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Annual Meeting

The 79th Adams Express Company and Petroleum & Resources Corporation Annual Meetings will be held in Baltimore, MD, on **March 13, 2008**. The Adams Express meeting is scheduled to start at 9:00 am and Petroleum & Resources will commence at 9:45 am. They will be held at **THE TREMONT GRAND**, 225 N. Charles Street, Baltimore, MD 21202. If you are interested in attending and want more information, please contact **Ms. Geri Paré** at pare@adamsexpress.com or 410-752-5900.



INDUSTRY OUTLOOK

Growth and Decline Predictions for 2008

Doug Ober, Chairman and CEO of both Adams Express and Petroleum & Resources, sat down with us and shared his thoughts on the outlook for the coming year.

IE – Doug, the second half of 2007 was dominated by bad news regarding the declining domestic housing industry and what people are referring to as the “credit crunch.” How long will this last?

DO – We think that the domestic housing market and the pressures on the credit markets will continue through the first half of 2008 and quite possibly persist well into the second half. Financial institutions are going to be adversely affected by these conditions the most. They are aggressively cleaning up their books now, but it will take well into the second and perhaps the third quarter for them to finish absorbing the impact of mortgage-related securities.

IE – How will all this affect the U.S. economy and the equity markets?

DO – We forecast that the U.S. economy will be one of the slower growing of the major global economies this year. We are projecting a 1–1½% growth in real GDP for 2008. Now, there could a quarter or two of decline – probably in the 1st and 2nd quarters – but overall we will see modest growth for the full year.

This means that earnings for many domestic companies are going to be lower than in previous years and that, of course, impacts the valuations of these organizations. We expect the markets to decline in the early part of this year, eventually flatten and then look for a



recovery in the second half. We anticipate the market indexes to grow modestly by 5% or less when the year is done. Notwithstanding the sluggishness of the U.S. economy, companies that have a significant amount of revenue and earnings in international markets should continue to do well, as will consumer non-cyclicals.

IE – You can’t talk about the economy without discussing energy and oil prices. Will we see a big run-up in crude prices as we did in 2007?

DO – The slowdown in the domestic economy will reduce demand for energy. However, we are seeing slow growth in the supply of oil as well. This means that crude oil prices will stay strong and should stabilize in the \$85 per barrel range during the course of the year. Natural gas supplies will likely tighten in 2008. Demand will continue to rise, depending in part on the weather, while the ability to increase supply will slow. Older wells are beginning to pump out less than they had before and, while we expect new supplies from new wells, for example in the Gulf of Mexico, will begin to add more capacity, it will take time for them to ramp up and affect supplies.

KENNETH J. DALE Appointed to the Adams Express Company and Petroleum & Resources Board of Directors

Douglas Ober, Chairman and CEO, announced in early January that Mr. Kenneth J. Dale, SVP & CFO for The Associated Press, would be joining the Board of Directors of Adam Express and Petroleum & Resources.

"We are excited to have Ken Dale join our Boards. Over his career, Ken has focused on both evaluating shareholder value and finding ways to enhance it. When he was at J.P. Morgan, he did so as an advisor and now as a developer and implementer of strategies as CFO of The Associated Press."

Mr. Dale joined J.P. Morgan in 1978 after he graduated from Georgetown University. Mr. Dale also holds an MBA from New York University Stern School of Business. At J.P. Morgan, Mr. Dale spent most of his time as an investment banker advising both domestic and international telecommunications, media, and technology companies on a myriad of corporate finance challenges. "Our primary goal was to find ways to raise the value of the organizations for their shareholders," recalls Mr. Dale.

In 2000, Mr. Dale joined The Associated Press as Deputy Director of Business Development. "My role at AP was

similar to that of a banker – figuring out how to expand and grow the value of the company – but, the difference was that I was now helping implement the strategy as well." In 2004, Mr. Dale was promoted to Senior Vice President and Chief Financial Officer. His primary responsibilities include overseeing all corporate finance activities for The Associated Press as well as internal audit, global real estate, and administrative services.



"I'm excited to join the Boards of Directors of Adams Express and Petroleum & Resources," said Mr. Dale. "I appreciate the heritage of both funds, as I've been fortunate enough to work with two other venerable firms, J.P. Morgan and The AP. We need to respect where the funds have come from and work to help them progress and adapt to the future without losing sight of what's made them great."

ROBERT E. SULLIVAN Elected Executive Vice President of Petroleum & Resources Corporation

Robert E. Sullivan has been elected Executive Vice President of Petroleum & Resources Corporation by the Board of Directors, effective January 1, 2008. Bob, a native of the Boston area, joined Petroleum & Resources in May 2004 as a research analyst and was promoted to Vice President-Research in March 2006.

"Bob has been a terrific analyst. He's given us valuable insight into the companies in the sector. And that has allowed us to make some smart decisions in a normally volatile category in an especially turbulent time for the sector," said Doug Ober, Chairman, President and CEO of Petroleum and Resources Corporation.

Bob covers oilfield services and drillers, refiners, and coal companies, and shares responsibility for the natural gas distribution and electric utilities sectors. "No two years are the same and every year presents a challenge for us as analysts," says Bob. "For instance, after another strong year of returns in the energy sector in 2007, the group has started 2008 poorly as the market has focused its

attention on weakness in the U.S. economy. While a softer domestic economy will present challenges for the energy stocks, I believe that commodity prices will remain at levels where many companies will continue to thrive. As a result, the recent sharp pullback in the stocks will present select opportunities to invest in companies that should continue to see strong earnings growth over the next several years," added Bob.



Prior to joining Petroleum & Resources Corporation, Bob was a senior equity analyst with UBS/Paine Webber. He received an MBA degree from Boston University Graduate School of Management and a B.A. from College of the Holy Cross. He is a Chartered Financial Analyst and a member of the New York Security Analysts Society.

Forward-Looking Statements

This newsletter contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their very nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Companies' actual results are the performance of the portfolio of stocks held by the Companies, the conditions in the U.S. and international financial markets, the price at which shares of the Companies will trade in the public markets, and other factors discussed in the Companies' periodic filings with the Securities and Exchange Commission. The Companies assume no obligation to revise, correct, or update these statements.