

ADAMS EXPRESS CO  
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

**THE ADAMS EXPRESS COMPANY**

(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: ADAMS EXPRESS CO - 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:

## The Adams Express Company

Seven St. Paul Street

Baltimore, Maryland 21202

---

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

---

February 11, 2011

To the Stockholders of

**THE ADAMS EXPRESS COMPANY:**

Notice is hereby given that the Annual Meeting of Stockholders of THE ADAMS EXPRESS COMPANY, a Maryland corporation (the Company), will be held at the Hotel Monaco Baltimore, 2 North Charles Street, Baltimore, Maryland 21201, on Tuesday, March 22, 2011, at 9:00 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 Company for or during the year ending December 31, 2011;
- (3) to consider and vote upon, if properly presented, a stockholder proposal recommending that the Board of Directors consider causing the Company to conduct a self-tender offer; and
- (4) to transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record, as shown by the transfer books of the Company, at the close of business on February 10, 2011, are entitled to notice of and to vote at this meeting.

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

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.**

## The Adams Express Company

Seven St. Paul Street

Baltimore, Maryland 21202

---

### Proxy Statement

---

#### INTRODUCTION

The Annual Meeting of Stockholders of The Adams Express Company, a Maryland corporation (the Company), will be held on Tuesday, March 22, 2011, at 9:00 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; (3) if properly presented, a stockholder proposal recommending that the Board of Directors consider causing the Company to conduct a self-tender offer; and (4) 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=13579>.**

#### **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), (2) and (3), 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 Company, 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, **FOR** Proposal (2), and **AGAINST** Proposal (3).

## Edgar Filing: ADAMS EXPRESS CO - 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 Company by telephone at (800) 638-2479 or by email at [contact@adamsexpress.com](mailto:contact@adamsexpress.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 Company outstanding and

entitled to be voted on the record date was 88,913,291. Each share is entitled to one vote. The Company 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. Proposals (2) and (3), referred to above, require 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 Company 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), (2), and (3), 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 Company 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 Company may also solicit proxies by telephone or personal interview. The Company 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 2012 and until their successors are duly elected and qualify, all of whom have consented to serve if elected:



## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Enrique R. Arzac	Frederic A. Escherich	Kathleen T. McGahran
Phyllis O. Bonanno	Roger W. Gale	Douglas G. Ober*
Kenneth J. Dale	Thomas H. Lenagh	Craig R. Smith
Daniel E. Emerson		

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 Company.

---

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

**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 Company, 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 Company beneficially owned by him or her. Also set forth below is the number of shares of Common Stock of the Company beneficially owned by all the directors and officers of the Company as a group. A separate table is provided showing the dollar value range of the shares beneficially owned by each director.

Name, Age, Positions with the Company, Other Principal Occupations and Other Directorships	Has been a Director since	Shares of Common Stock Beneficially Owned (a)(b)(c)(d)
<b>Independent Directors</b>		
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 Petroleum & Resources Corporation (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.	1983	32,969
Phyllis O. Bonanno, 67, Retired President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Vice President of Warnaco Inc. (apparel). Director of Petroleum & Resources Corporation (1), Borg-Warner Inc. (industrial), and Mohawk Industries, Inc. (carpets and flooring).	2003	7,258
Kenneth J. Dale, 54, Senior Vice President and Chief Financial Officer of The Associated Press. Director of Petroleum & Resources Corporation (1).	2008	3,288
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 Petroleum & Resources Corporation (1).	1982	32,519
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 Petroleum & Resources Corporation (1).	2006	6,943
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 Petroleum & Resources Corporation (1), Ormat Technologies, Inc. (geothermal and renewable energy), and U.S. Energy Association (focused on U.S. and international energy issues).	2005	8,359
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 Petroleum & Resources Corporation (1), Cornerstone Funds, Inc. (3 funds) (investment companies), and Photonics Product Group, Inc. (crystals).	1968	9,523
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 Petroleum & Resources Corporation (1).	2003	13,669
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). Currently a Director of Petroleum & Resources Corporation (1), and Depomed, Inc. (specialty pharmaceuticals), and during the past five years also served as a director of LaJolla Pharmaceutical Company.	2005	22,334

(1) Non-controlled affiliate of the Company (investment company).

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



Name, Age, Positions with the Company, Other Principal Occupations and Other Directorships	Has been a Director since	Shares of Common Stock Beneficially Owned (a)(b)(c)(d)
<b>Interested Director</b>		
Douglas G. Ober, 64, Chairman of the Board and Chief Executive Officer of the Company since April 1, 1991. Chairman of the Board, President and Chief Executive Officer and Director of Petroleum & Resources Corporation (1).	1989	144,140(e)
Directors and executive officers of the Company as a group.		392,778

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

- (a) To the Company'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, 141,329 shares were held by the Trustee under the Employee Thrift Plan of the Company and the Employee Thrift Plan of Petroleum & Resources Corporation.
- (c) The amounts shown include shares subject to options under the Company's Stock Option Plan (see Stock Option Plan below) and nonvested shares of restricted stock under the Company's 2005 Equity Incentive Compensation Plan (see 2005 Equity Incentive Compensation Plan below) held by Mr. Ober (37,043 shares), nonvested or vested but deferred restricted stock units under the 2005 Plan held by each director (3,750 held by Mr. Arzac, 3,000 held by each of Ms. Bonanno and Ms. McGahran, 2,250 held by Mr. Emerson, 1,500 held by Mr. Dale, and 750 held by each of Mr. Escherich, Mr. Gale, Mr. Lenagh and Mr. Smith), and by directors and executive officers as a group (103,694 shares). Mr. Ober disclaims beneficial ownership of the 11,732 shares subject to options included in the number above.
- (d) Calculated on the basis of 88,885,186 shares 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, 94,787 shares beneficially owned by Mr. Ober were held by the Trustee under the Employee Thrift Plan of the Company.

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 Company'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 Company'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 Company'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.

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. Mr. 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 Company 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 Company'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 Company since 1991. He has over 30 years of investment management and securities analysis experience. He joined the 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 Company and its strategy acquired over 30 years of involvement with the Company. He is a Chartered Financial Analyst.

**Stock Ownership**



Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

**Independent Directors**

---

**Dollar Value of Shares Owned(1)**

---

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	\$50,001-\$100,000
Kathleen T. McGahran	greater than \$100,000
Craig R. Smith	greater than \$100,000

**Interested Director**

Douglas G. Ober

**Dollar Value of Shares Owned(1)**  
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 Company 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 Company; non-employee directors with less than 5 years of service, and new directors, must own at least \$100,000 of the Company's Common Stock within 10 years of joining the Board.

The nominees for election as directors of the Company identified above are also the nominees for election to the Board of Directors of Petroleum & Resources Corporation (Petroleum), the Company's non-controlled affiliate, of which the Company owned 2,186,774 shares, or approximately 9% of the outstanding Common Stock, on December 31, 2010.

**Board Leadership Structure**

Nine of the Company'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 Company, 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 Company is internally-managed (there is no outside investment advisor for the Board to oversee or investment advisory contract to approve); 3) there are only 18 people in-house who manage the Company, 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 Company 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 Company and Petroleum.

**Board's Oversight of Risk Management for the Fund**

The Board's role in risk management of the Company 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 Company, 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 Company'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 Company'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 Fund's investments or activities.

#### **Process for Stockholders to Communicate with Board**

The Board of Directors has implemented a process for stockholders of the Company 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 Company, at The Adams Express Company, 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 Company'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 Company 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 Company's securities. Based upon a review of filings with the Commission and written representations that no other reports are required, the Company 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 Company of all executive officers of the Company 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 Company, 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.

## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Mr. Lawrence L. Hooper, Jr., 58, has served as the Chief Compliance Officer since April 8, 2004, as 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.

## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Ms. Nancy J.F. Prue, 56, has served as Executive Vice President since March 23, 2010. Prior to that she served as a research analyst since 1982. She also serves as Executive Vice President of Petroleum.

Mr. David D. Weaver, 41, has served as President since March 23, 2010. Prior to that, he served as Executive Vice President from March 2008 to March 2010, Vice President-Research from January 2007 to March 2008, and as a research analyst from 2004 to January 2007.

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

### Security Ownership of Management of the Company (a)

Name	Shares of Common Stock Beneficially Owned (b)(c)(d)(e)(f)
Brian S. Hook	8,062
Lawrence L. Hooper, Jr.	44,439
Nancy J.F. Prue	23,818
David D. Weaver	35,457

- (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 Company'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 Company and the Employee Thrift Plan of Petroleum: Mr. Hook (2,211 shares), Mr. Hooper (20,206 shares), Ms. Prue (15,076 shares), and Mr. Weaver (9,048 shares).
- (d) The amounts shown include shares subject to options under the Company's Stock Option Plan (see Stock Option Plan below), held by Mr. Hooper (9,385 shares) and Ms. Prue (3,519 shares). Mr. Hooper and Ms. Prue disclaim beneficial ownership of those shares.
- (e) The amounts shown include nonvested shares of restricted stock under the Company's 2005 Equity Incentive Compensation Plan (see 2005 Equity Incentive Compensation Plan below) held by Mr. Hook (5,206 shares), Mr. Hooper (9,476 shares), Ms. Prue (3,454 shares), and Mr. Weaver (19,111 shares).
- (f) Calculated on the basis of 88,885,186 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 Stockholders

At December 31, 2010, only one person or group of persons was known by the Company to own beneficially more than five percent of any class of the Company's voting securities.

Title of Class	Name and Address of Beneficial Owner	Amount* and Nature of Beneficial Ownership	Percent of Class
Common Stock	Erik E. Bergstrom P.O. Box 126 Palo Alto, CA 94302	8,350,000 shares held directly and indirectly**	9.4%

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

\* As of February 1, 2011.

\*\* Shares held in name of Erik E. Bergstrom Living Trust (3,250,000 shares), Edith H. Bergstrom Living Trust (100,000 shares), and Erik E. and Edith H. Bergstrom Foundation (5,000,000 shares). Mr. Bergstrom disclaimed beneficial ownership of certain of these shares.

## **Board Meetings and Committees of the Board**

Overall attendance at the eleven meetings of the Board held in 2010 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 by 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 Company's website: [www.adamsexpress.com](http://www.adamsexpress.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 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 Company'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 Company'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 Company with the Company'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 Company'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 Company 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 Company'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 has adopted a written charter under which the Nominating and Governance Committee operates, a copy of which is available to stockholders at the Company's website: [www.adamsexpress.com](http://www.adamsexpress.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 is 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 Company. Stockholders may recommend candidates for consideration by the Nominating and Governance Committee by writing to the Secretary of the

Company at the office of the Company, 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 Company. 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

## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

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 Company's proxy for election at the next annual meeting of stockholders. The Company anticipates that a similar process will be used for any qualified director candidate properly recommended by a stockholder.

---

\* Mr. Ober is an interested person.

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 Company, which administers the Employees' Retirement Plan, the Supplemental Retirement Plan, the Employee Thrift Plan, and the Executive Nonqualified Supplemental Thrift Plan of the Company. 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 750 restricted stock units.

#### **Transactions with Petroleum & Resources Corporation**

The Company 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 Petroleum, of which all of the above-named nominees are also directors. These expenses were paid by the Company and, on the date the payment was made, Petroleum simultaneously paid to the Company 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, Petroleum's share of such expenses was \$897,871.

#### **Audit Fees**

The aggregate fees for professional services rendered by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, for the audits of the Company's annual and semi-annual financial statements for 2010 and 2009 were \$78,421 and \$85,924, 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 Company by PricewaterhouseCoopers LLP for the review of the Company's excise tax calculations and preparations of federal, state and excise tax returns for 2010 and 2009 were \$5,874 and \$9,937, respectively.

**All Other Fees**

The aggregate fees for services rendered to the Company 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 Company's procedures for calculating the amounts to be paid or granted to the Company's officers in accordance with the Company's cash incentive plan and the 2005 Equity Incentive Compensation Plan, review of the Company's calculations related to those plans, and preparation of a related report to the Company's Compensation Committee; and review of the documentation relating to compliance by the Company's employees and directors with the requirements of the Company'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 Company 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 Company 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 (5)</u>	<u>Stock Awards (7)</u>
Douglas G. Ober	Chairman of the Board and Chief Executive Officer (A)	\$ 496,800	\$ 45,381	\$ 93,736
David D. Weaver	President	237,875	23,357	74,991
Lawrence L. Hooper, Jr.	Vice President, General Counsel and Secretary	207,450	19,345	33,735
Enrique R. Arzac	Director (B)(D)	35,250(6)	N/A	7,928(8)
Phyllis O. Bonanno	Director (B)(D)	35,000	N/A	7,928(8)
Kenneth J. Dale	Director (C)(D)	35,000	N/A	7,928(8)
Daniel E. Emerson*	Director (A)(C)(E)	44,500	N/A	7,928(8)
Frederic A. Escherich	Director (A)(D)(E)	35,750	N/A	7,928(8)
Roger W. Gale	Director (B)(D)	35,500	N/A	7,928(8)
Thomas H. Lenagh	Director (B)(C)	35,000	N/A	7,928(8)
Kathleen T. McGahran	Director (A)(C)(E)	35,000	N/A	7,928(8)
Craig R. Smith	Director (A)(C)(E)	35,250	N/A	7,928(8)

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

- (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
- 

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

- (1) Of the amounts shown, direct salaries paid by the Company to Messrs. Ober, Weaver, and Hooper were \$307,800, \$168,875, and \$147,450, respectively.

- (2) Of their direct salaries, \$23,025, \$12,653, and \$10,010 were deferred compensation to Messrs. Ober, Weaver, and Hooper, respectively, under the Company's Employee Thrift Plans, and, for Mr. Ober and Mr. Weaver, the Executive Nonqualified Supplemental Thrift Plan. The non-employee Directors do not participate in these Plans.
- (3) Of the amounts shown, \$189,000, \$69,000, and \$60,000 were cash incentive compensation accrued for Messrs. Ober, Weaver, and Hooper, respectively, in 2010 and paid to them in 2011.
- (4) In addition, the net gain realized by Mr. Ober upon the exercise of stock appreciation rights during 2010 granted under the Company's Stock Option Plan (see Stock Option Plan below) was \$9,105. This sum is in addition to the aggregate compensation amounts shown in this summary table.
- (5) Under the Employee Thrift Plans, the Company makes contributions to match the contributions made by eligible employees and may, at the discretion of the Board of Directors, make an additional contribution (see Employee Thrift Plans below). The amounts shown represent the Company's matching contributions made on behalf of Messrs. Ober, Weaver, and Hooper during 2010 and an additional discretionary contribution equal to 4.5% of their compensation during 2010. In addition, during 2010, the Company recognized aggregate pension expense of \$148,529 related to all eligible employees and former employees in the Employee Retirement Plans (see Employee Retirement Plans below).
- (6) Of the amounts shown, \$16,000 was foregone at the election of the director in favor of receiving 1,616.61 deferred stock units.
- (7) This column shows the grant date fair value for grants of restricted stock made during 2010 to the identified executive officers under the 2005 Equity Incentive Compensation Plan. The restricted shares will vest at the end of three years from the grant date, but only upon the achievement of specified performance criteria. The target shares (the target number is shown in the Grants of Plan-Based Awards table below) will vest after three years if, on January 1 of the year in which they vest, the Company's three year total net asset value (NAV) return meets or exceeds the three year total NAV return of a hypothetical portfolio comprised of a 50/50 blend of the S&P 500 Index and the Lipper Large-Cap Core Index (Hypothetical Portfolio), with a lesser percentage or no shares being earned if the Company's total NAV return trails that of the Hypothetical Portfolio, depending on the level of underperformance on that date. In addition, if, on that date, the Company's three year total NAV return exceeds that of the Hypothetical Portfolio, an additional number of shares (additional shares) (the maximum number of additional shares is included in the Maximum column in the Grants of Plan-Based Awards table below) will be earned and vest, depending on the level of outperformance. For a discussion of the assumptions used in valuing the stock awards shown in this column, and the related accounting treatment, please see Note 6 to the Company's financial statements for 2010. Dividends and capital gains paid on the Company's shares of Common Stock (dividends) will be paid on all of the target number of shares of restricted stock, when such dividends are paid on the Common Stock, except that no dividends or capital gains will be paid after the vest date on any shares that are forfeited due to the failure to achieve the performance criteria described above. Accrued dividends and capital gains applicable to the additional shares are paid on such additional shares that vest on the vest date. The dividend rate for dividends paid on the shares of restricted stock is the same rate that is paid on the Common Stock.
- (8) These amounts reflect the grant date fair value for the 750 restricted stock units granted to each director under the 2005 Equity Incentive Compensation Plan upon election to the Board of Directors at the Company's annual meeting in 2010.

#### Grants of Plan-Based Awards under the 2005 Equity Incentive Compensation Plan

The following table presents information regarding grants of equity plan-based awards under the 2005 Equity Incentive Compensation Plan to the three executive officers listed in the Compensation Table above during 2010:

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards (1)			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$) (3)
		Threshold (\$ or #) (2)	Target (#) (2)	Maximum (#) (2)		
Douglas G. Ober	January 14, 2010	0	6,041	9,061	0	93,736
David D. Weaver	January 14, 2010	0	4,833	7,249	0	74,991
Lawrence L. Hooper, Jr.	January 14, 2010	0	2,174	3,261	0	33,735

- (1) For a description of the material terms of these restricted stock grants, see footnote 7 to the Compensation Table above.



- (2) Threshold refers to the minimum amount payable for a certain level of performance under the Plan. Target refers to the amount payable if the specified performance target(s) are reached. Maximum refers to the maximum payout possible under the Plan.
- (3) This fair value amount assumes that all of the shares shown in the Maximum column herein are earned and vest. See footnote 7 to the Compensation Table above.

**Outstanding Equity Awards at Fiscal Year-End under the 2005 Equity Incentive Compensation Plan**

The following table presents information regarding outstanding equity awards under the 2005 Equity Incentive Compensation Plan to the three executive officers listed in the Compensation Table above at the end of 2010:

Name	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (2)
Douglas G. Ober	5,789	62,058	19,522	209,276
David D. Weaver	3,705	39,718	11,981	128,436
Lawrence L. Hooper, Jr.	2,083	22,330	6,589	70,634

- (1) These shares vested as follows: Mr. Ober, 5,789 on January 10, 2011; Mr. Weaver, 3,705 on January 10, 2011, and Mr. Hooper, 2,083 on January 10, 2011.
- (2) Using the December 31, 2010 closing market price for the Company's stock of \$10.72.
- (3) Certain of these shares are scheduled to vest as follows, if certain performance criteria are met by the Company as described in footnote 7 to the Compensation Table above: Mr. Ober, 9,135 on January 8, 2012, and 9,061 on January 14, 2013; Mr. Weaver, 7,308 on January 8, 2012, and 7,249 on January 14, 2013; and Mr. Hooper, 3,654 on January 8, 2012, and 3,261 on January 14, 2013. Note that these shares include 1,326 shares for Mr. Ober, 849 shares for Mr. Weaver, and 478 shares for Mr. Hooper that were scheduled to vest in January 2011 but were forfeited as unearned because the Company's total NAV return did not exceed the performance criteria by the maximum amount set out in footnote 7 to the Compensation Table above.

**Stock Vested under the 2005 Equity Incentive Compensation Plan**

The following table presents information regarding the vesting of restricted stock awards during 2010 for the three executive officers listed in the Compensation Table above:

Name	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting (\$)

	(#)	_____
Douglas G. Ober	6,116	63,255
David D. Weaver	3,425	35,423
Lawrence L. Hooper, Jr.	2,200	22,754

**2005 Equity Incentive Compensation Plan**

In 2005 the Board of Directors adopted an equity incentive compensation plan for the Company, called the 2005 Equity Incentive Compensation Plan (the 2005 Plan ), to replace the Stock Option Plan adopted in 1985 and described below. The 2005 Plan was reapproved by the stockholders at the 2010 Annual Meeting. As of December 31, 2010, (i) the number of shares subject to outstanding awards under the 2005 Plan was 138,638 and (ii) the number of shares available for future grants under the 2005 Plan was 3,182,341.

#### Administration

The 2005 Plan is administered by the Compensation Committee of the Board of Directors. The Compensation Committee has general responsibility to ensure that the 2005 Plan is operated in a manner that serves the best interests of the Company's stockholders. Prior to making any recommendations to the Board to grant awards, but at least annually, the Compensation Committee will review the potential impact that the grant, exercise or vesting of awards could have on the Company's earnings and net asset value per share.

#### Eligible Participants

The Compensation Committee recommends to the Board, and the Board has full and final authority to approve, the Company's directors, officers, and employees and any eligible subsidiary's officers and employees selected to receive awards under the 2005 Plan. The individuals who receive grants under the 2005 Plan are referred to individually as a Participant and collectively as Participants. In addition, under the 2005 Plan, all non-employee directors of the Company are eligible to participate and receive awards as described below under Non-Employee Director Awards.

#### Available Shares

The Company has reserved and made available 3,413,131 shares for use as awards (4% of the Company's Common Stock outstanding on the effective date of the 2005 Plan). The Compensation Committee may adjust the number and kind of shares available for use in awards when certain corporate transactions occur which affect the price of the Company's Common Stock.

Under the 2005 Plan, no single Participant may be granted awards relating to more than 35% of the shares of the Company's Common Stock reserved for issuance under the 2005 Plan. In addition, the 2005 Plan limits the total number of shares that may be awarded to any single Participant in any 36-month period in connection with all types of awards to 300,000 shares of Company stock. Grants to non-employee directors are limited to those described below under Non-Employee Director Awards.

#### Awards

The 2005 Plan permits the Compensation Committee, subject to approval by the Board, to grant the following types of awards:

- restricted stock;
- restricted stock units;
- deferred stock units;
- non-qualified stock options;
- stock appreciation rights (including freestanding and tandem stock appreciation rights); and
  
- performance awards.

## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

In addition, the 2005 Plan permits dividend equivalents to be awarded in connection with any award under the 2005 Plan. The 2005 Plan permits the Compensation Committee to prescribe in an award agreement any other terms and conditions of that award. As described below, the Compensation Committee may designate any award under the 2005 Plan as a performance award subject to performance conditions. The 2005 Plan is also intended to qualify certain compensation awarded under the 2005 Plan for tax deductibility under Internal Revenue Code Section 162(m) ( Code Section 162(m) ).

The awards are described more fully below. Grants to non-employee directors are limited to those described below under Non-Employee Director Awards .

*Restricted Stock.* The 2005 Plan permits shares of the Company s Common Stock to be granted to Participants as restricted stock. Restricted stock is stock that is subject to restrictions on

transferability, risk of forfeiture and/or other restrictions. A Participant who receives restricted stock will have all the rights of a stockholder, including the right to vote the restricted stock and the right to receive dividends, unless the Participant is limited by the terms of the 2005 Plan or any award agreement relating to the restricted stock. During the period of restriction, the Participant may not sell, transfer, pledge, hypothecate, margin, or otherwise encumber the restricted stock.

*Restricted Stock Units.* The 2005 Plan permits restricted stock units to be granted to Participants. Restricted stock units represent rights to receive stock and are subject to certain restrictions and a risk of forfeiture.

*Deferred Stock Units.* The 2005 Plan authorizes deferred stock units to be granted to Participants. A deferred stock unit is the right to receive stock, cash, or a combination of stock and cash at the end of a time period specified by the Compensation Committee. Deferred stock units may or may not be subject to restrictions (which may include a risk of forfeiture), which restrictions will lapse at the expiration of the specified deferral period or at earlier times, as determined by the Compensation Committee.

*Stock Options.* Stock options may be granted to Participants, provided that the per share exercise price of each option is not less than the fair market value of a share of the Company's Common Stock on the date of the grant.

Unless otherwise determined by the Compensation Committee, options will become exercisable after the first anniversary of the date of grant, subject to the Participant's continued employment or service with the Company. Stock options issued under the 2005 Plan cannot be exercisable more than ten years from the date of grant. In addition, if and to the extent provided for in the applicable award agreement, the option price per share may be reduced after grant of the option to reflect capital gains distributions to the Company's stockholders made after the date of grant, provided that no such reduction will be made which will reduce the option price below zero.

*Stock Appreciation Rights.* Stock appreciation rights (SARs) may also be granted to Participants. A SAR is the right to receive, upon exercise, an amount equal to (i) the fair market value of one share of the Company's Common Stock on the date of exercise minus (ii) the SAR's grant price.

Unless otherwise determined by the Compensation Committee, SARs will become exercisable after the second anniversary of the date of grant, subject to the Participant's continued employment or service with the Company. SARs issued under the 2005 Plan cannot be exercisable more than ten years from the date of the grant. In addition, and to the extent provided for in the applicable award agreement, the grant price of a SAR may be reduced after grant of the SAR to reflect capital gains distributions to the Company's stockholders made after the date of grant, provided that no such reduction will be made which will reduce the grant price of the SAR below zero.

*Performance Awards.* The 2005 Plan permits the Compensation Committee to make any award under the 2005 Plan subject to performance conditions. The Company may pay performance awards in cash or shares of the Company's Common Stock. The grant, exercise and/or settlement of performance awards will be contingent upon the achievement of pre-established performance goals, unless the Compensation Committee determines that a performance award is not intended to qualify as performance-based compensation for purposes of Code Section 162(m). (Code Section 162(m) provides that compensation in excess of one million dollars to certain officers of a public company is not deductible for income tax purposes unless it qualifies as performance-based compensation.)

Non-Employee Director Awards

## Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Immediately following each annual meeting of stockholders, each non-employee director who is elected a director at the meeting, or who was previously elected and continues as a director after that annual meeting, receives an award of 750 restricted stock units of the Company. In addition, at the effective date of any non-employee director's initial election to the Board, the non-employee director

will be granted 750 restricted stock units of the Company. Non-employee directors will also receive dividend equivalents in respect of such restricted stock units equal to the amount or value of any cash or other dividends or distributions payable on an equivalent number of shares of Common Stock. The restricted stock units and related dividend equivalents will vest (and become non-forfeitable) and be paid (in the form of shares of Common Stock) one year from the date of grant. In addition, non-employee directors may elect each year, not later than December 31 of the year preceding the year as to which the annual grant of restricted stock units is to be applicable, to defer to a fixed date or pursuant to a specified schedule payment all or any portion of the annual grant of restricted stock units. Any modification of the deferral election may be made only upon satisfaction of any conditions that the Compensation Committee may impose.

#### Operation of the 2005 Plan

Under the 2005 Plan, the Compensation Committee, subject to approval by the Board, may grant awards (except for non-employee director awards) either alone or in addition to, in tandem with, or in substitution or exchange for any other award or any award granted under another plan of the Company or its existing or future subsidiaries or any other right of a Participant to receive payment from the Company or any Company subsidiary.

#### Stock Option Plan

The Company's Board of Directors adopted a Stock Option Plan in 1985, which was approved by the stockholders at the 1986 Annual Meeting of Stockholders and subsequently amended at each of the 1994 and 2003 Annual Meetings of Stockholders (the "Stock Option Plan"). Since the adoption of the 2005 Equity Incentive Compensation Plan, no new grants have been or will be made under the Stock Option Plan. The Stock Option Plan provides for the grant to key employees (as defined in the Stock Option Plan) of options to purchase shares of Common Stock of the Company, together with related stock appreciation rights. As of December 31, 2010, the number of shares subject to outstanding options under the Stock Option Plan was 43,729. All options granted under the Stock Option Plan are treated as non-qualified stock options under the Internal Revenue Code. The Stock Option Plan is administered by the Compensation Committee of the Board of Directors, which consists of four members of the Board, none of whom is eligible to receive grants under the Stock Option Plan.

The Stock Option Plan provides that, among other things, (a) the option price per share shall not be less than the fair market value of the Common Stock at the date of grant, except that the option price per share will be reduced after grant of the option to reflect capital gains distributions to the Company's stockholders, provided that no such reduction shall be made which will reduce the option price below 25% of the original option price; (b) an option will not become exercisable until the optionee shall have remained in the employ of the Company for at least one year after the date of grant and may be exercised for 10 years unless an earlier expiration date is stated in the option; and (c) no option or stock appreciation right shall be granted after December 8, 2006.

The Stock Option Plan permitted the grant of stock appreciation rights in conjunction with the grant of an option, either at the time of the option grant or thereafter during its term and in respect of all or part of such option. Stock appreciation rights permit an optionee to request to receive (a) shares of Common Stock of the Company with a fair market value at the time of exercise equal to the amount by which the fair market value of all shares subject to the option in respect of which such stock appreciation right was granted exceeds the exercise price of such option, (b) in lieu of such shares, the fair market value thereof in cash, or (c) a combination of shares and cash. Stock appreciation rights are exercisable beginning no earlier than two years after the date of grant and extend over the period during which the related option is exercisable. To the extent a stock appreciation right is

exercised in whole or in part, the option in respect of which such stock appreciation right was granted shall terminate and cease to be exercisable.

Shares of Common Stock acquired as a result of the exercise of an option or stock appreciation right may not be sold until the later of two years after the date of grant of the option or one year after the acquisition of such shares.

### **Employee Thrift Plans**

Employees of the Company who have completed six months of service may defer up to 100% of base salary and cash incentive compensation to a tax qualified thrift plan instead of being paid to them currently, and the Company contributes an amount equal to 100% of each employee's contribution (up to 6% of base salary and cash incentive compensation) but not in excess of the maximum permitted by law (see table set forth on page 14 regarding 2010 contributions for the officers identified therein). The Company also has the discretion to contribute annually to each employee's thrift plan account an amount of up to 6% of the employee's combined base salary and cash incentive compensation attributable to the prior year's service with the Company. All employee contributions are credited to the employee's individual account. Employees may elect that their salary deferral and other contributions be invested in Common Stock of the Company, or of Petroleum, or several mutual funds, or a combination thereof. All of the Company's matching contribution is invested in accordance with the employee's investment elections, provided that the employee is 100% vested in the Plan. An employee's interest in amounts derived from the Company's contributions becomes non-forfeitable upon completion of 36 months of service or upon death or retirement. Payments of amounts not withdrawn or forfeited under the thrift plan may be made upon retirement or other termination of employment in a single distribution, in equal installments, or in an annuity.

The Company also maintains an Executive Nonqualified Supplemental Thrift Plan for eligible employees of the Company (the Nonqualified Plan). The purpose of the Nonqualified Plan is to provide deferred compensation in excess of contribution limits imposed by the Internal Revenue Code on tax-qualified thrift plans, including the Employees' Thrift Plan of the Company described above. In accordance with such limitations, for 2010, the maximum annual amount that an individual can defer to all tax-qualified thrift plans offered by the Company is \$16,500 for those under the age of 50, and \$22,000 for those age 50 and over, and the maximum combined amount consisting of both the employee's contributions and the Company's matching contributions that can go into any single tax-qualified thrift plan is \$49,000 per year for those under the age of 50 and \$54,500 per year for those age 50 and over.

The Nonqualified Plan permits an eligible employee to contribute to the Nonqualified Plan up to the maximum amount of 6% of the employee's salary and cash incentive compensation that he or she is prevented from contributing to the tax-qualified thrift plan because of the Internal Revenue Code's limitations on annual contributions, and for the Company to contribute the 100% matching contribution on that sum and/or the Company's discretionary contribution that would otherwise be limited by the Internal Revenue Code's limitations on annual contributions. The employee's contributions and the Company's contributions to the Nonqualified Plan are invested in eligible mutual funds in accordance with the employee's investment elections.

### **Employee Retirement Plans**

Employees of the Company with one or more years of service participate in a retirement plan pursuant to which contributions are made solely by the Company on behalf of, and benefits are provided for, employees meeting certain age and service requirements. The benefits under the plan



were frozen as of October 1, 2009, and no additional benefits attributable to additional years of service or increases in annual cash compensation after that date will be recognized. The plan, as frozen, provides for the payment of benefits in the event of an employee's retirement at age 62 or older. Upon such retirement, the amount of the retirement benefit is 2% of the average of an employee's monthly compensation during any 3 periods of 12 consecutive months out of the final 60 months of service during which such compensation, including cash incentive compensation, is highest prior to October 1, 2009, multiplied by years of service prior to October 1, 2009. Retirement benefits cannot exceed 60% of the highest 36 months' average annual cash compensation out of the employee's final 60 months' annual cash compensation, including incentive compensation. Benefits are payable in several alternative methods, each of which must be the actuarial equivalent of a pension payable for the life of the employee only. Retirement benefits (subject to any applicable reduction) are also payable in the event of an employee's early or deferred retirement, disability or death. Contributions are made to a trust to fund these benefits.

The Company also maintains a supplemental retirement benefits plan (the Supplemental Plan) for employees of the Company, which was also frozen at October 1, 2009. The purpose of the Supplemental Plan is to provide deferred compensation in excess of benefit limitations imposed by the Internal Revenue Code on tax-qualified defined benefit plans, including the retirement plan of the Company described above. In accordance with such limitations, the annual benefit payable under the Company's retirement plan for 2010 may not exceed the lesser of \$195,000 and the employee's average total compensation paid during the three highest-paid consecutive calendar years of employment. The \$195,000 limit will be adjusted by the Secretary of the Treasury to reflect cost-of-living increases.

The Supplemental Plan authorizes the Company to pay annual retirement benefits in an amount equal to the difference between the maximum benefits payable under the retirement plan described above and the benefits that would otherwise be payable but for the Internal Revenue Code's limitations on annual retirement benefits. All amounts payable under the Supplemental Plan will be paid from the general funds of the Company as benefits become due. The Company has established a funding vehicle using life insurance policies owned by the Company for the Supplemental Plan. Payment of benefits under the Supplemental Plan will be made at the employee's election either as a lump sum or a life annuity. During 2010, the Company made payments of \$47,424 under the Supplemental Plan.

The following table shows the estimated annual retirement benefits payable on a straight life annuity basis to participating employees, including officers, in the compensation and years of service classifications indicated, under the Company's Employees' Retirement Plan and Supplemental Plan:

<b>Estimated Annual Benefits Based Upon Years of Credited Service</b>				
<b>Final Average Annual Earnings</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>40</b>
\$100,000	\$ 20,000	\$ 40,000	\$ 60,000	\$ 60,000
200,000	40,000	80,000	120,000	120,000
300,000	60,000	120,000	180,000	180,000
400,000	80,000	160,000	240,000	240,000
500,000	100,000	200,000	300,000	300,000
600,000	120,000	240,000	360,000	360,000

The credited years of service for the officers listed in the Compensation Table on page 14, above, are: Mr. Ober (28.83), Mr. Weaver (5.33), and Mr. Hooper (12.42).

**Brokerage Commissions**

During the past fiscal year, the Company paid brokerage commissions in the amount of \$356,428 on the purchase and sale of portfolio securities traded on the New York Stock Exchange, the American Stock Exchange, and the National Association of Securities Dealers Automated Quotation System, substantially all of which were paid to brokers providing research and other investment services to the Company. The Company paid brokerage commissions of \$24,533 on options written or purchased by the Company. The average per share commission rate paid by the Company was \$0.0370. No commissions were paid to an affiliated broker.

**Portfolio Turnover**

The portfolio turnover rate (purchases or sales, whichever is lower, as a percentage of weighted average portfolio value) for the past three years has been as follows:

<u>2010</u>	<u>2009</u>	<u>2008</u>
16.15%	15.05%	18.09%

**Expense Ratio**

The ratio of expenses to the average net assets of the Company for the past three years has been as follows:

<u>2010</u>	<u>2009</u>	<u>2008</u>
0.58%	0.90%	0.48%

**(2) RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

As permitted under the Investment Company Act of 1940, as amended (the Act), the Audit Committee has selected PricewaterhouseCoopers LLP, 100 E. Pratt Street, Baltimore, Maryland, an independent registered public accounting firm, as the independent registered public accounting firm to audit the books and accounts of the Company for or during the year ending December 31, 2011. PricewaterhouseCoopers LLP was the Company's principal auditor during the year 2010. A majority of the members of the Board of Directors who are not interested persons (as defined by the Act) have ratified the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011. While not required under the Act, the Audit Committee and the Board of Directors have determined to submit for stockholder ratification the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011 at the Annual Meeting. Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting to make a statement if they so desire and to respond to appropriate questions. The Company has been informed that PricewaterhouseCoopers LLP does not have any direct financial or any material indirect financial interest in the Company.

**The Board of Directors unanimously recommends ratification of the selection of PricewaterhouseCoopers LLP.**

**(3) STOCKHOLDER PROPOSAL**

A stockholder, Gramercy Global Optimization Fund (the Proponent ), has informed the Company that it intends to submit a proposal at the Annual Meeting and has requested that the Company include the proposal in this year's proxy material. **The Board of Directors unanimously recommends that you vote AGAINST the proposal.** The proposal and the Proponent's supporting statement, exactly as received from the Proponent, are set forth below and are followed by the

Board's explanation of its reasons for opposing the proposal. The Company will provide promptly to any stockholder, upon receipt of any oral or written request, the Proponent's address and the number of shares of the Company's Common Stock held by it.

**Proposal:**

**RESOLVED:** The shareholders of The Adams Express Company (the Fund) request the Board of Directors (the Board) to authorize the Fund to conduct a self-tender offer for 50% of the outstanding shares of the Fund at net asset value (NAV) or within 1% thereof (to cover expenses). If more than 50% of the Fund's outstanding shares are tendered, the Fund should purchase the shares on a pro rata basis and the Board should, at its discretion, take the steps necessary to liquidate, merge or convert the Fund into an open-end mutual fund.

**Proponent's Supporting Statement:**

Shares of the Fund are trading at a double-digit discount to the value of the assets owned by the Fund. The discount is, as of 09/30/10, over 15%. As of 09/30/10, the total return on net asset value of the Fund's shares has had mediocre performance relative to the Standard & Poor's 500 Composite Stock Index (S&P 500) over the last 1-year, 3-year, and 5-year periods as evidenced by the exhibit on the following page. In fact, over the last 5 years, as of 9/30/10, the Fund has returned 2.18% in contrast to 3.22% returned by S&P 500 which the Fund compares itself in the 06/30/10 semi-annual report.

A self-tender by the Fund would close the trading discount and allow participants to receive approximately 17% more than the price of the shares as of 9/30/10. The legal structure of the Fund allows it to trade at a discount to the assets it holds. A mere change in legal form would reverse this discount and allow you to receive the difference.

In light of these facts, we think the Board should authorize the Fund to conduct a self-tender offer for 50% of the Fund's outstanding shares at NAV in order to provide shareholders with the opportunity to receive full value for their shares. Tender participation by a majority of the Fund's shareholders would demonstrate insufficient shareholder support for continuing the Fund in its closed-end format. In that case, the Board should, at its discretion, take the steps necessary to liquidate, merge or convert the Fund into an open-end mutual fund.

**If you agree that the Fund's persistent discount and mediocre, at best, performance is unacceptable and would like to increase the value of your shares and your return, please vote for this proposal.**

**Exhibit to Supporting Statement**

The following table compares the total return on the net asset value of the Adams Express Company's shares (ADX NAV Total Return) to the total return on the Standard and Poor's 500 Composite Stock Index (S&P 500 Total Return) for 1-year, 3-year, and 5-year periods ending 9/30/2010. ADX NAV Total Return values are calculated by assuming the dividends are reinvested at net asset value\*.

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

	<b>ADX NAV</b>	<b>S&amp;P 500</b>	<b>Difference</b>
	<b>Total Return</b>	<b>Total Return</b>	<b>Total Return</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
1-Year Ending 9/30/10	5.55%	10.16%	-4.61%
3-Year Ending 9/30/10	-19.29%	-19.98%	0.69%
5-Year Ending 9/30/10	2.18%	3.22%	-1.04%

\* Calculation is based on dividends being reinvested on the ex-dividend date at the prevailing net asset value per share rather than price per share. Reinvesting dividends at net asset value more accurately reflects how well ADX portfolio is being managed.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST  
THIS STOCKHOLDER PROPOSAL FOR THE REASONS SET FORTH BELOW**

**The Board's Statement of Opposition**

The Company has a long-term investment focus and has been structured as a closed-end fund since 1929. Stockholders have benefitted from this structure for over 80 years. Given our long-term investment focus, the Board strongly believes that the stable asset base and other characteristics of the closed-end format allow the portfolio managers to invest for the long-term and to achieve competitive investment returns for our stockholders. As discussed below, the Proponent, an activist hedge fund, submits a proposal asking the Board to authorize a tender offer that could adversely affect the Company's long-term performance to the detriment of long-term investors. Relying on an inaccurate depiction of the Company's performance, the Proponent further advocates taking other steps that could have the effect of destroying the Company. The Board opposes the proposal and recommends that you vote against it.

**Performance**

As required under the proxy rules, the proposal, exactly as worded by the Proponent, is set out above. The Board disagrees with many of the performance calculations that the Proponent cites. Contrary to the Proponent's representations, the Company outperformed the S&P 500 Composite Stock Index ( S&P 500 ) on a five-year basis as of September 30, 2010, and the actual returns on net asset value of the Company over the three and five-year periods ending September 30, 2010 were materially different than the Proponent presents. Presenting the Company's total return on net asset value ( total return ) by calculating it based upon the reinvestment of dividends and capital gains at the NAV (the net asset value of the portfolio of securities held by the Company), as the Proponent does, is flawed. No stockholder who reinvests his or her distributions from the Company when the Company's stock is trading at a discount does so at the NAV; the reinvestment is done based on the market price. Reinvesting distributions at market price more accurately reflects returns earned by stockholders and is the method for calculating the Company's total return specified by the Securities and Exchange Commission.

The chart below accurately presents the NAV performance of the Company and the S&P 500 on a three- and five-year basis as of September 30, 2010, as well as a more current comparison as of December 31, 2010, calculated using the reinvestment of dividends and capital gains at market price. As shown, the Company has significantly beaten the S&P 500 over each of these periods.

	<b>ADX NAV</b>	<b>S&amp;P 500</b>	<b>Difference</b>
	<b>Total Return</b>	<b>Total Return</b>	<b>in ADX</b>
	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>3-Year Holding Period Ending:</b>			
9/30/10	-17.3%	-20.0%	+2.7%
12/31/10	-4.7%	-8.3%	+3.6%
<b>5-Year Holding Period Ending:</b>			
9/30/10	6.5%	3.2%	+3.3%
12/31/10	16.7%	11.9%	+4.8%

These competitive returns contradict the Proponent's assessment of the Company's performance as mediocre vis-à-vis the S&P 500. While it is true that the Company's total return trailed the S&P 500 in 2010, the Company outperformed the S&P 500 each year in 2009, 2008, and 2007, as shown in the chart below.

	<b>ADX NAV</b>	<b>S&amp;P 500</b>	<b>Difference</b>
	<b><u>Total Return</u></b>	<b><u>Total Return</u></b>	<b><u>Total Return</u></b>
Year Ending 12/31/09	30.6%	26.5%	+4.1%
Year Ending 12/31/08	-34.4%	-37.0%	+2.6%
Year Ending 12/31/07	6.5%	5.5%	+1.0%

Stockholders should also be aware that the average annual distribution rate of the dividends and capital gains paid out by the Company to stockholders for the past ten years is 6.6% (calculated by dividing the total dividends and capital gains distributed to stockholders during the year by the average daily market price of the Company's Common Stock), and was as high as 9.4% during the period.

#### The Discount

The Proponent cites the discount as a reason for the proposal. It is inherent in the closed-end format that the market price of the Company's shares can deviate from the value of its net assets, resulting in the Company's shares usually trading at a discount to the net asset value of the portfolio of securities held by the Company. Discounts to NAV are overwhelmingly common among closed-end funds, particularly equity funds. At the end of January 2011, 84% of all closed-end equity funds were trading at a discount. The discount provides stockholders with the opportunity to invest in the underlying assets of a fund at a below-market price for those assets. For example, when a closed-end fund is trading at a 15% discount, investors can buy a dollar's worth of assets for 85¢ and obtain the full investment returns generated by the full dollar. In addition, it has been shown that investors who reinvest their dividends and capital gains distributions at a discount receive greater returns over the long term. The discount also means, however, that stockholders who sell their shares do not receive the NAV of their shares, even though they typically paid less than the NAV for the shares when they purchased them. In addition, the discount can attract the attention of opportunistic short-term investors, such as the Proponent, looking to exploit the discount for their own purposes, often destroying closed-end funds to the detriment of long-term investors.

The Proponent is an activist hedge fund that has been described in the media as poised to squeeze profits out of closed-end funds that are trading at discounts through an increasingly aggressive investment strategy and activist approach. The Proponent is quite candid about its intentions to take advantage of the discounts of closed-end funds. On its website, the Proponent states that it invests in closed-end funds trading at a discount to their underlying net asset values (NAV). Such discounts are the element of distress that Gramercy is seeking to capitalize on. Consistent with this stated purpose, the Proponent seeks to have the Board authorize a tender offer aimed at reducing the discount. Under certain circumstances, the proposal would have the Board take actions to convert the Company to an open-end mutual fund or completely close it down, thus eliminating the Company as an investment opportunity for you and other investors.

The Board regularly considers discount-reduction measures. In doing so, the Board is mindful that some discount-reduction measures may benefit short-term stockholders and opportunists like the Proponent more than and often to the detriment of long-term stockholders. The Board is also mindful of the Company's stated long-term investment objective. Within the last year, the Board has carefully analyzed discount-reduction measures that other closed-end funds have tried or been pressured to try, such as aggressive share repurchases, one-time or periodic tender offers, conversion to an open-end fund, and other measures. The information reviewed by the Board indicates that, while some measures may temporarily narrow a fund's trading discount, any resulting reduction in the discount tends to be short-lived and, therefore, not advantageous to our many long-term stockholders. After the action has been concluded, often the fund's discount returns.

*Tender Offer.* The Board has carefully considered the likely impact of the proposed tender offer on the Company and its stockholders. The Board believes that a cash tender offer for 50% of the outstanding shares of the Company would not serve the best interests of the Company and its stockholders. In order to carry out a substantial cash tender offer such as the one proposed, it would be necessary to liquidate portfolio holdings in amounts sufficient to pay cash proceeds to the



tendering stockholders as well as distribute any capital gains realized to remaining stockholders. The sale of a potentially significant portion of the portfolio for cash would cause the Company's total assets to decrease significantly, likely resulting in a higher expense ratio to be borne by the remaining stockholders. The remaining stockholders would also incur any tax burden related to a capital gains distribution resulting from the sales. The amount of assets available for future investment also would decline, making it more difficult to achieve the Company's investment goals. Each of these results could adversely affect long-term performance.

The Board believes that the Proponent's contention that the tender offer would provide tendering stockholders a 17% improvement on the market price of the Company's shares (as of September 30, 2010) is incorrect. This contention ignores the very basic fact that the Company's sale of shares from its portfolio to pay for the tendered shares may exert downward pressure on the prices of those securities, thus increasing the number of shares the Company would have to sell. The sale of a potentially significant portion of the Company's portfolio for cash also would be a complicated and costly process. The Company would incur significant transaction costs in selling portfolio holdings to pay for tendered shares. These transaction costs would be borne by all stockholders, including those who choose not to tender their shares. The timing of any cash tender offer could force the Company to sell portfolio holdings at inopportune times, or at unfavorable prices, in order to generate the necessary cash. Given the short time frame necessary to pay the tendering stockholders, the Company would be obligated to sell its more liquid and/or more attractive securities. As a result, following the cash tender offer, the Company could be left holding less liquid portfolio securities or those securities with less potential for appreciation, increasing the investment risk of the portfolio.

*Liquidation.* Addressing the second piece of the proposal, the Board believes that liquidating the Company or converting it to an open-end fund if more than 50% of the Company's outstanding shares are tendered would not be in the best interests of the Company and its stockholders. Liquidation is a death sentence for the Company. It is also a lengthy and costly process with many of the same disadvantages detailed above relating to a tender offer. The Board does **not** believe that destroying the Company, after it has provided solid investment returns for over 80 years and has helped many generations of investors achieve their financial goals, is a prudent course of action.

*Open-Ending.* The Board has observed that funds that open-end under coercion often end up with greatly reduced assets, significantly higher expense ratios, and capital gains taxes that are foisted on the stockholders who wish to remain invested in the fund. The only investors who benefit in that situation typically are the ones who sell their shares shortly before the fund open-ends; the remaining stockholders who wish to continue their investment in the fund are the ones who suffer and, therefore, may be subjected to artificial pressure to sell. Moreover, the Company's virtually unique structure as an internally-managed fund does not provide it with the share distribution capability that operating as an open-end fund would require and has permitted the Company to keep its expenses, and its expense ratio, at a low level for many years. If the Company were to open-end, either a large number of staff would need to be added to handle the distribution functions associated with a continuous offering of Company shares, or an affiliation with an existing open-end complex would be required, both of which would likely substantially increase the costs of operating the Company. Furthermore, as with a tender offer or liquidation, selling portfolio securities to pay for redemptions after open-ending would have substantially similar costs as detailed above for a tender offer.

Approval of the proposal requires the affirmative vote of a majority of the votes cast. Abstentions and broker non-votes will not be counted as either for or against the proposal. If not otherwise specified on a properly submitted proxy, the proxy will be voted against approval of the proposal.

This proposal is, as required by Maryland law, advisory only and requests the Board to take specific action. Liquidating, merging or converting the Company into an open-end mutual fund cannot occur unless the proposal is approved by the Board and by the stockholders at a subsequent meeting of stockholders. At that meeting, at least a majority or, under certain circumstances, two-thirds of the outstanding shares of the Company would have to be voted in favor of the proposed transaction. This supermajority vote requirement for these extraordinary corporate actions was approved by the Company's stockholders less than five years ago.

**The Board of Directors believes that your vote AGAINST the proposal will be in the best interests of the Company and all its stockholders.**

#### **(4) OTHER MATTERS AND ANNUAL REPORT**

As of the date of this proxy statement, management knows of no other business that will come before the meeting. Should other business be properly brought up, it is intended that proxies in the accompanying form will be voted thereon in accordance with the judgment of the person or persons voting such proxies.

**The Annual Report of the Company for the year ended December 31, 2010, including financial statements, is being mailed to all stockholders entitled to notice of and to vote at the annual meeting to be held on March 22, 2011. A copy of the Company's Annual Report will be furnished to stockholders, without charge, upon request. You may request a copy by contacting Lawrence L. Hooper, Jr., Vice President, General Counsel and Secretary, at Seven St. Paul Street, Suite 1140, Baltimore, MD 21202, by telephoning Mr. Hooper at (800) 638-2479, or by sending Mr. Hooper an e-mail message at [contact@adamsexpress.com](mailto:contact@adamsexpress.com).**

The Company has retained The Altman Group Inc. ( Altman ) to assist in the solicitation of proxies. The Company will pay Altman a fee for its services, not to exceed \$4,000, and will reimburse Altman for its expenses, which the Company estimates should not exceed \$2,500.

#### **Stockholder Proposals or Nominations for 2012 Annual Meeting**

Stockholder proposals for inclusion in the proxy statement and form of proxy relating to the 2012 Annual Meeting must be received at the office of the Company, Seven St. Paul Street, Baltimore, MD 21202, no later than October 14, 2011.

In addition, for stockholder proposals or director nominations that a stockholder seeks to bring before the 2012 Annual Meeting but does not seek to have included in the Company's proxy statement and form of proxy for that meeting, the following requirements apply: Pursuant to the Company's By-laws, in order for stockholder proposals or nominations of persons for election to the Board of Directors to be properly brought before the 2012 Annual Meeting, any such stockholder proposal or nomination (including in the case of a nomination, the information required by the Company's advance notice By-laws provisions) must be received at the office of the Company no earlier than September 14, 2011 and no later than October 14, 2011. The Company's advance notice By-law requirements are separate from, and in addition to, the Commission's requirements (including the timing requirements described in the preceding paragraph) that a stockholder must meet in order to have a stockholder proposal included in the proxy statement. Should the Company determine to allow a stockholder proposal that is received by the Company after October 14, 2011 to be presented at the 2012 Annual Meeting, the persons named as proxies in the form accompanying the proxy statement for such meeting will have discretionary voting authority with respect to such stockholder proposal.



ANNUAL MEETING OF STOCKHOLDERS OF

THE ADAMS EXPRESS COMPANY

March 22, 2011

Notice of Internet Availability of Proxy Materials for the Meeting:

The notice of annual meeting, proxy statement, form of proxy card, and 2010 Annual Report to stockholders are available on the internet at the following website:

http://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=13579

To authorize your proxy, go to www.voteproxy.com

Please sign, date and mail your proxy card in the envelope provided as soon as possible.

Please detach along perforated line and mail in the envelope provided.

¢ 2103030000000001000 3

032211

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

THE BOARD OF DIRECTORS RECOMMENDS VOTES FOR PROPOSALS 1 AND 2.

1. Election of Directors:

FOR AGAINST ABSTAIN
2. The selection of PricewaterhouseCoopers LLP as independent public auditors.

THE BOARD OF DIRECTORS RECOMMENDS VOTING AGAINST PROPOSAL 3.

NOMINEES: Enrique R. Arzac

3. If properly presented, to act upon a stockholder proposal

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

<p><b>FOR ALL NOMINEES</b></p> <p>..</p> <p><b>WITHHOLD AUTHORITY</b></p> <p><b>FOR ALL NOMINEES</b></p> <p>..</p> <p><b>FOR ALL EXCEPT</b></p> <p>(See instructions below)</p>	<p>i Phyllis O. Bonanno</p> <p>i Kenneth J. Dale</p> <p>i Daniel E. Emerson</p> <p>i Frederic A. Escherich</p> <p>i Roger W. Gale</p> <p>i Thomas H. Lenagh</p> <p>i Kathleen T. McGahran</p> <p>i Douglas G. Ober*</p> <p>i Craig R. Smith</p>	<p>recommending that the Board of Directors consider causing the Company to conduct a self-tender offer.</p> <p>In their discretion, the Proxies are authorized to vote upon all other business that may properly come before the Meeting with all the powers the undersigned would possess if personally present.</p> <p>*Mr. Ober is an interested person, as defined by the Investment Company Act of 1940, because he is an officer of the Company.</p>
---	---	---

**INSTRUCTIONS:** To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: **1**

Attend Annual Meeting mark here. **..**

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. **..**

Signature of Stockholder \_\_\_\_\_ Date: \_\_\_\_\_ Signature of Stockholder \_\_\_\_\_ Date: \_\_\_\_\_

**Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. **¢**

¢

***THE ADAMS EXPRESS COMPANY***  
**PROXY FOR 2011 ANNUAL MEETING**  
**THIS PROXY IS SOLICITED**  
**ON BEHALF OF THE BOARD OF DIRECTORS**  
**OF THE ADAMS EXPRESS COMPANY**

The undersigned stockholder of The Adams Express Company, a Maryland corporation (the Company ), hereby appoints David D. Weaver and Lawrence L. Hooper, Jr., or either of them, as proxies for the undersigned, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Company to be held at 9:00 a.m., local time, on Tuesday, March 22, 2011, at the Hotel Monaco Baltimore, 2 North Charles Street, Baltimore, Maryland 21201 and at any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at such meeting and otherwise to represent the undersigned at the meeting with all powers possessed by the undersigned if personally present at the meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement, the terms of each of which are incorporated by reference, and revokes any proxy heretofore given with respect to such meeting.

**The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side. If this proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast FOR Proposals 1 and 2 and AGAINST Proposal 3, as described in the Proxy Statement. The votes entitled to be cast by the undersigned will be cast in the discretion of the Proxy holder on any other matter that may properly come before the meeting or any adjournment or postponement thereof.**

(over)

**THE ADAMS EXPRESS COMPANY**

14475 ¢

ANNUAL MEETING OF STOCKHOLDERS OF

**THE ADAMS EXPRESS COMPANY**

March 22, 2011

**PROXY VOTING  
INSTRUCTIONS**

**INTERNET** - Access **www.voteproxy.com** and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

**TELEPHONE** - Call toll-free **1-800-PROXIES** (1-800-776-9437) in the United States or **1-718-921-8500** from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

**COMPANY NUMBER**

**ACCOUNT NUMBER**

Vote online/phone until 11:59 PM EST the day before the meeting.

**MAIL** - Sign, date and mail your proxy card in the envelope provided as soon as possible.

**IN PERSON** - You may vote your shares in person by attending the Annual Meeting.

**Notice of Internet Availability of Proxy Materials for the Meeting:**

The notice of annual meeting, proxy statement, form of proxy card, and 2010 Annual Report to stockholders are available on the internet at the following website: <http://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=13579>

To authorize your proxy, go to [www.voteproxy.com](http://www.voteproxy.com).

Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Please detach along perforated line and mail in the envelope provided IF you are not voting via telephone or the Internet.

¢ 2103030000000001000 3

032211

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x**

**THE BOARD OF DIRECTORS RECOMMENDS VOTES FOR PROPOSALS 1 AND 2.**

1. Election of Directors:

FOR AGAINST ABSTAIN  
 2. The selection of .. ..  
 PricewaterhouseCoopers LLP as  
 independent public auditors.

.. Enrique R. Arzac  
**FOR ALL NOMINEES** i Phyllis O. Bonanno  
 .. i Kenneth J. Dale  
**WITHHOLD AUTHORITY** i Daniel E. Emerson  
**FOR ALL NOMINEES** i Frederic A. Escherich  
 .. i Roger W. Gale  
**FOR ALL EXCEPT** i Thomas H. Lenagh  
 (See instructions below) i Kathleen T. McGahran  
 i Douglas G. Ober\*  
 i Craig R. Smith

**THE BOARD OF DIRECTORS RECOMMENDS VOTING AGAINST PROPOSAL 3.**

3. If properly presented, to act upon a stockholder proposal recommending that the Board of Directors consider causing the Company to conduct a self-tender offer.

In their discretion, the Proxies are authorized to vote upon all other business that may properly come before the Meeting with all the powers the undersigned would possess if personally present.

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

**INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark FOR ALL EXCEPT and fill in the circle next to each nominee you wish to withhold, as shown here: 1**

Attend Annual Meeting mark here. ..

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ..



Edgar Filing: ADAMS EXPRESS CO - Form DEF 14A

Signature of Stockholder

Date:

Signature of Stockholder

Date:

Ⓢ **Note:** Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person. Ⓢ