

PETROLEUM & RESOURCES CORP
Form DEF 14A
February 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to (s) 240.14a-11(c) or (s) 240.14a-12

PETROLEUM & RESOURCES CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- .. Fee paid previously with preliminary materials.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

PETROLEUM & RESOURCES CORPORATION

Seven St. Paul Street

Baltimore, Maryland 21202

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

February 14, 2014

Notice is hereby given that the Annual Meeting of Stockholders of PETROLEUM & RESOURCES CORPORATION, a Maryland corporation (the Corporation), will be held at the Four Seasons Hotel Baltimore, 200 International Drive, Baltimore, Maryland 21202, on Thursday, April 10, 2014, at 10:00 a.m., local time, for the following purposes:

(1) to elect directors as identified in the Proxy Statement to serve until the annual meeting of stockholders in 2015 and until their successors are duly elected and qualify;

(2) to consider and vote upon the ratification of the selection of the independent registered public accounting firm of PricewaterhouseCoopers LLP to audit the books and accounts of the Corporation for or during the year ending December 31, 2014; and

(3) to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on February 14, 2014, as the record date for the determination of the stockholders entitled to notice of and to vote at this meeting.

By order of the Board of Directors,

LAWRENCE L. HOOPER, JR.

Vice President, General Counsel

and Secretary

Baltimore, MD

Note: Even if you expect to attend the meeting, stockholders are requested to fill in, sign, date and return the accompanying proxy in the enclosed envelope without delay. Stockholders may also authorize their proxies by telephone and Internet as described further in the enclosed materials.

PETROLEUM & RESOURCES CORPORATION

Seven St. Paul Street

Baltimore, Maryland 21202

Proxy Statement

INTRODUCTION

The Annual Meeting of Stockholders of Petroleum & Resources Corporation, a Maryland corporation (the Corporation), will be held on Thursday, April 10, 2014, at 10:00 a.m., local time, at the Four Seasons Hotel Baltimore, 200 International Drive, Baltimore, Maryland 21202, for the purposes set forth in the accompanying Notice of Annual Meeting and also set forth below. This proxy statement is furnished in connection with the solicitation by the Board of Directors of proxies to be used at the meeting and at any and all adjournments or postponements thereof and is first being sent to stockholders on or about February 25, 2014.

At the Annual Meeting, action is to be taken on (1) the election of a Board of Directors; (2) the ratification of the selection of an independent registered public accounting firm; and (3) the transaction of such other business as may properly come before the meeting or any adjournment or postponement thereof.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held On April 10, 2014:

This proxy statement, the notice of annual meeting, a form of the proxy, and the 2013 Annual Report to stockholders are all available on the internet at the following website: <http://www.astproxyportal.com/ast/13580/>.

How You May Vote and Voting By Proxy

You may vote in person at the Annual Meeting or by proxy. To authorize a proxy to cast your votes, please date, execute and mail the enclosed proxy card, or authorize a proxy by using telephone or internet options as instructed in the proxy card. Except for Proposals (1) and (2) referred to above, the proxies confer discretionary authority on the persons named therein or their substitutes with respect to any business that may properly come before the meeting. Stockholders retain the right to revoke executed proxies at any time before they are voted by written notice to the Corporation, by executing a later dated proxy, or by appearing and voting at the meeting. All shares represented at the meeting by proxies in the accompanying form will be voted, provided that such proxies are properly executed. In cases where a choice is indicated, the shares represented will be voted in accordance with the specifications so made. In cases where no specifications are made, the shares represented will be voted **FOR** the election of directors and **FOR** Proposal (2).

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If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order to vote your shares. If your shares are not registered in your own name and you plan to vote your shares in person at the Annual Meeting, you should contact your broker or agent to obtain a broker's proxy card and bring it with you to the Annual Meeting in order to vote.

If you have questions regarding how to attend the meeting and vote in person, please contact the Secretary of the Corporation by telephone at (800) 638-2479 or by email at contact@peteres.com.

Who May Vote

Only stockholders of record at the close of business on February 14, 2014, may vote at the Annual Meeting. The total number of shares of Common Stock of the Corporation outstanding and entitled to be voted on the record date was 26,746,523. Each share is entitled to one vote. The Corporation has no other class of security outstanding.

Vote Requirement

For Proposal (1), referred to above, directors shall be elected by a plurality of the votes cast at the meeting. Proposal (2), referred to above, requires the affirmative vote of a majority of the votes cast at the meeting.

Quorum Requirement

A quorum is necessary to hold a valid meeting. If stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting are present in person or by proxy, a quorum will exist. Proxies received by the Corporation that are marked "withhold authority" or abstain, or that constitute a broker non-vote, are counted as present for purposes of establishing a quorum. A broker non-vote occurs when a broker returns a valid proxy but does not vote on a particular matter because the broker does not have the discretionary voting power for that matter and has not received instructions from the beneficial owner. Proxies marked "withhold authority", abstentions and broker non-votes do not count as votes cast with respect to any proposal, and therefore, such proxies would have no effect on the outcome of Proposals (1) and (2), above.

Appraisal Rights

Under Maryland law, there are no appraisal or other dissenter rights with respect to any matter to be voted on at the Annual Meeting that is described herein.

Other Matters

The Corporation will pay all costs of soliciting proxies in the accompanying form. See "Other Matters and Annual Report" below. Solicitation will be made by mail, and officers, regular employees, and agents of the Corporation may also solicit proxies by telephone or personal interview. The Corporation expects to request brokers and nominees who hold stock in their names to furnish this proxy material to their customers and to solicit proxies from them, and will reimburse such brokers and nominees for their out-of-pocket and reasonable clerical expenses in connection therewith.

(1) NOMINEES FOR ELECTION AS DIRECTORS

Unless contrary instructions are given by the stockholder signing a proxy, it is intended that each proxy in the accompanying form will be voted at the Annual Meeting for the election of the following nominees to the Board of Directors to serve until the annual meeting of stockholders in 2015 and until their successors are duly elected and qualify, all of whom have consented to serve if elected:

Enrique R. Arzac
Phyllis O. Bonanno
Kenneth J. Dale

Frederic A. Escherich
Roger W. Gale
Kathleen T. McGahran

Craig R. Smith
Mark E. Stoeckle*

If for any reason one or more of the above-named nominees shall become unable or unwilling to serve when the election occurs, proxies in the accompanying form will, in the absence of contrary instructions, be voted for the election of the other nominees above-named and may be voted for substitute nominees in the discretion of the persons named as proxies in the accompanying form. As an alternative to proxies being voted for substitute nominees, the size of the Board of Directors may be reduced so that there are no vacancies caused by a nominee above-named becoming unable or unwilling to serve. The directors elected will serve until the next annual meeting or until their successors are duly elected and qualified, unless otherwise provided in the Bylaws of the Corporation.

Information as to Nominees for Election as Directors (as of December 31, 2013)

Set forth below with respect to each nominee for director are his or her name, address and age, any positions held with the Corporation, other principal occupations during the past five years, other directorships during the past five years, business affiliations, the year in which he or she first became a director, and the number of shares of Common Stock of the Corporation beneficially owned by him or her. Also set forth below is the number of shares of Common Stock of the Corporation beneficially owned by all the directors and executive officers of the Corporation as a group. A separate table is provided showing the dollar value range of the shares beneficially owned by each director.

* Mr. Stoeckle is an interested person, as defined by the Investment Company Act of 1940, because he is an officer of the Corporation.

Name, Age, Positions with the Corporation, Other Principal Occupations and Other Directorships	Has been a Director since	Shares of Common Stock Beneficially Owned (a)(b)(c)(d)
Independent Directors		
Enrique R. Arzac, Ph.D., 72, Professor of Finance and Economics at the Graduate School of Business, Columbia University, formerly, Vice Dean of Academic Affairs. Currently a Director of The Adams Express Company (1), Aberdeen Asset Management Funds (6 closed-end investment companies), Credit Suisse Asset Management Funds (2 closed-end investment companies and 9 open-end funds), and Mirae Discovery Funds (6 open-end funds). In addition, within the past five years, Dr. Arzac served as a director of Epoch Holdings Corporation (an investment management and investment advisory services company) and Starrcomms PLC (telecommunications company).	1987	13,006
Phyllis O. Bonanno, 70, Retired President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Corporate Vice President of Warnaco, Inc. (apparel). Currently a Director of The Adams Express Company (1) and Borg-Warner Inc. (industrial). Ms. Bonanno also served as a director of Mohawk Industries, Inc. (carpet and flooring) within the past five years.	2003	5,658
Kenneth J. Dale, 57, Senior Vice President and Chief Financial Officer of The Associated Press. Formerly, Vice President, J.P. Morgan Chase & Co. Inc. Currently a Director of The Adams Express Company (1).	2008	4,451
Frederic A. Escherich, 61, Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with J.P. Morgan & Co. Inc. Currently a Director of The Adams Express Company (1).	2006	6,399
Roger W. Gale, Ph.D., 67, President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly, member of management group of PA Consulting Group (energy consultants). Currently a Director of The Adams Express Company (1) and during the past five years also served as a director of Ormat Technologies, Inc. (geothermal and renewable energy).	2005	5,735
Kathleen T. McGahran, Ph.D., J.D., CPA, 63, President & CEO of Pelham Associates, Inc. (an executive education provider) and Senior Lecturer at Yale University's School of Management. Formerly, Associate Dean and Director of Executive Education and Associate Professor, Columbia University, and Adjunct Associate Professor, Stern School of Business, New York University and Tuck School of Business, Dartmouth College. Currently the Chair of the Board and a Director of The Adams Express Company (1).	2003	8,889
Craig R. Smith, M.D., 67, Chief Operating Officer and Manager of Algenol LLC (ethanol manufacturing). Formerly, President, Williston Consulting LLC (consultants to the pharmaceutical and biotechnology industries), and Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceutical and biotechnology). Currently a Director of The Adams Express Company (1) and during the past five years also served as a director of Algenol Biofuels, Inc. (ethanol manufacturing), Depomed, Inc. (specialty pharmaceuticals), and La Jolla Pharmaceutical Company.	2005	12,414
Interested Director		
Mark E. Stoeckle, 57, CEO of the Corporation since February 11, 2013, and Director since February 14, 2013. Currently the CEO and a Director of The Adams Express Company (1). Formerly, Chief Investment Officer, U.S. Equities and Global Sector Funds, BNP Paribas Investment Partners.	2013	13,173
Directors and executive officers of the Corporation as a group.		116,336

(1) Non-controlling affiliate of the Corporation (a closed-end investment company).

The address for each director is the Corporation's office, Seven St. Paul Street, Suite 1140, Baltimore, MD 21202.

- (a) To the Corporation's knowledge, other than shares referred to in footnote (c) below, each director and officer had sole investment and sole voting power with respect to the shares shown opposite his or her name.
- (b) Of the amount shown as beneficially owned by the directors and executive officers as a group, 12,443 shares were held by the Trustee under the Employee Thrift Plan of the Corporation and the Employee Thrift Plan of The Adams Express Company.
- (c) The amounts shown include nonvested or vested but deferred restricted stock units and deferred stock units held under the Corporation's 2005 Equity Incentive Compensation Plan (see 2005 Equity Incentive Compensation Plan below) by each director (8,706 held by Dr. Arzac, 2,400 held by Ms. Bonanno, 3,174 held by Mr. Dale, 1,477 held by Mr. Escherich, 1,836 held by Dr. McGahran, and 400 held by Dr. Gale and Dr. Smith), and by directors and executive officers as a group (53,700 shares).
- (d) Calculated on the basis of 26,775,228 shares of Common Stock outstanding on December 31, 2013, each director owned less than 1.0% of the Common Stock outstanding. The directors and executive officers as a group owned less than 1.0% of the Common Stock outstanding.

Additional information about each director follows (supplementing the information in the table above) that describes some of the specific experience, qualifications, attributes, or skills that each director possesses that led the Board to conclude that he or she should serve as a director.

Independent Directors

1) Enrique R. Arzac, Ph.D.

Dr. Arzac brings to the Board extensive expertise in asset management and securities valuation, international finance and corporate finance gained from his many years on the faculty of Columbia University's Graduate School of Business and through consulting with corporations and financial institutions for more than 30 years. Dr. Arzac has published many articles on corporate finance, valuation, portfolio management and commodity markets in numerous academic journals. He has been deemed an audit committee financial expert, as that term is defined in federal regulations, by his fellow directors and served as Chair of the Corporation's Audit Committee for several terms. In addition, Dr. Arzac's service on the boards of other investment companies provides him with a deep understanding of investment company oversight.

2) Phyllis O. Bonanno

Ms. Bonanno brings to the Board operational, academic and public policy knowledge. Ms. Bonanno gained public policy expertise through her 10 years of service as the first director of the U. S. Trade Representative's Office of Private Sector Liaison in the Executive Office of Presidents Carter and Reagan. She developed global business knowledge and expertise in the manufacturing sector and international trade rules and regulations during her employment as Corporate Vice President of International Trade of Warnaco, Inc., a worldwide apparel manufacturer, and as President and CEO of International Trade Solutions, Inc., an international trade consulting firm. In addition, Ms. Bonanno's service on other public company boards in varied industries has provided her with valuable experience.

3) Kenneth J. Dale

Mr. Dale brings broad expertise in financial management to the Board. He serves as Senior Vice President and Chief Financial Officer of The Associated Press (AP), one of the largest newsgathering organizations in the world. His responsibilities at AP include all corporate finance activities, internal audit, global real estate and administrative services, and oversight of all of AP's technology operations. Prior to joining AP, Mr. Dale spent 21 years as an investment banker at J.P. Morgan Chase & Co. Inc., advising media and entertainment clients on mergers and acquisitions and corporate finance transactions. He has been deemed an audit committee financial expert, as that term is defined in federal regulations, by his fellow directors and currently serves as the Chair of the Corporation's Audit Committee.

4) Frederic A. Escherich

Mr. Escherich brings to the Board extensive knowledge of securities investing and stock valuation gained from his 25 years at J.P. Morgan & Co. Inc. During his tenure at J.P. Morgan & Co. Inc., Mr. Escherich served as head of mergers and acquisitions research for many years, and his responsibilities included evaluating numerous issues related to maximizing shareholder value and setting policies and procedures in connection with the valuation of companies, the assessment of various transaction types, analytical techniques and securities. Since retiring in 2002, Mr. Escherich has focused full-time on private investing and is familiar with the dynamics of today's equity markets.

5) Roger W. Gale, Ph.D.

Dr. Gale brings to the Board in-depth knowledge of the electric power industry and U.S. and international energy policy from his service in private industry and in the public sector. Dr. Gale has gained electric utility industry expertise through his many years of service as a consultant, and has been quoted on electric utility issues in leading business publications and television news programs. He previously served on the boards of a Fortune 500 energy conglomerate and a publicly-traded geothermal energy company. Dr. Gale holds a Ph.D. in political science from the University of California, Berkeley.

6) Kathleen T. McGahran, Ph.D.

Dr. McGahran has served as the Chair of the Corporation's Board of Directors since March 19, 2013. She is a CPA, a lawyer, and holds a Ph.D. in Accounting and Finance from New York University, and brings to the Board a very broad and valuable skill set. She is the President and CEO of Pelham Associates, an executive education provider. She has served on the faculties of the Tuck School of Business at Dartmouth College, the Graduate School of Business at Columbia University, and the Stern School of Business at New York University, and currently serves as a Senior Lecturer at the Yale University School of Management. Dr. McGahran has expertise in financial analysis and has conducted financial analysis training programs for Wall Street firms and Fortune 500 companies. She has been deemed an audit committee financial expert, as that term is defined in federal regulations, by her fellow directors and served as Chair of the Corporation's Audit Committee for several terms.

7) Craig R. Smith, M.D.

Dr. Smith, a physician and former long-time member of the faculty at the Johns Hopkins University School of Medicine, brings to the Board extensive experience in the pharmaceuticals and biotech

industries. He is Chief Operating Officer and a Manager of Algenol LLC, a research company focusing on the production of ethanol and other high-value green chemicals from algae. Previously, he was the President and founder of Williston Consulting, a consulting company for the pharmaceutical and biotech industries. Prior to founding Williston Consulting, Dr. Smith was Chairman, President, CEO, and a co-founder of Guilford Pharmaceuticals, a biopharmaceutical company that he grew to become publicly traded.

Interested Director

8) Mark E. Stoeckle

Mr. Stoeckle has been CEO of the Corporation since February 11, 2013, having succeeded Mr. Douglas G. Ober, and was elected to the Board of Directors on February 14, 2013. Mr. Stoeckle has had a distinguished 30-year career in financial services and asset management, and brings a wealth of investment and business experience to the role. Previously, he was Chief Investment Officer, U.S. Equities and Global Sector Funds, at the global investment management firm BNP Paribas Investment Partners and managed approximately \$5 billion in domestic and global equities.

Stock Ownership

Independent Directors

Dollar Value of Shares Owned(1)

Enrique R. Arzac	greater than \$100,000
Phyllis O. Bonanno	greater than \$100,000
Kenneth J. Dale	greater than \$100,000
Frederic A. Escherich	greater than \$100,000
Roger W. Gale	greater than \$100,000
Kathleen T. McGahran	greater than \$100,000
Craig R. Smith	greater than \$100,000

Interested Director

Mark E. Stoeckle	greater than \$100,000
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(1) The valuation date used in calculating the dollar value of shares owned is December 31, 2013.

In 2009, the Board adopted new equity ownership requirements for the directors and senior staff. Under these equity ownership requirements, the Chief Executive Officer, portfolio managers, research analysts, and other executive officers must own, within 3 years of the requirement's adoption or commencement of employment, as applicable, a certain value of equity in the Corporation equal to a multiple of his or her 2009 annual salary or starting salary, as applicable. Non-employee directors with more than 5 years of service on the Board must own, by December 14, 2014, at least \$100,000 of Common Stock of the Corporation; non-employee directors with less than 5 years of service, and new directors, must own at least \$100,000 of the Corporation's Common Stock within 10 years of joining the Board.

The nominees for election as directors of the Corporation identified above are also the nominees for election to the Board of Directors of The Adams Express Company (Adams), the Corporation's largest stockholder (see Principal Stockholder on page 10).

Board Leadership Structure

Seven of the Corporation's eight directors are not interested persons, as defined by the Investment Company Act of 1940, as amended (the Act), and are independent directors. Mr. Stoeckle is the only member of the Board who is an interested person under the Act and thus is not an independent director.

In March 2013, the Board elected Dr. Kathleen T. McGahran, an Independent Director, to serve as the Chair of the Board.

Board's Oversight of Risk Management for the Corporation

The Board's role in risk management of the Corporation is that of oversight. The internal staff of portfolio managers, research analysts and administrative personnel is responsible for the day-to-day management of the Corporation, including risk management (including management of investment performance and investment risk, valuation risk, issuer and counterparty credit risk, compliance risk and operational risk). As part of its oversight, the Board has delegated to the Audit Committee the primary role of overseeing the assessment and management of risks, including major financial risks, by the Corporation's management, and the steps that management has taken to monitor and control such risks. The Audit Committee reports to the Board on a periodic basis on its discussions of these items with management. In addition, the Board, acting at its regularly scheduled meetings, receives reports from senior management, including the Corporation's portfolio management team, the Chief Compliance Officer and the Chief Financial Officer. Between Board meetings, the Executive Committee, and/or the Chair of the Board, and/or the Chairman of the Audit Committee, as appropriate, interacts with the CEO and other senior executives on any matter requiring action by or notice to the Board. The Board also receives periodic presentations from senior management regarding specific operational, compliance or investment areas such as business continuity, personal trading, valuation, investment research and securities lending, and receives reports from the Corporation's general counsel regarding regulatory, compliance and governance matters. The Corporation believes that its leadership structure enhances risk oversight. It should be noted that, in its oversight role, the Board is not a guarantor of the Corporation's investments or activities.

Process for Stockholders to Communicate with Board

The Board of Directors has implemented a process for stockholders of the Corporation to send communications to the Board. Any stockholder desiring to communicate with the Board, or with specific individual directors, may do so by writing to the Secretary of the Corporation, at Petroleum & Resources Corporation, Seven St. Paul Street, Suite 1140, Baltimore, MD 21202. The Secretary has been instructed by the Board to promptly forward all such communications to the addressees indicated thereon.

Policy on Board of Directors Attendance at Annual Meetings

The Corporation's policy with regard to attendance by the Board of Directors at Annual Meetings is that all directors are expected to attend, absent unusual and extenuating circumstances that prohibit attendance. All of the then standing directors attended the 2013 Annual Meeting.

Section 16(a) Beneficial Ownership Reporting Compliance

Each director and officer of the Corporation who is subject to Section 16 of the Securities Exchange Act of 1934, as amended, and persons who own more than ten percent of a registered class of the Corporation's securities are required to report to the Securities and Exchange Commission (the Commission) by a specified date his or her beneficial ownership of or transactions in the Corporation's securities. Based upon a review of filings with the Commission, such forms received by the Corporation, and written representations that no other reports are required, the Corporation believes that each director, officer, and greater than ten percent beneficial owners filed all requisite reports with the Commission on a timely basis during 2013.

Information as to Other Executive Officers

Set forth below are the names, ages and positions with the Corporation of all executive officers of the Corporation other than those who also serve as directors. Executive officers serve as such until the election of their successors.

Mr. James P. Haynie, 51, has served as Executive Vice President since August 19, 2013. Prior to joining the Corporation, he was Chief Investment Officer, U.S. Equities at BNP Paribas Investment Partners from February 2013 and was Senior Portfolio Manager at BNP Paribas Asset Management from 2005 to 2013.

Mr. Brian S. Hook, 44, has served as Vice President, Chief Financial Officer and Treasurer since March 19, 2013. Prior thereto, he served as the Chief Financial Officer and Treasurer from March 20, 2012 to March 19, 2013, as Treasurer from June 1, 2009 to March 20, 2012, and as Assistant Treasurer from September 2008 to June 1, 2009. Prior to joining the Corporation, he was a Vice President and Senior Manager at T. Rowe Price from March 1998 to August 2008, and a business assurance manager with Coopers & Lybrand L.L.P. prior thereto.

Mr. Lawrence L. Hooper, Jr., 61, has served as the Chief Compliance Officer since April 8, 2004, Vice President since March 30, 1999, and as General Counsel and Secretary since April 1, 1997. Prior thereto, he was a partner in Tydings & Rosenberg L.L.P., a Baltimore, Maryland law firm.

Ms. Nancy J.F. Prue, 59, has served as President since March 20, 2012 and as Executive Vice President since July 9, 2009. Prior to that, she was Vice President from 2005 to July 9, 2009, and was Vice President Research from 1986 to 2005.

The address for each executive officer is the Corporation's office, Seven St. Paul Street, Suite 1140, Baltimore, MD 21202.

Security Ownership of Management in the Corporation (a)	Shares of Common Stock Beneficially Owned (b)(c)(d)(e)
Name	

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James P. Haynie	9,998
Brian S. Hook	6,479
Lawrence L. Hooper, Jr.	12,188
Nancy J.F. Prue	17,946

(a) As of December 31, 2013. Share ownership of directors and executive officers as a group is shown in the table beginning on page 4 and footnotes thereto.

- (b) To the Corporation's knowledge, other than shares referred to in footnote (d) below, each officer had sole investment and sole voting power with respect to the shares shown opposite his or her name.
- (c) Of the amounts shown, the following shares beneficially owned by the respective officer were held by the Trustee under the Employee Thrift Plan of the Corporation and the Employee Thrift Plan of Adams: Mr. Haynie (0 shares), Mr. Hook (1,277 shares), Mr. Hooper (4,847 shares), and Ms. Prue (6,127 shares).
- (d) The amounts shown include nonvested shares of restricted stock under the Corporation's 2005 Equity Incentive Compensation Plan (see 2005 Equity Incentive Compensation Plan below) held by Mr. Haynie (8,620 shares), Mr. Hook (3,461 shares), Mr. Hooper (3,894 shares), and Ms. Prue (6,159 shares).
- (e) Calculated on the basis of 26,775,228 shares of Common Stock outstanding on December 31, 2013, each of the executive officers listed above owned less than 1.0% of the Common Stock outstanding.

Principal Stockholder

At December 31, 2013, only one person or group of persons was known by the Corporation to own beneficially more than five percent of any class of the Corporation's voting securities.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common Stock	The Adams Express Company Seven St. Paul Street Baltimore, Maryland 21202	2,186,774 shares held directly	8.2%

Board Meetings and Committees of the Board

The Board of Directors held eight meetings during 2013, at which overall attendance was approximately 97%. Each incumbent director attended at least 75% of the total of all (i) meetings of the Board and (ii) meetings of committees of the Board on which he or she served in 2013.

Audit Committee

Mr. Dale (Chair), Dr. Gale, Dr. McGahran, and Dr. Smith, each of whom is an independent director as such is defined by the rules of the New York Stock Exchange, and none of whom is an interested person as such is defined in the Act, constitute the membership of the Board's standing Audit Committee, which met four times in 2013. The Board has determined Mr. Dale and Dr. McGahran to be audit committee financial experts, as that term is defined in federal regulations. The Board has adopted a written charter under which the Audit Committee operates. A copy of the Audit Committee Charter (Charter) is available on the Corporation's website: www.peteres.com. Set forth below is the report of the Audit Committee:

Audit Committee Report

The purposes of the Audit Committee are set forth in the Audit Committee's written Charter. As provided in the Charter, the role of the Audit Committee is to assist the Board of Directors in its oversight on matters relating to accounting, financial reporting, internal control, auditing, risk assessment and risk management, and regulatory compliance activities, and other matters the Board deems appropriate. The Audit Committee also selects the Corporation's independent registered public accounting firm in accordance with the provisions set out in the Charter. Management, however, is responsible for the preparation, presentation and integrity of the Corporation's financial statements, and for the procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent registered public accounting firm is responsible for planning and carrying out proper audits and reviews.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2013 Annual Report of the Corporation with the Corporation's management and with PricewaterhouseCoopers LLP (PwC), the independent registered public accounting firm. In addition, the Audit Committee has discussed with PwC the matters required to be discussed pursuant to Statement of Auditing Standards No. 61, as modified or supplemented. The Audit Committee has also received from PwC the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC's communications with the Audit Committee concerning independence, considered whether the provision of nonaudit services by PwC is compatible with maintaining PwC's independence, and discussed with PwC its independence.

In reliance on the reviews and discussions with management and PwC referred to above, and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Charter and discussed above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Corporation's 2013 Annual Report for filing with the Securities and Exchange Commission.

Respectfully submitted on February 13, 2014, by the members of the Audit Committee of the Board of Directors:

Kenneth J. Dale, Chair

Roger W. Gale

Kathleen T. McGahran

Craig R. Smith

Compensation Committee

Dr. Arzac, Ms. Bonanno, Dr. McGahran, and Dr. Smith (Chair) constituted the membership of the Board's standing Compensation Committee in 2013, which met six times. The Compensation Committee reviews and recommends changes in the compensation of directors, officers, and employees, including salaries and the cash and equity incentive compensation plans in which the executive officers, officers, and employees of the Corporation are eligible to participate.

Executive Committee

Dr. Arzac, Ms. Bonanno, Mr. Escherich, Dr. McGahran (Chair), Dr. Smith, and Mr. Stoeckle constituted the membership of the Board's standing Executive Committee in 2013, which met two times. The Executive Committee has the authority of the Board of Directors between meetings of the Board except as limited by law, the Corporation's Bylaws, or Board resolution.

Nominating and Governance Committee

Dr. Arzac, Ms. Bonanno, Mr. Escherich (Chair), and Dr. McGahran constituted the membership of the Board's standing Nominating and Governance Committee in 2013, which met once. The Board has adopted a written charter under which the Nominating and Governance Committee operates, a copy of which is available to stockholders at the Corporation's website: www.peteres.com.

Each of the members of the Nominating and Governance Committee is an independent director as such is defined by the rules of the New York Stock Exchange and none is an interested person as such as defined by the Act.

The Nominating and Governance Committee recommends to the full Board nominees for director and leads the search for qualified director candidates.

The Nominating and Governance Committee will consider unsolicited recommendations for director candidates from stockholders of the Corporation. Stockholders may recommend candidates for consideration by the Nominating and Governance Committee by writing to the Secretary of the Corporation at the office of the Corporation, Seven St. Paul Street, Suite 1140, Baltimore, MD 21202, giving the candidate's name, biographical data and qualifications and stating whether the candidate would be an interested person of the Corporation. A written statement from the candidate, consenting to be named as a candidate, and if nominated and elected, to serve as a director, should accompany any such recommendation.

The process that the Nominating and Governance Committee uses for identifying and evaluating nominees for director is as follows: When there is a vacancy on the Board, either through the retirement of a director or the Board's determination that the size of the Board should be increased, nominations to fill that vacancy are made by independent directors on the Board. The members of the Nominating and Governance Committee meet with the prospective director nominee. If a majority of the Nominating and Governance Committee members are satisfied that the prospective director nominee is qualified and will make a positive addition to the Board, as many of the other independent directors meet with him or her as is possible. The Nominating and Governance Committee then nominates the candidate at a meeting of the Board and a vote is taken by the full Board on whether to

elect the nominee to the Board and to include the nominee in the Corporation's proxy for election at the next annual meeting of stockholders. The Corporation anticipates that a similar process will be used for any qualified director candidate properly recommended by a stockholder.

The Board does not have a formal policy regarding the consideration of diversity in identifying Board candidates. When considering a new candidate for the Board, the Nominating and Governance Committee and the full Board may consider the diversity of skills, experience and/or perspective a prospective nominee will bring to the Board as part of their evaluation of the contribution that such prospective nominee will make to the Board. Such factors will be considered in the context of the Board's existing membership at the time such potential candidate is considered.

Retirement Benefits Committee

Messrs. Dale and Escherich and Dr. Gale (Chair) constituted the membership of the standing Retirement Benefits Committee of the Corporation, which administers the Corporation's Employees' Retirement Plan and Supplemental Retirement Plan. This Committee met five times during 2013. Previously, this Committee also administered the Corporation's Employee Thrift Plan and Executive Nonqualified Supplemental Thrift Plan. Those plans are now administered by a committee comprised of employees of the Corporation.

Board of Directors Compensation

During 2013, each director who is not an interested person, except for Dr. McGahran, received an annual retainer fee of \$20,000 and a fee of \$1,000 for each Board meeting attended. Dr. McGahran, who was the Board Chair, received an annual retainer fee of \$29,000 and a fee of \$1,000 for each Board meeting attended. All members of each committee, except executive officers and/or interested persons, receive an additional annual retainer fee of \$2,000 for each committee membership and a fee of \$750 for each committee meeting attended; the Chairperson of each committee receives an additional fee of \$750 for each committee meeting attended. The total amount of fees paid to the independent directors in 2013 was \$317,000. In addition, following each annual meeting of stockholders, each non-employee director who is elected or re-elected at that annual meeting receives 400 restricted stock units.

Transactions with Principal Stockholder

The Corporation shares certain expenses for research, accounting services, other office services (including proportionate salaries and other employee benefits), rent and related expenses, and miscellaneous expenses, such as office supplies, postage, subscriptions and travel, with Adams, of which all of the above-named nominees are also directors. These expenses were paid by Adams and, on the date the payment was made, the Corporation simultaneously paid to Adams its allocated share of such expenses, based on either the proportion of the size of the investment portfolios of the two companies, or, where possible, on an actual usage basis. In 2013, the Corporation's share of such expenses was \$982,695.

Audit Fees

The aggregate fees for professional services rendered by the Corporation's independent registered public accounting firm, PricewaterhouseCoopers LLP, for the audit of the Corporation's annual financial statement and review of the Corporation's semi-annual financial statement for 2013 and 2012 were \$63,677 and \$61,052, respectively.

Audit-Related Fees

There were no audit-related fees in 2013 and 2012.

Tax Fees

The aggregate fees for professional services rendered to the Corporation by PricewaterhouseCoopers LLP for the review of the Corporation's excise tax calculations and preparations of federal, state and excise tax returns for 2013 and 2012 were \$7,492 and \$6,588, respectively.

All Other Fees

The aggregate fees for services rendered to the Corporation by PricewaterhouseCoopers LLP, other than for the services referenced above, for 2013 and 2012 were \$5,477 and \$6,617, respectively, which related to the review of the Corporation's procedures for calculating the amounts to be paid or granted to the Corporation's officers in accordance with the Corporation's cash incentive plan and the 2005 Equity Incentive Compensation Plan, review of the Corporation's calculations related to those plans, and preparation of a related report to the Corporation's Compensation Committee.

The Board's Audit Committee has considered the provision by PricewaterhouseCoopers LLP of the services covered in this **All Other Fees** section and found that they are compatible with maintaining PricewaterhouseCoopers LLP's independence.

Audit Committee Pre-Approval Policy

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services provided by the independent accountants. In assessing requests for services by the independent accountants, the Audit Committee considers whether such services are consistent with the auditor's independence; whether the independent accountants are likely to provide the most effective and efficient service based upon their familiarity with the Corporation; and whether the service could enhance the Corporation's ability to manage or control risk or improve financial statement audit and review quality. The Audit Committee may delegate pre-approval authority to its Chair. Any pre-approvals by the Chair under this delegation are to be reported to the Audit Committee at its next scheduled meeting. All services performed for 2013 were pre-approved by the Audit Committee.

Compensation of Directors and Executive Officers

The following table sets forth for each of the persons named below the aggregate compensation received from the Corporation during the fiscal year ended December 31, 2013, for services in all capacities:

Name	Position	Aggregate Compensation		Change in Pension	Stock
		(1)	(2)(3)(4)(5)(6)	Value (9)	Awards (10)
Mark E. Stoeckle	Chief Executive Officer (A)	\$	827,122	\$ N/A	\$ 342,504
Nancy J.F. Prue	President		413,573	95,820	65,625
James P. Haynie	Executive Vice President		165,158	N/A	224,982
Independent Directors					
Enrique R. Arzac	Director (A)(C)(E)		40,870(7)(8)	N/A	10,324(11)
Phyllis O. Bonanno	Director (A)(C)(E)		40,750(7)	N/A	10,324(11)
Kenneth J. Dale	Director (B)(D)		40,000(7)(8)	N/A	10,324(11)
Frederic A. Escherich	Director (A)(D)(E)		41,370(7)(8)	N/A	10,324(11)
Roger W. Gale	Director (B)(D)		43,120(7)	N/A	10,324(11)
Kathleen T. McGahran	Chair of the Board (A)(B)(C)(E)		59,112(7)	N/A	10,324(11)
Craig R. Smith	Director (A)(B)(C)		42,870(7)	N/A	10,324(11)

(A) Member of Executive Committee

(B) Member of Audit Committee

(C) Member of Compensation Committee

(D) Member of Retirement Benefits Committee

(E) Member of Nominating and Governance Committee

(1) Of the amounts shown, direct salaries paid by the Corporation to Messrs. Stoeckle and Haynie and Ms. Prue were \$177,857, \$39,038, and \$213,500, respectively.