (the "Closing" or the "Closing Date").

Representations and Warranties of Bexil. The Bexil Purchase Agreement contains representations and warranties customarily included in similar transactions of this nature relating to, among other things:

- our due organization and good standing;
- our due authorization and corporate authority to enter into the Bexil Purchase Agreement and to consummate the transactions contemplated thereby;
- the stockholder and other consents required for us to enter into the Bexil Purchase Agreement and consummate the sale of the York Shares and the enforceability of the Bexil Purchase Agreement and related agreements against us; our ownership of the York Shares;
- whether our entering into the Bexil Purchase Agreement and consummating the transactions contemplated thereby will not result in a conflict with our charter documents, certain laws or other legal requirements applicable to us or certain material contracts to which we are a party or permits by which our property is bound, except for filings and registrations to be made pursuant to the HSR Act;
- the absence of certain litigation that seeks to prohibit or restrain our ability to enter into the Bexil Purchase Agreement or consummate the transactions contemplated thereby;
- whether this proxy statement and any other filings we make with the SEC when filed by us, or when distributed or otherwise disseminated to our stockholders, as applicable, will comply as to form in all material respects with the applicable requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and other applicable laws and will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;
- whether the Special Committee of our Board of Directors has received the written opinion of a financial advisor (the "Advisor"), addressed to the Board of Directors, to the effect that the consideration to be received by us in the sale of the York Shares is fair, from a financial point of view, to our public stockholders, and whether we have delivered to York Buyer a true and complete copy of such opinion; and
- whether, except for Chapman and the Advisor, no person has acted, directly or indirectly, as a broker, finder or financial advisor for us in connection with the transactions contemplated by the Bexil Purchase Agreement and no person is entitled to any fee or commission or like payment in respect thereof.

Representations and Warranties of Buyer Parties. The Bexil Purchase Agreement contains representations and warranties of the Buyer Parties customarily included in similar transactions of this nature relating to, among other things:

- the due organization and good standing of each of the Buyer Parties;
- the due authority and power of the Buyer Parties to enter into the Bexil Purchase Agreement and to consummate the transactions contemplated thereby;
- the enforceability of the Bexil Purchase Agreement against the Buyer Parties;
- whether entering into the Bexil Purchase Agreement and consummating the transactions contemplated thereby by the Buyer Parties will not result in a conflict with their charter documents, certain legal requirements or certain contracts except for filings and registrations to be made pursuant to the HSR Act;
- whether there is no order or action pending or, to the knowledge of either of the Buyer Parties, threatened, against either of the Buyer Parties or any of their directors, officers or employees which has had or might reasonably be expected to have a material adverse effect on the ability of either Buyer Party to perform the Bexil Purchase Agreement;
- whether each of the Buyer Parties was formed solely to enter into and perform the Bexil Purchase Agreement and the MacArthur Purchase Agreement;
- whether any agent, broker, finder, financial advisor or investment or commercial banker, or other person or firm engaged by or acting on behalf of the Buyer Parties or their affiliates or any of their partners, directors, officers, employees or agents in connection with the negotiation, execution or performance of the Bexil Purchase Agreement or the transactions contemplated by the Bexil Purchase Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of the Bexil Purchase Agreement or such transactions;
- whether the Buyer Parties are acquiring the York Shares for their own account for investment and not with a view to the sale or distribution thereof or with any present intention of selling or distributing any thereof;
- whether the Buyer Parties understand that no public market now exists or may in the future exist for any of the York Shares; and
- whether the Buyer Parties have reviewed the business and affairs of York and have made a detailed inquiry concerning the business and personnel thereof and whether the Buyer Parties have sufficient knowledge and experience so that they are capable of evaluating the risks and merits of its purchase of the York Shares and are able to bear the loss of their entire investment therein.

Covenants of Bexil. The Bexil Purchase Agreement contains covenants customarily included in similar transactions of this nature. We are obligated to, among other things:

- prepare and file with the SEC this proxy statement and any other filings that we are required to make with the SEC and to duly call and hold a stockholders meeting for the purpose of voting upon the approval of the Bexil Purchase Agreement and the sale of the York Shares and to retain a proxy solicitation firm to assist in obtaining a quorum at such stockholders meeting,
- until the closing or termination of the Bexil Purchase Agreement, subject to certain exceptions, not to encourage, solicit or entertain any other proposals regarding the stock or assets of York or enter into any agreement requiring Bexil to abandon, terminate or fail to consummate the sale of the York Shares to York Buyer;
- waive certain rights we have regarding under an existing stockholders agreement with MacArthur regarding the execution, delivery and performance by MacArthur of the MacArthur Purchase Agreement;
- pay all of our expenses in connection with authorization, preparation, negotiation, execution and performance of the Bexil Purchase Agreement and the transactions contemplated thereby and pay one

quarter of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated by the Bexil Purchase Agreement and by the MacArthur Purchase Agreement;

- to use commercially reasonable efforts to take all actions, and to do all things necessary, proper or advisable to confirm and further the effectiveness of the transactions contemplated by the Bexil Purchase Agreement;
- to advise York Buyer of certain changes, events and other information; and
- to provide York Buyer with reasonable access to our books, records, properties and personnel for any reasonable business purpose.

Covenants of the Buyer Parties. The Bexil Purchase Agreement contains covenants customarily included in similar transactions of this nature. The Buyer Parties are obligated to, among other things:

- to pay all of their expenses in connection with authorization, preparation, negotiation, execution and performance of the Bexil Purchase Agreement and the transactions contemplated thereby and pay one half of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated by the Bexil Purchase Agreement and by the MacArthur Purchase Agreement;
- to use commercially reasonable efforts to take all actions, and to do all things necessary, proper or advisable to confirm and further the effectiveness of the transactions contemplated by the Bexil Purchase Agreement;
- to advise us of certain changes, events and other information;
- to provide us with reasonable access to the Buyer Parties' books, records, properties and personnel for any reasonable business purpose; and
- not to amend the MacArthur Purchase Agreement in a manner (or take any other action) that would increase the aggregate consideration for the shares of common stock of York to be sold to York Buyer pursuant to the MacArthur Purchase Agreement unless the Buyer Parties shall agree to increase the purchase price payable to us under the Bexil Purchase Agreement proportionately.

Closing Conditions. Under the terms of the Bexil Purchase Agreement, there are several conditions to closing. Neither the Buyer Parties nor Bexil are obligated to close the sale of the York Shares:

- if any law or order shall have been enacted, entered, issued, promulgated or enforced by any governmental entity or any action be pending or threatened, which questions the validity or legality of, or prohibits or restricts or, if successful, would prohibit or restrict, the transactions contemplated by the Bexil Purchase Agreement;
- unless all consents, authorizations, orders and approvals and filings which are required for or in connection with the execution and delivery of the Bexil Purchase Agreement and the consummation by each party of the transactions contemplated thereby shall have been obtained or made;
- unless the applicable waiting period, including all extensions thereof, under the HSR Act shall have expired or been terminated; or
- unless the Bexil Purchase Agreement and the sale of the York Shares shall have been approved by the required vote of our stockholders.

In addition, our obligation to consummate the sale of the York Shares is contingent upon additional conditions, including the following, any of which we may waive:

- The Buyer Parties must have performed in all material respects their obligations under the Bexil Purchase Agreement;
- The representations and warranties of the Buyer Parties in the Bexil Purchase Agreement must be true and correct in all material respects as of the date of the Bexil Purchase Agreement and as of the Closing Date; and

- York Buyer must have paid to us the purchase price for the York Shares and made to us certain other deliveries of closing documents required under the Bexil Purchase Agreement;

The obligation of the Buyer Parties to consummate the purchase of the York Shares is contingent upon additional conditions, including the following, any of which the Buyer Parties may waive:

- we must have performed in all material respects our obligations under the Bexil Purchase Agreement;
- our representations and warranties in the Bexil Purchase Agreement must be true and correct in all material respects as of the date of the Bexil Purchase Agreement and the Closing Date;
- we must have made to the Buyer Parties certain deliveries of closing documents required under the Bexil Purchase Agreement;
- no law or order shall have been enacted, entered, issued, promulgated or enforced by any governmental entity, nor shall any action be pending or threatened, which would not permit York or its subsidiaries as presently operated to continue materially unimpaired following the Closing Date or which would have any material adverse effect on the right or ability of the Buyer Parties to own, operate, possess or transfer York and its subsidiaries after the Closing Date; and
- all of the transactions contemplated by the MacArthur Purchase Agreement shall have been consummated.

Termination. The Bexil Purchase Agreement may be terminated as follows:

- by mutual written consent of the parties, by action of their respective Boards of Directors;
- by the Buyer Parties, on one hand, and us, on the other hand, if the transaction is not consummated by June 30, 2006 (provided, however, that this right to terminate shall not be available to any party whose failure to fulfill any obligation under the Bexil Purchase Agreement has been the cause of, or resulted in, the failure of the transactions contemplated by the Bexil Purchase Agreement to occur on or before such date);
- by the Buyer Parties, on one hand, and us, on the other hand, if a governmental body has issued a non-appealable final order prohibiting any of the transactions contemplated by the Bexil Purchase Agreement;
- by the Buyer Parties, on one hand, and us, on the other hand, if our stockholders do not approve the transaction;
- by the Buyer Parties, on one hand or us, on the other hand, if there has been a material breach of any of the representations, warranties or covenants of the other party or parties as set forth in the Bexil Purchase Agreement or if there is a failure by the other party to satisfy a condition for the other party to close the Bexil Purchase Agreement provided that a party may not terminate the Bexil Purchase Agreement prior to the 30th day following the occurrence of such failure if such failure is capable of being cured and the other party is using reasonable best efforts to cure such failure;
- by the Buyer Parties if (a) our Board of Directors withdraws or modifies its recommendation of approval of the sale of the York Shares to our stockholders; (b) a tender offer or exchange offer that, if successful, would result in any person or group becoming a beneficial owner of 15% or more of our outstanding equity securities is commenced (other than by York Buyer or an affiliate of York Buyer) and our Board of Directors fails to recommend that our stockholders not tender their shares in such tender or exchange offer; (c) any person (other than the parties to the Voting Agreement) or group becomes the beneficial owner of 15% or more of our outstanding equity securities; or (d) for any reason we fail to call or hold a stockholders meeting to approve the sale of the York Shares and the Bexil Purchase Agreement by the 5th day prior to June 30, 2006;
- by the Buyer Parties, if since the date of the Bexil Purchase Agreement, there shall have been any event, development or change of circumstance that constitutes, has had or would reasonably be expected to

have, individually or in the aggregate, a material adverse effect on York or a material adverse effect on our ability to consummate the transactions contemplated by the Bexil Purchase Agreement;

- by us, subject to certain conditions, if, prior to the approval of the Bexil Purchase Agreement and the sale of the York Shares by our stockholders, we receive a Superior Proposal and our Board of Directors determines in good faith, after consultation with our Advisor, to enter into an agreement to effect the Superior Proposal (for purposes of the foregoing a Superior Proposal means a bona fide takeover proposal made by a third party which was not solicited by or on behalf of us or by any of our representatives or affiliates, and which, in the good faith judgment of our Board of Directors taking into account the various legal, financial and regulatory aspects of the proposal and the person making such proposal (a) if accepted, is reasonably likely to be consummated, and (b) if consummated would, based upon the written advice of our Advisor, result in a transaction that is more favorable to us or our stockholders, from a financial point of view, than the sale of the York Shares contemplated by the Bexil Purchase Agreement; or
- by the Buyer Parties, on one hand, and us, on the other hand, if the MacArthur Purchase Agreement is terminated.

In the event of a termination of the Bexil Purchase Agreement, neither party shall have liability to the other, except:

- with respect to any liabilities or damages incurred or suffered by any party as a result of the breach by the other parties hereto of any of their representations, warranties, covenants or other agreements set forth in the agreement; and
- we shall be required to pay to York Buyer up to $1,750,000 of its expenses in connection with the Bexil Purchase Agreement and the MacArthur Purchase Agreement if the agreement is terminated for certain reasons, including, failure to obtain the required vote of our stockholders to approve the Bexil Purchase Agreement and the sale of the York Shares, our breach of or failure to perform any of our representations, warranties, covenants or other agreements set forth in the Bexil Purchase Agreement or if we accept a Superior Proposal.

Non-Survival of Representations and Warranties; No Indemnification Provisions. None of the representations and warranties in the Bexil Purchase Agreement or in any instrument delivered pursuant to the Bexil Purchase Agreement shall survive the Closing Date of the Bexil Purchase Agreement. The Bexil Purchase Agreement contains no provisions regarding indemnification of either party in any instances.

FINANCIAL INFORMATION

Unaudited Pro Forma Financial Information

The unaudited pro forma financial statements included in Exhibit D give effect to our sale of the York Shares to York Buyer, net of expenses, the closing bonus fee, and the use of a portion of the proceeds from the sale of approximately $880,000, which our Board of Directors has authorized to be distributed as a cash special dividend contingent upon the Closing of the Bexil Purchase Agreement.

The unaudited pro forma balance sheet as of September 30, 2005 gives effect to our sale of the York Shares as if the Closing had occurred on that date. The unaudited pro forma statements of operations for the nine months ended September 30, 2005 and for the year ended December 31, 2004 assume that the Closing had occurred on the first day of the period then ended.

The unaudited pro forma financial statements include specific assumptions and adjustments related to our sale of the York Shares. These pro forma adjustments have been made to illustrate the anticipated financial effects of the sale. The adjustments are based upon available information and assumptions that we believe are reasonable as of the date of this proxy statement.

Assumptions underlying the pro forma adjustments are described in the notes accompanying the pro forma financial statements and should be read in conjunction with our historical financial statements and related notes contained in our Quarterly report on Form 10-QSB for the quarter ended September 30, 2005 and our Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004, which are incorporated herein by reference in their entirety.

The unaudited pro forma financial information presented in Exhibit D is for information purposes only. It is not intended to represent or be indicative of the results of operations or financial position that would have been reported had our sale of the York Shares been completed as of the dates presented.

Historical Financial Statements of York

The unaudited financial statements of York for the nine months ended September 30, 2005 and September 30, 2004 and the audited financial statements of York for the fiscal years ended December 31, 2004 and December 31, 2003 are set forth in Exhibit E. The Financial Statements of York Insurance Services Group, Inc. as of and for the years ended December 31, 2004 and 2003 included in this Proxy Statement as set forth in Exhibit E have been audited by Deloitte & Touche LLP., independent auditors as stated in their report appearing herein, and are included herein in reliance upon the report of our firm given upon this authority as experts in accounting & auditing.

Financial Statements of the Company Incorporated by Reference

Our audited financial statements for the fiscal years ended December 31, 2004 and December 31, 2003 contained in our Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004 are incorporated in this proxy statement by reference. Our unaudited financial statements as of and for the nine months ended nine months ended September 30, 2005 and September 30, 2004 contained in our Quarterly Report on Form 10-QSB for the quarter ended September 30, 2005 are also incorporated in this proxy statement by reference.

Vote Required and Board Recommendation

The approval of the Proposal requires the affirmative vote of the holders of a majority of the votes entitled to be cast on the Proposal.

Our Board of Directors recommends a vote FOR the Proposal. It is intended that shares represented by the enclosed form of proxy will be voted in favor of the Proposal unless otherwise specified in such proxy.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth information regarding the direct beneficial ownership of Company common stock as of the Record Date by (i) each director and executive officer and (ii) all directors and executive officers as a group.

Name of Director or Officer	Number of Shares	Percent of Outstanding Shares
Edward G. Webb, Jr.	1,500(1)	*
Charles A. Carroll	3,200(1)	*
Douglas Wu	3,000(2)	*
Bassett S. Winmill	280,923(3),(4)	30.20%
Thomas B. Winmill	96,043(3)	10.32%
Thomas O'Malley	0	*
John F. Ramirez	0	*
Total shares held by directors and officers as a group	384,666	39.09%

(1) This amount includes 0 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

(2) This amount includes 3,000 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

(3) This amount includes 50,738 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

(4) Bassett S. Winmill has indirect beneficial ownership of 222,644 of these shares, as a result of his status as a controlling person of Winmill & Co. Incorporated ("Winco") and Investor Service Center, Inc. ("ISC"), the direct beneficial owner. Mr. Winmill disclaims beneficial ownership of the shares held by ISC. Bassett S. Winmill is Thomas B. Winmill's father.

* Less than 1% of the outstanding shares.

Based on filings with the Securities and Exchange Commission, management of the Company believes the following stockholders beneficially owned 5% or more of the outstanding shares of Company common stock as of the Record Date:

Name and Address	Common Stock	Approximate Percentage of the Company's Total Outstanding Shares
Fondren Management LP(1) 1177 West Loop South, Suite 1625 Houston, Texas 77027	53,100 shares	6.00%
Thomas B. Winmill* 11 Hanover Square New York, New York 10005	96,043 shares	10.32%
Investor Service Center, Inc. 11 Hanover Square New York, New York 10005	222,644 shares	25.31%
Winmill & Co. Incorporated ** 11 Hanover Square New York, New York 10005	222,644 shares	25.31%
Bassett S. Winmill*** 11 Hanover Square New York, New York 10005	280,923 shares	30.20%

(1) According to a Schedule 13G/A filed February 14, 2006.

* Thomas B. Winmill has indirect beneficial ownership of 26,712 of these shares held by his spouse and sons. Mr. Winmill disclaims ownership of the shares held by his spouse and sons. Includes 50,738 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

** Winco has indirect beneficial ownership of these shares as a result of its status as a controlling person of ISC, the direct beneficial owner.

*** Bassett S. Winmill has indirect beneficial ownership of 222,644 of these shares as a result of his status as a controlling person of Winco and ISC, the direct beneficial owner. Mr. Winmill disclaims beneficial ownership of the shares held by ISC. Includes 50,738 shares with respect to which such person has the right to acquire beneficial ownership as specified in Rule 13d-3(d)(1) under the Exchange Act, including the right to acquire within sixty days, from options, warrants, rights, conversion privilege or similar obligations.

OTHER MATTERS

Cost of Solicitation

We will bear all costs of soliciting proxies. In addition to solicitations by mail, our directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, fax, email and in-person meetings. We will also request that brokers, custodians and fiduciaries forward proxy soliciting material to the owners of stock held in their names, and we will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of proxy materials.

In addition, the Company has retained N.S. Taylor & Associates, Inc., 131 South Stagecoach Road, P.O. Box 358, Atkinson, ME 04426 to solicit proxies on behalf of our Board for a fee estimated at $4,000 plus expenses, primarily by contacting stockholders by telephone and mail. 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 Special 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 proxy solicitor, N.S. Taylor & Associates, Inc., 131 South Stagecoach Road, P.O. Box 358, Atkinson, ME 04426 at 1-866-470-3300. 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 Special Meeting and voting in person.

Stockholder Proposals for the 2006 Annual Meeting

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. Accordingly, pursuant to such Bylaws and Rule 14a-5(e)(2) of the Exchange Act, a stockholder nomination or proposal intended to be considered at the 2006 Annual Meeting must be received by the Secretary no earlier than July 13, 2006 nor later than August 12, 2006. Proposals should be mailed to the Company, to the attention of the Company's Secretary, 11 Hanover Square, New York, New York 10005. In addition, if you wish to have your proposal considered for the inclusion in the Company's 2006 Proxy Statement, we must receive it on or before August 12, 2006 pursuant to Rule 14a-8(e)(2). 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 federal securities laws and the Maryland General Corporation Law 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 be taking advantage of the SEC "householding" rules that permit the delivery of 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 Bexil 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.

Exhibit A—Bexil Purchase Agreement

Exhibit B—MacArthur Purchase Agreement

Exhibit C—Empire Valuation Consultants, LLC Opinion

Exhibit D—Unaudited Pro Forma Financial Information

Exhibit E—York Historical Financial Statements

EXHIBIT A
STOCK PURCHASE AGREEMENT
BY AND AMONG
YORK INSURANCE HOLDINGS, INC.,
YORK INSURANCE ACQUISITION, INC.
AND
BEXIL CORPORATION
DATED AS OF DECEMBER 23, 2005
STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement") is dated as of December 23, 2005 by and among York Insurance Holdings, Inc., a Delaware corporation ("Parent"), York Insurance Acquisition, Inc., a Delaware corporation ("Buyer" and together with Parent, "Buyer Parties"), and Bexil Corporation, a Maryland corporation (the "Seller").

WITNESSETH:

WHEREAS, the Seller holds 500 common shares (the "Bexil Shares") of York Insurance Services Group, Inc., a Delaware corporation ("York"), which common shares constitute fifty percent of the outstanding Equity Securities of York, and subject to the terms hereof, desires to sell all such Bexil Shares to Buyer (the "Bexil Sale");

WHEREAS, Thomas MacArthur, an individual ("MacArthur"), holds 500 common shares (the "MacArthur Shares") of York, which common shares constitute fifty percent of the outstanding Equity Securities of York, and pursuant to the terms and conditions of a stock purchase agreement among Buyer Parties and MacArthur executed simultaneously with the execution of this Agreement (the "MacArthur Purchase Agreement"), desires to (i) sell a portion of the MacArthur Shares to Buyer (the "MacArthur Sale") and (ii) contribute a portion of the MacArthur Shares (the "MacArthur Contribution Shares") to Parent (the "MacArthur Contribution" and, together with the MacArthur Sale, the "MacArthur Transactions" and, together with the Bexil Sale, the "Transactions");

WHEREAS, the board of directors of the Seller (the "Board of Directors"), based upon the recommendation of a special committee of the Board of Directors (the "Special Committee") which, among other things, evaluated the fairness of the transactions contemplated hereby, has determined that this Agreement and the Bexil Sale are advisable, fair to and in the best interests of the Seller and its stockholders, has recommended that its stockholders approve this Agreement and the Bexil Sale contemplated hereby and has directed that the Bexil Sale and this Agreement be submitted for consideration at a special meeting of stockholders ("Bexil Stockholders Meeting");

WHEREAS, as a condition to Buyer Parties' willingness to enter into this Agreement, simultaneously with the execution of this Agreement, Parent and certain stockholders of the Seller are entering into a Voting Agreement pursuant to which they have agreed to take certain actions in support of this Agreement; and

WHEREAS, capitalized terms used and not otherwise defined herein shall have the meanings set forth in Article VIII hereof.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants, agreements, terms and conditions contained herein, the parties hereto do hereby agree as follows:

ARTICLE I
SALE; CLOSING

1.1 Sale of the Equity Securities.

Upon the terms and subject to the conditions contained herein, on the Closing Date, the Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from the Seller, all of the Bexil Shares free and clear of all Encumbrances.

1.2 Purchase Price for the Equity Securities.

Upon the terms and subject to the conditions contained herein, as consideration for the acquisition of all of the Bexil Shares, Buyer Parties shall pay to the Seller an amount in cash equal to $38,864,121 less the aggregate amount of Stockholder Distributions received by the Seller after the date hereof (the "Purchase Price"). The Purchase Price will be paid by wire transfer of immediately available United States federal funds to, or for the account of, the Seller in accordance with written instructions provided by the Seller not less than three business days prior to the Closing Date.

1.3 Closing Costs; Transfer Taxes and Fees.

The Seller shall be responsible for any documentary and transfer Taxes and any sales, use or other Taxes imposed by reason of the transfers of the Bexil Shares provided hereunder and any deficiency, interest or penalty asserted with respect thereto and shall timely file all Tax Returns with respect to such transfer Taxes.

1.4 The Closing.

The Closing of the transactions provided for in this Agreement shall be held in New York, New York at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York at 10:00 a.m. on the first business day following satisfaction or waiver of the conditions set forth in Article VI (other than those conditions that by their nature must be satisfied on the date of the Closing) or at such other time and place as the parties may mutually agree (the "Closing Date").

1.5 Conveyances and Deliveries at the Closing.

(a) Deliveries by the Seller. On the Closing Date, the Seller shall deliver or cause to be delivered to Buyer Parties the following:

(i) stock certificates representing the Bexil Shares, duly endorsed in blank or accompanied by duly executed stock transfer powers;

(ii) a termination agreement duly executed by the Seller, York and MacArthur pursuant to which the Stockholders Agreement, dated as of January 18, 2002, among the Seller, MacArthur and York (the "Existing Stockholders Agreement") is terminated;

(iii) an affidavit, stating, under penalty of perjury, as to non-foreign status of the Seller as required by Section 1445(b)(2) of the Code and any clearance certificate or similar document(s) that may be required by any state taxing authority in order to relieve Buyer Parties of any obligation to withhold any portion of the Purchase Price;

(iv) copies of the documents referred to in Section 6.1(c);

(v) all Approvals from third parties as are required in order for the Seller to consummate the transactions contemplated hereby;

(vi) the certificates referred to in Section 6.1(f); and

(vii) such other documents and instruments as are required pursuant to this Agreement or as may reasonably be requested by Buyer Parties or their counsel.

(b) Deliveries by Buyer Parties. On the Closing Date, Buyer Parties shall deliver or cause to be delivered the following:

(i) resolutions adopted by the board of directors of each Buyer Party approving this Agreement and the transactions contemplated hereby or thereby, certified by each Buyer Party's corporate secretary;

(ii) all Approvals from third parties as are required in order for Buyer Parties to consummate the transactions contemplated hereby;

(iii) the payment of the Purchase Price required by Section 1.2;

(iv) the certificates of Buyer Parties referred to in Section 6.2(e); and

(v) such other documents and instruments as are required pursuant to this Agreement or as may reasonably be requested by the Seller or its counsel.

(c) Form of Documents. To the extent that a form of any document to be delivered hereunder is not attached as an Exhibit hereto, such documents shall be in form and substance, and shall be executed and delivered in a manner, reasonably and mutually satisfactory to Buyer Parties and the Seller.

1.6 Withholding Rights.

Buyer Parties shall be entitled to deduct and withhold from the Purchase Price and any other amounts otherwise payable pursuant to this Agreement such amounts as Buyer Parties are required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax Law. To the extent that amounts are so withheld by Buyer Parties, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. As of the date of this Agreement, assuming Seller provides the materials specified in Section 1.5(a)(iii) on the Closing Date, the parties hereto believe that Buyer Parties are not required under the Code or any provision of state, local or foreign Tax Law currently in effect to deduct or withhold any amounts with respect to the making of the payment of the Purchase Price or any other amounts otherwise payable to Seller pursuant to this Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF BUYER PARTIES

Buyer Parties hereby represent and warrants to the Seller as of the date hereof and as of the Closing Date as follows:

2.1 Organization and Related Matters.

Each Buyer Parties is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Buyer Parties each have all necessary corporate power and authority to carry on its business as it is now being conducted. Each Buyer Party has the necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby.

2.2 Authorization; Consents and Approvals.

The execution, delivery and performance of this Agreement and each other agreement, document, instrument or certificate contemplated hereby or to be executed in connection with the consummation of the transactions contemplated hereby by each Buyer Party, and the consummation by each Buyer Party of the transactions contemplated hereby, have been duly and validly authorized by the boards of directors of each Buyer Party and by all other necessary corporate action on the part of Buyer Parties. This Agreement has been, and upon execution thereof by each Buyer Party, shall be, duly and validly executed and delivered by each Buyer Party and constitutes or will constitute the legal, valid and binding obligation of each Buyer Party, enforceable against each Buyer Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws now or hereafter in effect and equitable principles relating to or limiting creditors' rights and remedies generally. No filing or registration with, no notice to and no permit, authorization, consent or approval of any third party or any Governmental Entity is necessary for the consummation by any Buyer Party of the transactions contemplated hereby that has not been obtained by such Buyer Party, except for filings and registrations to be made pursuant to the HSR Act.

2.3 No Conflicts.

The execution, delivery and performance of this Agreement by each Buyer Party, the consummation of the transactions contemplated hereby, and compliance with the terms hereof will not conflict with, violate or result in

the loss of any benefit under the provisions of, or constitute a breach or default, whether upon lapse of time and/or the occurrence of any act or event or otherwise, or require any Approval under (a) the charter documents or by-laws of each Buyer Party, (b) any Law to which any Buyer Party or its property or assets is subject or (c) any Contract to which any Buyer Party is a party, except for filings and registrations to be made pursuant to the HSR Act.

2.4 No Brokers or Finders.

No agent, broker, finder, financial advisor or investment or commercial banker, or other Person or firm engaged by or acting on behalf of Buyer Parties or their Affiliates or any of their partners, directors, officers, employees or agents in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of this Agreement or such transactions.

2.5 Legal Proceedings.

There is no Order or Action pending or, to the Knowledge of any Buyer Party, threatened against any Buyer Party or any director, officer or employee of any Buyer Party (in his or her capacity as such) that individually or when aggregated with one or more other Orders or Actions has had or might reasonably be expected to have a Material Adverse Effect on any Buyer Party's ability to perform this Agreement.

2.6 Operation of Buyer Parties.

Buyer Parties were formed solely for the purpose of engaging in the Transactions contemplated by this Agreement and the MacArthur Purchase Agreement, have engaged in no other business activities and have conducted their operations only as contemplated in this Agreement and the MacArthur Purchase Agreement.

2.7 Investment Representations.

(a) Buyer Parties are acquiring the Bexil Shares for their own account for investment and not with a view to the sale or distribution thereof or with any present intention of selling or distributing any thereof. Buyer Parties understand and acknowledge that the Bexil Shares are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and will not be transferable except (i) pursuant to an effective registration statement under the Securities Act or (ii) if the proposed transfer is exempt from registration or qualification under the Securities Act and applicable state securities Laws.

(b) Buyer Parties understand that no public market now exists or may in the future exist for any of the Bexil Shares.

(c) Buyer Parties have reviewed the business and affairs of York and its Subsidiaries and has made a detailed inquiry concerning the business and personnel thereof. Buyer Parties have sufficient knowledge and experience so that they are capable of evaluating the risks and merits of their purchase of the Bexil Shares and Buyer Parties are able to bear the loss of their entire investment therein.

2.8 MacArthur Agreements.

Buyer Parties have not entered into any agreements or other arrangements with MacArthur (or any of his Affiliates) pursuant to which MacArthur (or any of his Affiliates) shall receive any compensation or other payments from Buyer Parties or York other than (i) as set forth in an employment agreement, by and between Parent and MacArthur, a copy of which has been delivered to the Seller on or prior to the date of this Agreement, (ii) as set forth in a stockholders agreement, by and among Parent, MacArthur and Odyssey Investment Partners Fund III, LP a copy of which has been delivered to the Seller on or prior to the date of this Agreement, and (iii) pursuant to a stock option agreement to be entered into on or prior to the Closing by and between Parent and MacArthur to issue MacArthur options to purchase such number of shares of Parent's common stock as set forth on Exhibit F-2 to the MacArthur Purchase Agreement pursuant to a stock option plan the terms and conditions of which are described on Exhibit F-1 to the MacArthur Purchase Agreement (the agreements described in

clauses (i), (ii) and (iii) above, the "MacArthur Agreements"). Without the Seller's consent, Buyer Parties shall not modify any of the MacArthur Agreements on or prior to the Closing in a manner that would increase the compensation or other payments to be made to MacArthur thereunder from the terms and conditions of the MacArthur Agreements described in this Section 2.8.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller hereby represents and warrants to Buyer Parties as of the date hereof and as of the Closing Date, except as to any representation or warranty that specifically relates to another date or another period in which case such representation or warranty shall relate to such other date or other period as follows, and except as set forth in the Seller Disclosure Schedule:

3.1 Organization, etc.

The Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Maryland. The Seller has all necessary corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. True, correct and complete copies of the charter documents and by-laws of the Seller as in effect on the date hereof and on the Closing Date have been made available to Buyer Parties.

3.2 Authorization.

The Seller has all requisite power and authority to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated hereby to be executed by the Seller in connection with the consummation of the transactions contemplated hereby and such ancillary documents, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and such ancillary documents by the Seller and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly and validly authorized and declared advisable by at least a majority of the members of the Board of Directors based upon the recommendation of the Special Committee and, upon receipt of the approval of the holders of at least a majority of the outstanding shares of the Seller's common stock of this Agreement and the Bexil Sale contemplated hereby, each voting as provided under the MGCL and in the charter and by-laws of the Seller (such receipt of approval being the "Required Vote"), the execution, delivery and performance of this Agreement and such ancillary documents by the Seller and the consummation by the Seller of the transactions contemplated hereby and thereby shall have been duly and validly authorized by all necessary corporate action on the part of the Seller and the Seller's stockholders. This Agreement has been, and such ancillary documents shall be, duly executed and delivered by the Seller and constitutes or will constitute the legal, valid and binding obligation of the Seller, enforceable against the Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

3.3 No Conflicts.

Except as set forth in Section 3.3 of the Seller Disclosure Schedule, the execution and delivery of this Agreement and each other agreement, document, instrument or certificate contemplated hereby to be executed by the Seller in connection with the consummation of the transactions contemplated hereby, the consummation of the transactions contemplated hereby and thereby or compliance by the Seller with any of the provisions hereof or thereof will not violate the provisions of, or constitute a breach or default whether upon lapse of time and/or the occurrence of any act or event or otherwise, or result in the creation or vesting of any payment or other right of any Person, under (a) the charter documents or by-laws of the Seller, (b) any Law or Order of any Governmental Entity applicable to the Seller or by which any of the properties or assets of the Seller are bound, except for filings and registrations to be made pursuant to the HSR Act, or (c) any material Contract or Permit to which the Seller is a party or by which any of the properties or assets of the Seller are bound.

3.4 Ownership and Transfer of Bexil Shares.

The Seller is the record and beneficial owner of 500 Shares, free and clear of any and all Encumbrances, except those Encumbrances arising under the Existing Stockholders Agreement. The Seller has the power and authority to sell, transfer, assign and deliver such Shares as provided in this Agreement, and such delivery will convey to Buyer good and marketable title to such Shares, free and clear of any and all Encumbrances. Other than the Existing Stockholders Agreement, the Seller is not a party to any Contract with respect to any Equity Securities of York or its Subsidiaries, including, but not limited to, any Contract that could require the Seller to sell, transfer, or otherwise dispose of any of its Shares other than pursuant to this Agreement.

3.5 Consents, etc.

There are no Permits, Orders or Approvals of any Governmental Entity or any other Person required to be obtained by the Seller in order to execute and deliver this Agreement and consummate the transactions contemplated hereunder, except for filings and registrations pursuant to the HSR Act. The Seller has obtained all such Permits, Orders and Approvals necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, except for filings and registrations pursuant to the HSR Act.

3.6 Disclosure Documents.

(a) The Proxy Statement and any Other Filings, and any amendments or supplements thereto, when filed by the Seller with the SEC, or when distributed or otherwise disseminated to the Seller's stockholders, as applicable, will comply as to form in all material respects with the applicable requirements of the Exchange Act and other applicable Laws.

(b) (A) The Proxy Statement, as supplemented or amended, if applicable, at the time such Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Seller, at the time of the Required Vote, and at Closing and (B) any Other Filings or any supplement or amendment thereto, at the time of the filing thereof and at the time of any distribution or dissemination thereof, in each case, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 3.6(b) will not apply to statements or omissions included in the Proxy Statement or any Other Filings based upon information furnished in writing to the Seller by Buyer Parties specifically for use therein.

3.7 Litigation.

There is no Order or Action pending or, to the Knowledge of the Seller, threatened that seeks to prohibit or restrain the ability of the Seller to enter into this Agreement or consummate the transactions contemplated hereby.

3.8 Opinion of Financial Adviser.

The Special Committee of the Board of Directors has received the written opinion of a financial advisor (the "Seller Financial Advisor"),, such written opinion is to the effect that the consideration to be received by the Seller in the Bexil Sale is fair from a financial point of view to the Seller and its stockholders, and the Seller has delivered to Buyer Parties a true and complete copy of such opinion.

3.9 No Brokers or Finders.

Except for Chapman Associates and the Seller Financial Advisor, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for the Seller in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

3.10 Vote Required.

The Required Vote is the only vote of any class or series of stock or other Equity Securities of the Seller that is necessary to approve the Bexil Sale and this Agreement.

ARTICLE IV
COVENANTS AND AGREEMENTS OF THE PARTIES

4.1 Expenses.

(a) Subject to the provisions of Section 1.3, the Seller shall pay all of its Expenses. The Seller shall pay one quarter of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated hereby and by the MacArthur Purchase Agreement.

(b) Subject to the provisions of Section 1.3, Buyer Parties shall pay all of the Expenses incurred by Buyer Parties and their Affiliates. In addition, Buyer Parties shall pay one half of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated hereby and by the MacArthur Purchase Agreement.

4.2 Publicity.

(a) No party hereto shall issue any press release or other public statement with respect to the existence of this Agreement or the transactions contemplated hereby, except as such party's counsel advises may be required by, or advisable under, Law (if so required or advisable, such press release or public statement shall be made only after consultation among the parties hereto), or as consented to by the parties.

(b) Each party hereto agrees that the terms of this Agreement shall not be disclosed or otherwise made available to the public and that copies of this Agreement shall not be publicly filed or otherwise made available to the public, except where such disclosure, availability or filing is required by applicable Law and only to the extent required by such Law.

4.3 Additional Agreements; Approvals; Consents.

Upon the terms and subject to the conditions set forth in this Agreement, each party hereto agrees, both before and after the Closing, to use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to confirm and further the effectiveness of, in the most expeditious manner practicable, the transactions contemplated by this Agreement. The actions contemplated by this Section 4.3 shall include, but are not limited to: (a) the procurement of any Approvals from all Governmental Entities and the making of any necessary registrations or filings (including filings with Governmental Entities) and the taking of all reasonable steps as may be necessary to obtain an Approval from, or to avoid and action or proceeding by, any Governmental Entity, (b) giving all notices to, and making all registrations and filings with third parties, including without limitation submissions of information requested by Governmental Entities; provided, however that neither the Seller nor Buyer Parties shall be required to make any payments, commence litigation or agree to modifications of the terms thereof in order to obtain any such waivers or Approvals, (c) obtaining all necessary Permits required to be obtained under applicable Laws, (d) the defense of any Actions, whether judicial or administrative, challenging this Agreement and the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed, (e) the execution and delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by this Agreement and (f) the fulfillment of all conditions to this Agreement for which the party is responsible. Nothing in this Section 4.3 shall be considered a waiver by a party of any condition to the other parties' obligation to consummate the transactions contemplated hereby, including, without limitation, obligations under any section of this Agreement to have obtained all necessary Approvals of any Governmental Entities or third parties prior to or on the Closing Date and each party hereby expressly reserves all remedies hereunder relating to any breach by the other parties of any representation or warranty or covenant in respect hereof.

4.4 Books and Records.

From and after the Closing Date, to the extent reasonably requested by any party hereto, each party hereto shall, and shall cause their respective Affiliates to, cooperate with and make available to the other party, during

normal business hours, all books and records, information and employees (without substantial disruption of employment), as well as access to, and the cooperation of, the auditors of such party, retained and remaining in existence after the Closing which are necessary or useful in connection with any Tax inquiry, audit, investigation or dispute, any litigation or investigation or any other matter requiring any such books and records, information or employees, or access to such auditors, for any reasonable business purpose. The party requesting any such books and records, information or employees, or access to such auditors, shall bear all of the out-of-pocket costs and expenses (including, without limitation, attorneys' fees, but excluding any reimbursement for salaries or benefits) reasonably incurred in connection with providing such books and records, information or employees, or access to such auditors.

4.5 Notification of Certain Matters.

A party shall give prompt notice to the other parties after becoming aware of (a) the occurrence, or failure to occur, of any event that would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect or (y) a material adverse effect on the Seller's ability to consummate the transactions contemplated by this Agreement; and (b) any failure of any party to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement. No such notification shall affect, or be deemed to cure any breach of, the representations, warranties, covenants and agreements of the parties or the conditions to their respective obligations hereunder. The notification obligations of each party set forth in this Section 4.5 shall expire upon the occurrence of the Closing on the Closing Date. The Seller shall also give prompt notice to Buyer Parties of any known material Default, or any known material claim made by, or known material Action threatened or commenced against, York or any of its Subsidiaries occurring prior to the Closing and not disclosed in the MacArthur Purchase Agreement.

4.6 Consideration for MacArthur Transactions.

Buyer Parties agree not to amend the MacArthur Purchase Agreement in a manner (or take any other action) that would increase the aggregate consideration for the MacArthur Shares to be sold to Buyer in the MacArthur Sale and contributed by MacArthur to Parent in the MacArthur Contribution from that set forth in the MacArthur Purchase Agreement delivered to Bexil on the date of this Agreement, unless Buyer Parties shall agree to increase the Purchase Price payable hereunder proportionately with any such increase in the aggregate consideration for the Bexil Shares. The consideration or any other payments to be made to MacArthur pursuant to the MacArthur Agreements shall not be deemed to be consideration for the MacArthur Shares.

ARTICLE V
COVENANTS AND AGREEMENTS OF THE SELLER

5.1 Proxy Statement.

As promptly as practicable after the execution of this Agreement, the Seller shall prepare and file with the SEC a proxy statement relating to the meeting of the Seller's stockholders to be held in connection with the Bexil Sale (together with any amendments thereof or supplements thereto, the "Proxy Statement"). In addition, the Seller shall prepare and file with the SEC any Other Filings as and when required or requested by the SEC. The Seller will use all reasonable efforts to respond to any comments made by the SEC with respect to the Proxy Statement and any Other Filings. As promptly as practicable after the clearance of the Proxy Statement by the SEC, the Seller shall mail the Proxy Statement to its stockholders. The Proxy Statement shall (subject to the last sentence of Section 5.3(c) hereof) include the Board Recommendation. The Seller shall permit Buyer Parties to review the Proxy Statement, and any supplements or amendments thereto, and Seller shall give reasonable consideration to any comments thereto made by Buyer Parties or their counsel, prior to mailing the Proxy Statement and any supplements or amendments thereto, to the stockholders of the Seller; provided that Buyer Parties review such documents in as expeditious a manner as practicably possible. If at any time prior to Closing, any event or circumstance relating to the Seller, or its respective officers or directors, should be discovered by the Seller which should be set forth in an amendment or a supplement to the Proxy Statement or any Other Filing, the

Seller shall promptly notify Buyer Parties in writing and file such amendment. All documents that the Seller is responsible for filing in connection with the transactions contemplated herein will comply as to form and substance in all material respects with the applicable requirements of the Exchange Act, the rules and regulations thereunder and all other applicable Laws.

5.2 Bexil Stockholders' Meetings.

(a) The Seller shall establish a record date for, duly call and hold a meeting of its stockholders (the "Bexil Stockholders' Meeting") as promptly as practicable for the purpose of voting to approve the Agreement and the Bexil Sale, and the Seller shall use its commercially reasonable efforts to hold the Bexil Stockholders' Meeting as soon as practicable after the date on which the Proxy Statement is cleared by the SEC.

(b) In connection with the Bexil Stockholders' Meeting, the Seller will (i) subject to, and to the extent permissible under, applicable Law, use its commercially reasonable efforts (including maintaining a nationally recognized proxy solicitor or other proxy solicitor reasonably acceptable to Buyer Parties (it being agreed that N.S. Taylor is acceptable) and postponing or adjourning the Bexil Stockholders' Meeting to obtain a quorum or to solicit additional proxies, but for no other reason without the prior consent of Buyer Parties, such consent not to be unreasonably withheld) to obtain the Required Vote and (ii) otherwise comply with all legal requirements applicable to the Bexil Stockholders' Meeting.

5.3 No Solicitation of Other Proposals.

(a) Notwithstanding anything in the Existing Stockholders Agreement to the contrary, except as expressly permitted by the terms of this Agreement, prior to the earlier of the Closing or the termination of this Agreement pursuant to Section 7.1, the Seller shall not, directly or indirectly, take (and the Seller shall not authorize or permit any of its Representatives or, to the extent within the Seller's control, other Affiliates to take) any action to (i) encourage (including by way of furnishing non-public information), solicit, initiate or facilitate any Takeover Proposal, (ii) enter into any agreement with respect to any Takeover Proposal or enter into any agreement, arrangement or understanding requiring the Seller to abandon, terminate or fail to consummate the Bexil Sale or any other transaction contemplated by this Agreement, or (iii) participate in any way in discussions or negotiations with, or furnish any information to, any Person in connection with, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any Takeover Proposal, provided, however, if at any time prior to obtaining the Required Vote, the Seller receives a bona fide written Superior Proposal with respect to which the Board of Directors determines in good faith, after consulting with outside counsel, that to do so is necessary or advisable to comply with the directors' duties to the Seller and its stockholders under applicable Law, then to that extent (and only to that extent), the Seller and its directors, officers and other Representatives may, in response to such Superior Proposal: (A) furnish non-public information with respect to the Seller and York (in the Seller's possession) to the Person making such Superior Proposal (and to such Person's Representatives), but only if: (1) such Person enters into a confidentiality agreement with the Seller on terms not more favorable to the other party than the Confidentiality Agreement; and (2) concurrently with the delivery to such Person, the Seller delivers to Buyer Parties all such information relating to such Superior Proposal not previously provided to Buyer Parties; and (B) participate in discussions and negotiations with such Person (and with such Person's Representatives) regarding such Superior Proposal.

(b) In addition to the other obligations of the Seller set forth in this Section 5.3, promptly after any executive officer or director of the Seller becomes aware that any proposal has been received by, any information has been requested from, or any discussions or negotiations have been sought to be initiated or continued with, the Seller in respect of any Takeover Proposal, the Seller shall advise Buyer Parties of such proposal, request or other contact within twenty-four (24) hours of receipt of such proposal, request or contact, shall furnish to Buyer Parties copies of any such proposal or inquiry, if it is in writing, or a written summary of any such proposal or inquiry, if it is not in writing and shall keep Buyer Parties fully informed on a prompt basis with respect to any developments with respect to the foregoing.

(c) Except as expressly permitted by this Section 5.3(c): (i) the Board of Directors shall not withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Buyer Parties, the Board

Recommendation, (ii) neither the Board of Directors nor any committee thereof (including the Special Committee) shall approve or recommend, or propose publicly to approve or recommend, any Takeover Proposal, and (iii) neither the Board of Directors nor any committee thereof (including the Special Committee) shall authorize or cause the Seller to enter into any letter of intent, agreement in principle, memorandum of understanding, merger, acquisition, purchase or joint venture agreement related to any Takeover Proposal. Notwithstanding the foregoing or any other provision of this Agreement, but subject to the procedures set forth in Section 5.3(d), (A) if at any time prior to obtaining the Required Vote the Seller receives a bona fide written Superior Proposal, the Board of Directors may withdraw or modify the Board Recommendation, any committee of the Board of Directors (including the Special Committee) may withdraw or modify its recommendation with respect to this Agreement and the Board of Directors may recommend a Superior Proposal, if the Board of Directors (or any committee thereof to which authority to make such determination has been delegated in accordance with Maryland Law) determines in good faith after consulting with outside counsel, that such withdrawal, modification or recommendation is necessary or advisable to comply with its duties to the Seller and its stockholders under applicable Law and (B) the Board of Directors may, contemporaneously with the termination of this Agreement pursuant to Section 7.1(a)(x), cause the Seller to enter into a letter of intent, agreement in principle, memorandum of understanding, merger, acquisition, purchase or joint venture agreement or other agreement related to any Superior Proposal (other than a confidentiality agreement as contemplated by Section 5.3(a)).

(d) If the Board of Directors shall have determined to recommend to the stockholders of the Seller that they approve a Superior Proposal pursuant to Section 5.3(c): (i) the Seller shall immediately provide Buyer Parties oral notice of such Superior Proposal and a written notice that describes the material terms of such Superior Proposal and the parties thereto, (ii) Buyer Parties shall have the right (but Buyer Parties shall not be obligated), at any time during the five (5) business days following receipt of such written notification from the Seller, to propose adjustments in the terms and conditions of this Agreement or to propose an alternate transaction, and (iii) if Buyer Parties propose an adjustment to the terms of this Agreement or an alternate transaction within such five (5) business days, the Board of Directors shall consider in good faith (in consultation with the Seller Financial Advisor) such proposal from Buyer Parties prior to (A) withdrawing or modifying the Board Recommendation or any other recommendation with respect to this Agreement, (B) recommending such Superior Proposal to the Seller's stockholders or (C) terminating this Agreement pursuant to Section 7.1(a)(x). The Seller shall not take any of the actions set forth in clause (iii)(A), clause (iii)(B) or clause (iii)(C) of the immediately preceding sentence until (x) the Seller has delivered to Buyer Parties the notice required by clause (i) of the immediately preceding sentence and (y) the five (5) business day period set forth in clause (ii) of the immediately preceding sentence has elapsed and either (1) the Seller has not received, or received notice of, a proposal from Buyer Parties complying with clause (ii) of the immediately preceding sentence or (2) the Seller has received such a proposal from Buyer Parties and the Board of Directors has considered such proposal in good faith (in consultation with the Seller Financial Advisor).

5.4 Waiver of Rights of Existing Stockholders Agreement.

(a) In accordance with Section 18 of the Existing Stockholders Agreement:

(i) the Seller hereby waives any and all rights that the Seller may have pursuant to the Existing Stockholders Agreement (including, without limitation, those set forth in Sections 2, 5 and 11) with respect to the execution and delivery by MacArthur of the MacArthur Purchase Agreement and the consummation of the transactions contemplated by the MacArthur Purchase Agreement (including, without limitation, the MacArthur Transactions) on the terms and conditions contemplated therein, provided, however, that, subject to Section 5.4(a)(ii), this waiver shall terminate and shall be null and void, ab initio, and of no further force or effect, upon the earliest to occur of (x) a termination of this Agreement in accordance with its terms and (y) the termination, waiver or amendment of Section 5.13 (Existing Stockholders Agreement) of the MacArthur Purchase Agreement; and (ii) notwithstanding the foregoing clause (i), the Seller unconditionally waives any and all rights that the Seller may have pursuant to Sections 2 and 3 of the Existing Stockholders Agreement with respect to the agreement made by MacArthur to restrict the transferability of the MacArthur Shares pursuant to Section 9.1(b)(iii)(C) and (D) of the MacArthur Purchase Agreement, which waiver shall survive any termination of this Agreement.

5.5 Stockholder Distributions.

In the event that the Seller receives a Stockholder Distribution after the date hereof and on or prior to the Closing Date, the Seller shall promptly notify Buyer Parties in writing of the date and amount of such Stockholder Distribution.

ARTICLE VI
CONDITIONS TO THE CLOSING

6.1 Conditions to the Closing Relating to Buyer.

Buyer Parties' obligation to consummate the transactions contemplated hereby is subject to the fulfillment or written waiver, prior to or at the Closing Date, of each of the following conditions:

(a) Representations, Warranties and Covenants. All representations and warranties of the Seller contained in this Agreement and qualified by the words "material," "Material Adverse Effect" and similar phrases shall be true and correct in all respects, and all representations and warranties of the Seller contained in this Agreement that are not so qualified shall be true and correct in all material respects, in each case, at and as of the date of this Agreement and at and as of the Closing Date, except for those representations and warranties that speak as of a particular date, which will continue to be true and correct as of such date, and the Seller shall have performed and satisfied in all material respects all agreements and covenants required hereby to be performed by it prior to or on the Closing Date.

(b) Regulatory Consents, Authorizations, etc. All consents, authorizations, Orders and Approvals of, and filings and registrations with any Governmental Entity (including pursuant to the HSR Act) or any other Person which are required for or in connection with the execution and delivery of this Agreement and the consummation by each party hereto of the transactions contemplated hereby, shall have been obtained or made. The applicable waiting period, including all extensions thereof, under the HSR Act shall have expired or been terminated.

(c) Corporate Documents. Buyer Parties shall have received from the Seller, (i) any required stockholder proxies, resolutions or consents from the holders of Equity Securities of the Seller authorizing the Seller to enter into this Agreement and authorizing and approving the transactions contemplated hereby and (ii) resolutions adopted by the Board of Directors approving this Agreement and the transactions contemplated hereby, in each case certified by the Seller's corporate secretary.

(d) Litigation; Other Events. No Law or Order shall have been enacted, entered, issued, promulgated or enforced by any Governmental Entity, nor shall any Action be pending or threatened, which questions the validity or legality of, or prohibits or restricts or, if successful, would prohibit or restrict, the transactions contemplated by this Agreement or would not permit York or its Subsidiaries as presently operated to continue materially unimpaired following the Closing Date or which would have any material adverse effect on the right or ability of Buyer Parties to own, operate, possess or transfer York and its Subsidiaries after the Closing.

(e) Deliveries. The deliveries referred to in Section 1.5(a) shall have been made.

(f) Certificates. The Seller shall have furnished Buyer Parties with such certificates of its officers and others to evidence compliance with the conditions set forth in this Section 6.1 as may be reasonably requested by Buyer Parties.

(g) Stockholder Approval. This Agreement and the Bexil Sale shall have been approved by the Required Vote of the stockholders of the Seller in accordance with applicable Law.

(h) Consummation of the MacArthur Transactions. The MacArthur Transactions and the other transactions contemplated by the MacArthur Purchase Agreement shall have been consummated.

6.2 Conditions to the Closing Related to the Seller.

The Seller's obligation to consummate the transactions contemplated hereby is subject to the fulfillment or waiver, prior to or at the Closing Date, of each of the following conditions:

(a) Representations, Warranties and Covenants. All representations and warranties of Buyer Parties contained in this Agreement and qualified by the words "material," "Material Adverse Effect" and similar phrases shall be true and correct in all respects, and all representations and warranties of Buyer Parties contained in this Agreement that are not so qualified shall be true and correct in all material respects, in each case, at and as of the date of this Agreement and at and as of the Closing Date, except for those representations and warranties that speak as of a particular date, which will continue to be true and correct as of such date, and Buyer Parties shall have performed and satisfied in all material respects all agreements and covenants required hereby to be performed by it prior to or on the Closing Date.

(b) Regulatory Consents, Authorizations, etc. All consents, authorizations, Orders and Approvals of, and filings and registrations with any Governmental Entity (including pursuant to the HSR Act) which are required for or in connection with the execution and delivery of this Agreement and the consummation by each party hereto of the transactions contemplated hereby, shall have been obtained or made. The applicable waiting period, including all extensions thereof, under the HSR Act shall have expired or been terminated.

(c) Litigation; Other Events. No Law or Order shall have been enacted, entered, issued, promulgated or enforced by any Governmental Entity, nor shall any Action be pending or threatened, which questions the validity or legality of, or prohibits or restricts or, if successful, would prohibit or restrict, the transactions contemplated by this Agreement.

(d) Deliveries. The deliveries referred to in Section 1.5(b) shall have been made.

(e) Certificates. Buyer Parties shall have furnished the Seller with such certificates of its officers and others to evidence compliance with the conditions set forth in this Section 6.2 as may be reasonably requested by the Seller.

(f) Stockholder Approval. This Agreement and the Bexil Sale shall have been approved by the Required Vote of the stockholders of the Seller in accordance with applicable Law.

ARTICLE VII
MISCELLANEOUS

7.1 Termination.

(a) Termination. This Agreement may be terminated at any time prior to Closing:

(i) by the Buyer Parties and the Seller, by action of their respective boards of directors;

(ii) by Buyer Parties, on the one hand, or the Seller, on the other hand, if the Closing shall not have occurred on or before June 30, 2006 (the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 7.1(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the transactions contemplated by this Agreement to occur on or before such date;

(iii) by Buyer Parties, on the one hand, or the Seller, on the other hand, if any Governmental Entity shall have issued an Order or taken any other action (including the failure to take action) permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable;

(iv) by Buyer Parties if (A) there is a material breach of any representation or warranty set forth in Article III hereof or any covenant or agreement to be complied with or performed by the Seller pursuant to the terms of this Agreement or (B) the failure of a condition set forth in Section 6.1 to be satisfied (and such condition is not waived in writing by Buyer Parties) on or prior to the Closing Date, or the occurrence of any

event which results or would result in the failure of a condition set forth in Section 6.1 to be satisfied on or prior to the Closing Date; provided that Buyer Parties may not terminate this Agreement prior to the 30th day following the occurrence of such failure if such failure is capable of being cured and the Seller is using reasonable best efforts to cure such failure;

(v) by the Seller if there is a material breach of any representation or warranty set forth in Article II hereof or of any covenant or agreement to be complied with or performed by Buyer Parties pursuant to the terms of this Agreement or the failure of a condition set forth in Section 6.2 to be satisfied (and such condition is not waived in writing by the Seller) on or prior to the Closing Date, or the occurrence of any event which results or would result in the failure of a condition set forth in Section 6.2 to be satisfied on or prior to the Closing Date; provided that the Seller may not terminate this Agreement prior to the 30th day following the occurrence of such failure if such failure is capable of being cured and Buyer Parties are using reasonable best efforts to cure such failure;

(vi) by Buyer Parties if the approval by the stockholders of the Seller required for the consummation of the transactions contemplated by this Agreement shall not have been obtained by reason of the failure to obtain the Required Vote at the Bexil Stockholders' Meeting or at any adjournment thereof;

(vii) by the Seller if the approval of the stockholders of the Seller required for the consummation of the transactions contemplated by this Agreement shall not have been obtained by reason of the failure to obtain the Required Vote at the Bexil Stockholders' Meeting or at any adjournment thereof;

(viii) by Buyer Parties if (A) the Board of Directors shall have withdrawn, or modified or qualified in a manner adverse to Buyer Parties, or failed upon Buyer Parties' request to reconfirm, the Board Recommendation (or determined to do so); (B) a tender offer or exchange offer that, if successful, would result in any person or group becoming a beneficial owner of 15% or more of the outstanding Equity Securities of the Seller is commenced (other than by Buyer Parties or an Affiliate of Buyer Parties) and the Board of Directors fails to recommend that their stockholders not tender their shares in such tender or exchange offer; (C) any person (other than the parties to the Voting Agreement) or group becomes the beneficial owner of 15% or more of the outstanding Equity Securities of the Seller; or (D) for any reason the Seller fails to call or hold the Bexil Stockholders' Meeting to obtain the Required Vote by the 5th day prior to the Outside Date;

(ix) by Buyer Parties, if since the date of this Agreement, there shall have been any event, development or change of circumstance that constitutes, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on York or a material adverse effect on the Seller's ability to consummate the transactions contemplated by this Agreement;

(x) by the Seller, if, prior to obtaining the Required Vote, it receives a Superior Proposal and the Board of Directors determines in good faith, after consultation with the Seller Financial Advisor, to enter into an agreement to effect the Superior Proposal; provided that the Seller may not terminate this Agreement pursuant to this Section 7.1(x) unless (A) the Seller has complied with its obligations under Section 5.3 and (B) five (5) business days have elapsed following delivery to Buyer Parties of a written notice of such determination by the Board of Directors and during such five (5) business day period Buyer Parties have not submitted a binding offer that the Board of Directors has determined in its good faith judgment to be at least as favorable to the Seller's stockholders as the Superior Proposal; or

(xi) by Buyer Parties, on the one hand, or the Seller, on the other hand, if the MacArthur Purchase Agreement shall have been terminated prior to the consummation of the MacArthur Transactions and the other transactions contemplated thereby.

(b) In the Event of Termination. In the event of termination of this Agreement:

(i) each party will redeliver all documents, work papers and other material of the other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same; and

(ii) neither party hereto shall have any liability to the other party to this Agreement, except:

(A) with respect to any liabilities or damages incurred or suffered by any party as a result of the breach by the other parties hereto of any of their representations, warranties, covenants or other agreements set forth in this Agreement;

(B) if this Agreement is terminated by (x) Buyer Parties pursuant to Section 7.1(a)(iv)(A), Section 7.1(a)(vi), Section 7.1(a)(viii) or because of a failure to satisfy a condition set forth in Section 6.1(a), (c), (e), (f) or (g), or (y) Seller pursuant to Section 7.1(a)(vii) or Section 7.1(a)(x), in each such case Seller shall pay to Buyer an amount equal to Buyer's Expenses up to an aggregate amount of $1,750,000; and

(C) the provisions of Section 5.4(a)(ii) shall survive any termination of this Agreement.

(c) Payments. Payment of Expenses pursuant to Section 7.1(b)(ii)(B) shall be made not later than three business days after delivery to Seller of notice of demand for payment and a documented itemization setting forth in reasonable detail all Expenses of Buyer Parties (which itemization may be supplemented and updated from time to time by Buyer Parties until the 90th day after such party delivers such notice of demand for payment without positioning the time for payment of previously submitted Expenses). All payments under Section 7.1 shall be made by wire transfer of immediately available funds to an account designated by Buyer Parties. Seller and Buyer Parties acknowledge that the agreements contained in this Section 7.1 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Buyer Parties would not enter into this Agreement. Accordingly, if Seller fails promptly to pay any amount due to Buyer Parties pursuant to this Section 7.1 and, in order to obtain such payment, any Buyer Party commences a suit which results in a final, non-appealable judgment against Seller for the fees and expenses set forth in this Section 7.1, Seller shall pay to Buyer Parties their costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with such suit, together with interest on the aggregate amount of the fees and expenses at a rate equal to the prime rate reported in the Wall Street Journal on the date such payment was required to be made pursuant to Section 7.1 plus two (2) percent.

7.2 Non-Survival of Representations and Warranties.

None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Closing Date. This Section 7.2 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Closing Date.

7.3 Notices.

All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered personally or when sent by telex, telecopy or other electronic or digital transmission method (including, but not limited to, in portable document format by electronic mail) or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid, to the party to whom it is directed or one (1) business day after being sent via a nationally recognized courier service for next business day delivery, to the party to whom it is directed:

If to Buyer Parties, to:

c/o Odyssey Investment Partners, LLC
280 Park Avenue, 38th Floor West
New York, NY 10017
Attention: Douglas Rotatori
Jeffrey McKibben
Facsimile: (212) 351-7925
E-Mail: drotatori@odysseyinvestment.com
jmckibben@odysseyinvestment.com

With copies to:

Latham & Watkins LLP
885 Third Avenue
Suite 1000
New York, NY 10022
Attention: Robert F. Kennedy, Esq.
Facsimile: (212) 751-4864
E-Mail: robert.kennedy@lw.com

If to the Seller, to:

Bexil Corporation
11 Hanover Square
New York, NY 10005
Attention: Thomas B. Winmill
Facsimile: (212) 363-1101
E-Mail: twinmill@bexil.com

With copies to:

Ropes & Gray LLP
45 Rockefeller Plaza
New York, New York 10111-0087
Attention: Joshua A. Leuchtenburg, Esq.
Facsimile: (212) 841-5725
E-Mail: Joshua.Leuchtenburg@ropesgray.com

or for any party, at such other address as such party shall have specified in writing to each of the others in accordance with this Section 7.3.

7.4 Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

7.5 Section Headings.

The section headings of this Agreement are for convenience of reference only and shall not be deemed to limit or affect any of the provisions hereof.

7.6 Amendments; No Waivers.

(a) Any provision of this Agreement may be waived or amended if, and only if, such amendment or waiver is in writing and signed by each of the parties hereto.

(b) No failure by any party hereto to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement, or to exercise any right or remedy consequent upon a breach hereof, shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition hereof.

7.7 Entire Agreement; No Assignment.

This Agreement (including the schedules hereto, the other documents delivered pursuant hereto and any amendments hereto) (a) constitutes the entire agreement and understanding of the parties hereto and supersedes all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof and (b) is not intended to confer upon any other Person any rights or remedies hereunder, and this Agreement shall not be assigned, by operation of Law or otherwise prior to the Closing; provided that Buyer Parties may assign their rights under this Agreement to any of its Affiliates and to any lender(s) (or any agent on their behalf) providing financing for the transactions contemplated hereby.

7.8 Governing Law.

This Agreement and all claims arising out of or relating to it shall be governed by and construed in accordance with the Laws of the State of New York, except to the extent that the MGCL is applicable to actions taken by the Seller and its officers and directors in connection with this Agreement and the Bexil Sale.

7.9 Severability.

If it is determined by a court of competent jurisdiction that any provision of this Agreement is invalid under applicable law, such provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of this Agreement.

7.10 Cumulative Remedies.

All rights and remedies of either party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

7.11 JURISDICTION.

EACH PARTY HEREBY IRREVOCABLY SUBMITS TO AND ACCEPTS FOR ITSELF AND ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF AND SERVICE OF PROCESS PURSUANT TO THE LAWS AND RULES OF THE STATE OF NEW YORK AND THE UNITED STATES OF AMERICA AND THE RULES OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS IN THE SOUTHERN DISTRICT OF NEW YORK, WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY ARISING UNDER OR OUT OF, IN RESPECT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED DOCUMENT OR OBLIGATION. EACH PARTY FURTHER IRREVOCABLY DESIGNATES AND APPOINTS THE INDIVIDUAL IDENTIFIED IN OR PURSUANT TO SECTION 6.3 HEREOF TO RECEIVE NOTICES ON ITS BEHALF, AS ITS AGENT TO RECEIVE ON ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH ACTION BEFORE ANY BODY, SUCH SERVICE BEING HEREBY ACKNOWLEDGED TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. A COPY OF ANY SUCH PROCESS SO SERVED SHALL BE MAILED BY REGISTERED MAIL TO EACH PARTY AT ITS ADDRESS PROVIDED IN SECTION 7.3. IF ANY AGENT SO APPOINTED REFUSES TO ACCEPT SERVICE, THE DESIGNATING PARTY HEREBY AGREES THAT SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST IT IN THE APPLICABLE JURISDICTION MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ITS ADDRESS PROVIDED IN SECTION 7.3. EACH PARTY HEREBY ACKNOWLEDGES THAT SUCH SERVICE SHALL BE EFFECTIVE AND BINDING IN EVERY RESPECT. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF ANY PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER PARTY IN ANY OTHER JURISDICTION.

7.12 Attorneys' Fees.

In the event of any proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses incurred in connection with such proceeding, including court costs and reasonable attorneys' fees, whether or not such proceeding is prosecuted to judgment.

ARTICLE VIII
DEFINITIONS

8.1 General.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires,

(a) The terms defined in this Article VIII include the plural as well as the singular,

(b) All accounting terms not otherwise defined herein have the meanings assigned under GAAP,

(c) All references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of the body of this Agreement,

(d) Pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and

(e) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

8.2 Definitions.

As used in this Agreement and the Exhibits and Schedules delivered pursuant to this Agreement, the following definitions shall apply:

"Action" means any action, complaint, petition, investigation, suit or other proceeding, whether civil or criminal, in Law or in equity, or before any arbitrator or Governmental Entity.

"Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person.

"Agreement" means this Agreement by and among Buyer Parties and the Seller, as amended or supplemented, together with all Exhibits and Schedules attached or incorporated by reference.

"Approval" means any approval, authorization, consent, qualification or registration, or any waiver of any of the foregoing, required to be obtained from, or any notice, statement or other communication required to be filed with or delivered to, any Governmental Entity or any other Person, but does not include the Required Vote.

"Associate" of a Person means (a) a corporation or organization (other than York or a party to this Agreement) of which such Person or any Associate is an officer, director or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (b) any trust or other estate in which such Person or any Associate has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, and (c) any relative or spouse of such Person or any relative of such spouse who has the same home as such Person.

"Bexil Sale" has the meaning set forth in the third recital of this Agreement

"Bexil Shares" has the meaning set forth in the third recital of this Agreement.

"Bexil Stockholders' Meeting" has the meaning set forth in Section 5.2 hereof.

"Board of Directors" has the meaning set forth in the third recital to this Agreement.

"Board Recommendation" means the recommendation by the Board of Directors to the stockholders of the Seller that the approval of this Agreement and the Bexil Sale contemplated hereby by Bexil's stockholders is advisable and that Bexil's board of directors has determined that the approval of this Agreement and the Bexil Sale contemplated hereby is fair and in the best interests of the Seller and its stockholders.

"Buyer" has the meaning set forth in the preamble to this Agreement.

"Buyer Parties" has the meaning set forth in the preamble to this Agreement.

"Closing" means the consummation of the Transactions and the other transactions contemplated by this Agreement.

"Closing Date" has the meaning set forth in Section 1.4 hereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder. "Confidentiality Agreement" means that certain Confidentiality Agreement between Odyssey Investment Partners, LLC and Chapman Associates, dated as of March 18, 2005.

"Contract" means any agreement, arrangement, bond, insurance policy, commitment, franchise, indemnity, indenture, instrument, lease, license, insurance policy or understanding, whether or not in writing.

"Default" shall mean (a) a breach of or default under any Contract or Permit, (b) the occurrence of an event that with the passage of time or the giving of notice or both would constitute a breach of or default under any Contract or Permit, or (c) the occurrence of an event that with or without the passage of time or the giving of notice or both would give rise to a right of termination, renegotiation or acceleration under any Contract or Permit.

"Encumbrance" means any claim, charge, easement, encumbrance, lease, covenant, security interest, mortgage, lien, option, pledge, rights of others, restriction (whether on voting, sale, transfer, disposition or otherwise), or other encumbrance whatsoever, whether imposed by agreement, understanding, law, equity or otherwise, except for any restrictions on transfer generally arising under any applicable federal or state securities Law.

"Equity Securities" means any capital stock or other equity interest or any securities convertible into or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Stockholders Agreement" has the meaning set forth in Section 1.5(a) hereof.

"Expenses" includes all reasonable out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the MacArthur Purchase Agreement and the transactions contemplated hereby and thereby.

"GAAP" means accounting principles generally accepted in the United States of America, including generally accepted accounting principles as interpreted by the SEC.

"Governmental Entity" means any governmental or regulatory body, agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Knowledge" or "to its best knowledge" and like terms shall mean, with respect to: (i) Buyer Parties, the actual knowledge of Douglas Rotatori and Jeffrey McKibben and (ii) Bexil, the actual knowledge of Thomas B. Winmill.

"Law" means any constitutional provision, laws, statutes, ordinances, regulations, rules, notice requirements, court decisions, agency guidelines, interpretations, principles of law and Orders of any Governmental Entity, including without limitation environmental laws, energy, motor vehicle safety, public utility, zoning, building and health codes, occupational safety and health and laws respecting employment practices, employee documentation, terms and conditions of employment and wages and hours.

"MacArthur" has the meaning set forth in the second recital to this Agreement.

"MacArthur Agreements" has the meaning set forth in Section 2.8 hereof.

"MacArthur Contribution" has the meaning set forth in the second recital of this Agreement.

"MacArthur Contribution Shares" has the meaning set forth in the second recital of this Agreement.

"MacArthur Sale" has the meaning set forth in the second recital of this Agreement.

"MacArthur Shares" has the meaning set forth in the second recital of this Agreement.

"MacArthur Transactions" has the meaning set forth in the second recital of this Agreement.

"Material Adverse Effect" means, with respect to any Person, any adverse change or effect in the condition (financial or otherwise), business or results of operations of such Person or any of its Subsidiaries which is material to such Person and its Subsidiaries, taken as a whole, other than any change or effect resulting from or

arising out of (A) changes or conditions generally affecting the industries or segments in which such Person operates or (B) changes in local, regional or national general economic, market or political conditions which, in the case of (A) or (B), is not specifically related to, or does not have a materially disproportionate effect (relative to other industry participants) on, such Person.

"MGCL" means the Maryland General Corporation Law, as amended.

"Order" means any decree, injunction, judgment, order, ruling, assessment or writ of any Governmental Entity.

"Other Filings" means all filings made by or required to be made by the Seller with the SEC other than the Proxy Statement.

"Outside Date" has the meaning set forth in Section 7.1(a)(ii) hereof.

"Parent" has the meaning set forth in the preamble to this Agreement.

"Permit" means any franchise, Order or Approval or any waiver of the foregoing, required to be issued by any Governmental Entity.

"Person" means an association, a corporation, an individual, a partnership, a trust, a firm or any other entity, group or organization, including a Governmental Entity.

"Proxy Statement" has the meaning set forth in Section 5.1 hereof.

"Purchase Price" has the meaning set forth in Section 1.2 hereof.

"Representative" shall mean any officer, director, principal, attorney, advisor, agent, employee or other representative.

"Required Vote" has the meaning set forth in Section 3.2 hereof.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" has the meaning set forth in Section 2.7(a).

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Financial Advisor" has the meaning set forth in Section 3.8 hereof.

"Shares" means the common shares of York.

"Special Committee" has the meaning set forth in the third recital to this Agreement.

"Stockholder Distributions" means any cash payments made by York to the Seller (including, without limitation, with respect to any management or consulting fees).

"Superior Proposal" means a bona fide Takeover Proposal made by a third party which was not solicited by or on behalf of the Seller, any Representative of the Seller or any other Affiliate of the Seller and which, in the good faith judgment of the Board of Directors taking into account the various legal, financial and regulatory aspects of the proposal and the Person making such proposal (a) if accepted, is reasonably likely to be consummated, and (b) if consummated would, based upon the written advice of the Seller Financial Advisor, result in a transaction that is more favorable to the Seller or the Seller's stockholders, from a financial point of view, than the Bexil Sale contemplated by this Agreement.

"Takeover Proposal" means any proposal or offer from any Person (other than Buyer Parties and their Affiliates) providing for any: (a) acquisition (whether in a single transaction or a series of related transactions) of assets of the Seller or York having a fair market value equal to 10% or more of Seller's or York's consolidated assets, as applicable, (b) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of 10% or more of the voting power of the Seller or York, (c) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of any of the Shares, (d) tender offer or exchange offer that if consummated would result in any Person beneficially owning 10% or more of the voting power of the Seller or

York, or (e) merger, consolidation, share exchange, business combination, recapitalization or similar transaction involving the Seller or York, in each case, other than the Transactions.

"Tax" or "Taxes" means (i) taxes of any kind, levies or other like assessments, imposts, charges or fees, including, without limitation, income, gross receipts, ad valorem, value added, excise, real or personal property, asset, sales, use, license, payroll, transaction, capital, net worth and franchise taxes, escheat liability or other similar property rights asserted by any Governmental Entity or governmental authority, estimated taxes, withholding, employment, social security, workers compensation, utility, severance production, unemployment compensation, occupation, premium, windfall profits, transfer and gains taxes or other governmental taxes imposed or payable to the United States, or any state, county, local or foreign government or subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions to tax attributable to any such Tax and (ii) any liability for Taxes of another Person as a transferee, successor, by operation of Law, contract or otherwise.

"Tax Return" means any report, return, statement, estimate, extension request, declaration, notice, form or other information required to be supplied to a taxing authority in connection with Taxes.

"Transactions" has the meaning set forth in the second recital of this Agreement.

"Voting Agreement" means the voting agreement, dated as of the date hereof, among Parent and certain stockholders of the Seller named therein, attached hereto as Exhibit A.

"York" has the meaning set forth in the first recital to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written:

BEXIL CORPORATION,
a Maryland corporation

By: _____
Name:
Title:

YORK INSURANCE HOLDINGS, INC.,
a Delaware corporation

By: _____
Name:
Title:

YORK INSURANCE ACQUISITION, INC.,
a Delaware corporation

By: _____
Name:
Title:

EXHIBIT B
STOCK PURCHASE AGREEMENT
BY AND AMONG
YORK INSURANCE HOLDINGS, INC.,
YORK INSURANCE ACQUISITION, INC.
AND
THOMAS C. MACARTHUR
DATED AS OF DECEMBER 23, 2005
STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (the "Agreement") is dated as of December 23, 2005 by and among York Insurance Holdings, Inc., a Delaware corporation ("Parent"), York Insurance Acquisition, Inc., a Delaware corporation ("Buyer" and together with Parent, "Buyer Parties"), and Thomas C. MacArthur, an individual ("Seller").

WITNESSETH:

WHEREAS, Seller holds 500 common shares (the "MacArthur Shares") of York Insurance Services Group, Inc., a Delaware corporation ("York"), which common shares constitute fifty percent of the outstanding Equity Securities of York, and desires to (i) sell such number of the MacArthur Shares to Buyer equal to the MacArthur Sale Amount (the "MacArthur Sale") and (ii) contribute such number of the MacArthur Shares (the "MacArthur Contribution Shares") to Parent equal to the MacArthur Contribution Amount (the "MacArthur Contribution" and, together with the MacArthur Sale, the "MacArthur Transactions");

WHEREAS, the parties hereto intend that the MacArthur Contribution and the Parent Capitalization will be effective simultaneously at the Closing and that the MacArthur Contribution, taken together with the simultaneous Parent Capitalization and the MacArthur Sale, shall qualify as a transaction described in Section 351(a) and Section 351(b) of the Code;

WHEREAS, Bexil Corporation, a Maryland corporation ("Bexil"), holds 500 common shares of York (the "Bexil Shares"), which common shares constitute fifty percent of the outstanding Equity Securities of York, and Bexil and Buyer executed, simultaneously with the execution of this Agreement, a stock purchase agreement (the "Bexil Purchase Agreement"), pursuant to which Bexil is agreeing to sell all of the Bexil Shares to Buyer (the "Bexil Sale" and, together with the MacArthur Transactions, the "Transactions"); and

WHEREAS, capitalized terms used and not otherwise defined herein shall have the meanings set forth in Article X hereof.

NOW THEREFORE, in consideration of the foregoing and the mutual representations, warranties, covenants, agreements, terms and conditions contained herein, the parties hereto do hereby agree as follows:

ARTICLE I
SALE; CLOSING

1.1 Sale and Contribution of the Equity Securities.

(a) Upon the terms and subject to the conditions contained herein, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, all of the MacArthur Shares (less the MacArthur Contribution Shares) free and clear of all Encumbrances.

(b) Upon the terms and subject to the conditions contained herein, on the Closing Date, Seller shall contribute, assign, transfer, convey and deliver to Parent, and Parent shall acquire and accept from Seller, all of the MacArthur Contribution Shares free and clear of all Encumbrances.

1.2 Purchase Price for the Equity Securities. Upon the terms and subject to the conditions contained herein, as consideration for the acquisition of all of the MacArthur Shares, Buyer Parties shall pay the following (collectively, the "Purchase Price"):

(a) to Seller, an amount in cash equal to the Net Consideration Per Share multiplied by an amount equal to (i) the number of MacArthur Shares less (ii) the number of the MacArthur Contribution Shares;

(b) to Seller as consideration for the MacArthur Contribution, the Rollover Shares; and

(c) to the Escrow Agent, an amount in cash equal to the Escrow Amount pursuant to the terms of the escrow agreement, dated as of the Closing Date (the "Escrow Agreement"), among Parent, Seller and the Escrow Agent, substantially in the form of Exhibit A hereto.

1.3 Closing Costs; Transfer Taxes and Fees. Seller shall be responsible for any documentary and transfer Taxes and any sales, use or other Taxes imposed on the transfer of the MacArthur Shares provided hereunder and any deficiency, interest or penalty asserted with respect thereto and shall timely file all Tax Returns with respect to such transfer Taxes.

1.4 The Closing. The Closing of the transactions provided for in this Agreement shall be held in New York, New York at the offices of Latham & Watkins LLP, 885 Third Avenue, New York, New York at 10:00 a.m. on the first business day following satisfaction or waiver of the conditions set forth in Article VII (other than those conditions that by their nature must be satisfied on the date of the Closing) or at such other time and place as the parties may mutually agree (the "Closing Date").

1.5 Conveyances and Deliveries at the Closing.

(a) Deliveries by Seller. On the Closing Date, Seller shall deliver or cause to be delivered to Buyer Parties the following:

(i) the Ancillary Agreements to which Seller is a party;

(ii) stock certificates representing the MacArthur Shares, duly endorsed in blank or accompanied by duly executed stock transfer powers;

(iii) a termination agreement duly executed by each of Seller and York pursuant to which the stockholders agreement, dated as of January 18, 2002, among Seller, York and Bexil (the "Existing Stockholders Agreement") is terminated;

(iv) an affidavit, stating, under penalty of perjury, as to non-foreign status of Seller as required by Section 1445(b)(2) of the Code and any clearance certificate or similar document(s) that may be required by any state taxing authority in order to relieve Buyer Parties of any obligation to withhold any portion of the Purchase Price;

(v) all Approvals from third parties as are required in order for Seller to consummate the transactions contemplated hereby;

(vi) the certificates of Seller referred to in Section 7.1(e);

(vii) the Closing Purchase Price Certificate and the Transaction Expense Statement delivered in accordance with Section 5.9;

(viii) a duly executed payoff letter from Wachovia Bank in form and substance reasonably satisfactory to Buyer Parties evidencing the repayment of all amounts owing under the Wachovia Agreement, the termination of the Wachovia Agreement and the release of all Encumbrances granted to Wachovia Bank by York and its Subsidiaries, which shall be delivered against payment to Wachovia Bank by any Buyer Party or York;

(ix) a properly executed IRS Form W-9 from Seller; and

(x) such other documents and instruments as are required pursuant to this Agreement or as may reasonably be requested by any Buyer Party or their counsel.

(b) Deliveries by Buyer Parties. On the Closing Date, Buyer Parties shall deliver or cause to be delivered the following:

(i) the Ancillary Agreements to which any Buyer Party is a party;

(ii) stock certificates representing the Rollover Shares duly endorsed in blank or accompanied by duly executed stock transfer powers;

(iii) resolutions adopted by the board of directors of each Buyer Party approving this Agreement, the Ancillary Agreements to which the respective Buyer Party is a party and the transactions contemplated hereby or thereby, certified by each Buyer Party's corporate secretary;

(iv) all Approvals from third parties as are required in order for each Buyer Party to consummate the transactions contemplated hereby;

(v) the payment required by Section 1.2(a);

(vi) the payment to the Escrow Agent required by Section 1.2(c);

(vii) the certificates of each Buyer Party referred to in Section 7.2(f); and

(viii) such other documents and instruments as are required pursuant to this Agreement or as may reasonably be requested by Seller or its counsel.

(c) Form of Documents. To the extent that a form of any document to be delivered hereunder is not attached as an Exhibit hereto, such documents shall be in form and substance, and shall be executed and delivered in a manner, reasonably and mutually satisfactory to Buyer Parties and Seller.

1.6 Withholding Rights. Buyer Parties shall be entitled to deduct and withhold from the Purchase Price and any other amounts otherwise payable pursuant to this Agreement such amounts as Buyer Parties are required to deduct and withhold with respect to the making of such payment under the Code or any provision of state, local or foreign Tax Law. To the extent that amounts are so withheld by Buyer Parties, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. As of the date of this Agreement, assuming Seller provides a properly executed IRS Form W-9 and the materials specified in Section 1.5(a)(iv) on the Closing Date, the parties hereto believe that Buyer Parties are not required under the Code or any provision of state, local or foreign Tax Law currently in effect to deduct or withhold any amounts with respect to the making of the payment of the Purchase Price or any other amounts otherwise payable to Seller pursuant to this Agreement.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF BUYER PARTIES

Buyer Parties, jointly and severally, represent and warrant to Seller as of the date hereof and as of the Closing Date, except as to any representation or warranty that specifically relates to another date or another period, in which case such representation or warranty shall relate to such other date or other period, as follows:

2.1 Organization and Related Matters(a). Each Buyer Party is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Buyer Party has all necessary corporate power and authority to carry on its business as it is now being conducted. Each Buyer Party has the necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement and the Ancillary Agreements to which it is a party and to consummate the transactions contemplated hereby and thereby. The certificate of incorporation and bylaws of Parent are attached hereto as Exhibit C, and the certificate of incorporation and bylaws of Buyer are attached hereto as Exhibit D, respectively.

2.2 Authorization; Consents and Approvals. The execution, delivery and performance of this Agreement and the Ancillary Agreements by each Buyer Party and each other agreement, document, instrument or certificate contemplated hereby or thereby or to be executed in connection with the consummation of the transactions contemplated hereby or thereby by such Buyer Party, and the consummation by such Buyer Party of the transactions

contemplated hereby and thereby, have been duly and validly authorized by the board of directors of each Buyer Party and by all other necessary corporate action on the part of such Buyer Party. This Agreement has been, and each of the Ancillary Agreements, upon execution thereof by each Buyer Party, shall be, duly and validly executed and delivered by such Buyer Party and constitutes or will constitute the legal, valid and binding obligation of such Buyer Party, enforceable against such Buyer Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws now or hereafter in effect and equitable principles relating to or limiting creditors' rights and remedies generally. No filing or registration with, no notice to and no permit, authorization, consent or approval of any third party or any Governmental Entity is necessary for the consummation by the Buyer Parties of the transactions contemplated hereby that has not been obtained by the Buyer Parties, except for filings and registrations pursuant to the HSR Act.

2.3 No Conflicts. The execution, delivery and performance of this Agreement and each of the Ancillary Agreements to which it is a party by each Buyer Party, the consummation of the transactions contemplated hereby and thereby, and compliance with the terms hereof and thereof, will not conflict with, violate the provisions of, or constitute a breach or default, whether upon lapse of time and/or the occurrence of any act or event or otherwise, or require any Approval under (a) the charter documents or by-laws of a Buyer Party, (b) any Law to which a Buyer Party or its property or assets is subject or (c) any Contract to which a Buyer Party is a party.

2.4 No Brokers or Finders. No agent, broker, finder, financial advisor or investment or commercial banker, or other Person or firm engaged by or acting on behalf of the Buyer Parties or their respective Affiliates or any of their respective partners, directors, officers, employees or agents in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of this Agreement or such transactions.

2.5 Legal Proceedings. There is no Order or Action pending or, to the Knowledge of any Buyer Party, threatened against any Buyer Party or any director, officer or employee of such Buyer Party (in his or her capacity as such) that individually or when aggregated with one or more other Orders or Actions has had or might reasonably be expected to have a material adverse effect on any Buyer Party's ability to perform this Agreement.

2.6 Operation of Buyer Parties. Each Buyer Party was formed solely for the purpose of engaging in the transactions contemplated by this Agreement and the Bexil Purchase Agreement, has engaged in no other business activities and has conducted its operations only as contemplated in this Agreement and the Bexil Purchase Agreement.

2.7 Financing. Buyer Parties have entered into binding commitments from debt and equity financing sources that, if funded, would be sufficient for the payment of the Purchase Price and the amount payable to Bexil under the Bexil Purchase Agreement. Such commitments (the "Commitment Letters") are attached hereto as Schedule 2.7.

2.8 Investment Representations.

(a) Buyer Parties are acquiring the MacArthur Shares for their own account for investment and not with a view to the sale or distribution thereof or with any present intention of selling or distributing any thereof. Buyer Parties understand and acknowledge that the MacArthur Shares are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and will not be transferable except (i) pursuant to an effective registration statement under the Securities Act or (ii) if the proposed transfer is exempt from registration or qualification under the Securities Act and applicable state securities Laws.

(b) Buyer Parties understand that no public market now exists or may in the future exist for any of the MacArthur Shares.

(c) Buyer Parties have sufficient knowledge and experience so that they are capable of evaluating the risks and merits of their acquisition of the MacArthur Shares and Buyer Parties are able to bear the risk of loss of their entire investment in the MacArthur Shares.

2.9 Rollover Shares. The Rollover Shares shall, as of the Closing as contemplated hereby, be validly issued, fully paid and nonassessable, issued in conformity with applicable Law and shall be owned of record and beneficially by Seller, free and clear of any and all Encumbrances, except for those Encumbrances arising under the Stockholders Agreement and any Encumbrances created by Seller.

2.10 Capitalization of Parent. Prior to the Closing, Parent shall have one share of common stock issued and outstanding. At the Closing, the Rollover Shares and the Parent Capitalization will be contributed to the Parent in exchange for all shares of Parent Company Stock to be outstanding immediately following the Closing, except for one share of Parent Common Stock. Upon the Closing, (i) the shares of common stock of Parent (the "Parent Common Stock") issued pursuant to the Parent Capitalization and the MacArthur Contribution shall be the only shares of capital stock of Parent that will be issued and outstanding and (ii) a minimum of 500,000 shares of Parent Common Stock shall be issued and outstanding. Except pursuant to the Stockholders Agreement, a stock option plan or similar plan to be adopted by the board of directors of Parent substantially containing the terms set forth in Exhibit F-1 attached hereto (the "Stock Option Plan"), the stockholders agreement to be entered into by each of the Executives substantially in the form of Exhibit E hereto (the "Executive Stockholders Agreement") or any other stockholders agreement to be entered into by any Person (other than the Executives and MacArthur) acquiring shares of Parent Common Stock as part of the Parent Capitalization (all of such agreements, collectively, the "Other Management Stockholders Agreement"), Parent will not as of the Closing Date have any outstanding commitments to issue or sell any Equity Securities. As of the Closing, the Rollover Shares, as a percentage of the issued and outstanding shares of Parent Common Stock, shall equal the percentage obtained by dividing the (i) MacArthur Contribution Amount by (ii) the sum of the Parent Capitalization Shares and the MacArthur Contribution Amount. There are no outstanding obligations, written or otherwise, of Parent to repurchase, redeem or otherwise acquire any Equity Securities held by any stockholder of Parent, except under the Stockholders Agreement, any Contracts to be entered into pursuant to the Stock Option Plan, the Other Management Stockholders Agreement and the Executive Stockholders Agreement. Except for the Stockholders Agreement, any Contracts to be entered into pursuant to the Stock Option Plan, the Other Management Stockholders Agreement and the Executive Stockholders Agreement, Parent is not a party to any voting trust or other Contract with respect to voting, redemption, sale, transfer or other disposition of its Equity Securities.

2.11 Assets of Buyer Parties. Prior to the Closing, neither Parent nor Buyer shall have any assets or liabilities, except (i) pursuant to this Agreement, the Ancillary Agreements, the Bexil Purchase Agreement, the Commitment Letters and any definitive agreements entered into in relation to the Commitment Letters or the financing of the Transactions by the Buyer Parties and (ii) with respect to Parent, as may be related to the ownership by Parent of all of the issued and outstanding Equity Securities of Buyer.

2.12 Disclosure. No representation or warranty of Buyer Parties contained in this Agreement or any of the Ancillary Agreements, and no statement contained in any document, certificate or schedule furnished or to be furnished by or on behalf of a Buyer Party to Seller pursuant to this Agreement or any of the Ancillary Agreements contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact necessary, in light of the circumstances under which it was or will be made, in order to make the statements herein or therein not misleading.

ARTICLE III
REPRESENTATIONS AND WARRANTIES REGARDING YORK

Seller represents and warrants to Buyer Parties as of the date hereof and as of the Closing Date, except as to any representation or warranty that specifically relates to another date or another period, in which case such representation or warranty shall relate to such other date or other period, and except as set forth in the Seller Disclosure Schedule, as follows:

3.1 Organization, Subsidiaries, etc. York is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each Subsidiary of York has been duly organized, and is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, as the case may be. Section 3.1 of the Seller Disclosure Schedule correctly sets forth each jurisdiction in which York and

each of its Subsidiaries is or is required to be qualified or licensed to do business as a foreign Person, except where failure to be so qualified or licensed is not and will not be material to York and its Subsidiaries, taken as a whole. Each of York and its Subsidiaries has all necessary corporate or other power and authority to own or lease its properties and assets and to carry on its business as it is now being conducted and is duly qualified or licensed to do business as a foreign corporation in good standing in all jurisdictions in which the character or the location of the assets owned or leased by York or any of its Subsidiaries or the nature of the business being conducted by York or any of its Subsidiaries requires licensing or qualification, except where the failure to be so qualified or licensed is not material to York and its Subsidiaries taken as a whole. Section 3.1 of the Seller Disclosure Schedule correctly lists the current directors and executive officers (or Persons performing similar functions) of York and each of its Subsidiaries. True, correct and complete copies of the charter documents and by-laws of York and its Subsidiaries as in effect on the date hereof and on the Closing Date have been made available to Buyer Parties. Each of York and its Subsidiaries is not and is not required to be a registered or reporting company under the Exchange Act. Neither York nor its Subsidiaries has any direct or indirect stock or other equity or ownership interest (whether controlling or not) in any corporation, association, partnership, joint venture or other entity (other than York's Subsidiaries).

3.2 Authorization. York has all requisite power, authority and legal capacity to execute and deliver each agreement, document, instrument or certificate to which it is a party as contemplated by this Agreement or the Ancillary Agreements or to be executed in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of each agreement, document, instrument or certificate to be delivered by York pursuant hereto have been duly and validly authorized by the board of directors of York and by all other necessary corporate action on the part of York. Upon execution and delivery by York, each agreement, document, instrument or certificate to which York is a party shall constitute the legal, valid and binding obligation of York, enforceable against York in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

3.3 Absence of Certain Changes or Events. Since May 31, 2005, except as set forth on Section 3.3 of the Disclosure Schedule, York and its Subsidiaries have been operated in the ordinary course of business consistent with past practice. Without limiting the generality of the foregoing, with respect to York or its Subsidiaries there has not been any:

(a) Actual or, to the Knowledge of York, threatened adverse change (other than as a result of the Stockholder Distributions) in the financial condition, working capital, stockholders' equity, assets, liabilities, obligations, reserves, revenues, income, earnings, or prospects of York or any of its Subsidiaries that would have a Material Adverse Effect on York;

(b) Change in accounting methods, principles or practices by York or any of its Subsidiaries affecting its assets or its liabilities (other than changes required by GAAP or Law after the date of this Agreement);

(c) Material revaluation by York or its Subsidiaries of any assets, including without limitation, writing down the value of goodwill or inventory or writing off notes or accounts receivable, other than as required by GAAP in the ordinary course of business;

(d) Material Destruction or Loss (whether or not covered by insurance) affecting York's or its Subsidiaries' assets;

(e) Cancellation of any Funded Debt or waiver, compromise or release of any right or claim of York or its Subsidiaries relating to its activities, properties or other assets, other than in the ordinary course of business;

(f) Other than Stockholder Distributions made in compliance with applicable Law prior to the date hereof in the amount of $25,341,382 and additional Stockholder Distributions made in compliance with applicable Law and reflected on the Closing Purchase Price Certificate, declaration, setting aside, or payment of dividends or distributions by York or any of its Subsidiaries in respect of the Equity Securities of York or any of

its Subsidiaries or any redemption, repurchase or other acquisition of any outstanding Equity Securities of York or any of its Subsidiaries;

(g) Except as required to comply with any applicable Law or contract, agreement or Plan in effect on the date of the Agreement and described on Schedule 3.14(a) of the Seller Disclosure Schedule or Year-End Compensation Arrangements, increase in the rate of compensation payable or to become payable to any director, officer or other employee of York or its Subsidiaries or any consultant, Representative or agent of York or its Subsidiaries, including without limitation, the making of any loan to, or the payment, grant or accrual of any bonus, incentive compensation, service award or other similar benefit to, any such Person, or the addition to, modification of, or contribution to any Plan, employment arrangement, or employment practice described in Section 3.14(a) of the Seller Disclosure Schedule;

(h) Change in employee relations which has or is reasonably likely to have a Material Adverse Effect on York and its Subsidiaries or the relationships between the employees of York and its Subsidiaries and the management of York and its Subsidiaries;

(i) Amendment, cancellation or termination of any Material Agreement or material Permit relating to York and its Subsidiaries or entry into any Material Agreement or material Permit which is not in the ordinary course of business, including without limitation, any employment or consulting agreements, other than an expiration of a Material Agreement pursuant to its terms or the execution of any amendment or agreement that was approved by Buyer Parties, such approval not to be unreasonably withheld or delayed;

(j) Mortgage, pledge or other encumbrance of any assets of York and its Subsidiaries, except for Permitted Liens or as approved by Buyer Parties, such approval not to be unreasonably withheld or delayed;

(k) Acquisition of any material assets (other than Intellectual Property) or sale, assignment, transfer, conveyance, lease or other disposal of any material assets of York and its Subsidiaries other than sales of obsolete equipment in the ordinary course of business;

(l) Incurrence of Funded Debt by York and its Subsidiaries for borrowed money or commitment to borrow money entered into by York and its Subsidiaries, or loans made or agreed to be made by York and its Subsidiaries, or Funded Debt guaranteed by York and its Subsidiaries, other than borrowings under the Wachovia Agreement to be used for the sole purposes of funding Stockholder Distributions or general operating purposes;

(m) Payment, discharge or satisfaction of any liabilities or obligations of York and its Subsidiaries other than the payment, discharge or satisfaction in the ordinary course of business of liabilities and obligations set forth or reserved for on the Interim Balance Sheet or incurred in the ordinary course of business;

(n) Material capital expenditure by York or its Subsidiaries, the execution of any lease (other than renewals or extensions of existing leases in the ordinary course of business) by York or its Subsidiaries or the incurrence of any obligation by York or its Subsidiaries to make any material capital expenditure or execute any lease other than in the ordinary course;

(o) Failure to pay or satisfy when due any liability or obligation of York or its Subsidiaries after the expiration of any applicable grace periods unless being disputed in good faith by York or any of its Subsidiaries;

(p) Failure of York and its Subsidiaries to operate diligently in a reasonable commercial manner and in the ordinary course so as to keep available to Buyer Parties the assets of York's and its Subsidiaries' businesses, the services of York's and its Subsidiaries' employees and the assets and goodwill of York's suppliers, customers, distributors and others having business relations with them;

(q) Disposition, transfer, license, sale, abandonment or lapsing of any Intellectual Property, except in the ordinary course of business;

(r) Disposition of any Intellectual Property Rights other than in the ordinary course of business, or disclosure to any Person of any Intellectual Property Rights not theretofore a matter of public knowledge other than pursuant to a confidentiality agreement in the ordinary course of business;

(s) any other event or condition which in any one case or in the aggregate has or might reasonably be expected to have a Material Adverse Effect on York;

(t) Payment from York or its Subsidiaries to or on behalf of any officer, director, stockholder or employee of York or its Subsidiaries, pursuant to any agreement between York or its Subsidiaries and any such Person or otherwise, except as required to comply with any Law or any Contract, agreement or Plan in effect on the date of this Agreement and described on Schedule 3.14(a) or pursuant to Year-End Compensation Arrangements; or (u) Agreement by York or its Subsidiaries to do any of the things described in the preceding clauses (a) through (t) other than as expressly provided for herein.

3.4 No Conflicts. Except as set forth in Section 3.4 of the Seller Disclosure Schedule, the consummation of the transactions contemplated by this Agreement or the Ancillary Agreements or compliance by York with any of the provisions hereof or thereof will not (a) violate the provisions of, or constitute a breach or default (whether upon lapse of time and/or the occurrence of any act or event or otherwise), or result in the creation or vesting of any payment or other right of any Person, under (i) the charter documents or by-laws of York or any of its Subsidiaries, (ii) any Law or Order of any Governmental Entity applicable to York or any of its Subsidiaries or by which any of the properties or assets of York and its Subsidiaries are bound (provided that all required regulatory Approvals are received as contemplated by Section 3.5) or (iii) any material Agreement, material License or material Permit to which York or any of its Subsidiaries is a party (including the Existing Stockholders Agreement) or by which any of the properties or assets of York and its Subsidiaries are bound or (b) result in the imposition of any Encumbrance against any properties or assets of York or any of its Subsidiaries, except to the extent such Encumbrance results from the acts of any Buyer Party.

3.5 Consents, etc. Section 3.5 of the Seller Disclosure Schedule lists all Permits, Orders, Approvals of any Governmental Entity or any other Person, if any, required to be obtained by York or any of its Subsidiaries in connection with the execution and delivery of this Agreement and consummation of the transactions contemplated hereunder. York has obtained all such Permits, Orders and Approvals necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby except for filings and registrations to be made pursuant to the HSR Act and to be effective on or prior to the Closing Date.

3.6 Capitalization.

(a) Section 3.6(a) of the Seller Disclosure Schedule sets forth the number and class of each of the authorized, issued and outstanding Equity Securities of York and each of its Subsidiaries and a list of the holders of all such Equity Securities of all classes. True, correct and complete copies of all documents evidencing the rights of holders of each class of Equity Securities of York and each of its Subsidiaries have been made available to Buyer Parties. On the date hereof and on the Closing Date, all of such outstanding Equity Securities are validly issued, fully paid and non-assessable, were issued in conformity with applicable Law, and are owned of record and beneficially by the Persons listed on Section 3.6(a) of the Seller Disclosure Schedule, free and clear of any and all Encumbrances, except for those Encumbrances arising under the Existing Stockholders Agreement.

(b) Except for the Existing Stockholders Agreement, York does not have any outstanding commitments to issue or sell any Equity Securities, and no securities or obligations evidencing any such right are outstanding. There are no outstanding obligations, written or otherwise, of York to repurchase, redeem or otherwise acquire any Equity Securities held by any stockholder of York, except under the Existing Stockholders Agreement. Except for the Existing Stockholders Agreement, York is not a party to any voting trust or other Contract with respect to voting, redemption, sale, transfer or other disposition of its Equity Securities.

(c) Section 3.6(c) of the Seller Disclosure Schedule sets forth a complete list of the dates and amount of each Stockholder Distribution since the Reference Balance Sheet Date through the date hereof.

3.7 Financial Statements.

(a) York has heretofore delivered to Buyer Parties (x) the audited consolidated financial statements of York and its Subsidiaries for each of the years ended December 31, 2002 through 2004, in each case including a balance sheet as of such date and the related statements of income, stockholders' equity and cash flows for each

of the respective periods then ended (collectively, the "Audited Financial Statements"), (y) the unaudited consolidated financial statements of York and its Subsidiaries as of and for the five months ended May 31, 2005, in each case including a balance sheet as of such date and the related statements of income, stockholders' equity and cash flows for the five month period ended May 31, 2005 (collectively, the "Reference Financial Statements") and (z) the unaudited consolidated financial statements of York and its Subsidiaries as of and for each of the year-to-date periods ended June 30, 2005, September 30, 2005, October 31, 2005 and November 30, 2005, respectively, in each case including a balance sheet as of such date and the related statements of income, stockholders' equity and cash flows for each of the respective year-to-date and monthly periods then ended (collectively, the "Interim Financial Statements" and together with the Audited Financial Statements and the Reference Financial Statements, the "Financial Statements"). The Financial Statements (i) have been prepared from the Books and Records of York, (ii) have been prepared in accordance with GAAP consistently applied throughout the periods covered thereby and (iii) fairly present in all material respects the assets and liabilities (including all reserves) and the financial condition, results of operations and cash flows of York and its Subsidiaries as of the respective dates and for the respective periods thereof, except that the Reference Financial Statements and Interim Financial Statements (A) do not have footnotes as required by GAAP and (B) are subject to normally recurring year-end adjustments that are not, in the aggregate, material. The Audited Financial Statements have been examined by Deloitte & Touche, LLP, independent certified public accountants, whose report thereon is included with the Audited Financial Statements. York has not received any notice from its independent auditors, and Seller otherwise does not have Knowledge, of any matter that would be considered a "significant deficiency" or "material weakness" (as such terms are defined in Auditing Standards No. 2 adopted by the Public Company Accounting Oversight Board) with respect to York's internal control over financial reporting. Since December 31, 2004, there has been no change in any of the significant accounting policies, practices or procedures of York and its Subsidiaries, except as disclosed in the Financial Statements. York has no debts, liabilities or obligations, whether accrued, absolute, contingent or otherwise, whether currently due or to become due, except those (i) set forth in the Financial Statements in the amounts set forth therein, which have been paid or discharged as they have become due after the expiration of any applicable grace periods, or are being disputed in good faith, since the date thereof, or that consist of normal year-end reclassifications and adjustments made in accordance with GAAP that are not, in the aggregate, material or (ii) incurred since November 30, 2005 in the ordinary course of business consistent with past practice and in amounts that are not material to York and its Subsidiaries taken as a whole.

(b) The accounts receivable of York and its Subsidiaries shown in the Financial Statements represent sales actually made or services actually rendered by York in the ordinary course. The amount of such accounts receivable in the Financial Statements reflects a reserve for uncollectible accounts which was determined in accordance with GAAP and York's past practices and collection experience. The reserves for such accounts receivable are sufficient based on the past practices and experiences of York and its Subsidiaries relating to their accounts receivable.

(c) Section 3.7(c) of the Seller Disclosure Schedule sets forth a complete list of the Funded Debt as of May 31, 2005 and as of November 30, 2005, including the balance of each item of Funded Debt as of May 31, 2005 and as of November 30, 2005, respectively. York has made available to Buyer Parties all Contracts and other documentation regarding such Funded Debt.

3.8 Government Authorizations and Compliance with Laws.

(a) Section 3.8(a) of the Seller Disclosure Schedule contains a complete and accurate list of all Licenses and material Permits held by York, its Subsidiaries and their employees. None of York, its Subsidiaries or any of their employees is in Default, nor have they received any written notice of any claim of Default with respect to any material Permits or material Licenses. Except as set forth in Section 3.8(a) of the Seller Disclosure Schedule, each of York, its Subsidiaries and their employees hold all Licenses and Permits necessary for the lawful conduct in all material respects of the business of York and its Subsidiaries under and pursuant to, and are in compliance in all material respects with, all applicable Laws of any Governmental Entity having, asserting or claiming jurisdiction over either York, its Subsidiaries or their employees or over any part of the operations of York or any of its Subsidiaries. All material Permits and material Licenses are valid and in full force and effect

and no material Permit or material License is the subject of a limitation, proceeding for suspension or revocation or similar proceedings. All material Permits and material Licenses will remain in full force and effect immediately after giving effect to the transactions contemplated hereby and no notice or additional filings must be made in connection therewith.

(b) Since the Acquisition Date, each of York, its Subsidiaries and their employees have at all times been in compliance with all applicable Laws and Orders and are not in violation of any such Laws and Orders, provided, however, no representation and warranty is made in this sentence with respect to Permits and Licenses. Since the Acquisition Date, no written notice has been received by York, its Subsidiaries or any of their employees and no investigation or review is pending or, to the Knowledge of York, threatened by any Governmental Entity with respect to (i) any alleged violation by York, its Subsidiaries or any of their employees of any Law or (ii) any alleged failure to have any Permit or License required in connection with the operation of its business and are not in violation of any Laws or requirements regarding such Permit or License. Neither York, its Subsidiaries nor any of their employees has conducted any internal investigation concerning any alleged violation of any Law applicable to York and its Subsidiaries.

3.9 Tax Matters. Since the Acquisition Date:

(a) There have been properly completed and filed on a timely basis and in correct form all Tax Returns required to be filed by any Taxpayer on or prior to the date hereof. As of the time of filing, the foregoing Tax Returns correctly reflected the facts regarding the income, business, assets, operations, activities, status, or other matters of the applicable Taxpayer(s) or any other information required to be shown thereon.

(b) With respect to all amounts in respect of Taxes imposed on any Taxpayer for which any such Taxpayer is or could be liable, whether to taxing authorities (as, for example, under law) or to other persons or entities (as, for example, under tax allocation agreements), with respect to all taxable periods or portions of periods ending on or before the Closing Date, all applicable tax laws and agreements have been fully complied with, and all such amounts required to be collected or withheld, or paid to taxing authorities or others, on or before the date hereof, have been collected, withheld or paid, as applicable.

(c) No issues have been raised (and are currently pending) by any taxing authority in connection with any Tax Return of any Taxpayer. No waivers of statutes of limitation with respect to any such Tax Returns have been given by or requested from the applicable Taxpayer. Section 3.9(c) of the Seller Disclosure Schedule sets forth (i) the taxable years of each Taxpayer as to which the respective statutes of limitations with respect to Taxes have not expired and (ii) with respect to such taxable years, those years for which examinations have been completed, those years for which examinations are presently being conducted, those years for which examinations have not been initiated, and those years for which required Tax Returns have not yet been filed. Except to the extent shown on Section 3.9(c) of the Seller Disclosure Schedule, all deficiencies asserted or assessments made as a result of any examinations have been fully paid, or are fully reflected as a liability in the financial statements of the applicable Taxpayer, or are being contested and an adequate reserve therefor has been established and is reflected in the Financial Statements. No Taxpayer has received written notice from any Governmental Entity in a jurisdiction in which such entity does not file a Tax Return stating that such entity is or may be subject to taxation by that jurisdiction.

(d) There are no liens for Taxes (other than for current Taxes not yet due and payable) on any of the assets of the Taxpayers.

(e) No Taxpayer is a party to or bound by (nor will any such member of the Taxpayer become a party to or bound by) any tax-indemnity, tax-sharing, or tax-allocation agreement.

(f) None of the Taxpayers has any liability for the Taxes of any person (other than York or York's Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state Law), as a transferee or successor, by contract or otherwise.

(g) None of the Taxpayers' assets is property required to be treated as being owned by any other person pursuant to the "safe harbor lease" provisions of former Section 168(f)(8) of the Code.

(h) None of the Taxpayers' assets directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code.

(i) None of the Taxpayers' assets is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(j) No Taxpayer is a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

(k) No Seller is a person other than a United States person within the meaning of the Code.

(l) None of the Taxpayers has been a party to a transaction that, as of the date of this Agreement, constitutes a "listed transaction" for purposes of Section 6011 of the Code and applicable Treasury Regulations thereunder (or a similar provision of state Law). To the Knowledge of York, the Taxpayers have disclosed on Section 3.9(l) of the Seller Disclosure Schedule all "reportable transactions" within the meaning of Treasury Regulation Section 1.6011-4(b) (or a similar provision of state Law) to which such Taxpayer has been a party.

(m) No Taxpayer has or has had a permanent establishment in any foreign country, as defined in any applicable tax treaty or convention between the United States and such foreign country.

(n) Each Taxpayer that is not a corporation has at all times been properly classified for federal and applicable state income tax purposes as a partnership, and not as an association or publicly traded partnership taxable as a corporation. Except as set forth on Section 3.9(n) of the Seller Disclosure Schedule, no Taxpayer is a party to any joint venture, partnership, limited liability company agreement, or other arrangement or contract that could be treated as a partnership for federal income tax purposes.

(o) The Financial Statements reflect an adequate reserve for all material Taxes payable by the Taxpayers for all taxable periods and portions thereof accrued through the date of such financial statements. Since the date of the Financial Statements, none of the Taxpayers has incurred a liability for Taxes outside the ordinary course of business. The unpaid Taxes of the Taxpayers do not exceed the reserve for tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and tax income) set forth or included in the Financial Statements.

(p) York is the common parent of the affiliated group within the meaning of Section 1504(a) of the Code that includes each Subsidiary of York that is a corporation.

(q) The Taxpayers will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period ending on or prior to the Closing Date, (ii) intercompany transaction, (iii) installment sale or open transaction disposition made on or prior to the Closing Date or (iv) prepaid amount received on or prior to the Closing Date.

(r) No Taxpayer nor any of its Affiliates or predecessors by merger or consolidation has within the past three (3) years been a party to a transaction intended to qualify under Section 355 of the Code or under so much of Section 356 of the Code as relates to Section 355 of the Code.

3.10 Title to and Condition of Properties; Absence of Liens and Encumbrances, etc.

(a) Except as set forth on Section 3.10(a) of the Seller Disclosure Schedule, York and its Subsidiaries have good and marketable title to each of the items of tangible personal property reflected on the Interim Balance Sheet (except as sold or disposed of subsequent to the date thereof in the ordinary course of business consistent with past practice), free and clear of all Encumbrances, except for Permitted Liens, and all such property and assets conform in all material respects to all applicable Laws relating to their use and operation.

(b) Section 3.10(b) of the Seller Disclosure Schedule designates any leasehold interests in real property and includes an address for each such leasehold interest in real property (the "Leased Property") and all leases pursuant to which York or any of its Subsidiaries leases such Leased Property (the "Real Property

Leases"). York does not hold fee simple title to any real property. The Real Property Leases constitute all leases, subleases or other occupancy agreements pursuant to which York or any of its Subsidiaries occupies or uses the Leased Property. Each of York and its Subsidiaries, as applicable, has good and valid leasehold interest in the Leased Property, free and clear of any and all Encumbrances except Permitted Liens and any Encumbrances which would not permit the termination of the Lease therefor by the lessor. With respect to each such parcel of Leased Property, (1) there are no pending or, to the Knowledge of York, threatened Actions (including, without limitation, condemnation proceedings or any other matter affecting the current or currently proposed use, occupancy or value) relating to such Leased Property or any portion thereof, (2) none of York, any of its Subsidiaries or, to the Knowledge of York, any third party has entered into any sublease, license, option, right, concession or other agreement or arrangement, written or oral, granting to any Person the right to use or occupy such Leased Property or any portion thereof or interest therein and (3) neither York nor any of its Subsidiaries has received written notice of any pending or threatened special assessment relating to such Leased Property and, to the Knowledge of York, there is no pending or threatened special assessment relating thereto. Each Leased Property is supplied with utilities necessary for the operation of such Leased Property and abuts on or has direct, permanent vehicular access to a public road.

(c) Except as set forth on Section 3.10(c) of the Seller Disclosure Schedule, each of York or its Subsidiaries has good and marketable title (or valid leasehold interests in all properties held under lease) to all its property and assets (real and personal, tangible and intangible), free and clear of all Encumbrances, except for Permitted Liens and Encumbrances incurred pursuant to the Wachovia Agreement, and all such property and assets comply in all material respects to all applicable Laws relating to their use and operation.

(d) The assets of York and its Subsidiaries constitute all of the tangible and intangible assets that are required to conduct their businesses in a manner, and at levels of activity and productivity, consistent with the manner and levels at which such businesses are currently conducted by York and its Subsidiaries, and constitute all of the assets actually used by York and its Subsidiaries in the conduct of their businesses.

3.11 Material Agreements.

(a) Section 3.11(a) of the Seller Disclosure Schedule lists every Material Agreement to which York or any of its Subsidiaries is a party or by which York or any of its Subsidiaries or any of York's or its Subsidiaries' properties or assets (real, personal or mixed, tangible or intangible) is bound. Unless otherwise noted on Section 3.11(a) of the Seller Disclosure Schedule, each such agreement was entered into in the ordinary course of business. As used herein, the term "Material Agreement" shall mean any Contract to which York or any of its Subsidiaries is a party or by which York or any its Subsidiaries or any of York's or any of its Subsidiaries' properties or assets (real, personal or mixed, tangible or intangible) is bound, which:

(i) obligates any party thereto after the date hereof to make aggregate payments of more than $100,000;

(ii) has an unexpired term as of the date hereof in excess of twelve (12) months;

(iii) is a Real Property Lease obligating York or a Subsidiary thereof to make aggregate future payments in excess of $100,000;

(iv) is a management service, consulting, commission or any other similar type contract;

(v) is a license of Intellectual Property to York or its Subsidiaries other than click-wrap, shrink-wrap and commercial off-the-shelf software purchased by or licensed to York or any of its Subsidiaries;

(vi) contains any provision restricting the transfer of any asset (other than restrictions on the assignment of contracts) or creating any other Encumbrance other than Permitted Liens on any such asset;

(vii) provides for the extension of credit, other than the extension of credit to customers in the form of invoicing for shipped products or services in the ordinary course of business, or is otherwise a source of financing for the operation of the business or indebtedness of York or any of its Subsidiaries;

(viii) provides for a guaranty or indemnity by York or any of its Subsidiaries (other than standard customary form warranties and indemnifications contained in York's and its Subsidiaries' license agreements and standard customary form warranties and indemnifications provided in connection with York's and its Subsidiaries' products and services);

(ix) grants a power of attorney, agency or similar authority to another Person that will be outstanding as of the Closing Date;

(x) contains a right of first refusal;

(xi) contains a right or obligation of or to any stockholder or any director, officer, Affiliate or Associate of York or its Subsidiaries;

(xii) constitutes an employment agreement or a collective bargaining agreement or provides for severance or other similar benefits to any officer, director or employee;

(xiii) involves (A) a customer or group of related customers, or a supplier or group of related suppliers, whose business accounts for more than $250,000 of York's collective revenues or expenses, respectively, for the fiscal year ended December 31, 2004, or (B) AIG;

(xiv) represents a Contract the loss or termination of which could reasonably be expected to have a Material Adverse Effect on York;

(xv) contains any provision pursuant to which York or any of its Subsidiaries (or any successor) will be obligated to make any payment or provide any benefit or service to any Person as a result of the consummation of the transactions contemplated hereby (either alone, upon the occurrence of an act or event, the lapse of time or any combination thereof);

(xvi) is a reseller, distributor, agency or similar type agreement involving at least $50,000 in payments during a calendar year; or

(xvii) was not made in the ordinary course of business and has a value (alone and not together with all other such Contracts of York and its Subsidiaries) in excess of $200,000.

(b) Except as set forth on Section 3.11(b) of the Seller Disclosure Schedule, no breach or default, alleged breach or default, or event which would (with the passage of time, notice or both) constitute a breach or default under any Material Agreement by York or its Subsidiaries or, to the Knowledge of York, any other party or obligor with respect thereto, has occurred or, as a result of this Agreement, performance hereof or consummation of the transactions contemplated hereby or otherwise, will occur. Except as set forth on Section 3.11(b) of the Seller Disclosure Schedule, consummation of the transactions contemplated by this Agreement will not (and will not give any Person a right to) terminate or modify any rights of, or accelerate or augment any obligation of, York and its Subsidiaries under any Material Agreement or result in the creation of any Encumbrances thereunder. Each Material Agreement is valid and binding in accordance with its terms. There are no agreements or options to sell or lease any of the properties or assets (real, personal or mixed, tangible or intangible) of York and its Subsidiaries except for sales of obsolete equipment in the ordinary course of business. York has made available to Buyer Parties true and complete copies of each Material Agreement, including all amendments and supplements thereto. Except as set forth on Section 3.11(b) of the Seller Disclosure Schedule, none of the Material Agreements obligates York or its Subsidiaries to provide any Person with contractual terms as favorable as or more favorable than terms offered to any other Person.

(c) Except as set forth in Section 3.11(c) of the Seller Disclosure Schedule, York is not subject to or bound by any charter, by-law, Encumbrance, Permit, Contract, Order, or any other restriction of any kind or nature which contains a covenant not to compete binding on York or any of its Subsidiaries with respect to its current businesses or would otherwise restrict or limit (including as to manner or place) the ability of York or any of its Subsidiaries to conduct its business or the ability of Buyer Parties to operate the business after the Closing.

3.12 Principal Customer Accounts and Suppliers. Section 3.12 of the Seller Disclosure Schedule lists the twenty-five largest accounts with customers and ten largest suppliers of York and its Subsidiaries, based upon

dollar volume of business with York and its Subsidiaries during the fiscal year ended December 31, 2004 and the volume of business with each such customer account or supplier. Between December 31, 2004 and the date hereof, no such customer (including, without limitation, AIG) or supplier has suspended, terminated or materially reduced its business with York and its Subsidiaries, or indicated its intent to suspend, terminate or materially reduce its business with York and its Subsidiaries. Since the date hereof, (i) no such customer (other than AIG) or supplier shall have suspended, terminated or reduced its business with York and its Subsidiaries, or indicated its intent to suspend, terminate or reduce its business with York and its Subsidiaries which would have a Material Adverse Effect on York and (ii) AIG shall not have suspended, terminated or materially reduced its business with York and its Subsidiaries, or indicated its intent to suspend, terminate or materially reduce its business with York and its Subsidiaries. To the Knowledge of York, no such action is being considered, and no facts or circumstances exist that might reasonably cause such action to be considered, by any such customer (including, without limitation, AIG) or supplier.

3.13 Litigation. Except as set forth in Section 3.13 of the Seller Disclosure Schedule, there is no Order or Action pending or, to the Knowledge of York, threatened (a) against York, its Subsidiaries or their respective directors or officers as such or affecting any of York's or its Subsidiaries' properties or assets (real, personal or mixed, tangible or intangible), which would have a material adverse effect on York and its Subsidiaries, (b) against Seller in its capacity as a stockholder of York, (c) which seeks to prohibit, restrict or delay consummation of the transactions contemplated by this Agreement or any of the conditions to consummation of such transactions or (d) in which York or its Subsidiaries is a plaintiff and is material to York and its Subsidiaries taken as a whole. Neither York nor any of its Subsidiaries is in Default with respect to or subject to any Order, and there are no material unsatisfied judgments against York or any of its Subsidiaries.

3.14 Employee Benefit Plans.

(a) York has made available to Buyer Parties copies of each material "employee benefit plan", as defined in Section 3(3) of ERISA, each material employment, severance or similar contract, plan arrangement or policy and each other material written plan or arrangement providing for compensation, bonuses, profit-sharing, stock option or other stock related rights or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, severance benefits and post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits) which is maintained, administered or contributed to by York or any ERISA Affiliate and covers any current or former employee, director or consultant (or any dependent or beneficiary thereof) or any current or former director or independent contractor of York or any of its Subsidiaries (and, if applicable, related trust or funding agreements or insurance policies) and all amendments thereto and written interpretations thereof have been made available to Buyer Parties together with the most recent annual report (Form 5500 including, if applicable, Schedule B thereto) and Form 990, if applicable, prepared in connection with any such plan or trust. Such plans are referred to collectively herein as the "Plans." Section 3.14(a) of the Seller Disclosure Schedule contains a correct and complete list identifying each Plan.

(b) None of York, any ERISA Affiliate or any predecessor thereof sponsors, maintains or contributes to, or has in the past sponsored, maintained or contributed to, any Plan subject to Title IV of ERISA.

(c) None of York, any ERISA Affiliate or any predecessor thereof contributes to, or has in the past contributed to, any multiemployer plan, as defined in Section 3(37) of ERISA.

(d) Each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and, to the Knowledge of York, no fact or circumstance exists giving rise to a material likelihood that such Plan would not be treated as so qualified by the IRS. Each Plan has been maintained in all material respects in compliance with its terms and with the requirements prescribed by all applicable Laws (including but not limited to ERISA and the Code).

(e) Neither York nor any of its Subsidiaries has any current or projected liability in respect of post-employment or post-retirement health or medical or life insurance benefits with respect to current or former employees, directors or consultants, except as required to avoid excise tax under Section 4980B of the Code.

(f) Except as set forth on Section 3.14(f) of the Seller Disclosure Schedule, no current or former employee, director or consultant of York or any of its Subsidiaries will become entitled to any bonus, retirement, severance, job security or similar benefit or any accelerated or enhanced payment or benefit as a result of the transactions contemplated by this Agreement. (g) There is no contract, plan or arrangement (written or otherwise) covering any current or former employee or director of York or any of its Subsidiaries that, individually or collectively, would reasonably be expected to give rise to the payment of any amount that would not be deductible pursuant to the terms of Section 280G of the Code.

(h) There have been no prohibited transactions (within the meaning of Section 406 of ERISA or 4975 of the Code) with respect to any Plan. No fiduciary (within the meaning of Section 3(21) of ERISA) has any material liability for breach of fiduciary duty or for any other failure to act or comply in connection with the administration or investment of the assets of any such Plan. There have been no acts or omissions by any person with respect to any Plan that have given rise to, or could reasonably be expected to give rise, to any material liability under Section 502 of ERISA.

(i) Neither York nor any of its Subsidiaries maintains or otherwise has any liability with respect to any deferred compensation, excess benefit or other non-qualified supplemental retirement plan, program or arrangements, except under the EAR Plan. No "leased employee" (within the meaning of Section 414(n) of the Code), performs any material services for York or any of its Subsidiaries. Neither York nor any of its Subsidiaries has any material liability, whether absolute or contingent, including any obligations under any Plan, with respect to any misclassification of a Person performing services for York or any of its Subsidiaries as an independent contractor rather than as an employee.

(j) Section 3.14(j) of the Seller Disclosure Schedule contains a true and complete list of all EARs outstanding as of the date hereof.

3.15 Insurance. York has, and at all times since the Acquisition Date, has had, insurance policies in full force and effect with reputable insurers, providing for coverage as may be required by applicable Law and which is reasonable and customary (for Persons in similar businesses as York) for the operation of York and its Subsidiaries businesses as to both amount and scope. Section 3.15 of the Seller Disclosure Schedule contains a complete and accurate list of all policies or binders of York's and its Subsidiaries' current insurance coverage, including bonds. No such policies are subject to retroactive premium adjustments except as expressly noted in such policies. Neither York nor any of its Subsidiaries is in Default under any such policy. York and its Subsidiaries have timely filed claims with their insurers with respect to all material matters and occurrences for which it believes it has coverage. There are no outstanding unpaid premiums except in the ordinary course of business and within the two (2) years prior to the date hereof, except as set forth in Section 3.15 of the Seller Disclosure Schedule, neither York nor its Subsidiaries has received any notice from any insurer or agent of any intent to cancel or not so renew any insurance policy maintained by York or its Subsidiaries and there are no outstanding performance bonds covering or issued for the benefit of York and its Subsidiaries.

3.16 Intellectual Property.

(a) Set forth on Section 3.16(a) of the Seller Disclosure Schedule is a list of all (i) issued patents and pending patent applications, (ii) trademark and service mark registrations and applications for registration thereof, (iii) copyright registrations and applications for registration thereof and (iv) internet domain name registrations, in each case that are owned by York or any of its Subsidiaries (the "Registered Intellectual Property"). Neither York nor any of its Subsidiaries has received written notice of any pending or threatened action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand that challenges the legality, validity, enforceability, registration, use or ownership of any item of Registered Intellectual Property.

(b) York and its Subsidiaries own, free and clear of all Encumbrances, or have valid licenses to use, all Intellectual Property necessary for the operation of the business of York as it is currently conducted.

(c) To the Knowledge of York, no other Person is infringing upon, misappropriating or otherwise violating any Intellectual Property of York or any of its Subsidiaries. To the Knowledge of York, its current business practices and use of Intellectual Property do not infringe, violate or constitute an unauthorized use or

misappropriation of any patent, copyright, trademark, trade secret or other similar right of any Person. Neither York nor its Subsidiaries has received any written charge, complaint, claim, demand, or notice alleging that York's or its Subsidiaries' current business practices are infringing upon, violating or misappropriating any such rights, and to the Knowledge of York, there is no basis for any such claim.

(d) No present or former employee or subcontractor of York or its Subsidiaries has any right, title, or interest, directly or indirectly, in whole or in part, in any Intellectual Property owned or used by York or its Subsidiaries.

(e) All Intellectual Property owned by York or any of its Subsidiaries that is material to the operation of York and for which confidentiality is required has been maintained in confidence in accordance with procedures that are reasonably adequate for their protection, and in accordance with procedures customarily used in the industry to protect rights of like importance.

3.17 Books and Records. York and its Subsidiaries have made and kept (and given Buyer Parties access to) Books and Records and accounts, which, in reasonable detail, accurately and fairly reflect in all material respects the activities, transactions and dispositions of assets of York and its Subsidiaries. The minute books of York and its Subsidiaries accurately reflect all material actions and proceedings taken to date by the board of directors (or the Person or Persons performing similar functions), stockholders, members and committees (other than the compensation committee of York's board of directors, which does not keep minutes of its meetings) of York and its Subsidiaries, as applicable, and such minute books contain true and complete copies of the charter, by-laws and other charter documents of York and its Subsidiaries and all related amendments. The Equity Security record books of York reflect accurately all transactions in its capital stock or other Equity Security of all classes. Neither York nor any of its Subsidiaries has engaged in any material transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds which have been and are reflected in the normally maintained Books and Records of York and its Subsidiaries.

3.18 Environmental Matters.

(a) Except as set forth in Section 3.18(a) of the Seller Disclosure Schedule, (i) neither York nor any of its Subsidiaries has generated, used, transported, treated, stored, released or disposed of, and has not knowingly suffered or permitted any other Person to generate, use, transport, treat, store, release or dispose of any Hazardous Substance in violation of any Laws, (ii) there has not been any generation, use, transportation, treatment, storage, release or disposal of any Hazardous Substance by York or any of its Subsidiaries in connection with the operation of its business or the use of any property or facility which has created or might reasonably be expected to create any material liability under any Laws or which would require reporting to or notification of any Governmental Entity, (iii) to the Knowledge of York, there has not been any generation, use, transportation, treatment, storage, release or disposal of any Hazardous Substance in connection with the operation of any former property or facility of York and its Subsidiaries or any nearby or adjacent properties or facilities, which has created or might reasonably be expected to create any material liability under any Laws or which would require reporting to or notification of any Governmental Entity, (iv) to the Knowledge of York, no asbestos or polychlorinated biphenyl or underground storage tank is contained in or located at any property or facility of York and its Subsidiaries and (v) to the Knowledge of York, any Hazardous Substance handled or dealt with in any way in connection with York and its Subsidiaries has been and is being handled or dealt with in all respects in material compliance with applicable Laws.

(b) Neither York nor its Subsidiaries has (i) received notice that it is a potentially responsible party for a federal or state environmental cleanup site or for corrective action under CERCLA or any other applicable Law, (ii) submitted or been required to submit any notice pursuant to Section 103(c) of CERCLA, (iii) received any written request for information in connection with any federal or state environmental cleanup site, or (iv) been required to undertake any prospective or remedial action or clean-up action of any kind at the request of any Governmental Entity, or at the request of any other Person relating to any applicable environmental Law.

(c) The businesses of York and its Subsidiaries have been and are being conducted in material compliance with all applicable federal, state and local environmental Laws.

3.19 Certain Interests.

(a) No Affiliate of York, no officer, director or employee of York or its Subsidiaries, and no Associate of any thereof, has any material interest in any property or assets used by York or any of its Subsidiaries for their respective businesses; no such Person except as set forth in Schedule 3.19(a) of the Seller Disclosure Schedule is indebted or otherwise obligated to York or any of its Subsidiaries; neither York nor any of its Subsidiaries is indebted or otherwise obligated to any such Person, except for amounts due under normal compensation arrangements applicable to all employees generally as to salary or reimbursement of ordinary business expenses not unusual in amount or significance. Except as set forth in Schedule 3.19(a) of the Seller Disclosure Schedule, the consummation of the transactions contemplated by this Agreement will not (either alone, or upon the occurrence of any act or event, or with the lapse of time, or both) result in any benefit or payment (severance or other) arising or becoming due from York and its Subsidiaries or any of their Affiliates or their successors or assigns (including Buyer Parties or any of their respective Affiliates) of any thereof to any Person (including York, its Subsidiaries, any Affiliate of York or any Associate of any thereof).

(b) No officer, director, employee, Associate or Affiliate of York either (i) is, (ii) directly or indirectly, has a financial interest in or (iii) is a director, officer or employee of, any Person which is a client of, supplier to, customer of or competitor of York and its Subsidiaries.

3.20 Related Party Transactions.

(a) Neither York nor any of its Subsidiaries has or will have engaged during the three (3) years prior to the Closing Date in any transaction with any Affiliate or any Associate thereof other than York or any of its Subsidiaries. Other than to York or any of its Subsidiaries, York and its Subsidiaries do not have any liabilities or obligations to any Affiliate or any Associate thereof and none of such Affiliates or any Associate thereof has any obligations to York or any of its Subsidiaries.

(b) None of York, Seller or any of their Affiliates, directors or officers owns any material direct or indirect interest of any kind in (other than passive investments in mutual funds or other institutional investment vehicles), or controls, or is a director or officer of, or has the right to participate materially in the profits of (other than passive investments in mutual funds or other institutional investment vehicles), any Person that is (A) a competitor, supplier, customer, landlord, tenant, creditor or debtor of York and its Subsidiaries or (B) engaged in a business substantially related to the business of York and its Subsidiaries.

3.21 Prohibited Payments. To the Knowledge of York, neither York nor any of its Subsidiaries has, directly or indirectly, (a) made, requested or demanded any bribes, kickbacks or other payments, directly or indirectly, to or from any Person or any Representative thereof, to obtain favorable treatment in securing business or otherwise to obtain special concessions for York or any of its Subsidiaries, (b) made any bribes, kickbacks or other payments, directly or indirectly, to or for the benefit of any Governmental Entity or political party or any official, employee or agent thereof, for the purpose of affecting his or her action or the action of the Governmental Entity or political party that he or she represents to obtain favorable treatment in securing business or to obtain special concessions for York or any of its Subsidiaries, (c) established or maintained any unrecorded fund or asset for any purpose or knowingly made any false entries on the Books and Records of York or any of its Subsidiaries for any reason, (d) paid or delivered any fee, commission or any other sum of money or item of property, however characterized, to any finder, agent, government official or other party, in the United States or any other country, which in any manner relates to the assets, businesses or operations of York or any of its Subsidiaries that York or any of its Subsidiaries, as applicable, knows or has reason to believe to have been illegal under any federal, state or local Laws (or any rules or regulations thereunder) of the United States or any other country having jurisdiction or (e) otherwise used funds of York or any of its Subsidiaries for any illegal purpose, including, without limitation, any violation of the Foreign Corrupt Practices Act of the United States.

3.22 No Brokers or Finders. Except as set forth in Section 3.22 of the Seller Disclosure Schedule, no agent, broker, finder or investment or commercial banker, or other Person or firm engaged by or acting on behalf of York or its Subsidiaries or Affiliates in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement, is or will be entitled to any broker's or finder's or similar fees or other commissions as a result of this Agreement or such transactions.

3.23 Accuracy of Information. None of the information supplied or to be supplied by or on behalf of York or its Subsidiaries by an authorized representative of Seller, York or its Subsidiaries (a) to any Person for inclusion in any document or application filed with any Governmental Entity having jurisdiction over or in connection with the transactions contemplated by this Agreement or (b) to Buyer Parties or their Representatives in connection with this Agreement, the transactions contemplated by this Agreement or the negotiations leading up to this Agreement, contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. If any of such material information at any time subsequent to delivery and prior to the Closing Date becomes untrue or misleading in any material respect, York will promptly notify Buyer Parties in writing of such fact and the reason for such change, but such notification shall not constitute by itself an admission of the inaccuracy of any representation and warranty or breach of any covenant hereunder. All documents required to be filed by York and its Subsidiaries with any Governmental Entity in connection with this Agreement or the transactions contemplated by this Agreement comply in all material respects with the provisions of applicable Law.

3.24 Accounting Internal Controls. York and its Subsidiaries have records that reflect their material transactions since their dates of formation, and since the Acquisition Date have maintained internal accounting controls sufficient to provide reasonable assurance that in all material respects (a) transactions are executed in accordance with managements' general or specific authorizations, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, and to maintain accountability for assets, (c) access to assets is permitted only in accordance with York's or its Subsidiaries' managements' general or specific authorizations and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and reasonably appropriate action is taken with respect to any differences. Such records, to the extent they contain important information that is not easily and readily available elsewhere, have been duplicated and, to the Knowledge of York, such duplicates are stored safely and securely pursuant to reasonable procedures and techniques utilized by companies of comparable size in similar lines of business.

3.25 Banking Relationships. Section 3.25 of the Seller Disclosure Schedule sets forth a complete and accurate description of all arrangements that York and its Subsidiaries have with any banks, savings and loan associations or other financial institutions providing for checking accounts, safe deposit boxes, borrowing arrangements, and certificates of deposit or otherwise, indicating in each case account numbers, if applicable, and the Person or Persons authorized to act or sign on behalf of York and its Subsidiaries in respect of any of the foregoing.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES REGARDING SELLER

Seller hereby represents and warrants to Buyer Parties as of the date hereof and as of the Closing Date, except as to any representation or warranty that specifically relates to another date or another period, in which case such representation or warranty shall relate to such other date or other period, and except as set forth in the Seller Disclosure Schedule, as follows:

4.1 Authorization. Seller has all requisite power, authority and legal capacity to execute and deliver this Agreement, the Ancillary Agreements and each other agreement, document, instrument or certificate contemplated hereby or thereby to be executed by him in connection with the consummation of the transactions contemplated by the Agreement and the Ancillary Agreements, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement and the Ancillary Agreements by Seller and the consummation by Seller of the transactions contemplated hereby and thereby are duly and validly authorized by Seller. This Agreement has been, and each of the Ancillary Agreements to which he is a party shall be, duly executed and delivered by Seller and constitutes or will constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar Laws and equitable principles relating to or limiting creditors' rights generally.

4.2 No Conflicts. Except as set forth in Section 4.2 of the Seller Disclosure Schedule, the execution and delivery of this Agreement and each of the Ancillary Agreements to which Seller is a party, the consummation of the transactions contemplated hereby and thereby or compliance by Seller with any of the provisions hereof or thereof will not violate the provisions of, or constitute a breach or default whether upon lapse of time and/or the occurrence of any act or event or otherwise, or result in the creation or vesting of any payment or other right of any Person, under (a) any Law or Order of any Governmental Entity applicable to Seller or by which any of the properties or assets of Seller are bound or (b) any material Contract or Permit to which Seller is a party or by which any of the properties or assets of Seller are bound.

4.3 Ownership and Transfer of Shares. Seller is the record and beneficial owner of 500 Shares, free and clear of any and all Encumbrances, except those Encumbrances arising under the Existing Stockholders Agreement. Seller has the power and authority to sell, transfer, assign and deliver such Shares as provided in this Agreement, and such delivery will convey to Buyer Parties good and marketable title to such Shares, free and clear of any and all Encumbrances. Other than the Existing Stockholders Agreement, Seller is not a party to any Contract with respect to any Equity Securities of York or its Subsidiaries, including, but not limited to, any Contract that could require Seller to sell, transfer, or otherwise dispose of any of his Shares other than pursuant to this Agreement.

4.4 Consents, etc. Except as set forth on Section 4.4 of the Seller Disclosure Schedule, there are no Permits, Orders or Approvals of any Governmental Entity or any other Person required to be obtained by Seller in order to execute and deliver this Agreement and consummate the transactions contemplated hereunder. Except as set forth on Section 4.4 of the Seller Disclosure Schedule, Seller has obtained all such Permits, Orders and Approvals necessary for the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, except for filings and registrations pursuant to the HSR Act.

4.5 Litigation. There is no Order or Action pending or, to the Knowledge of Seller, threatened that seeks to prohibit or restrain the ability of Seller to enter into this Agreement or consummate the transactions contemplated hereby.

4.6 No Brokers or Finders. Except for Chapman Associates, the fees and expenses of which are the responsibility of Seller, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Seller in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

ARTICLE V
COVENANTS AND AGREEMENTS OF THE PARTIES

5.1 Expenses.

(a) Subject to the provisions of Article VIII hereof and Section 1.3, Seller shall pay all of his Expenses (other than the Company Transaction Expenses). In addition, Seller shall pay one quarter of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated hereby and by the Bexil Purchase Agreement.

(b) Subject to the provisions of Article VIII hereof and Section 1.3, Buyer Parties shall pay all of the Expenses incurred by Buyer Parties and their respective Affiliates. In addition, Buyer Parties shall pay one half of the aggregate of any HSR Act filing fees paid with respect to the transactions contemplated hereby and by the Bexil Purchase Agreement.

5.2 Publicity.

(a) No party hereto shall issue any press release or other public statement, with respect to the existence of this Agreement or the transactions contemplated hereby, except as may be required by Law (if so required, such press release or public statement shall be made only after consultation among the parties hereto), or as consented to by the parties.

(b) Each party hereto agrees that the terms of this Agreement shall not be disclosed or otherwise made available to the public and that copies of this Agreement shall not be publicly filed or otherwise made available to the public, except where such disclosure, availability or filing is required by applicable Law and only to the extent required by such Law.

5.3 Additional Agreements; Approvals; Consents. Upon the terms and subject to the conditions set forth in this Agreement, each party hereto agrees, both before and after the Closing, to use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to confirm and further the effectiveness of, in the most expeditious manner practicable, the transactions contemplated by this Agreement. The actions contemplated by this Section 5.3 shall include, but are not limited to: (a) the procurement of any Approvals from all Governmental Entities and the making of any necessary registrations or filings (including filings with Governmental Entities) and the taking of all reasonable steps as may be necessary to obtain an Approval from, or to avoid an action or proceeding by, any Governmental Entity; (b) giving all notices to, and making all registrations and filings with third parties, including without limitation submissions of information requested by Governmental Entities; provided, however, that neither Seller nor any of Buyer Parties shall be required to make any payments, commence litigation or agree to modifications of the terms thereof in order to obtain any such waivers or Approvals; (c) obtaining all necessary Permits required to be obtained under applicable Laws; (d) the defense of any Actions, whether judicial or administrative, challenging this Agreement and the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed; (e) the execution and delivery of any additional instruments reasonably necessary to consummate the transactions contemplated by this Agreement; and (f) the fulfillment of all conditions to this Agreement for which the party is responsible. Nothing in this Section 5.3 shall be considered a waiver by a party of any condition to the other parties' obligation to consummate the transactions contemplated hereby, including, without limitation, obligations under any section of this Agreement to have obtained all necessary Approvals of any Governmental Entities or third parties prior to or on the Closing Date and each party hereby expressly reserves all remedies as provided herein relating to any breach by the other parties of any representation or warranty or covenant in respect hereof.

5.4 Books and Records. From and after the Closing Date, to the extent reasonably requested by any party hereto, each party hereto shall, and shall cause their respective Affiliates to, cooperate with and make available to the other party, during normal business hours, all Books and Records, information and employees (without substantial disruption of employment), as well as access to, and the cooperation of, the auditors of such party, retained and remaining in existence after the Closing which are necessary or useful in connection with any Tax inquiry, audit, investigation or dispute, any litigation or investigation or any other matter requiring any such Books and Records, information or employees, or access to such auditors, for any reasonable business purpose. The party requesting any such Books and Records, information or employees, or access to such auditors, shall bear all of the out-of-pocket costs and expenses (including, without limitation, attorneys' fees, but excluding any reimbursement for salaries or benefits) reasonably incurred in connection with providing such Books and Records, information or employees, or access to such auditors.

5.5 Notification of Certain Matters. A party shall give prompt notice to the other party after becoming aware of (a) the occurrence, or failure to occur, of any event that would be likely to cause (x) any representation or warranty contained in this Agreement to be untrue or inaccurate in any material respect or (y) a material adverse effect on a party's ability to consummate the transactions contemplated by this Agreement; and (b) any failure of any party to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by it under this Agreement. No such notification shall affect, or be deemed to cure any breach of, the representations, warranties, covenants and agreements of the parties or the conditions to their respective obligations hereunder. Seller shall also give prompt notice to Buyer Parties of (a) any Default, or (b) any claim made by, or Action threatened or commenced against, York or any of its Subsidiaries, in either case, of which Seller has Knowledge, occurring prior to the Closing Date in an amount in excess of $50,000, individually. The notification obligations of each party set forth in this Section 5.5 shall expire on the Closing Date.

5.6 Investigation by Buyer Parties. Subject to the Confidentiality Agreement, from the date hereof through the Closing Date, Seller shall cause York to, and shall cause York's Representatives to, afford the Representatives of Buyer Parties and their respective Affiliates reasonable access during normal business hours upon prior written notice to the business for the purpose of inspecting the same, and to the officers, employees, agents, attorneys, accountants, properties, Books and Records and Contracts of York and its Subsidiaries, and shall cause York to furnish Buyer Parties and their Representatives with all financial, operating and other data and information as Buyer Parties or their Affiliates, through their respective Representatives, may reasonably request, including (i) all information reasonably necessary for Buyer Parties to monitor and confirm the amounts of the Stockholder Distributions, Funded Debt and Cash and (ii) an unaudited balance sheet and the related statements of income, stockholders equity and cash flow for each month from the date hereof through the Closing Date within 15 business days after the end of each month, which financial statements shall in all material respects (a) be true, correct and complete, (b) be in accordance with the Books and Records of York and its Subsidiaries and (c) accurately set forth the assets, liabilities and financial condition, results of operations and other information purported to be set forth therein in accordance with GAAP consistently applied (except that no financial statement footnotes will be provided nor will typical year end audit adjustments be made).

5.7 Conduct of Business. From the date hereof through the Closing, Seller shall cause York and each of its Subsidiaries to, except as contemplated by this Agreement, or as consented to by Buyer Parties in writing, which shall not be unreasonably withheld or delayed, operate its business in the ordinary course of business and in accordance with past practice and to not take any action inconsistent with this Agreement or with the consummation of the Closing. Without limiting the generality of the foregoing, Seller shall cause York to not, and to not permit any of its Subsidiaries to, except as specifically contemplated by this Agreement or as consented to by Buyer Parties in writing, which shall not be unreasonably withheld or delayed:

(a) Change or amend the charter, by-laws or any other charter documents of York or its Subsidiaries (including, but not limited to, any certificate of designation or similar document), except as contemplated by this Agreement;

(b) Change its accounting methods, principles or practices affecting assets or liabilities (other than changes required by GAAP or applicable Law after the date of this Agreement);

(c) Settle or compromise any matter with Tax authorities or make, revoke or change any material Tax election which could affect any of Buyer Parties, York or York's Subsidiaries after the Closing;

(d) Materially revalue any assets, including, without limitation, writing down the value of goodwill or inventory or writing off notes or accounts receivable (other than as required by GAAP or applicable Law after the date of this Agreement or consistent with past practices);

(e) Cancel any Funded Debt (except under the Wachovia Agreement) or waive, compromise or release any material right or claim relating to York's activities, properties or other assets;

(f) Other than the Stockholder Distributions made in compliance with applicable Law and set forth on the Closing Purchase Price Certificate, declare, set aside, make or pay any dividend or other distribution in respect of York's Equity Securities;

(g) Issue, repurchase or redeem or commit to issue, repurchase or redeem, any shares of York's Equity Securities, any options or other rights to acquire such shares of Equity Securities or any securities convertible into or exchangeable for such shares of Equity Securities;

(h) Amend, cancel or terminate any Material Agreement, or material Permit relating to York or its Subsidiaries or enter into any Material Agreement, or material Permit which is not in the ordinary course of business, including, without limitation, any employment or consulting agreements except as contemplated hereunder;

(i) Acquire any assets, execute any lease (other than renewals or extensions of existing leases in the ordinary course of business or any other lease with (i) aggregate payments to be made by York and its Subsidiaries thereunder not in excess of $300,000, individually and (ii) an unexpired term not in excess of 10 years

after the date hereof) or sell, assign, transfer, convey, lease, license, mortgage, pledge, abandon, permit to lapse, or otherwise dispose of or encumber any material assets of York or its Subsidiaries, or any interests therein, except in the ordinary course of business;

(j) Acquire by merger or consolidation with, or merge or consolidate with, or purchase substantially all of the assets of, or otherwise acquire any material assets or business of, any corporation, partnership, association or other business organization or division thereof;

(k) Incur any liability or obligation for interest bearing indebtedness (other than borrowings under the Wachovia Agreement to be used for the sole purposes of funding Stockholder Distributions or for general operating purposes), or guarantee the liabilities or obligations of others, indemnify others or incur any other material liability or obligation, other than indemnification obligations made to York's customers and vendors in the ordinary course of business with respect to commercial arrangements with such customers and vendors; (l) Take any action with respect to the grant of any bonus, severance or termination pay (otherwise than pursuant to policies or agreements of York or its Subsidiaries in effect on the date hereof that are described in Section 3.14(a) of the Seller Disclosure Schedule or pursuant to Year-End Compensation Arrangements) or with respect to any increase of benefits payable under its severance or termination pay policies or agreements in effect on the date hereof or increase in any manner the compensation or fringe benefits of any director, officer, employee, consultant, Representative of York and its Subsidiaries (otherwise than as required by policies or agreements of York or its Subsidiaries in effect on the date hereof that are described in Section 3.14(a) of the Seller Disclosure Schedule), or pay any benefit not required by any existing Plan or policy;

(m) Adopt, enter into or amend any Plan, agreement (including, without limitation, any collective bargaining or employment agreement), trust, fund or other arrangement for the benefit or welfare of any employee, except for any such amendment as may be required to comply with applicable Laws, or fail to maintain all Plans in accordance with applicable Laws in all material respects;

(n) Make any change in the key management personnel of York or its Subsidiaries listed in Section 5.7(n) of the Seller Disclosure Schedule;

(o) Hire any additional officers, except as may be consistent with prior practices and as may be commercially reasonable, provided that the annual salary of any such additional officer does not exceed $100,000, individually;

(p) Enter into, materially modify or materially revise any agreement or transaction with any Principal or any of its Affiliates;

(q) Willingly allow or permit to be done, any act by which any of York's or its Subsidiaries' insurance policies may be suspended, impaired or canceled unless an amount of comparable insurance coverage would be effective at the Closing for any such suspended, impaired or cancelled insurance policies, provided that such comparable insurance would not be materially less favorable to York and its Subsidiaries than any such suspended, impaired or cancelled insurance policies;

(r) Fail to expend funds for budgeted capital expenditures or commitments;

(s) Fail to pay after the expiration of any applicable grace periods its accounts payable and any indebtedness owed or obligations due, or pay or discharge when due any liabilities or obligations, in the ordinary course of business, other than if disputed in good faith;

(t) Fail to attempt to collect its accounts receivable in the ordinary course of business consistent with past practices;

(u) Fail to maintain the assets of the business in a commercially reasonable manner, but no less than substantially their current state of repair, excepting normal wear and tear, or fail to replace consistent with York's past practice inoperable, worn-out or obsolete or destroyed assets that are necessary for the operation of York;

(v) Fail to comply in any material respect with all Laws applicable to it;

(w) Intentionally do any other act which could cause any representation or warranty of York in this Agreement to be or become untrue in any material respect;

(x) Fail to use its commercially reasonable efforts to (i) retain York's and its Subsidiaries' employees so that such employees will remain available to York on and after the Closing Date, (ii) maintain York's and its Subsidiaries' businesses so that such employees will remain available to York on and after the Closing Date, (iii) maintain existing relationships with material suppliers, customers and others having business dealings with York or any of its Subsidiaries and (iv) otherwise preserve the goodwill of York's and its Subsidiaries' businesses so that such relationships and goodwill will be preserved on and after the Closing Date;

(y) Enter into any agreement, or otherwise become obligated, to do any action prohibited hereunder; or

(z) Issue any additional EARs.

5.8 No Solicitation of Other Proposals. Notwithstanding anything in the Existing Stockholders Agreement to the contrary, prior to the earlier of the Closing or the termination of this Agreement pursuant to Section 9.1, Seller shall not and shall cause York not to, directly or indirectly, take (and Seller shall not authorize or permit any of his or York's Representatives or, to the extent within Seller's control, other Affiliates to take) any action to (i) encourage (including by way of furnishing non-public information), solicit, initiate or facilitate any Takeover Proposal, (ii) enter into any agreement with respect to any Takeover Proposal or enter into any agreement, arrangement or understanding requiring York or Seller to abandon, terminate or fail to consummate the Transactions or any other transaction contemplated by this Agreement, or (iii) participate in any way in discussions or negotiations with, or furnish any information to, any Person in connection with, or take any other action to facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to lead to, any Takeover Proposal. Seller hereby represents that it is not now engaged in discussions or negotiations with any Person other than Buyer Parties with respect to any Takeover Proposal.

5.9 Closing Purchase Price Certificate; Transaction Expense Statement At least two business days prior to the Closing Date, Seller shall cause York to provide to Buyer Parties: (i) a true and complete written report substantially in the form attached hereto as Annex I (which shall be certified by the chief financial officer of York and acceptable to Buyer Parties in their reasonable discretion) (the "Closing Purchase Price Certificate") of the calculation of the Stockholder Distributions as of the Closing Date, estimated Cash as of the Closing Date, estimated Funded Debt as of the Closing Date, Aggregate Funded Debt Borrowings (if any), Aggregate Funded Debt Repayments (if any) and the estimated Cash Deficiency (if any) as of the Closing Date, together with all supporting calculations of the foregoing and (ii) a true and complete written report substantially in the form attached hereto as Annex II (which shall be certified by the chief financial officer of York and acceptable to Buyer Parties in their reasonable discretion) setting forth an itemized list of any and all Company Transaction Expenses incurred in connection with the consummation of the transactions contemplated hereby, together with invoices or other evidence reasonably satisfactory to Buyer Parties from Persons to whom such Company Transaction Expenses are owed or have been paid, with respect to all Company Transaction Expenses owed or paid to such Persons (the "Transaction Expense Statement"). Seller shall cause York to provide to Buyer Parties reasonable access to all Books and Records of York relevant to the calculations included in the Closing Purchase Price Certificate and the Transaction Expense Statement and to all personnel of York that participated in the preparation of the Closing Purchase Price Certificate and the Transaction Expense Statement.

5.10 Assistance with Financing. Seller, at Buyer Parties' sole expense, shall use his commercially reasonable efforts to, and to cause York and its Subsidiaries to, cooperate with Buyer Parties and the arrangers, lenders and advisors to any Buyer Party, in each case in connection with the arrangement of any financing, the proceeds of which are to be used to consummate, or otherwise to be consummated contemporaneous with or at or after the Closing in respect of the transactions contemplated by this Agreement, including, without limitation, participation in meetings during normal business hours and with reasonable prior notice (including direct contact between York's senior management and prospective lenders and investors), due diligence sessions during normal business hours and with reasonable prior notice, road shows and rating agency presentations during normal business hours and with reasonable prior notice; the preparation of confidential information memoranda, offering memoranda, private placement memoranda, registration statements, prospectuses and similar documents,

provided that Seller shall not be required to agree to become personally responsible or liable to the distributees thereof for the information set forth therein; participation in the negotiation of any commitment letters, underwriting or placement agreements, indentures, supplemental indentures, Loan agreements, escrow and security agreements, pledge and security documents, other definitive financing documents, or other requested certificates or documents, including a certificate of the chief financial officer of York and its Subsidiaries with respect to solvency matters. Seller will use his commercially reasonable efforts to cause York's independent auditors, at Buyer Parties' sole expense, to (i) cooperate in connection with any such financing and (ii) cooperate in due diligence and drafting sessions with arrangers and/or placement agents in connection with any such financing. Seller will use his commercially reasonable efforts to assist Buyer Parties, at Buyer Parties' sole expense, in satisfying all of the conditions to the financing contemplated by the Commitment Letters.

5.11 Invention Assignment Agreements. From and after the date hereof, Seller shall use commercially reasonable efforts to cause York to obtain, on or prior to the Closing Date, from all employees, agents, consultants, contractors or other Persons who are, or have been, involved in the development of Intellectual Property for or on behalf of York or any Subsidiary to execute appropriate instruments of assignment in favor of York or any of its Subsidiaries as assignee to convey to York or any of its Subsidiaries ownership of Intellectual Property developed by such employees, agents, consultants, contractors or other Persons on behalf of York or any of its Subsidiaries.

5.12 EAR Plan. Prior to the Closing Date, Seller shall cause York to take all actions necessary or appropriate to provide that all EARs granted and vested under the EAR Plan, which on or prior to the Closing Date have become vested and exercisable in accordance with their terms and which are listed on Schedule 5.12 (the "Vested EARs"), shall be cancelled by York and shall no longer be outstanding thereafter. In consideration for such cancellation, York shall pay to the holder of each such Vested EAR a cash amount equal to the excess (if any) of (a) the Vested EAR unit value as of the Closing Date over (b) the Vested EAR unit value as of the date of grant (the aggregate amount of such payment shall be referred to herein as the "EAR Cash Out Amount"). For the avoidance of doubt, (x) no accelerated vesting or exercisability shall occur with respect to any EARs in connection with the transactions contemplated by this Agreement; and (y) York shall not pay any EAR Cash Out Amount with respect to any EARs other than the Vested EARs.

5.13 Existing Stockholders Agreement. Seller hereby waives in accordance with Section 18 of the Existing Stockholders Agreement any and all rights that Seller may have pursuant to the Existing Stockholders Agreement (including, without limitation, those set forth in Sections 2, 5 and 11 thereof) with respect to the execution and delivery by Bexil of the Bexil Purchase Agreement and the consummation of the transactions contemplated by the Bexil Purchase Agreement (including, without limitation, the Bexil Sale), provided, however, that this waiver shall terminate and shall be null and void, and of no further force or effect, upon a termination of this Agreement in accordance with its terms. In addition, other than with respect to Stockholder Distributions, Seller hereby agrees, solely in his capacity as a stockholder of York, that he will not approve any of the transactions described in Section 1(e) of the Existing Stockholders Agreement without the prior written consent of Buyer Parties.

5.14 Consideration for Bexil Sale. Buyer Parties agree not to increase the aggregate consideration for the Bexil Shares to be sold to Buyer Parties in the Bexil Sale from that set forth in the Bexil Purchase Agreement delivered to Seller on the date of this Agreement unless Buyer Parties shall agree to increase the Purchase Price payable hereunder proportionately with any such increase in the aggregate consideration for the Bexil Shares.

5.15 Merger of Buyer and York. As promptly as practicable following the Closing, Buyer Parties shall cause Buyer to be merged with and into York (the "Merger"), whereby the separate corporate existence of Buyer shall cease and York shall continue as the surviving corporation. Upon the effectiveness of the Merger (the "Effective Time"), (i) all of the property, rights, privileges, powers and franchises of Buyer and York shall vest in York, as the surviving corporation, and all debts, liabilities and duties of Buyer and York shall become the debts, liabilities and duties of York, as the surviving corporation, (ii) each of the Shares outstanding immediately prior to the Effective Time will be cancelled and extinguished and (iii) each share of common stock of Buyer issued and outstanding immediately prior to the Effective Time shall be canceled and extinguished and automatically converted into the right to receive one or more newly-issued Shares.

5.16 Stock Option Plan. On or prior to the Closing, Parent shall have adopted the Stock Option Plan with the terms and conditions described on Exhibit F-1 attached hereto and pursuant to which the individuals listed on Exhibit F-2 attached hereto will be granted options to purchase such number of shares of Parent Common Stock as set forth on Exhibit F-2 attached hereto.

ARTICLE VI
TAX INDEMNITIES, FILING REQUIREMENTS AND OTHER POST-CLOSING MATTERS

6.1 Seller Indemnity. Except for the matters described on Schedule 6.1, Seller shall indemnify and hold harmless Parent, Taxpayers, and each of their respective Affiliates, successors, and assigns, from and against all Taxes (i) with respect to all periods beginning on or after the Acquisition Date and ending on or prior to the Closing Date, (ii) with respect to any period beginning on or after the Acquisition Date but before the Closing Date and ending after the Closing Date, but only with respect to the portion of such period up to and including the Closing Date (such portion, a "Pre-Closing Partial Period") or (iii) payable as a result of a breach of any representation or warranty set forth in Section 3.9. The post-Closing Date portion of any period ending after the Closing Date and beginning before the Closing Date is hereinafter called a "Post-Closing Partial Period".

6.2 Allocation Between Partial Periods. Any Taxes for a period, including a Pre-Closing Partial Period and a Post-Closing Partial Period, shall be apportioned between such Pre-Closing Partial Period and such Post-Closing Partial Period, based, in the case of real and personal property Taxes, on a per diem basis and, in the case of other Taxes, on the actual activities, taxable income or taxable loss of the applicable entity during such Pre-Closing Partial Period and such Post-Closing Partial Period.

6.3 Post-Closing Audits and Other Proceedings. Seller and Parent agree to give prompt notice to each other of any proposed adjustment to Taxes for periods ending on or prior to the Closing Date or any Pre-Closing Partial Period. Seller and Parent shall cooperate with each other in the conduct of any audit or other proceedings involving any Taxpayer for such periods and each may participate at its own expense, provided that Seller shall have the right to control the conduct of any such audit or proceeding only if Seller agrees that any resulting Tax is covered by the indemnity provided in Section 6.1. Notwithstanding the foregoing, Seller may not settle or otherwise resolve any such claim, suit or proceeding materially affecting the Taxpayers for a Post-Closing Partial Period or any other period subsequent to the Closing without the consent of Parent, such consent not to be unreasonably withheld or delayed.

6.4 Cooperation. Seller and Parent agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance (including access to books and records) relating to the Taxpayers as is reasonably necessary for the preparation of any return for Taxes, claim for refund or audit, and the prosecution or defense of any claim, suit or proceeding relating to any proposed adjustment.

6.5 Miscellaneous. To the extent that any provision contained in this Article VI conflicts with any other provision contained in Article VIII (other than Section 8.4(b)), this Article VI shall govern.

ARTICLE VII
CONDITIONS TO THE CLOSING

7.1 Conditions to the Closing Relating to Buyer Parties. Buyer Parties' obligation to consummate the transactions contemplated hereby is subject to the fulfillment or written waiver, prior to or at the Closing Date, of each of the following conditions:

(a) Representations, Warranties and Covenants. All representations and warranties of Seller contained in this Agreement and qualified by the words "material," "material adverse effect" and similar phrases shall be true and correct in all respects, and all representations and warranties of Seller contained in this Agreement that are not so qualified shall be true and correct in all material respects, in each case, at and as of the date of this Agreement and at and as of the Closing Date, except for those representations and warranties that speak as of a particular date, which will continue to be true and correct as of such date, and Seller shall have performed and

satisfied in all material respects all agreements and covenants required hereby to be performed by him prior to or on the Closing Date.

(b) Regulatory Consents, Authorizations, etc. All consents, authorizations, Orders and Approvals of, and filings and registrations with any Governmental Entity (including pursuant to the HSR Act) or any other Person which are required for or in connection with the execution and delivery of this Agreement and the consummation by each party hereto of the transactions contemplated hereby, shall have been obtained or made. The applicable waiting period, including all extensions thereof, under the HSR Act shall have expired or been terminated.

(c) Litigation; Other Events. No Law or Order shall have been enacted, entered, issued, promulgated or enforced by any Governmental Entity, nor shall any Action be pending or threatened, which questions the validity or legality of, or prohibits or restricts or, if successful, would prohibit or restrict, the transactions contemplated by this Agreement or would not permit York or its Subsidiaries as presently operated to continue unimpaired in all material respects following the Closing Date or which would have any material adverse effect on the right or ability of Buyer Parties to own, operate, possess or transfer York and its Subsidiaries after the Closing.

(d) Deliveries. The deliveries referred to in Section 1.5(a) shall have been made.

(e) Certificates. Seller shall have furnished Buyer Parties with such certificates to evidence compliance with the conditions set forth in this Section 7.1 as may be reasonably requested by them.

(f) Material Adverse Effect. Since the Reference Balance Sheet Date, there shall not have been any Material Adverse Effect on York.

(g) Consummation of the Bexil Sale. The Bexil Sale and the other transactions contemplated by the Bexil Purchase Agreement shall have been consummated.

(h) Financing. Buyer Parties (or their Affiliates) shall have obtained the debt financing on the terms and for the purposes set forth in the term sheets included in each of the Commitment Letters.

(i) Additional Management Investment. Each of James Sweeney and Mark Aussicker (collectively, the "Executives") shall have (i) invested in Parent an aggregate of at least $650,000 and $425,000, respectively, to acquire shares of Parent Common Stock at the same purchase price and on the same terms and conditions as the investment that is made by affiliates of Odyssey Investment Partners, LLC in Parent and (ii) executed and delivered the Executive Stockholders Agreement.

(j) Other Agreements. Each of the Ancillary Agreements shall have been executed and delivered by the parties thereto.

(k) Resignations. Buyer Parties shall have received the resignations of each of the directors of York and its Subsidiaries.

(l) Legal Opinion. Buyer Parties shall have received the legal opinion of Wilson, Elser, Moskowitz, Edelman & Dicker LLP, counsel to Seller, substantially in the form of Exhibit B hereto.

7.2 Conditions to the Closing Related to Seller. Seller's obligation to consummate the transactions contemplated hereby is subject to the fulfillment or waiver, prior to or at the Closing Date, of each of the following conditions:

(a) Representations, Warranties and Covenants. All representations and warranties of Buyer Parties contained in this Agreement and qualified by the words "material," "material adverse effect" and similar phrases shall be true and correct in all respects, and all representations and warranties of Buyer Parties contained in this Agreement that are not so qualified shall be true and correct in all material respects, in each case, at and as of the date of this Agreement and at and as of the Closing Date, except for those representations and warranties that speak as of a particular date, which will continue to be true and correct as of such date, and Buyer Parties shall have performed and satisfied in all material respects all agreements and covenants required hereby to be performed by them prior to or on the Closing Date.

(b) Regulatory Consents, Authorizations, etc. All consents, authorizations, Orders and Approvals of, and filings and registrations with any Governmental Entity (including pursuant to the HSR Act) which are required for or in connection with the execution and delivery of this Agreement and the consummation by each party hereto of the transactions contemplated hereby, shall have been obtained or made. The applicable waiting period, including all extensions thereof, under the HSR Act shall have expired or been terminated.

(c) Litigation; Other Events. No Law or Order shall have been enacted, entered, issued, promulgated or enforced by any Governmental Entity, nor shall any Action be pending or threatened, which questions the validity or legality of, or prohibits or restricts or, if successful, would prohibit or restrict, the transactions contemplated by this Agreement.

(d) Deliveries. The deliveries referred to in Section 1.5(b) shall have been made.

(e) Purchase Price. Seller shall have received the payment required by Section 1.2(a).

(f) Certificates. Buyer Parties shall have furnished Seller with such certificates of its officers and others to evidence compliance with the conditions set forth in this Section 7.2 as may be reasonably requested by Seller.

(g) Other Agreements. Each Buyer Party shall have executed and delivered the Ancillary Agreements to which such Buyer Party is a party.

(h) Legal Opinion. Seller shall have received the legal opinion of Latham & Watkins LLP, counsel to Buyer Parties, substantially in the form of Exhibit G hereto.

ARTICLE VIII
INDEMNITY

8.1 Survival of Representations, Warranties and Covenants. The representations and warranties of Seller contained in Articles III and IV shall survive the Closing until twelve (12) months after the Closing Date, without regard to any investigation made by Buyer Parties (whether prior to, on or after the Closing), unless Parent notifies Seller in writing prior to such date of any specific claim or claims for alleged breach of any such representation or warranty, in which case such representation or warranty shall survive with respect to such claim until the final resolution by settlement, arbitration, litigation or otherwise of any such claim; provided that the representations and warranties contained in Sections 3.1, 3.2, 3.6, 4.1 and 4.3 (collectively, the "Seller Title Representations") shall survive indefinitely; and provided further, that the representations and warranties contained in Section 3.9 shall survive through the applicable statutes of limitations, including all extensions thereof plus sixty (60) days. No investigation made by any of the parties hereto (whether prior to, on or after the Closing) shall in any way limit the representations and warranties of the parties. All representations and warranties of Buyer Parties contained in Article II shall survive until twelve (12) months after the Closing Date, provided that the representations and warranties contained in Sections 2.1, 2.2, 2.9 and 2.10 shall survive indefinitely (collectively, the "Buyer Title Representations"). The covenants and agreements of the parties contained herein shall survive the Closing in accordance with their respective terms, provided that the covenants contained in Article VIII or otherwise in the event no term is specified in such covenant, shall survive indefinitely. The Tax indemnities provided by Article VI shall survive through the applicable statutes of limitations, including all extensions thereof, plus sixty (60) days.

8.2 Indemnification by Seller. Seller shall indemnify and hold harmless Parent, its Affiliates (including York and its Subsidiaries) and their respective directors, officers, employees and Affiliates ("Buyer Indemnified Parties") from and against any and all Losses that may be sustained, suffered or incurred by Parent, its Affiliates or any other Buyer Indemnified Party arising out of or relating to (i) any inaccuracy in or breach of any of Seller's representations and warranties contained in this Agreement or (ii) any breach or nonperformance of any covenants or agreements made by Seller in or pursuant to this Agreement.

8.3 Indemnification by Parent. Parent shall indemnify Seller and his Affiliates (including York and its Subsidiaries) and their respective directors, officers, employees and Affiliates ("Seller Indemnified Parties") from

and against any and all Losses that may be sustained, suffered or incurred by Seller, its Affiliates or any other Seller Indemnified Party arising out of or relating to (i) any inaccuracy in or breach of Buyer Parties' representations and warranties contained in this Agreement or (ii) any breach or nonperformance of any covenants or agreements made by Buyer Parties in or pursuant to this Agreement.

8.4 Limitations on Indemnity.

(a) General. The indemnification obligations of Seller and Buyer Parties pursuant to Section 8.2 or 8.3, respectively, shall be limited to claims for Losses made prior to the last date of the respective survival periods thereof referred to in Section 8.1.

(b) Maximum Liability.

(i) Seller's Cap. Subject to subsection (c) of this Section 8.4 and except as otherwise provided in the immediately following sentence, the maximum aggregate amount of Losses for which Seller shall be liable for claims made pursuant to Section 8.2 and Article VI hereof, other than with respect to the Seller Title Representations, shall be an amount equal to $4,500,000. All claims made pursuant to Section 8.2 with respect to the Seller Title Representations shall be fully reimbursable and shall not be subject to any limitation or cap.

(ii) Buyer Parties' Cap. Subject to subsection (c) of this Section 8.4. and except as otherwise provided in the immediately following sentence, the maximum aggregate amount of Losses for which Parent shall be liable for claims made pursuant to Section 8.3 hereof, other than with respect to the Buyer Title Representations, shall be an amount equal to $4,500,000. All claims made pursuant to Section 8.3 with respect to the Buyer Title Representations shall be fully reimbursable and shall not be subject to any limitation or cap.

(c) Thresholds.

(i) Seller's Threshold. Except as otherwise provided in the immediately following sentence no Buyer Indemnified Party shall seek, or be entitled to, indemnification from Seller pursuant to Section 8.2 until the aggregate amount of Losses incurred or suffered by all Buyer Indemnified Parties under such section exceeds $1,250,000 (the "Seller's Indemnity Threshold"), and once the Buyer Indemnified Parties have incurred or suffered aggregate Losses exceeding the Seller's Indemnity Threshold, the Buyer Indemnified Parties shall be entitled to the full amount of all Losses that exceed the Seller's Indemnity Threshold. All claims made pursuant to Section 8.2 hereof with respect to the Seller Title Representations shall in each case be fully reimbursable and are not subject to the Seller's Indemnity Threshold.

(ii) Parent's Threshold. Except as otherwise provided in the immediately following sentence, no Seller Indemnified Party shall seek, or be entitled to, indemnification from Parent pursuant to Section 8.3 until the aggregate amount of Losses incurred or suffered by all Seller Indemnified Parties under such section exceeds $1,250,000 (the "Parent's Indemnity Threshold"), and once the Seller Indemnified Parties have incurred or suffered aggregate Losses exceeding the Parent's Indemnity Threshold, the Seller Indemnified Parties shall be entitled to the full amount of all Seller Claims that exceed the Parent's Indemnity Threshold. All claims made pursuant to Section 8.3 hereof with respect to the Buyer Title Representations shall in each case be fully reimbursable and are not subject to the Parent's Indemnity Threshold.

8.5 Procedure.

(a) If any party shall seek indemnification with respect to any Loss or potential Loss arising from a claim asserted by a third party (including a notice of Tax audit or request to waive or extend a statute of limitations applicable to any Tax) for which such party seeking indemnification (the "Indemnified Party") is entitled to indemnification under this Article VIII, then the Indemnified Party shall promptly notify the other party (the "Indemnifying Party") in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party (except to the extent notice is not delivered prior to the expiration of the applicable expiration provision contained in Section 8.1) shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent that) the Indemnifying Party is prejudiced thereby.

(b) An Indemnifying Party will have the right to defend the Indemnified Party against the claim with counsel of its choice, reasonably satisfactory to the Indemnified Party, so long as (i) the Indemnifying Party notifies the Indemnified Party in writing, within ten (10) days after the Indemnified Party has given notice of the claim, that the Indemnifying Party will satisfy its indemnification obligations to the extent required under this Article VIII, (ii) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the claim and to fulfill its indemnification obligations hereunder, (iii) the claim involves only money damages and does not seek injunctive or other equitable relief, (iv) settlement of, or an adverse judgment with respect to, the claim is not, in the reasonable and good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice or result in an outcome that is materially adverse to the continuing business interests of the Indemnified Party and (v) the Indemnifying Party conducts the defense of the claim actively, diligently and completely. So long as the Indemnifying Party is conducting the defense of the claim in accordance with this Section 8.5(b), (x) the Indemnified Party may participate in the defense of the claim through separate co-counsel, but the retention of any such separate counsel shall be at the sole cost and expense of the Indemnified Party; provided, however, if the named Persons to a lawsuit or other legal action include both the Indemnifying Party and the Indemnified Party and the Indemnified Party has been advised in writing by counsel that there may be one or more legal defenses available to such Indemnified Party that are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall be entitled, at the Indemnifying Party's cost, risk and expense, to separate counsel of its own choosing, (y) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed and (z) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed.

(c) In the event any of the conditions of Section 8.5(b) above is or becomes unsatisfied, however, (i) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the claim in any manner it may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (ii) subject to Section 8.4, the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against the claim (including attorneys' fees and expenses reasonably incurred), and (iii) the Indemnifying Party will remain responsible to indemnify the Indemnified Party to the extent required under this Article VIII.

(d) The parties to this Agreement shall execute such powers of attorney as may be necessary or appropriate to permit participation of counsel selected by any party hereto and, as may be reasonably related to any such claim, shall provide access to the counsel, accountants, and other Representatives of each party during normal business hours and with prior notice to all properties, personnel, books, tax records, Contracts, commitments and all other business records of such other party and will furnish to such other party at such other party's sole expense copies of all documents as may reasonably be requested (certified if requested).

8.6 Exclusive Remedy. Except for actions grounded in fraud or deceit and except with respect to covenants requiring performance in whole or in part after the Closing, the parties hereto acknowledge and agree that from and after the Closing, the indemnification provisions in this Article VIII shall be the exclusive remedy of Buyer Parties, Seller, Buyer Indemnified Parties and Seller Indemnified Parties with respect to the transactions contemplated by this Agreement and by the Ancillary Agreements. With respect to actions grounded in fraud or deceit and with respect to covenants requiring performance in whole or in part after the Closing, (A) the right of a party to be indemnified and held harmless pursuant to this Article VIII (including the limitations set forth in Section 8.4) shall be in addition to and cumulative of any other remedy of such party at law or in equity and (B) no such party shall, by exercising any remedy available to it under this Article VIII, be deemed to have elected such remedy exclusively or to have waived any other remedy, whether at Law or in equity, available to it.

8.7 No Right of Contribution. Seller acknowledges and agrees that, upon and after the Closing, York and its Subsidiaries shall not have any liability or obligation to indemnify, save or hold harmless or otherwise pay, reimburse or make any Buyer Indemnified Party or Seller Indemnified Party whole for or on account of any

untruth, inaccuracy or incorrectness of, or other breach of, any representation or warranty or the nonfulfillment, nonperformance, nonobservance or other breach or violation of, or default under, any covenant or agreement of Seller, and Seller shall have no right of contribution against York and its Subsidiaries.

8.8 Insurance Proceeds. Seller and Buyer Parties agree for themselves and on behalf of their respective Affiliates that, with respect to the indemnification provisions contained in this Agreement, all Losses shall be net of any third-party insurance proceeds received by or for the benefit of the Indemnified Party from its own or its Affiliates' insurance policies in connection with the facts giving rise to the right of indemnification (after deducting reasonable costs and expenses incurred in connection with recovery of such proceeds, including deductibles and premium increases).

8.9 Right to Seek Payment. For so long as any portion of the Escrow Amount remains outstanding and subject to the Escrow Agreement, Seller and Buyer Parties acknowledge and agree that a Buyer Indemnified Party entitled to indemnification under Articles VIII or VI shall seek payment for Losses, subject to the limitations set forth in Sections 8.4, in the following order (i) first, against the Escrow Amount, and (ii) second, if the Escrow Amount is insufficient for Losses with respect to Seller Title Representations, directly against Seller; provided, however, that the Buyer Indemnified Parties shall not, with respect to any Loss, be entitled to recover more than the amount of such Loss from all such sources in the aggregate.

ARTICLE IX
MISCELLANEOUS

9.1 Termination.

(a) This Agreement may be terminated at any time prior to Closing:

(i) by Seller and by action of the board of directors of Buyer Parties;

(ii) by Buyer Parties, on the one hand, or Seller, on the other hand, if the Closing shall not have occurred on or before June 30, 2006 (the "Outside Date"); provided, however, that the right to terminate this Agreement under this Section 9.1(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Transactions to occur on or before such date;

(iii) by Buyer Parties, on the one hand, or Seller, on the other hand,, if any Governmental Entity shall have issued an Order or taken any other action (including the failure to take action) permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement, and such Order shall have become final and non-appealable;

(iv) by Buyer Parties if there is a material breach of any representation or warranty set forth in Articles III or IV hereof or any covenant or agreement to be complied with or performed by Seller pursuant to the terms of this Agreement or the failure of a condition set forth in Section 7.1 to be satisfied (and such condition is not waived in writing by Buyer Parties) on or prior to the Closing Date, or the occurrence of any event which results or would result in the failure of a condition set forth in Section 7.1 to be satisfied on or prior to the Closing Date; provided that Buyer Parties may not terminate this Agreement prior to the 30th day following the occurrence of such failure if such failure is capable of being cured and Seller is using reasonable best efforts to cure such failure;

(v) by Seller if there is a material breach of any representation or warranty set forth in Article II hereof or of any covenant or agreement to be complied with or performed by any Buyer Party pursuant to the terms of this Agreement or the failure of a condition set forth in Section 7.2 to be satisfied (and such condition is not waived in writing by Seller) on or prior to the Closing Date, or the occurrence of any event which results or would result in the failure of a condition set forth in Section 7.2 to be satisfied on or prior to the Closing Date; provided that Seller may not terminate this Agreement prior to the 30th day following the occurrence of such failure if such failure is capable of being cured and Buyer is using reasonable best efforts to cure such failure;

(vi) by Buyer Parties, if since the date of this Agreement, there shall have been any event, development or change of circumstance that constitutes, has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on York or a material adverse effect on Seller's ability to consummate the transactions contemplated by this Agreement; or

(vii) by Buyer Parties, on the one hand, or Seller, on the other hand, if the Bexil Purchase Agreement shall have been terminated prior to the consummation of the Bexil Sale and the other transactions contemplated thereby.

(b) In the Event of Termination. In the event of termination of this Agreement:

(i) each party will redeliver all documents, work papers and other material of the other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same;

(ii) the provisions of the Confidentiality Agreement shall continue in full force and effect; and

(iii) neither party hereto shall have any Liability to the other party to this Agreement, except:

(A) with respect to any Losses incurred or suffered by any party as a result of the breach by the other party hereto of any of their representations, warranties, covenants or other agreements set forth in this Agreement;

(B) if (i) this Agreement is terminated pursuant to Section 9.1(a)(iv) (other than as a result of the failure of a condition set forth in Sections 7.1(b), 7.1(c), 7.1(g), 7.1(h) or 7.1(l)) or (vi), then Seller shall be obligated to pay to Buyer Parties an amount equal to the sum of the Buyer Parties' Expenses up to $1,750,000; provided, however, that Seller shall not be obligated to pay the Buyer Parties' Expenses if this Agreement is terminated pursuant to Sections 9.1(a)(i), 9.1(a)(ii), 9.1(a)(iii), 9.1(a)(v) or 9.1(a)(vii); and provided, further, that for the avoidance of doubt, in the event that Buyer Parties receive any reimbursement for their Expenses pursuant to the Bexil Agreement such reimbursed Expenses shall be deducted from any reimbursement pursuant to this Section 9.1(a)(iii)(B);

(C) Upon termination of the Agreement pursuant to Section 9.1(a)(iv) (other than as a result of the failure of a condition set forth in Section 7.1(h)) or (vii), Seller shall not, for a period of fifteen (15) months following such date of termination (the "Lock-Up Period"), without the prior written consent of Parent, directly or indirectly, (1) Transfer, or enter into any agreement, option or other arrangement (including any profit sharing arrangement) with respect to the Transfer of any Equity Securities of York held by Seller as of such date of termination and thereafter acquired by Seller during the Lock-Up Period (such Equity Securities held by Seller and thereafter acquired by Seller during the Lock-Up Period, the "Subject Shares") to any Person (other than a Permitted Transferee who agrees in writing, in form and substance reasonably satisfactory to Parent, to be bound by the provisions of this Section 9.1(b)(iii)(C)), (2) grant any proxies, deposit any Subject Shares into any voting trust or enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to the Subject Shares, (3) at any duly called meeting of the stockholders of York, or in any action by written consent of the stockholders of York, vote or consent (or cause to be voted or consented), in favor of any Takeover Proposal, or (4) commit or agree to take any of the foregoing actions described in clauses (1), (2) and (3) above, except as specifically contemplated by this Section 9.1(b)(iii)(C). For the avoidance of doubt, Seller shall be required to pay the Lock-up Termination Fee as provided in this Section 9.1(b)(iii)(C) if York, during the Lock-up Period, enters into any agreement with respect to any Takeover Proposal that, if consummated, would result in the direct or indirect Transfer (by merger, operation of Law or otherwise) of any of the Subject Shares to any Person. Seller is entering into the agreements set forth in this Section 9.1(b)(iii)(C) solely in his capacity as the record and beneficial holder of all of the Subject Shares, and nothing in this Section 9.1(b)(iii)(C) shall limit or affect any actions taken by Seller in his capacity as a director or officer of York to the extent permitted by this Agreement or following termination of this Agreement. The provisions of this Section 9.1(b)(iii)(C) shall automatically be waived by Parent (subject to Section 9.1(b)(iii)(D)) in connection with the execution by York or Seller of a definitive agreement with respect to a Takeover Proposal upon the payment by Seller to Parent of a 50% installment of the fee of $4,000,000 (such $4,000,000 fee, the "Lock-Up Termination Fee"). The Lock-Up Termination Fee is payable as follows: 50% of the Lock-Up Termination Fee in immediately available funds upon the execution of a definitive agreement with respect to such Takeover Proposal (a "Takeover Agreement");

provided that the entire Lock-Up Termination Fee shall be payable upon execution of a Takeover Agreement unless Seller enters into an agreement with Parent in accordance with the provisions of this Section 9.1(b)(iii)(C) and reasonably satisfactory to Parent whereby Seller shall agree to pay the remaining 50% of the Lock-Up Termination Fee to Parent immediately upon consummation of such Takeover Proposal pursuant to such Takeover Agreement (regardless of whether such transaction is consummated during or after the Lock-Up Period). Upon consummation of such Takeover Proposal and the payment of 50% of the Lock-Up Termination Fee described above at such consummation, the provisions of this Section 9.1(b)(iii)(C) shall automatically terminate.

(D) In the event that a Takeover Agreement is executed during the Lock-Up Period, and the related Takeover Proposal is terminated prior to its consummation in accordance with the Takeover Agreement or otherwise, (i) Seller shall not consummate for a period of six months after the end of the Lock-Up Period any Takeover Proposal with the purchaser or purchasers (or any of such purchasers' Affiliates) party to such Takeover Agreement without the payment to Parent of the 50% balance of the Lock-Up Termination Fee, at which time Seller's obligations under Section 9.1(b)(iii)(C) shall automatically terminate, (ii) Seller may enter into a separate Takeover Agreement during the Lock-Up Period upon the execution of an agreement by Seller to Parent in accordance with the provisions of Section 9.1(b)(iii)(C) and reasonably satisfactory to Parent, whereby Seller shall agree to pay the 50% balance of the Lock-Up Termination Fee to Parent immediately upon consummation of the new Takeover Proposal pursuant to such new Takeover Agreement (regardless of whether such transaction is consummated during or after the Lock-Up Period), and upon payment of such balance, Seller's obligations under Section 9.1(b)(iii)(C) shall automatically terminate, and (iii) the Lock-Up Period shall continue in full force and effect in accordance with Section 9.1(b)(iii)(C). Nothing in Section 9.1(b)(iii)(C) or Section 9.1(b)(iii)(D) shall extend the term of the Lock-Up Period.

(c) Payments. Payment of Expenses pursuant to Section 9.1(b)(iii)(B) shall be made not later than three business days after delivery to Seller of notice of demand for payment and a documented itemization setting forth in reasonable detail all Expenses of Buyer Parties (which itemization may be supplemented and updated from time to time by Buyer Parties until the 90th day after such party delivers such notice of demand for payment without postponing the time for payment of previously submitted Expenses). All payments under Section 9.1 shall be made by wire transfer of immediately available funds to an account designated by Buyer Parties. Seller and Buyer Parties acknowledge that the agreements contained in this Section 9.1 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, Buyer Parties would not enter into this Agreement. Accordingly, if Seller fails promptly to pay any amount due to Buyer Parties pursuant to this Section 9.1 and, in order to obtain such payment, Buyer Parties commence a suit which results in a judgment against Seller for the fees and expenses set forth in this Section 9.1, Seller shall pay to the Buyer Parties their costs and expenses (including reasonable attorney's fees and expenses) incurred in connection with such suit, together with interest on the aggregate amount of the fees and expenses at a rate equal to the prime rate reported in the Wall Street Journal on the date such payment was required to be made pursuant to Section 9.1 plus two (2) percent.

9.2 Notices. All notices and other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered personally or when sent by telex, telecopy or other electronic or digital transmission method (including, but not limited to, in portable document format by electronic mail) or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage prepaid, to the party to whom it is directed or one (1) business day after being sent via a nationally recognized courier service for next business day delivery, to the party to whom it is directed:

If to any Buyer Party, to:
c/o Odyssey Investment Partners, LLC
280 Park Avenue, 38th Floor West
New York, NY 10017
Attention: Douglas Rotatori
Jeffrey McKibben
Facsimile: (212) 351-7925
E-Mail: drotatori@odysseyinvestment.com
jmckibben@odysseyinvestment.com

With copies to:
Latham & Watkins LLP
885 Third Avenue
Suite 1000
New York, NY 10022
Attention: Robert F. Kennedy, Esq.
Facsimile: (212) 751-4864
E-Mail: robert.kennedy@lw.com

If to Seller, to:
Thomas C. MacArthur
4 Fox Run
Randolph, NJ 07869
Facsimile: (973) 328-7646
E-Mail: tom.macarthur@york-claims.com

With copies to:
Wilson, Elser, Moskowitz, Edelman & Dicker LLP
150 East 42nd Street
New York, NY 10017
Attention: Jerry B. Black, Esq.
Facsimile: (212) 490-3838
E-Mail: jerry.black@wilsonelser.com

or for any party, at such other address as such party shall have specified in writing to each of the others in accordance with this Section 9.2.

9.3 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

9.4 Section Headings. The section headings of this Agreement are for convenience of reference only and shall not be deemed to limit or affect any of the provisions hereof.

9.5 Amendments; No Waivers.

(a) Any provision of this Agreement may be waived or amended if, and only if, such amendment or waiver is in writing and signed by each of the parties hereto.

(b) No failure by any party hereto to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement, or to exercise any right or remedy consequent upon a breach hereof, shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition hereof.

9.6 Entire Agreement; No Assignment. This Agreement (including the Exhibits hereto, the Seller Disclosure Schedule and any amendments hereto), the Ancillary Agreements and the Confidentiality Agreement (a) constitute the entire agreement and understandings of the parties hereto and supersedes all prior agreements and understandings, both written and oral, among the parties hereto with respect to the subject matter hereof, including, without limitation, the letter of intent dated September 27, 2005 and (b) are not intended to confer upon any other Person any rights or remedies hereunder, and this Agreement shall not be assigned, by operation of Law or otherwise prior to the Closing; provided that Buyer Parties may assign their rights under this Agreement to any of its Affiliates and to any lender(s) (or any agent on their behalf) providing financing for the transactions contemplated hereby upon prior notice to Seller; provided further, that no such assignment shall relieve Buyer Parties of their obligations hereunder.

9.7 Governing Law. This Agreement and all claims arising out of or relating to it shall be governed by and construed in accordance with the Laws of the State of New York, without consideration to the principles of conflicts of law thereof that would result in the application of any Law other than the Law of the State of New York.

9.8 Severability. If it is determined by a court of competent jurisdiction that any provision of this Agreement is invalid under applicable law, such provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of this Agreement.

9.9 Cumulative Remedies. All rights and remedies of either party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

9.10 Jurisdiction. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO AND ACCEPTS FOR ITSELF AND ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF AND SERVICE OF PROCESS PURSUANT TO THE LAWS AND RULES OF THE STATE OF NEW YORK AND THE UNITED STATES OF AMERICA AND THE RULES OF COURTS OF THE STATE OF NEW YORK AND THE FEDERAL COURTS IN THE SOUTHERN DISTRICT OF NEW YORK, WAIVES ANY DEFENSE OF FORUM NON CONVENIENS AND AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY ARISING UNDER OR OUT OF, IN RESPECT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED DOCUMENT OR OBLIGATION. EACH PARTY FURTHER IRREVOCABLY DESIGNATES AND APPOINTS THE INDIVIDUAL IDENTIFIED IN OR PURSUANT TO SECTION 9.2 HEREOF TO RECEIVE NOTICES ON ITS BEHALF, AS ITS AGENT TO RECEIVE ON ITS BEHALF SERVICE OF ALL PROCESS IN ANY SUCH ACTION BEFORE ANY BODY, SUCH SERVICE BEING HEREBY ACKNOWLEDGED TO BE EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. A COPY OF ANY SUCH PROCESS SO SERVED SHALL BE MAILED BY REGISTERED MAIL TO EACH PARTY AT ITS ADDRESS PROVIDED IN SECTION 9.2. IF ANY AGENT SO APPOINTED REFUSES TO ACCEPT SERVICE, THE DESIGNATING PARTY HEREBY AGREES THAT SERVICE OF PROCESS SUFFICIENT FOR PERSONAL JURISDICTION IN ANY ACTION AGAINST IT IN THE APPLICABLE JURISDICTION MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ITS ADDRESS PROVIDED IN SECTION 9.2. EACH PARTY HEREBY ACKNOWLEDGES THAT SUCH SERVICE SHALL BE EFFECTIVE AND BINDING IN EVERY RESPECT. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF ANY PARTY TO BRING ANY ACTION OR PROCEEDING AGAINST THE OTHER PARTY IN ANY OTHER JURISDICTION.

9.11 Attorneys' Fees. In the event of any proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses incurred in connection with such proceeding, including court costs and reasonable attorneys' fees, whether or not such proceeding is prosecuted to judgment.

ARTICLE X
DEFINITIONS

10.1 General. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires,

(a) The terms defined in this Article X include the plural as well as the singular,

(b) All accounting terms not otherwise defined herein have the meanings assigned under GAAP,

(c) All references in this Agreement to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of the body of this Agreement,

(d) Pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, and

(e) The words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

10.2 Definitions. As used in this Agreement and the Exhibits and Schedules delivered pursuant to this Agreement, the following definitions shall apply:

"Acquisition Date" means January 18, 2002.

"Action" means any action, complaint, petition, investigation, suit or other proceeding, whether civil or criminal, in Law or in equity, or before any arbitrator or Governmental Entity.

"Affiliate" means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified Person.

"Aggregate Funded Debt Borrowings" means the net increase of Funded Debt (if any) (other than Capitalized Leases) from May 31, 2005 until the Closing Date.

"Aggregate Funded Debt Repayments" means the net reduction of Funded Debt (if any) (other than Capitalized Leases) from May 31, 2005 until the Closing Date.

"Agreement" means this Agreement by and among Buyer, Parent and Seller, as amended or supplemented, together with all Exhibits and Schedules attached or incorporated by reference.

"AIG" means, together with its Affiliates and Subsidiaries, American International Group, Inc.

"Ancillary Agreements" means the Stockholders Agreement, Executive Stockholders Agreement, the Management Services Agreement, the Employment Agreement and the Escrow Agreement.

"Approval" means any approval, authorization, consent, qualification or registration, or any waiver of any of the foregoing, required to be obtained from, or any notice, statement or other communication required to be filed with or delivered to, any Governmental Entity or which is material in the case of any other Person.

"Associate" of a Person means (a) a corporation or organization (other than York or a party to this Agreement) of which such Person or any Associate is an officer, director or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (b) any trust or other estate in which such Person or any Associate has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity and (c) any relative or spouse of such Person or any relative of such spouse who has the same home as such Person.

"Audited Financial Statements" has the meaning set forth in Section 3.7(a) hereof.

"Bexil" has the meaning set forth in the third recital to this Agreement.

"Bexil Sale" has the meaning set forth in the third recital of this Agreement

"Bexil Shares" has the meaning set forth in the third recital of this Agreement.

"Books and Records" shall mean (a) all records and lists of York and its Subsidiaries pertaining to their respective assets, (b) all records and lists pertaining to the business, customers, suppliers or personnel of York and its Subsidiaries, (c) all product, business and marketing plans of York and its Subsidiaries and (d) all books, ledgers, files, reports, plans, drawings and operating records of every kind maintained by York and its Subsidiaries.

"Buyer" has the meaning set forth in the preamble to this Agreement.

"Buyer Indemnified Parties" has the meaning set forth in Section 8.2 hereof.

"Buyer Parties" has the meaning set forth in the preamble to this Agreement.

"Buyer Title Representations" has the meaning set forth in Section 8.1.

"Capitalized Leases" means leases required to be capitalized for financial reporting purposes in accordance with GAAP.

"Cash" means cash and cash equivalents (including marketable securities) of York and its Subsidiaries as would be reflected on a consolidated balance sheet of York and its Subsidiaries prepared in accordance with GAAP.

"Cash Amount" means $110,000,000 less the sum of (a) the Purchase Price (as defined in the Bexil Purchase Agreement) paid for the Bexil Shares pursuant to the Bexil Purchase Agreement, (b) 50% of the aggregate amount of Funded Debt as of May 31, 2005 (other than Capitalized Leases), (c) the greater of: (x) the sum of the

Stockholder Distributions and Aggregate Funded Debt Repayments and (y) the sum of the Aggregate Funded Debt Borrowings and the Cash Deficiency Amount; provided, however, for the avoidance of doubt, if the amounts obtained from the calculations in items (x) and (y) of this clause (c) are identical, then this clause (c) shall equal the amount obtained from the calculation set forth in item (x), and (d) the Company Transaction Expenses.

"Cash Consideration Per Share" means the Cash Amount divided by the MacArthur Shares.

"Cash Deficiency Amount" means the amount (if positive) by which (a) $7,800,000 exceeds (b) Cash as of the Closing Date. "CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. Sections 9601, et seq., and the regulations promulgated thereunder.

"Closing" means the consummation of the Transactions and the other transactions contemplated by this Agreement.

"Closing Date" has the meaning set forth in Section 1.4 hereof.

"Closing Purchase Price Certificate" has the meaning set forth in Section 5.9 hereof.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

"Commitment Letters" has the meaning set forth in Section 2.7 hereof.

"Company Transaction Expenses" means (i) any prepayment, redemption or defeasance premiums or penalties or LIBOR breakage fees incurred by York or its Subsidiaries in connection with the repayment, redemption or defeasance of Funded Debt (including, without limitation, any Funded Debt outstanding pursuant to the Wachovia Agreement or the Loan and Security Agreement) at or prior to Closing in connection with the transactions contemplated by this Agreement, (ii) fees and expenses of counsel, accountants, investment bankers, financial advisors, experts and consultants to York or any of its Subsidiaries incurred in connection with this Agreement and the transactions contemplated hereby, (iii) the EAR Cash Amount, (iv) any payment or promises for payment made by York or its Subsidiaries to management, executives or other employees as a result of the transactions contemplated by this Agreement, (v) cash fees paid to third parties that are parties to Contracts with York or any of its Subsidiaries in order to obtain the consent of such third parties to this Agreement and the transactions contemplated hereby or due to the vesting of any payment right as a result of such transactions and (vi) the costs and expenses incurred by York (not otherwise reimbursed by Seller and Bexil) in connection with the Stockholder Distributions (including, without limitation, the costs and expenses of entering into the Wachovia Agreement).

"Confidentiality Agreement" means that certain Confidentiality Agreement between Odyssey Investment Partners, LLC and Chapman Associates dated as of March 18, 2005.

"Contract" means any agreement, arrangement, bond, insurance policy, commitment, franchise, indemnity, indenture, instrument, lease, license, insurance policy or understanding, whether or not in writing.

"Contribution Amount" means $10,000,000.

"Default" shall mean (a) a breach of or default under any Contract, License or Permit, (b) the occurrence of an event that with the passage of time or the giving of notice or both would constitute a breach of or default under any Contract, License or Permit, or (c) the occurrence of an event that with or without the passage of time or the giving of notice or both would give rise to a right of termination, renegotiation or acceleration under any Contract, License or Permit.

"EAR Cash Out Amount" has the meaning set forth in Section 5.12 hereof.

"EAR Plan" means that Key Contributor Recognition and Long-Term Incentive Compensation Plan adopted by York on April 4, 2003 and becoming effective on January 1, 2003, granting EARs to selected executives and other key contributors.

"EARs" mean those stock appreciation rights, referred to as Enterprise Appreciation Rights in the EAR Plan, granted to selected executives and other key contributors under the EAR Plan.

"Effective Time" has the meaning set forth in Section 5.15 hereof.

"Employment Agreement" means that certain employment agreement, dated as of the date hereof, by and between Parent and Seller, attached hereto as Exhibit I.

"Encumbrance" means any claim, charge, easement, encumbrance, lease, covenant, security interest, mortgage, lien, option, pledge, rights of others, restriction (whether on voting, sale, transfer, disposition or otherwise), or other encumbrance whatsoever, whether imposed by agreement, understanding, law, equity or otherwise, except for any restrictions on transfer generally arising under any applicable federal or state securities Law.

"Equity Securities" means any capital stock or other equity interest or any securities convertible into or exchangeable for capital stock or any other rights, warrants or options to acquire any of the foregoing securities.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the related regulations and published interpretations.

"ERISA Affiliate" means any entity which is considered one employer with York or any of its Subsidiaries under Section 4001 of ERISA or Section 414 of the Code.

"Escrow Agreement" has the meaning set forth in Section 1.2(c) hereof.

"Escrow Amount" means $4,500,000.

"Escrow Amount Per Share" means the Escrow Amount divided by the MacArthur Shares (other than the MacArthur Contribution Shares).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Executive Stockholders Agreement" has the meaning set forth in Section 2.10 hereof.

"Existing Stockholders Agreement" has the meaning set forth in Section 1.5(a)(iii) hereof.

"Executives" has the meaning set forth in Section 7.1(i) hereof.

"Expenses" includes all reasonable out-of-pocket expenses (including, without limitation, all fees and expenses of counsel, accountants, investment bankers, lenders, financing sources, experts and consultants to a party hereto and its Affiliates) incurred by a party or on its behalf in connection with or related to the authorization, preparation, negotiation, execution and performance of this Agreement and the Bexil Purchase Agreement and the transactions contemplated hereby and thereby.

"Financial Statements" has the meaning set forth in Section 3.7(a) hereof.

"Funded Debt" means, without duplication, the sum of (a) all principal and accrued (but unpaid) interest owing by York or any of its Subsidiaries for debt for borrowed money owed or evidenced by letters of credit, notes, bonds or similar instruments, (b) all obligations of York or any of its Subsidiaries as lessee or lessees under Capitalized Leases, (c) indebtedness of any Person other than York or any of its Subsidiaries guaranteed in any manner by York or any of its Subsidiaries (whether as a guarantor or a surety), and (d) mark-to-market losses on hedging arrangements as would be reflected on a consolidated balance sheet of York prepared in accordance with GAAP; provided that notwithstanding the foregoing, in no event shall "Funded Debt" include liabilities or obligations of York or any of its Subsidiaries incurred or arranged by Buyer Parties or their respective Affiliates in connection with the transactions contemplated hereby.

"GAAP" means accounting principles generally accepted in the United States of America, including generally accepted accounting principles as interpreted by the SEC.

"Governmental Entity" means any governmental or regulatory body, agency, bureau, commission, court, department, official, political subdivision, tribunal or other instrumentality of any government, whether federal, state or local, domestic or foreign.

"Hazardous Substance" shall mean: (a) any "Hazardous Substance" as defined in CERCLA and (b) any substances that are defined or listed in, or otherwise classified or regulated pursuant to, any other applicable Laws as

"hazardous substances," "hazardous materials," "hazardous wastes" or "toxic substances," or for which exposure to or use of is prohibited, limited or regulated by reason of deleterious properties such as ignitibility, corrosivity, reactivity, radioactivity, carcinogenicity, reproductive toxicity or "EP toxicity."

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indemnified Party" has the meaning set forth in Section 8.5(a) hereof.

"Indemnifying Party" has the meaning set forth in Section 8.5(a) hereof.

"Intellectual Property" means (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all provisionals, reissuances, continuations, continuations-in-part, divisions, revisions, extensions, and reexaminations thereof, (ii) all trademarks, service marks, trade dress, logos, brand names, trade names, domain names and corporate names, together with all translations, adaptations, derivations, and combinations thereof, and all applications, registrations, and renewals in connection therewith, (iii) all copyrightable works, all copyrights, any and all website content, and all applications, registrations, and renewals in connection therewith, (iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, research records, records of inventions, test information, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), and (v) all source code and object code versions of computer software (including data and related documentation).

"Interim Balance Sheet" shall mean the unaudited consolidated balance sheet of York and its Subsidiaries, dated as of November 30, 2005 included in the Interim Financial Statements.

"Interim Financial Statements" has the meaning set forth in Section 3.7(a) hereof.

"IRS" means the Internal Revenue Service or any successor.

"Knowledge" or "to its best knowledge" and like terms shall mean, with respect to (i) York, the actual knowledge of Thomas C. MacArthur; (ii) Buyer Parties, the actual knowledge of Douglas Rotatori and Jeffrey McKibben and (iii) Seller, the actual knowledge of Thomas C. MacArthur; provided that, in each case, knowledge of a particular fact or other matter shall also be deemed to exist if any individual could reasonably be expected to be aware of such fact or other matter after a reasonable inquiry concerning the existence of such fact or other matter.

"Law" means any constitutional provision, laws, statutes, ordinances, regulations, rules, notice requirements, court decisions, agency guidelines, interpretations, principles of law and Orders of any Governmental Entity, including without limitation environmental laws, energy, motor vehicle safety, public utility, zoning, building and health codes, occupational safety and health and laws respecting employment practices, employee documentation, terms and conditions of employment and wages and hours.

"Leased Property" has the meaning set forth in Section 3.10(b) hereof.

"License" means any consent, certificate of authority, authorization, Approval or any written waiver of the foregoing, required to be issued by any state insurance department.

"Loan and Security Agreement" means that certain Loan and Security Agreement between Merchants New York Commercial Corp. and York, York Claims Service, Inc., York STB, Inc., York SCI, Inc. and York Claims Service of Nevada, Inc., dated as of January 18, 2002.

"Lock-Up Period" has the meaning set forth in Section 9.1(b)(iii)(C) hereof.

"Lock-Up Termination Fee" has the meaning set forth in Section 9.1(b)(iii)(C) hereof.

"Loss" means any action, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including,

without limitation, interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by the specified Person.

"MacArthur Contribution" has the meaning set forth in the first recital of this Agreement.

"MacArthur Contribution Amount" means the amount obtained (rounded to the nearest whole share) by dividing the Contribution Amount by the Cash Consideration Per Share.

"MacArthur Contribution Shares" has the meaning set forth in the first recital of this Agreement.

"MacArthur Sale" has the meaning set forth in the first recital of this Agreement.

"MacArthur Sale Amount" means the MacArthur Shares less the MacArthur Contribution Amount.

"MacArthur Shares" has the meaning set forth in the first recital of this Agreement.

"MacArthur Transactions" has the meaning set forth in the first recital of this Agreement.

"Management Services Agreements" means that certain management services agreement to be entered into on or prior to the Closing Date by and between Parent and Odyssey Investment Partners, LLC, substantially in the form of Exhibit H hereto, as such agreement may be modified at the request of Parent's financing sources in a manner not adverse to the interests of Seller.

"Material Adverse Effect" means, with respect to any Person, any adverse change in the condition (financial or otherwise), business or results of operations of such Person or any of its Subsidiaries which is material to such Person and its Subsidiaries, taken as a whole, other than any change or effect resulting from or arising out of (A) changes or conditions generally affecting the industries or segments in which such Person operates or (B) changes in local, regional or national general economic, market or political conditions which, in the case of (A) or (B), is not specifically related to, or does not have a materially disproportionate effect (relative to other industry participants) on, such Person.

"Material Agreement" has the meaning set forth in Section 3.11(a) hereof.

"Merger" has the meaning set forth in Section 5.15 hereof.

"Net Consideration Per Share" means the Cash Consideration Per Share less the Escrow Amount Per Share.

"Order" means any decree, injunction, judgment, order, ruling, assessment or writ of any Governmental Entity.

"Other Stockholders Agreement" has the meaning set forth in Section 2.10 hereof.

"Outside Date" has the meaning set forth in Section 9.1(a)(ii) hereof.

"Parent" has the meaning set forth in the preamble to this Agreement.

"Parent Capitalization" means the aggregate amount of the equity contributions made to, and aggregate purchase price of capital stock purchases from, Parent by any Persons, other than Seller, in connection with the Closing.

"Parent Capitalization Shares" means the aggregate number of issued and outstanding shares of Parent Common Stock upon the Closing (other than Rollover Shares).

"Parent Common Stock" has the meaning set forth in Section 2.10 hereof.

"Parent's Indemnity Threshold" has the meaning set forth in Section 8.4(c)(ii) hereof.

"Permit" means any franchise, Order or Approval or any waiver of the foregoing, required to be issued by any Governmental Entity.

"Permitted Liens" means (a) statutory Encumbrances of landlords, carriers, warehousemen, mechanics and materialmen and other Encumbrances imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, (b) Encumbrances incurred or deposits made in the ordinary

course in connection with workers' compensation, unemployment insurance and similar obligations, (c) interests in equipment under Capitalized Leases or equipment leases, entered into in the ordinary course of business and not exceeding a total of $1.0 million, (d) liens, claims or charges for taxes, assessments or governmental charges or claims the payment of which is not yet due, or which are being disputed in good faith and for which adequate reserve has been made, (e) Encumbrances incurred or deposits made in the ordinary course of business to landlords, utilities and other service providers, and (f) Encumbrances to which the interest of a lessee or sublessee may be subject under a superior lease; provided that none of the foregoing (a) through (f) shall be material to the business of York and its Subsidiaries either individually or in the aggregate.

"Permitted Transferee" means (i) any member of Seller's immediate family or lineal descendants of Seller (the "Permitted Family Members"), (ii) trusts for the benefit of Permitted Family Members, and (iii) upon Seller's death, Seller's executors, administrators, testamentary trustees, legatees and beneficiaries; provided that, in the case of subclause (i) and (ii), Seller retains the sole and exclusive right to vote or dispose of any Subject Shares transferred to the Permitted Family Member or trust.

"Person" means an association, a corporation, an individual, a partnership, a trust, a firm or any other entity, group or organization, including a Governmental Entity.

"Plans" has the meaning set forth in Section 3.14(a) hereof.

"Post-Closing Partial Period" has the meaning set forth in Section 6.1 hereof.

"Pre-Closing Partial Period" has the meaning set forth in Section 6.1 hereof.

"Purchase Price" has the meaning set forth in Section 1.2 hereof.

"Real Property Leases" has the meaning set forth in Section 3.10(b) hereof.

"Reference Balance Sheet Date" means May 31, 2005.

"Reference Financial Statements" has the meaning set forth in Section 3.7(a) hereof.

"Registered Intellectual Property" has the meaning set forth in Section 3.16(a) hereof.

"Representative" shall mean any officer, director, principal, attorney, advisor, agent, employee or other representative.

"Rollover Ratio" means the amount obtained (rounded to four decimal places) by dividing (a) the Parent Capitalization by (b) the sum of the Parent Capitalization and the Contribution Amount.

"Rollover Shares" means the number of shares of common stock of Parent (rounded to the nearest whole share) equal to (a) the quotient obtained by dividing the (i) Parent Capitalization Shares by (ii) Rollover Ratio minus (b) the Parent Capitalization Shares.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" has the meaning set forth in Section 2.8(a) hereof.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Disclosure Schedule" means the Seller Disclosure Schedule dated the date hereof and delivered by York to Buyer Parties and annexed hereto. The Sections of the Seller Disclosure Schedule shall be numbered to correspond to the applicable Section of this Agreement. Any information disclosed on any Seller Disclosure Schedule shall be deemed to be disclosed to Buyer Parties for purposes of any representation or warranty in this Agreement the relevance of which is apparent on the face of such disclosure.

"Seller's Indemnity Threshold" has the meaning set forth in Section 8.4(c)(i) hereof.

"Seller Indemnified Parties" has the meaning set forth in Section 8.3 hereof.

"Seller Title Representations" has the meaning set forth in Section 8.1 hereof.

"Shares" means the common shares of York.

"Stock Option Plan" has the meaning set forth in Section 2.10 hereof.

"Stockholder Distributions" means the aggregate amount of cash payments made by York to Seller or Bexil (including, without limitation, with respect to any management or consulting fees) since the Reference Balance Sheet Date; provided, however, with respect to Seller, any payments by York to Seller in his capacity as a director, officer or employee of York shall not be deemed to be Stockholder Distributions.

"Stockholders Agreement" means that certain stockholders agreement, dated as of the date hereof, by and among Parent, Seller and Odyssey Investment Partners Fund III, LP, a Delaware limited partnership, attached hereto as Exhibit J.

"Subject Shares" has the meaning set forth in Section 9.1(b)(iii)(C) hereof.

"Subsidiary" means, with respect to any Person, any corporation, partnership, limited liability company or other organization, whether incorporated or unincorporated, of which such Person or any other subsidiary of such Person beneficially owns a majority of the voting or equity securities, provided, however, that, with respect to York the term "Subsidiary" shall include Underground Tank Storage Management, a Florida general partnership.

"Takeover Agreement" has the meaning set forth in Section 9.1(b)(iii)(C) hereof.

"Takeover Proposal" means any proposal or offer from any Person (other than Buyer Parties and its Affiliates) providing for any: (a) acquisition (whether in a single transaction or a series of related transactions) of assets of York having a fair market value equal to 10% or more of York's consolidated assets,(b) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of 10% or more of the voting power of York, (c) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of any of the MacArthur Shares, (d) tender offer or exchange offer that if consummated would result in any Person beneficially owning 10% or more of the voting power of York, or (e) merger, consolidation, share exchange, business combination, recapitalization or similar transaction involving York in each case, other than the Transactions.

"Tax" or "Taxes" means (i) taxes of any kind, levies or other like assessments, imposts, charges or fees, including, without limitation, income, gross receipts, ad valorem, value added, excise, real or personal property, asset, sales, use, license, payroll, transaction, capital, net worth and franchise taxes, escheat liability or other similar property rights asserted by any Governmental Entity or governmental authority, estimated taxes, withholding, employment, social security, workers compensation, utility, severance production, unemployment compensation, occupation, premium, windfall profits, transfer and gains taxes or other governmental taxes imposed or payable to the United States, or any state, county, local or foreign government or subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions to tax attributable to any such Tax and (ii) any liability for Taxes of another Person as a transferee, successor, by operation of Law, contract or otherwise.

"Taxpayer" or "Taxpayers" means York and/or its Subsidiaries.

"Tax Return" means any report, return, statement, estimate, extension request, declaration, notice, form or other information required to be supplied to a taxing authority in connection with Taxes.

"Transaction Expense Statement" has the meaning set forth in Section 5.9 hereof.

"Transactions" has the meaning set forth in the third recital of this Agreement.

"Transfer" means a transfer, sale, assignment, pledge, hypothecation or other disposition, exchange or encumbrance of or a grant of a participation interest in (whether by merger, operation of Law, contract or otherwise), including any Transfer of a voting or economic interest in, Equity Securities or other property.

"Vested EARs" has the meaning set forth in Section 5.12 hereof.

"Wachovia Agreement" means that certain loan agreement, dated December 14, 2005, by and between Wachovia, as lender, and York, as borrower.

"Wachovia Bank" means Wachovia Bank, National Association.

"Year-End Compensation Arrangements" means salary adjustments, bonus payments and other compensation payments made at the end of or for calendar year 2005 to directors, officers, employees, consultants or agents of York or its Subsidiaries which are consistent in all material respects with prior years' practices relating thereto and amounts thereof. The Year-End Compensation Arrangements for ten key management personnel and for each department of York (on an aggregate basis) are set forth on Schedule 5.2(n) of the Seller Disclosure Schedule.

"York" has the meaning set forth in the first recital to this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written:

THOMAS C. MACARTHUR

/s/ Thomas C. Macarthur

YORK INSURANCE HOLDINGS, INC.,
a Delaware corporation

By: /s/ Douglas W. Rotatori
Name: Douglas W. Rotatori
Title: CEO and President

YORK INSURANCE ACQUISITION, INC.,
a Delaware corporation

By: /s/ Douglas W. Rotatori
Name: Douglas W. Rotatori
Title: CEO and President

EXHIBIT C

December 23, 2005

The Special Committee of the Board of Directors of Bexil Corporation
11 Hanover Square
New York, NY 10005

Dear Sirs:

We understand that Bexil Corporation ("Bexil") is considering entering into an agreement that will result in Bexil's 500 shares of common stock (the "Interest") in York Insurance Services Group, Inc. ("York") being purchased by York Insurance Acquisition, Inc. ("YIA"), a wholly-owned subsidiary of Holdings ("YIH"), which is controlled by Odyssey Investment Partners, LLC, for cash consideration of $39 million (the "Transaction"). It is our understanding that the Transaction is being considered in conjunction with the purchase of the remaining 500 common shares of York from Mr. Thomas C. MacArthur.

You have requested our opinion (the "Opinion") as to whether, as of the date hereof, the consideration to be received by the holders of the common stock of Bexil (the "Public Stockholders") in the Transaction is fair to them from a financial point of view. The Opinion does not address Bexil's underlying decision to effect the Transaction. We have not negotiated the Transaction or advised you with respect to alternatives to it. We have not been requested to, and did not, solicit third party indications of interest in acquiring all or any part of the Interest.

In connection with the Opinion, we have made such reviews, analyses, and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things we have:

- Met with certain members of senior management of York, including Mr. Thomas C. MacArthur, Chairman and Chief Executive Officer, Mr. James M. Sweeney, Senior Vice President—Corporate Development, and Mr. David Panico, Chief Financial Officer, concerning York's history, operations, finances, and outlook as of the Valuation Date;
- Analyzed the historical audited financial statements of York for the years ended December 31, 2000 through 2004 (including statements for York Claims Service, Inc. for the years ended December 31, 2000 and 2001), as well as internally prepared financial statements for the ten months ended October 31, 2005 and the eleven months ended November 30, 2005;
- Analyzed management's forecast and projections for York for the years ending December 31, 2005 through 2009;
- Reviewed a copy of the York Confidential Offering Memorandum, prepared by Chapman Associates General Business, Inc., dated February 2005;
- Reviewed a copy of a letter (with Exhibits) from Peter E. Lind, Vice President and General Counsel of York, detailing outstanding lawsuits against York;
- Reviewed relevant Securities and Exchange Commission ("SEC") filings for Bexil;
- Reviewed relevant industry reports;
- Reviewed economic, industry, and market related data, factors, and outlooks;
- Reviewed the stock prices and trading history for Bexil;
- Visited York's headquarters located at 99 Cherry Hill Road, Parsippany, NJ;
- Researched potentially comparable companies that were publicly traded and reviewed relevant transaction data on potentially comparable companies that were acquired;

- Reviewed the Stock Purchase Agreement (the "Agreement") by and among YIH, YIA, and Bexil dated December 23, 2005 and related documents;
- Reviewed the Stock Purchase Agreement by and among YIH, YIA, and Thomas C. MacArthur dated December 23, 2005 and related documents;
- Reviewed such other information that was deemed relevant to the analysis.

This letter is provided to the Special Committee of the Board of Directors of Bexil (the "Special Committee") in connection with and for the purpose of its evaluation of the Transaction. This opinion does not constitute a recommendation to any stockholder of Bexil as to how the stockholder should vote with respect to the Transaction.

In connection with our analysis, we have relied upon and assumed, without independent verification, the accuracy and completeness of all financial or other information provided to us or publicly available. We visited York's headquarters, but we have not done an independent appraisal of any tangible assets of York.

Our Opinion is necessarily based on business, economic, market, financial, and other conditions, as they exist as of the date of this letter. We have also relied upon and assumed, without independent verification, that the financial forecasts and projections that were provided and approved by York have been reasonably prepared and reflect the best currently available estimates of the future financial results and conditions of York, and we do not assume any responsibility for their accuracy. We have relied upon and assumed, without independent verification, that there is no material change in the assets, liabilities, financial condition, results of operations, business or prospects of the Company since the date of the most recent financial statements provided to us, other than an indicated debt assumption and distribution payout of $15 million in December prior to consummation of the Transaction, and that there is no information or facts that would make the information reviewed by us incomplete or misleading.

This Opinion does not take into consideration any tax or legal consequences as a result of the proposed Transaction to Bexil, its security holders, or any other parties. The Opinion does not consider the fairness of any portion or aspect of the Transaction not expressly addressed in this Opinion.

You may include this Opinion and any summary thereof in its entirety in any proxy statement, information statement, or other filing with the SEC required to be circulated to the Public Stockholders in connection with the Transaction.

In accordance with recognized professional ethics, our professional fees for this service are not contingent upon the Opinion expressed herein, and neither Empire, nor any of its employees, has a present or intended financial relationship with or interest in York, Bexil, or any of their respective affiliates.

Based upon the foregoing, and in reliance thereon, it is Empire's opinion that the consideration to be received in connection with the Transaction is fair, from a financial point of view, to the Public Stockholders of Bexil.

Respectfully submitted,

Empire Valuation Consultants, LLC]

/s/ William A. Johnston

William A. Johnston, ASA
Managing Director

EXHIBIT D

Unaudited Pro Forma Financial Information

Unaudited Pro Forma Condensed Financial Statements

The following unaudited pro forma condensed balance sheet of Bexil reflects the sale of its fifty percent equity interest in York Insurance Services Group, Inc. ("York") as if it had occurred on September 30, 2005. The accompanying unaudited pro forma condensed statements of operations for the nine months ended September 30, 2005 and for the year ended December 31, 2004, reflect the sale of Bexil's fifty percent interest in York as if the sale had occurred on January 1, 2004. The pro forma financial information presented is not necessarily indicative of the results that would have been reported had the transactions actually occurred on the dates specified.

BEXIL CORPORATION
UNAUDITED PRO FORMA CONDENSED BALANCE SHEET
September 30, 2005

	Company Historical(1)	Pro Forma Adjustments	Company Pro Forma
ASSETS			
Current assets:			
Cash and cash equivalents	$ 5,615,703	32,540,659(a),(c)	$38,156,362
Receivables, prepaid assets and other	4,500	—	4,500
Total current assets	5,620,203	32,540,659	38,160,862
Fifty percent interest in York	10,387,385	(10,387,385)(b),(c)	—
Other investments	326,605	—	326,605
Deferred income taxes	293,892	777,965(d),(f)	1,071,857
	11,007,882	(9,609,420)	1,398,462
Total assets	$16,628,085	$ 22,931,239	$39,559,324
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	$ 327,724	4,801,217(e),(g),(h),(i)	$ 5,128,941
Total current liabilities	327,724	4,801,217	5,128,941
Commitments and contingencies	—	—	—
Shareholders' equity:			
Common Stock, $0.01 par value 10,000,000 shares authorized 879,592 shares issued and outstanding	8,796	—	8,796
Additional paid-in capital	12,642,162	—	12,642,162
Retained earnings	3,649,403	18,130,022(j)	21,779,425
Total shareholders' equity	16,300,361	18,130,122	34,430,383
Total liabilities and shareholders' equity	$16,628,085	$ 22,931,339	$39,559,324

(1) As reported in the unaudited financial statements of Bexil contained in its quarterly report on Form 10-QSB for the nine months ended September 30, 2005.

BEXIL CORPORATION
UNAUDITED PRO FORMA CONDENSED STATEMENT OF INCOME
For the Year Ended December 31, 2004

	Company Historical(1)	Pro Forma Adjustments	Company Pro Forma
Revenues:			
Interest and dividends	$ 51,052	$ —	$ 51,052
Consulting Fees	113,000	(113,000)(k)	—
Other	3,108	—	3,108
	167,160	(113,000)	54,160
Expenses:			
General and administrative	813,613	—	813,613
Communications	30,348	—	30,348
Professional fees	182,796	—	182,796
	1,026,757	—	1,026,757
Loss before income taxes and equity in earnings of York	(859,597)	(113,000)	(972,597)
Income tax benefit	(267,294)	(254,463)(l)	(521,757)
Equity in earnings of York	2,812,088	(2,812,088)(m)	—
Net income (loss)	$2,219,785	$(2,670,625)	$ (450,840)
Per share net income:			
Basic	$2.52		$(0.51)
Diluted	$2.52		$(0.51)
Average shares outstanding:			
Basic	879,591		879,591
Diluted	879,591		879,591

(1) As reported in the audited financial statements of Bexil contained in its annual report on Form 10-KSB/A for the year ended December 31, 2004.

BEXIL CORPORATION
UNAUDITED PRO FORMA CONDENSED STATEMENT OF INCOME
For the Nine Months Ended September 30, 2005

	Company Historical(1)	Pro Forma Adjustments	Company Pro Forma
Revenues:			
Consulting fees	$ 112,500	$ (112,500)(k)	$ —
Other	86,115	(18,500)(k)	67,615
	198,615	(131,000)	67,615
Expenses:			
General and administrative	499,208	—	499,208
Communications	13,042	—	13,042
Professional fees	298,403	—	298,403
	810,653	—	810,653
Loss before income taxes and equity in earnings of York	(612,038)	(131,000)	(743,038)
Income tax expense (benefit)	92,935	(397,581)(l)	(304,646)
Equity in earnings of York	2,134,590	(2,134,590)(m)	—
Net income (loss)	$1,429,617	$(1,868,009)	$(438,392)
Per share net income:			
Basic	$1.63		$(0.50)
Diluted	$1.63		$(0.50)
Average shares outstanding:			
Basic	879,592		879,592
Diluted	879,592		879,592

(1) As reported in the unaudited financial statements contained in Bexil's quarterly report on Form 10-QSB for the nine months ended September 30, 2005.

BEXIL CORPORATION
NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS

The pro forma adjustments reflect only those adjustments which are supportable, which relate to transactions with York prior to the sale, and which are directly attributable to the sale of Bexil's fifty percent interest in York. The pro forma adjustments do not include the impact of contingencies. Pro forma adjustments include the following:

(a) To record cash proceeds of $22,540,659 received at closing for the sale of Bexil's fifty percent interest in York net of closing costs and taxes:

Cash proceeds paid by buyer	$ 38,864,121
Consulting fee paid by York at closing	100,000
Closing costs	(648,000)
Taxes on gain from sale	(15,775,462)
Net cash proceeds	$ 22,540,659

(b) To eliminate the carrying value of Bexil's fifty percent interest in York of $10,387,385 which is equal to the cost basis of $3,000,000 plus cumulative equity in earnings of $7,387,385.

(c) To record cash distributions received from York of $10,000,000. On November 29, 2005, York declared a corporate distribution payable to shareholders of record on the close of business on November 29, 2005.

(d) To remove the deferred tax liability on the accumulated equity in earnings of York of $605,765.

(e) To record Bexil's anticipated liability for costs under an expense sharing agreement with York of $420,000 for interest and other expenses related to a bank loan obtained by and for use by York. The expense sharing agreement has a limited duration of approximately six months.

(f) To record the deferred tax affect on Bexil's anticipated liability for interest and other expenses under the expense sharing agreement with York of $172,200.

(g) To record a dividend of $1.00 per share on 879,592 shares outstanding of $879,592 payable to Bexil stockholders.

(h) To record the tax payable on the cash dividend from York of $1,581,250.

(i) To record Bexil employee bonus awards of $1,920,375.

(j) To adjust Shareholders' Equity $18,130,022 which consists of the gain from the sale of York of $38,476,736 less the net effect of pro forma adjustments listed in the following table. The gain on the sale consists of the cash proceeds paid by buyer of $38,864,121 less Bexil's carrying value in York of $387,385.

Effect of pro forma adjustments on equity		**Cross Reference to Pro Forma Note**
Consulting fee paid by York at closing	$ 100,000	(a)
Closing costs	(648,000)	(a)
Taxes on gain from sale	(15,775,462)	(a)
Taxes on dividends received from York	(1,581,250)	(h)
Deferred taxes on accumulated equity in York	605,765	(d)
Liability under the expense sharing agreement	(420,000)	(e)
Deferred taxes on the expense sharing agreement liability	172,200	(f)
Bexil dividend payable	(879,592)	(g)
Bexil employee bonus awards	(1,920,375)	(i)
Net effect of pro forma adjustments before the gain on sale	(20,346,714)	
Gain on sale of York	38,476,736	
Total adjustment to Shareholders' Equity	$ 18,130,022	

(k) To remove fees and other revenue earned from York.

(l) To record the tax effect of pro forma adjustments relating to the sale of York.

(m) To remove equity in earnings of York.

EXHIBIT E

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of York Insurance Services Group, Inc. and Subsidiaries Parsippany, New Jersey.

We have audited the accompanying consolidated balance sheets of York Insurance Services Group, Inc. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such consolidated financial statements present fairly, in all material respects, the financial position of the companies as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for York Insurance Services Group, Inc. and Subsidiaries, for the years ended December 31 2004 and 2003, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of the Company's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

We have not audited any financial statements of the Company for any period subsequent to December 31, 2004. Significant events subsequent to this date are discussed in Note 13.

/s/ DELOITTE & TOUCHE LLP

February 11, 2005
(January 20, 2006 as to Note 13.)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,106,919	$ 2,705,401
Accounts receivable, less allowance for doubtful accounts of $553,000 and 450,000	11,742,609	7,768,112
Unbilled revenue	8,714,865	1,712,237
Taxes recoverable	429,939	
Deferred income taxes	1,425,306	816,466
Prepaid expenses and other current assets	930,043	559,963
Total current assets	27,919,742	13,992,118
PROPERTY AND PLANT		
Furniture, fixtures and equipment—Net	4,072,397	3,504,802
OTHER ASSETS:		
Other intangible assets—Net	2,250,000	2,500,000
Goodwill	1,050,294	1,050,294
Other	188,677	166,298
Total other assets	3,488,971	3,716,592
TOTAL	$35,481,110	$21,213,512
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 2,215,555	$ 480,290
Accrued payroll expenses	1,614,685	499,341
Accrued expenses	795,784	349,370
Accrued sub-contractors' fees	3,151,990	—
Taxes payable	719,460	—
Current portion of deferred income	4,553,345	2,935,284
Current portion of note payable	345,386	320,505
Current portion of capital lease obligation	244,001	163,171
Other current liabilities	110,411	109,565
Total current liabilities	13,750,617	4,857,526
NONCURRENT LIABILITIES:		
Deferred income	505,927	322,257
Notes payable	1,209,949	2,046,509
Capital lease obligation	416,129	296,561
Deferred income taxes	26,588	332,891
Other	363,280	283,183
Total noncurrent liabilities	2,521,873	3,281,401
MINORITY INTEREST	361,647	268,713
STOCKHOLDERS' EQUITY:		
Common stock—no par value, 1,000 shares authorized, 1,000 shares issued and outstanding	—	—
Additional paid-in capital	3,000,000	3,000,000
Retained earnings	15,846,973	9,805,872
Total stockholders' equity	18,846,973	12,805,872
TOTAL	$35,481,110	$21,213,512

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
REVENUE	$71,409,418	$52,759,165
OPERATING EXPENSES	60,849,590	43,589,651
INCOME FROM OPERATIONS	10,559,828	9,169,514
OTHER INCOME AND DEDUCTIONS:		
Investment income	38,136	38,331
Interest expense	(155,689)	(207,376)
	(117,553)	(169,045)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	10,442,275	9,000,469
PROVISION FOR INCOME TAXES	(4,208,239)	(3,228,231)
MINORITY INTEREST IN USTM INCOME	(192,935)	(172,109)
NET INCOME	$ 6,041,101	$ 5,600,129

See notes to consolidated to financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
COMMON STOCK:	$ —	$ —
ADDITIONAL PAID-IN CAPITAL		
Balance—Beginning of year	3,000,000	3,000,000
Balance—End of year	3,000,000	3,000,000
RETAINED EARNINGS:		
Balance—Beginning of year	9,805,872	4,205,743
Net income	6,041,101	5,600,129
Balance—End of year	15,846,973	9,805,872
TOTAL STOCKHOLDERS' EQUITY—End of year	$18,846,973	$12,805,872

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 6,041,101	$ 5,600,129
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,429,752	1,219,776
Bad debt expense	154,740	177,614
Loss on disposition of fixed assets	1,004	30,226
Changes in:		
Accounts receivable	(4,129,237)	(2,134,112)
Unbilled revenues	(7,002,628)	1,069,766
Minority interest	192,935	172,109
Deferred income taxes	(915,143)	648,421
Prepaid expenses and other current assets	(370,080)	101,062
Other noncurrent assets	(22,379)	482,247
Accounts payable	1,735,265	85,929
Accrued payroll expenses	1,115,344	(46,654)
Accrued expenses	446,414	254,956
Accrued sub-contractors' fees	3,151,990	0
Taxes payable	1,149,399	(958,939)
Deferred income	1,801,731	(392,726)
Other payables	80,943	280,813
Net cash provided by operating activities	4,861,151	6,590,617
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(1,355,656)	(1,673,818)
Net proceeds from sale of fixed assets	1,550	5,200
Net cash used in investing activities	(1,354,106)	(1,668,618)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	(811,679)	(2,831,628)
Repayment of capital lease obligation	(193,847)	(127,223)
Partnership distributions	(100,001)	—
Net cash used in financing activities	(1,105,527)	(2,958,851)
NET INCREASE IN CASH	2,401,518	1,963,148
CASH AND CASH EQUIVALENTS—Beginning of year	2,705,401	742,253
CASH AND CASH EQUIVALENTS—End of year	$ 5,106,919	$ 2,705,401
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid—income taxes	$ 4,011,427	$ 3,538,749
Cash paid—interest	$ 155,689	$ 206,966

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2004 AND 2003

1. NATURE OF OPERATIONS AND ORGANIZATION

York Insurance Services Group, Inc. (the "Company") provides comprehensive claims services for insurance carriers and self-insureds. Claim services provided include property and casualty, workers' compensation, transportation, environmental and surveillance investigations. Services are provided throughout the United States.

The Company has a 50 percent ownership in a general partnership, Underground Storage Tank Management ("USTM"). The partnership was formed to contract with various State agencies to audit the costs incurred for the clean up of contaminated underground storage tanks and perform site inspections. All revenue is derived from work performed for the State of Florida Department of Environmental Protection. The Company maintains managerial, financial and operational control of USTM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The financial statements include York Insurance Services Group, Inc., its wholly owned subsidiaries, York Claims Service, Inc., York Claims Service, Inc.—Florida, York Special Investigations, Inc., York Claims Service of Nevada, Inc. and its 50 percent investment in USTM. York Claims Service, Inc. and York Claims Service, Inc.—Florida, Inc. provide comprehensive claims services and third-party administration for insurance carriers, self-insureds, municipalities, brokers and other intermediaries. York Special Investigations, Inc. offers surveillance investigation in addition to other special investigation services.

Investment in USTM Partnership—The Company's 50 percent investment in USTM is fully consolidated and a minority interest is recorded to account for the minority interest holder's proportionate share of net equity and net income in USTM.

Management's Use of Estimates—The preparation of 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 unbilled revenue, deferred income and allowance for doubtful accounts. Actual results may differ from those estimates.

Cash Equivalents—The Company considers money market funds and highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

Unbilled Revenue—Unbilled revenue represents work performed on client files that have not been invoiced at the end of the year, as per contract terms or customary on-account billing procedures. The unbilled revenues are valued based on actual time or estimated completion of services.

Deferred Income Taxes—The deferred income tax assets recorded on the consolidated balance sheets represent the income tax effects of temporary differences between the tax basis of assets and their amounts for financial reporting purposes. Deferred income taxes arise from the recognition of these temporary differences.

Property and Depreciation—The Company depreciates the cost of property and equipment over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for the principal classifications are as follows:

Furniture, fixtures and equipment	7 years
Computer hardware and software	3-5 years
Automobiles	5 years
Leasehold improvements	3-10 years

Capitalized Software and Development—The Company capitalizes costs associated with internally developed software or systems. These costs included external direct costs for services and payroll and payroll related costs for employees directly associated with developing internal-use software and systems. Such costs are amortized on a straight-line basis over five years.

Goodwill and Other Intangible Assets—In June 2001, the FASB issued two new pronouncements: SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 was effective as follows: a) use of the pooling-of-interest method is prohibited for business combinations initiated after June 30, 2001; and b) the provisions of SFAS 141 also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001 (that is, the date of the acquisition was July, 2001 or later). SFAS 142 is effective for fiscal years beginning after December 15, 2001, to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized.

In connection with the application of SFAS 141 and SFAS 142, the Company initially recorded $4,050,294 as goodwill at the time of acquisition. The Company reviews goodwill and other intangible assets for impairment annually, or more frequently as events or circumstances arise. After considering legal factors, business climate, potential action by regulators, key personnel and financial position, the Company believes there has been no impairment of goodwill and other intangible assets as of December 31, 2004 and 2003.

Allowance for Doubtful Accounts—The Company creates a reserve for receivables that may become uncollectible. The amount of the reserve is based upon management's assessment of several factors including the review of aging experience.

Revenue Recognition—Revenue is recognized as a claim file is being processed, based on the estimated rate at which services are provided or the actual value of time. The estimated rate at which services are provided is based on the average life of the claim and recognized as the claim enters different phases of the claims handling process. The full amount of revenue is recognized when the claim is closed or when the services have been completed.

Deferred Income—Deferred income represents the unearned portion of fixed fee arrangements or fixed percentages or net earned premiums, derived from insurance policies issued by clients. Deferred income is recognized into income based upon proportional performance.

3. PROPERTY & PLANT

The carrying value of depreciable assets as of December 31, 2004 is as follows:

Classification	Cost	Accumulated Depreciation	Carrying Value
Furniture, fixtures and equipment	$2,535,287	$ 734,907	$1,800,380
Computer hardware and software	1,655,333	856,337	798,996
Automobiles	7,391	7,391	
Leasehold improvements	670,658	217,972	452,686
Systems development	1,774,109	753,774	1,020,335
Total	$6,642,778	$2,570,381	$4,072,397

During 2004 depreciation expense was $1,179,752.

The carrying value of depreciable assets as of December 31, 2003 is as follows:

Classification	Cost	Accumulated Depreciation	Carrying Value
Furniture, fixtures and equipment	$1,895,177	$ 418,839	$1,476,338
Computer hardware and software	1,339,297	596,757	742,540
Automobiles	7,391	6,097	1,294
Leasehold improvements	516,001	131,661	384,340
Systems development	1,323,744	423,454	900,290
Total	$5,081,610	$1,576,808	$3,504,802

During 2003, depreciation expense was $969,776.

4. OTHER INTANGIBLE ASSETS

Other intangible assets consist principally of trademarks and trade names and customer relationships. Customer relationships are amortized on a straight-line basis over an estimated useful life of 10 years. Trademarks and trade names and goodwill which are not amortized are assessed for impairment on an annual basis or more frequently as events or circumstances arise. Amortization of intangible assets charged to operations amounted to $250,000 for the years ended December 31, 2004 and 2003.

Other intangible assets consist of the following at December 31, 2004:

Classification	Cost	Accumulated Amortization	Carrying Value
Amortized intangible assets:			
Customer relationships	$2,500,000	$750,000	$1,750,000
Unamortized intangible assets:			
Trademark names	$ 500,000	$ —	$ $500,000

Other intangible assets consist of the following at December 31, 2003:

Classification	Cost	Accumulated Amortization	Carrying Value
Amortized intangible assets:			
Customer relationships	$2,500,000	$500,000	$2,000,000
Unamortized intangible assets:			
Trademarks and trade names	$ 500,000	$ —	$ 500,000

The estimated amortization expense for the years ending December 31, 2005, 2006, 2007, 2008 and 2009 is $250,000 each year.

5. LEASE COMMITMENTS

The Company leases office space in each of the cities in which its offices are located and certain office equipment under operating leases. Rental expense for all operating leases totaled $2,702,028 in 2004 and $1,775,331 in 2003.

Future minimum lease payments for operating leases that have initial or remaining noncancelable terms in excess of one year as of December 31, 2004 are as follows:

	2005	2006	2007	2008	2009	Thereafter	Total
Office space . . .	$1,992,398	$1,742,792	$1,388,674	$1,290,961	$1,049,961	$2,985,580	$10,450,366
Equipment	346,322	187,740	79,491	16,644	—	—	630,197
Total	$2,338,720	$1,930,532	$1,468,165	$1,307,605	$1,049,961	$2,985,580	$11,080,563

6. CAPITAL LEASE OBLIGATIONS

The Company leases certain office equipment and furniture under capital leases with terms up to 48 months. The leases expire between January 2005 and December 2008. The total amount of equipment and furniture financed by capital leases was $394,245 in 2004 and $364,871 in 2003. The total amount paid by the Company was $193,847 in 2004 and $127,223 in 2003.

The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of December 31, 2004 is as follows:

Classification	Cost	Accumulated Depreciation	Carrying Value
Equipment under capital lease	$912,624	$203,045	$709,579

During 2004, depreciation expense was $100,400.

The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of December 31, 2003 is as follows:

Classification	Cost	Accumulated Depreciation	Carrying Value
Equipment under capital lease	$654,247	$102,645	$551,602

During 2003, depreciation expense was $75,862.

7. NOTES PAYABLE

During 2002, the Company acquired loans of $5,000,000 and $4,000,000 from AIG and a commercial bank, respectively. The AIG loan was payable in sixty equal monthly installments commencing on February 18, 2002 with interest rate of prime plus 1.5 percent. The prime rate on January 1, 2003 was 4.25 %.

On June 17, 2003, the Company paid the AIG note down to $1,000,000, at which time the terms of the loan were renegotiated. The renegotiated loan is payable in 36 equal installments of $31,106, with interest at 7.50 %.

The remaining annual principal payments applicable to the AIG note as of December 31, 2004 are as follows:

2005	2006	Total
$345,387	$182,621	$528,008

The remaining annual principal payments applicable to the AIG note as of December 31, 2003 are as follows:

2004	2005	2006	Total
$320,505	$345,387	$182,621	$848,513

The commercial loan is a revolving line of credit for a period of four years and is deemed automatically renewed for a successive term of one year thereafter. The interest rate on the revolving line of credit is the prime rate, 5.25% at December 31, 2004. Both the AIG and commercial bank loans require the Company to maintain a working capital of not less than $5,000,000 at all times and tangible net worth of $4,250,000, $4,750,000, $5,250,000 and $5,750,000 on December 31, 2002, 2003, 2004 and 2005, respectively. The Company was in compliance with requirements on both loans for December 31, 2004 and 2003.

8. INCOME TAXES

The provision for federal, state and local income taxes for the years ended December 31, 2004 and 2003 is comprised of the following:

	2004	2003
Current—Federal, state and local	$5,123,382	$2,579,810
Deferred income tax benefit	(915,143)	648,421
	$4,208,239	$3,228,231

The provision for income taxes differs from the amount of income tax expense determined by applying the 35% U.S. statutory Federal income tax rate to pre-tax income as follows:

	2004	2003
Income Before Income Taxes and Minority Interest	$10,442,275	$9,000,469
Minority Interest in USTM Income	(192,935)	(172,109)
Pre-tax Net Income	$10,249,340	$8,828,360

Income Tax—Statutory Rate	$3,587,269	35%	$3,089,926	35%
Meals & Entertainment	76,578	1%	50,056	1%
State income taxes	(288,184)	-3%	(217,625)	-2%
Other	9,194	0%	(315,912)	-4%
Federal Total Income Tax Expense	3,384,857	33%	2,606,445	25%
State Total Income Tax Expense	823,382	8%	621,786	7%
Total Income Tax Expense	$4,208,239	41%	$3,228,231	37%

Net deferred income tax assets and (liabilities) consist of the following as of December 31, 2004 and 2003:

	2004	2003
Depreciation and amortization	$ (239,012)	$(454,781)
Deferred income	1,408,830	771,756
Allowance for doubtful accounts	193,550	157,500
Enterprise appreciation rights	35,350	9,100
	$1,398,718	$ 483,575

9. EMPLOYEE BENEFITS

The Company has a voluntary employee savings plan (401(k) plan) in which eligible employees can contribute on a pretax basis a certain portion of their income. Matching contributions are made by the Company up to 6% of annual salary depending on the employees' years of service. The total cost of the plan to the Company was $632,401 in 2004 and $474,050 in 2003. The Company also has the following additional employee benefit plans: group life, health, dental, long-term disability and supplemental life insurance. The aggregate total of such additional employee benefit plan expense to the Company was $2,232,532 in 2004 and $2,109,851 in 2003.

10. CONCENTRATION OF BUSINESS

Approximately 30% of the Company's revenues in 2004 and 2003 were provided by one customer and its subsidiaries.

11. FIDUCIARY ACCOUNT

The Company holds money in escrow on behalf of certain clients. These escrow funds are used to pay losses and claim-related expenses on behalf of those clients. The payment of losses and claim-expenses does not affect the operating results of the Company. Neither the cash balances nor the related liabilities are included in the accompanying financial statements. The balance of the fiduciary accounts was $1,819,628 at December 31, 2004 and $1,667,824 at December 31, 2003.

12. COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims that arise as result of events that occur in the ordinary course of business. Although there can be no assurance as to the ultimate outcome of these matters, it is the opinion of the Company's management that the final disposition of such matters will not have a material adverse effect on the Company's financial position or results of operations.

13. SUBSEQUENT EVENTS

On June 10, 2005, the Company declared corporate distributions of $5,000,000, payable to the shareholders of record on the close of business on June 15, 2005. The Company also committed to pay corporate distributions of $341,382 payable to the shareholders of record on the close of business on June 30, 2005.

On November 29, 2005, the Company declared corporate distributions totaling $20,000,000, payable to the shareholders of record on the close of business on November 29, 2005.

On December 14, 2005, the Company entered into a $15,000,000 term loan and a $5,000,000 revolving loan facility. On the same date, the Company closed the $4,000,000 revolving loan facility that was entered into on January 18, 2002.

On December 23, 2005 the Company announced the signing of a definitive agreement under which Odyssey Investment Partners LLC in partnership with the Company's Chairman & CEO, other members of the Company's senior management and Ward Partners, LLC will purchase the Company. The primary selling shareholder is Bexil Corporation.

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YORK INSURANCE SERVICES GROUP INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2004 AND 2003

The following table represents the statements of operating expenses of York Insurance Services Group, Inc. for the years ended December 31, 2004 and 2003:

	2004	2003
Salaries	$42,834,174	$27,888,574
Employee benefits	3,225,881	2,798,208
Travel	1,425,828	835,174
Automobiles	1,330,018	1,113,140
Rent and related expenses	2,460,964	2,032,647
Equipment	672,853	683,112
Printing and stationary	723,692	610,973
Communications	1,917,145	1,704,209
Data processing	815,420	760,268
Depreciation and other amortization	1,429,752	1,219,776
Service fees	577,973	571,883
Loss adjustment expense	2,523,550	2,382,554
Other	912,340	989,133
Total operating expenses	$60,849,590	$43,589,651

York Insurance Services Group, Inc. and Subsidiaries
Consolidated Financial Statements
As of September 30, 2005 and December 31, 2004
and for the Nine Month Periods Ended September 30, 2005 and 2004
(UNAUDITED)

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2005 AND DECEMBER 31, 2004

	2005	2004
	Unaudited	Unaudited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,057,302	$ 5,106,919
Accounts receivable, less allowance for doubtful accounts of $574,918 and 553,000	14,249,869	11,742,609
Unbilled revenue	2,515,668	8,714,865
Taxes recoverable	188,687	—
Deferred income taxes	1,884,218	1,425,306
Prepaid expenses and other current assets	1,456,603	930,043
Total current assets	22,352,347	27,919,742
PROPERTY AND PLANT		
Furniture, fixtures and equipment—Net	4,350,548	4,072,397
OTHER ASSETS:		
Other intangible assets—Net	2,062,500	2,250,000
Goodwill	1,050,294	1,050,294
Other	197,461	188,677
Total other assets	3,310,255	3,488,971
TOTAL	$30,013,150	$35,481,110
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 294,640	$ 2,215,555
Accrued payroll expenses	1,424,964	1,614,685
Accrued expenses	610,722	795,784
Accrued sub-contractors' fees	—	3,151,990
Taxes payable	—	719,460
Current portion of deferred income	6,347,425	4,553,345
Current portion of note payable	1,089,195	345,386
Current portion of capital lease obligation	268,634	244,001
Other current liabilities	70,752	110,411
Total current liabilities	10,106,332	13,750,617
NONCURRENT LIABILITIES:		
Deferred income	464,578	505,927
Notes payable	—	1,209,949
Capital lease obligation	356,033	416,129
Deferred income taxes	515,182	26,588
Other	417,235	363,280
Total noncurrent liabilities	1,753,028	2,521,873
MINORITY INTEREST	379,018	361,647
STOCKHOLDERS' EQUITY:		
Common stock—no par value, 1,000 shares authorized, 1,000 shares issued and outstanding Additional paid-in capital	3,000,000	3,000,000
Retained earnings	14,774,772	15,846,973
Total stockholders' equity	17,774,772	18,846,973
TOTAL	$30,013,150	$35,481,110

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004

	2005	2004
	Unaudited	Unaudited
REVENUE	$51,357,653	$44,761,335
OPERATING EXPENSES	44,717,162	39,882,061
INCOME FROM OPERATIONS	6,640,491	4,879,274
OTHER INCOME AND DEDUCTIONS:		
Investment income	36,373	25,286
Interest expense	(111,180)	(116,604)
	(74,807)	(91,318)
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	6,565,684	4,787,956
PROVISION FOR INCOME TAXES	(1,970,222)	(1,521,154)
MINORITY INTEREST IN USTM INCOME	(326,281)	(138,881)
NET INCOME	$ 4,269,181	$ 3,127,921

See notes to consolidated to financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004

	2005	2004
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,269,181	$ 3,127,921
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,189,694	1,057,391
Bad debt expense	—	60,208
Loss on disposition of fixed assets	32,214	142
Changes in:		
Accounts receivable	(2,507,260)	(3,510,267)
Unbilled revenues	6,199,197	(2,086,035)
Minority interest	326,281	138,881
Deferred income taxes	29,682	(990,280)
Prepaid expenses and other current assets	(688,281)	(259,759)
Other noncurrent assets	152,937	(137,887)
Accounts payable	(189,721)	18,814
Accrued payroll expenses	(1,920,915)	1,042,096
Accrued expenses	(185,062)	479,296
Accrued sub-contractos' fees	(3,151,990)	1,310,000
Taxes payable	(908,147)	861,969
Deferred income	1,752,731	3,133,619
Other payables	14,296	176,323
Net cash provided by operating activities	4,414,837	4,422,432
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(1,161,005)	(985,931)
Net proceeds from sale of fixed assets	2,959	—
Net cash used in investing activities	(1,158,046)	(985,931)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Corporate distributions	(5,341,382)	—
Repayment of notes payable	466,140)	(744,730)
Repayment of capital lease obligation	(189,976)	(138,808)
Partnership distributions	(308,910)	(100,000)
Net cash used in financing activities	(6,306,408)	(983,538)
NET INCREASE/(DECREASE) IN CASH	(3,049,617)	2,452,963
CASH AND CASH EQUIVALENTS—Beginning of year	5,106,919	2,705,401
CASH AND CASH EQUIVALENTS—September 30	$ 2,057,302	$ 5,158,364
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid—income taxes	$ 2,575,774	$ 1,648,370
Cash paid—interest	$ 111,180	$ 116,604

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005 AND 2004
(UNAUDITED)

1. NATURE OF OPERATIONS AND ORGANIZATION

York Insurance Services Group, Inc. ("the Company") provides comprehensive claims services for insurance carriers and self-insureds. Claim services provided include property and casualty, workers' compensation, transportation, environmental and surveillance investigations. Services are provided throughout the United States.

The Company has a 50 percent ownership in a general partnership, Underground Storage Tank Management ("USTM"). The partnership was formed to contract with various State agencies to audit the costs incurred for the clean up of contaminated underground storage tanks and perform site inspections. All revenue is derived from work performed for the State of Florida Department of Environmental Protection. The Company maintains managerial, financial and operational control of USTM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The financial statements include York Insurance Services Group, Inc., its wholly owned subsidiaries, York Claims Service, Inc., York Claims Service, Inc.—Florida, York Special Investigations, Inc., York Claims Service of Nevada, Inc. and its 50 percent investment in USTM. York Claims Service, Inc. and York Claims Service, Inc.—Florida, Inc. provide comprehensive claims services and third-party administration for insurance carriers, self-insureds, municipalities, brokers and other intermediaries. York Special Investigations, Inc. offers surveillance investigation in addition to other special investigation services.

Investment in USTM Partnership—The Company's 50 percent investment in USTM is fully consolidated and a minority interest is recorded to account for the minority interest holder's proportionate share of net equity and net income in USTM.

Management's Use of Estimates—The preparation of 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 unbilled revenue, deferred income and allowance for doubtful accounts. Actual results may differ from those estimates.

Cash Equivalents—The Company considers money market funds and highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

Unbilled Revenue—Unbilled revenue represents work performed on client files that have not been invoiced at the end of the year, as per contract terms or customary on-account billing procedures. The unbilled revenues are valued based on actual time or estimated completion of services.

Deferred Income Taxes—The deferred income tax assets recorded on the consolidated balance sheets represent the income tax effects of temporary differences between the tax basis of assets and their amounts for financial reporting purposes. Deferred income taxes arise from the recognition of these temporary differences.

Property and Depreciation—The Company depreciates the cost of property and equipment over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for the principal classifications are as follows:

Furniture, fixtures and equipment	7 years
Computer hardware and software	3-5 years
Automobiles	5 years
Leasehold improvements	3-10 years

Capitalized Software and Development—The Company capitalizes costs associated with internally developed software or systems. These costs included external direct costs for services and payroll and payroll related costs for employees directly associated with developing internal-use software and systems. Such costs are amortized on a straight-line basis over five years.

Goodwill and Other Intangible Assets—In June 2001, the FASB issued two new pronouncements: SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 was effective as follows: a) use of the pooling-of-interest method is prohibited for business combinations initiated after June 30, 2001; and b) the provisions of SFAS 141 also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001 (that is, the date of the acquisition was July, 2001 or later). SFAS 142 is effective for fiscal years beginning after December 15, 2001, to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized.

In connection with the application of SFAS 141 and SFAS 142, the Company initially recorded $4,050,294 as goodwill at the time of acquisition. The Company reviews goodwill and other intangible assets for impairment annually, or more frequently as events or circumstances arise. After considering legal factors, business climate, potential action by regulators, key personnel and financial position, the Company believes there has been no impairment of goodwill and other intangible assets as of September 30, 2005 and 2004.

Allowance for Doubtful Accounts—The Company creates a reserve for receivables that may become uncollectible. The amount of the reserve is based upon management's assessment of several factors including the review of aging experience.

Revenue Recognition—Revenue is recognized as a claim file is being processed, based on the estimated rate at which services are provided or the actual value of time. The estimated rate at which services are provided is based on the average life of the claims and recognized as the claim enters different phases of the claims handling process. The full amount of revenue is recognized when the claim is closed or when the services have been completed.

Deferred Income—Deferred income represents the unearned portion of fixed fee arrangements or fixed percentages or net earned premiums, derived from insurance policies issued by clients. Deferred income is recognized into income based upon proportional performance.

3. LEASE COMMITMENTS

The Company leases office space in each of the cities in which its offices are located and certain office equipment under operating leases. Rental expense for all operating leases totaled $2,411,280 and $2,702,028 for the nine month periods ended September 30, 2005 and 2004 respectively.

Future minimum lease payments for operating leases that have initial or remaining noncancelable terms in excess of one year as of September 30, 2005 are as follows:

	2005-3 Months	2006	2007	2008	2009	Thereafter	Total
Office space . . .	$647,901	$1,996,512	$1,568,368	$1,478,699	$1,244,069	$3,413,662	$10,349,211
Equipment	116,063	249,471	141,222	47,510	—	—	554,266
Total	$763,964	$2,245,983	$1,709,590	$1,526,209	$1,244,069	$3,413,662	$10,903,477

4. CAPITAL LEASE OBLIGATIONS

The Company leases certain office equipment and furniture under capital leases with terms up to 48 months. The leases expire between January 2005 and December 2008. The total amount of equipment and furniture financed under capital leases was $154,513 and $224,040 for the nine months ended September 30, 2005 and 2004 respectively. The total amount paid by the Company was $189,976 and $138,808 for the nine month periods ended September 30, 2005 and 2004 respectively.

The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of September 30, 2005 is as follows:

Classification	Cost	Depreciation	Value
Equipment under capital lease	$1,183,723	$312,167	$871,556

For the nine month period ended September 30, 2005, depreciation expense was $109,122.

The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of September 30, 2004 is as follows:

Classification	Cost	Accumulated Depreciation	Carrying Value
Equipment under capital lease	$742,419	$173,406	$569,013

For the nine month period ended September 30, 2004, depreciation expense was $70,761.

5. NOTES PAYABLE

During 2002, the Company acquired loans of $5,000,000 and $4,000,000 from AIG and a commercial bank, respectively. The AIG loan was payable in sixty equal monthly installments commencing on February 18, 2002 with interest rate of prime plus 1.5 percent. The prime rate on January 1, 2003 was 4.25%.

On June 17, 2003, the Company paid the AIG note down to $1,000,000, at which time the terms of the loan were renegotiated. The renegotiated loan is payable in 36 equal installments of $31,106, with interest at 7.50 %.

On March 25, 2005, the Company paid the remaining balance on the AIG note.

The remaining annual principal payments applicable to the AIG note as of December 31, 2004 are as follows:

2005	2006	Total
$345,387	$182,621	$528,008

The commercial loan is a revolving line of credit for a period of four years and is deemed automatically renewed for a successive term of one year thereafter. The interest rate on the revolving line of credit is the prime rate, 5.25% at December 31, 2004. Both the AIG and commercial bank loans require the Company to maintain a working capital of not less than $5,000,000 at all times and tangible net worth of $4,250,000, $4,750,000, $5,250,000 and $5,750,000 on December 31, 2002, 2003, 2004 and 2005, respectively. The Company was in compliance with requirements on both loans for December 31, 2004 and 2003.

6. INCOME TAXES

The provision for federal, state and local income taxes for the nine month periods ended September 30, 2005 and 2004 is comprised of the following:

	2005	2004
Current—Federal, state and local	$1,940,540	$2,511,434
Deferred income tax benefit	29,682	(990,280)
	$1,970,222	$1,521,154

The provision for income taxes differs from the amount of income tax expense determined by applying the 34% U.S. statutory Federal income tax rate to pre-tax income as follows:

	2005	2004
	Unaudited	Unaudited
Income Before Income Taxes and Minority Interest	$6,565,684	$4,787,956
Minority Interest in USTM Income	(326,281)	(138,881)
Pre-tax Net Income	$6,239,403	$4,649,075

Income Tax—Statutory Rate	$2,121,397	34%	$1,580,686	34%
Meals & Entertainment	46,653	1%	51,378	1%
State income taxes	(187,460)	-3%	(189,564)	-4%
Other	(561,721)	-9%	(478,885)	-10%
Federal Total Income Tax Expense	1,418,869	23%	963,614	21%
State Total Income Tax Expense	551,353	9%	557,540	12%
Total Income Tax Expense	$1,970,222	32%	$1,521,154	33%

Net deferred income tax assets and (liabilities) consist of the following as of September 30, 2005 and 2004:

	2005	2004
Depreciation and amortization	$ (727,906)	$ (80,652)
Deferred income	1,846,703	1,399,467
Allowance for doubtful accounts	195,472	146,200
Enterprise appreciation rights	54,767	8,840
	$1,369,036	$1,473,855

7. EMPLOYEE BENEFITS

The Company has a voluntary employee savings plan (401(k) plan) in which eligible employees can contribute on a pretax basis a certain portion of their income. Matching contributions are made by the Company up to 6% of annual salary depending on the employees' years of service. The total cost of the plan to the Company was $531,974 and $462,430 for the nine month periods ended September 30, 2005 and 2004 respectively. The Company also has the following additional employee benefit plans: group life, health, dental, long-term disability and supplemental life insurance. The aggregate total of such additional employee benefit plan expense to the Company was $1,781,342 and $1,726,737 for the nine month periods ended September 30, 2005 and 2004 respectively.

8. CORPORATE DISTRIBUTIONS

The Company distributed $5,341,382 and $0 to the shareholders of record for the nine month periods ended September 30, 2005 and 2004 respectively.

9. COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims that arise as result of events that occur in the ordinary course of business. Although there can be no assurance as to the ultimate outcome of these matters, it is the opinion of the Company's management that the final disposition of such matters will not have a material adverse effect on the Company's financial position or results of operations.

10. SUBSEQUENT EVENTS

On November 29, 2005, the Company declared corporate distributions totaling $20,000,000, payable to the shareholders of record on the close of business on November 29, 2005.

On December 14, 2005, the Company entered into a $15,000,000 term loan and a $5,000,000 revolving loan facility. On the same date, the Company closed the $4,000,000 revolving loan facility that was entered into on January 18, 2002.

On December 23, 2005 the Company announced the signing of a definitive agreement under which Odyssey Investment Partners LLC in partnership with the Company's Chairman & CEO, other members of the Company's senior management and Ward Partners, LLC will purchase the Company. The primary selling shareholder is Bexil Corporation.

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YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES
SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES
NINE MONTH PERIODS ENDED SEPTEMBER 30, 2005 AND 2004
(UNAUDITED)

The following table represents the statements of operating expenses for the nine month periods ended September 30, 2005 and 2004:

	2005	2004
	Unaudited	Unaudited
Salaries	$31,164,911	$26,874,182
Employee benefits	2,755,373	2,396,001
Travel	1,033,133	897,639
Automobiles	976,569	957,114
Rent and related expenses	2,185,083	1,809,475
Equipment	504,876	482,685
Printing and stationary	458,067	510,662
Communications	1,301,789	1,324,978
Data processing	593,109	606,659
Depreciation and other amortization	1,189,694	1,057,391
Service fees	411,635	402,718
Loss adjustment expense	1,450,373	1,968,866
Other	692,550	593,691
Total operating expenses	$44,717,162	$39,882,061