

PETROLEUM & RESOURCES CORP
Form DEF 14A
February 18, 2011

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:

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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 11, 2011

Notice is hereby given that the Annual Meeting of Stockholders of PETROLEUM & RESOURCES CORPORATION, a Maryland corporation (the Corporation), will be held at the Hotel Monaco Baltimore, 2 North Charles Street, Baltimore, Maryland 21201, on Tuesday, March 22, 2011, 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 2012 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, 2011; 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 10, 2011, 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 Tuesday, March 22, 2011, at 10:00 a.m., local time, at the Hotel Monaco Baltimore, 2 North Charles Street, Baltimore, Maryland 21201, 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 18, 2011.

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 Shareholder Meeting to Be Held On March 22, 2011:

This proxy statement, the notice of annual meeting, a form of the proxy, and the 2010 Annual Report to stockholders are all available on the internet at the following website: <http://www.amstock.com/proxyservices/viewmaterials.aspx?CoNumber=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).

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

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 10, 2011, 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 24,798,154. 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) ELECTION OF 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 2012 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
Daniel E. Emerson

Frederic A. Escherich
Roger W. Gale
Thomas H. Lenagh

Kathleen T. McGahran
Douglas G. Ober*
Craig R. Smith

If for any reason one or more of the nominees above named 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 elected, unless otherwise provided in the Bylaws of the Corporation.

Information as to Nominees for Election as Directors (as of December 31, 2010)

Set forth below with respect to each nominee for director are his or her name 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 directors and 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. Ober 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., 69, 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 funds) (investment companies), Credit Suisse Asset Management Funds (CSAM) (9 funds) (investment companies), Epoch Holdings Corporation (asset management), Mirae Asset Discovery Funds (6 funds) (investment companies), and Starcomms Plc (telecommunications). In addition to the CSAM funds referred to above, Dr. Arzac served as a director of 4 other funds at CSAM within the past five years.	1987	9,603
Phyllis O. Bonanno, 67, Retired President & Chief Executive Officer of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Vice President of Warnaco Inc. (apparel). Director of The Adams Express Company(1), Borg-Warner Inc. (industrial), and Mohawk Industries, Inc. (carpet and flooring).	2003	3,846
Kenneth J. Dale, 54, Senior Vice President and Chief Financial Officer of The Associated Press. Director of The Adams Express Company(1).	2008	1,835
Daniel E. Emerson*, 86, Retired Executive Vice President of NYNEX Corporation (communications), retired Chairman of the Board of both NYNEX Information Resources Co. and NYNEX Mobile Communications Co. Previously, Executive Vice President and Director of New York Telephone Company. Director of The Adams Express Company(1).	1987	15,429
Frederic A. Escherich, 58, Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with JPMorgan. Director of The Adams Express Company(1).	2006	3,211
Roger W. Gale, Ph.D., 64, President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly, member of management group of PA Consulting Group (energy consultants). Director of The Adams Express Company(1), Ormat Technologies, Inc. (geothermal and renewable energy), and U.S. Energy Association (focused on U.S. and international energy issues).	2005	3,696
Thomas H. Lenagh, 92, Financial Advisor. Formerly, Chairman of the Board and Chief Executive Officer of Greiner Engineering Inc. (formerly Systems Planning Corp.) (consultants) and Treasurer and Chief Investment Officer of the Ford Foundation (charitable foundation). Director of The Adams Express Company(1), Cornerstone Funds, Inc. (3 funds) (investment companies), and Photonics Product Group, Inc. (crystals).	1987	6,728
Kathleen T. McGahran, Ph.D., J.D., C.P.A., 60, President & CEO of Pelham Associates, Inc. (executive education), and Adjunct Associate Professor, Tuck School of Business, Dartmouth College. Formerly, Associate Dean and Director of Executive Education and Associate Professor, Columbia University. Director of The Adams Express Company(1).	2003	6,450
Craig R. Smith, M.D., 64, President, Williston Consulting LLC (consultants to the pharmaceutical and biotechnology industries), and Chief Operating Officer and Director of Algenol Biofuels Inc. (ethanol manufacturing). Formerly Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceutical and biotechnology). Director of The Adams Express Company(1), and Depomed, Inc. (specialty pharmaceuticals), and during the past five years also served as a director of La Jolla Pharmaceutical Company.	2005	9,337

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)
Interested Director		
Douglas G. Ober, 64, Chairman of the Board and Chief Executive Officer of the Corporation since April 1, 1991, and President since April 1, 2003. Director, Chairman of the Board and Chief Executive Officer of The Adams Express Company.	1989	60,570
Directors and executive officers of the Corporation as a group.		149,571

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

* Mr. Emerson is the Lead Director for the Board.

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 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, 45,777 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 shares subject to options under the Corporation's Stock Option Plan (see "Stock Option Plan" below) and nonvested shares of restricted stock under the Corporation's 2005 Equity Incentive Compensation Plan (see "2005 Equity Incentive Compensation Plan" below) held by Mr. Ober (23,129 shares), nonvested or vested but deferred restricted stock units held by each director (2,000 held by Mr. Arzac, 1,600 held by each of Ms. Bonanno and Ms. McGahran, 1,200 held by Mr. Emerson, 800 held by Mr. Dale, and 400 held by each of Mr. Escherich, Mr. Gale, Mr. Lenagh, and Mr. Smith), and by directors and executive officers as a group (44,049 shares). Mr. Ober disclaims beneficial ownership of the 13,219 shares subject to options included in the number above.
- (d) Calculated on the basis of 24,789,698 shares of Common Stock outstanding on December 31, 2010, 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.
- (e) Of the amount shown, 33,779 shares beneficially owned by Mr. Ober were held by the Trustee under the Employee Thrift Plan of the Corporation.

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 has 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 provides her with valuable experience.

3) Kenneth J. Dale

Mr. Dale brings to the Board broad expertise in financial management. He serves as Senior Vice President and Chief Financial Officer of The Associated Press (AP), the leading provider of news and media content. His responsibilities at AP include all corporate finance activities, internal audit, global real estate and administrative services. Prior to joining AP, Mr. Dale spent 21 years as an investment banker at J.P. Morgan & Co. Inc., advising media and entertainment clients on mergers and acquisitions and corporate finance transactions.

4) Daniel E. Emerson

Mr. Emerson has served as the Corporation's Lead Director since 2007, presiding at the executive sessions of the independent directors and as the Board's liaison to the Fund's management. He brings to the Board an in-depth familiarity with the Corporation's operations, investment philosophy, and investment objectives gained through his years of service on the Board. Mr. Emerson also brings to the Board real world experience in managing a large business operation gained from his positions as one of the senior executives of NYNEX Corporation and its predecessor, The New York Telephone Company. In addition, Mr. Emerson's service on several other boards, including as board chairman, gives him a deep understanding of board responsibilities and operations.

5) 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 M&A 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.

6) Roger W. Gale, Ph.D.

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

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 board of a Fortune 500 energy conglomerate and currently sits on the boards of a publicly-traded geothermal energy company and the U. S. Energy Association, which focuses on domestic and international energy issues. Dr. Gale holds a Ph.D. in political science from the University of California, Berkeley.

7) Thomas H. Lenagh

Mr. Lenagh brings to the Board a unique insight and perspective on the investment philosophy of the Corporation acquired through his many years of service on the Board. From Mr. Lenagh's many years as the Treasurer and Chief Investment Officer of the Ford Foundation, a national and international philanthropic organization, he has extensive experience in asset management and securities analysis. Mr. Lenagh is a Chartered Financial Analyst. He also serves on the board of a photonics company that manufactures optical components and laser accessories. In addition, his service on the boards of other closed-end investment companies provides him with a deep understanding of investment company oversight.

8) Kathleen T. McGahran, Ph.D.

Dr. McGahran is a C.P.A., a lawyer, and holds a Ph.D. in Accounting and Finance from NYU, and brings to the Board a very broad and valuable skill set. She is the managing director 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 NYU. 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 has served as Chair of the Corporation's Audit Committee for several terms.

9) 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 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. He also serves as Chief Operating Officer of Algenol Biofuels, a research company focusing on the production of ethanol and other high-value green chemicals from algae.

Interested Director

10) Douglas G. Ober

Mr. Ober has been Chairman and CEO of the Corporation since 1991 and was elected the President in 2003. He has over 30 years of investment management and securities analysis experience. He joined the Corporation's non-controlling affiliate, The Adams Express Company, as a research analyst in 1980 after spending 8 years as a senior credit officer and lender at a commercial bank. Mr. Ober brings to the Board a deep understanding of the Corporation and its strategy acquired over 30 years of involvement with the Corporation. He is a Chartered Financial Analyst.

Stock Ownership

<u>Independent Directors</u>	<u>Dollar Value of Shares Owned(1)</u>
Enrique R. Arzac	greater than \$100,000
Phyllis O. Bonanno	\$50,001-\$100,000
Kenneth J. Dale	\$10,001-\$50,000
Daniel E. Emerson	greater than \$100,000
Frederic A. Escherich	\$50,001-\$100,000
Roger W. Gale	\$50,001-\$100,000
Thomas H. Lenagh	greater than \$100,000
Kathleen T. McGahran	greater than \$100,000
Craig R. Smith	greater than \$100,000
<u>Interested Director</u>	
Douglas G. Ober	greater than \$100,000

(1) The valuation date used in calculating the dollar value of shares owned is December 31, 2010.

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 5 years of the requirement's adoption, a certain value of equity in the Corporation equal to a multiple of his or her 2009 annual salary. 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 11).

Board Leadership Structure

Nine of the Fund's ten Directors are not interested persons, as defined by the Investment Company Act of 1940 (the Act), and are independent Directors. Mr. Ober is the only member of the Board who is an interested person under the Act and thus is not an independent Director. The Board has chosen to combine the positions of Chairman of the Board and CEO and has selected Mr. Ober to serve in those dual roles. Mr. Emerson has been selected by the independent Directors as the Lead Director, and acts as chair of the executive sessions of the independent Directors and, when appropriate, represents the views of the independent Directors to management.

The Board has determined that its leadership structure is appropriate in light of the size of the organization, the services that Mr. Ober and the independent Directors provide to the Corporation, and any potential conflicts of interest that could arise. Among the factors relied on by the Board in reaching this conclusion are: 1) the independent Directors constitute 90% of the Board; 2) the Corporation is internally-managed (there is no outside investment advisor for the Board to oversee or investment advisory contract to approve); 3) there are only 15 people in-house who manage the Corporation, comprised of portfolio managers, research analysts and administrative personnel; 4) the compensation

for the professional staff and officers is set by the independent Directors; 5) Mr. Ober does not sit on the Compensation Committee or the Nominating and Governance Committee of the Board; 6) the Board meets on a monthly basis (except for August) and reviews and approves all securities transactions conducted by management; 7) the Corporation primarily invests in publicly-traded stocks and follows a conservative, long-term approach for its investments; and 8) the Board oversees only two Funds – the Corporation and Adams.

Board's Oversight of Risk Management for the Fund

The Board's role in risk management of the Fund 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, acting at its scheduled monthly meetings, receives reports from senior management, including the Corporation's portfolio management team, the Chief Compliance Officer and the Treasurer. Between Board meetings, the Executive Committee, and/or the Lead Director, 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 Audit Committee and the Board receive periodic presentations from senior management regarding risk management generally, in addition to specific operational, compliance or investment areas such as business continuity, personal trading, valuation, investment research and securities lending. The Board also receives reports from the Corporation's general counsel regarding regulatory, compliance and governance matters. The Board's role in risk oversight does not affect its leadership structure. 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 10 of the directors attended the 2010 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, is 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 and written

representations that no other reports are required, the Corporation believes that each director and officer filed all requisite reports with the Commission on a timely basis during 2010.

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. Brian S. Hook, 41, has served as the Treasurer since June 1, 2009. Prior thereto, he served as Assistant Treasurer since September 2008. 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., 58, 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, 56, has served 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.

Mr. David D. Weaver, 41, has served as Executive Vice President since March 23, 2010. He also serves as the President of Adams and prior to March 23, 2010, he served as an officer of Adams from January 2007 to March 2010 and a research analyst from 2004 to January 2007.

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)

<u>Name</u>	<u>Shares of Common Stock Beneficially Owned (b)(c)(d)(e)</u>
Brian S. Hook	2,730
Lawrence L. Hooper, Jr.	9,360
Nancy J.F. Prue	15,183
David D. Weaver	1,593

- (a) As of December 31, 2010, 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, each officer had sole investment and voting power with respect to the shares shown opposite his or her name above other than shares referred to in footnote (d) below.
- (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. Hook (427 shares), Mr. Hooper (3,930

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

shares), Ms. Prue (4,968 shares), and Mr. Weaver (186 shares).

- (d) The amounts shown include shares subject to options under the Corporation's Stock Option Plan (see Stock Option Plan below), held by Ms. Prue (864 shares). She disclaims beneficial ownership of those shares.
- (e) 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. Hook (2,097 shares), Mr. Hooper (3,709 shares), Ms. Prue (5,450 shares), and Mr. Weaver (0 shares).
- (f) Calculated on the basis of 24,789,698 shares of Common Stock outstanding on December 31, 2010, each of the officers listed above owned less than 1.0% of the Common Stock outstanding.

Principal Stockholder

At December 31, 2010, 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	9.0%

Board Meetings and Committees of the Board

The Board of Directors held eleven meetings during 2010, at which overall attendance was approximately 97%. Each 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 2010.

Audit Committee

Messrs. Arzac, Gale, and Lenagh, and Ms. Bonanno, 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 2010. The Board has determined that Mr. Arzac is an audit committee financial expert, 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

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

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, 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 2010 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 2010 Annual Report for filing with the Securities and Exchange Commission.

Respectfully submitted on February 10, 2011, by the members of the Audit Committee of the Board of Directors:

Enrique R. Arzac, Chair

Phyllis O. Bonanno

Roger W. Gale

Thomas H. Lenagh

Compensation Committee

Messrs. Dale, Emerson, Lenagh, and Smith and Ms. McGahran constitute the membership of the Board's standing Compensation Committee, which met four times during 2010. The Compensation Committee reviews and recommends changes in the salaries of directors, officers, and employees, and advises upon the cash and equity incentive compensation plans in which the executive officers, officers, and employees of the Corporation are eligible to participate.

Executive Committee

Messrs. Emerson, Escherich, Ober*, and Smith, and Ms. McGahran constitute the membership of the Board's standing Executive Committee, which met two times during 2010. The Executive Committee has the authority of the Board of Directors between meetings of the Board except as limited by law, the Corporation's By-laws, or Board resolution.

Nominating and Governance Committee

Messrs. Emerson, Escherich, and Smith, and Ms. McGahran constitute the membership of the Board's standing Nominating and Governance Committee, which met two times in 2010. The Board

* Mr. Ober is an interested person.

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 current, independent directors on the Board. The name of any individual recommended by an independent director is provided to Mr. Ober, who contacts the prospective director nominee and meets with him or her. The members of the Nominating and Governance Committee then 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 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. Arzac, Dale, Escherich, and Gale, and Ms. Bonanno constitute the membership of the standing Retirement Benefits Committee of the Corporation, which administers the Employees' Retirement Plan, the Supplemental Retirement Plan, the Employee Thrift Plan, and the Executive Nonqualified Supplemental Thrift Plan of the Corporation. This Committee met four times during 2010.

Board of Directors Compensation

During 2010, each director who is not an interested person, except for Mr. Emerson, received an annual retainer fee of \$12,000 and a fee of \$1,000 for each Board meeting attended. Mr. Emerson, who is the Lead Director for the Board, received an annual retainer fee of \$17,000 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, except for the Executive Committee, receives an additional fee of \$750 for each committee meeting attended. The total amount of fees paid to the independent directors in 2010 was \$315,250. 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 and 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 2010, the Corporation's share of such expenses was \$897,871.

Audit Fees

The aggregate fees for professional services rendered by the Corporation's independent registered public accounting firm, PricewaterhouseCoopers LLP, for the audits of the Corporation's annual and semi-annual financial statements for 2010 and 2009 were \$67,261 and \$75,948, respectively.

Audit-Related Fees

There were no audit-related fees in 2010 and 2009.

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 2010 and 2009 were \$4,964 and \$8,131, respectively.

All Other Fees

Edgar Filing: PETROLEUM & RESOURCES CORP - Form DEF 14A

The aggregate fees for services rendered to the Corporation by PricewaterhouseCoopers LLP, other than for the services referenced above, for 2010 and 2009 were \$5,679 and \$5,513, 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; and review of the documentation relating to compliance by the Corporation's employees and directors with the requirements of the Corporation's Code of Ethics pertaining to personal stock trading, and presentation of a related report to the Chief Executive Officer.

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

All services to be performed for the Corporation by PricewaterhouseCoopers LLP must be pre-approved by the Audit Committee. All services performed for 2010 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, 2010, for services in all capacities:

<u>Name</u>	<u>Position</u>	<u>Aggregate Compensation (1)(2)(3)(4)</u>	<u>Pension or Retirement Benefits Accrued as Part of Expenses (6)</u>	<u>Stock Awards (7)</u>
Douglas G. Ober	Chairman of the Board, President and Chief Executive Officer (A)	\$ 331,200	\$ 30,009	\$ 93,719
Nancy J.F. Prue	Executive Vice President	256,985	23,878	59,963
Lawrence L. Hooper, Jr.	Vice President, General Counsel and Secretary	138,300	12,834	33,731
Enrique R. Arzac	Director (B)(D)	35,250(5)	N/A	9,770(8)
Phyllis O. Bonanno	Director (B)(D)	35,000	N/A	9,770(8)
Kenneth J. Dale	Director (C)(D)	32,000	N/A	