

INVESTOR EXPRESS

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In this Issue:

page 1

- Industry Outlook
- Gifting

page 2

- Paying Dividends
- Richard A. Church

Gifting

How about giving the gift of Adams Express or Petroleum & Resources shares?

A gift of shares has enduring value and will be appreciated year after year. And what young graduate or married couple couldn't use a little nest egg? To buy shares, you can contact your broker or invest directly through the Companies' transfer agent, American Stock Transfer & Trust Company (AST). To obtain an "Investors Choice" brochure, contact **AST at (877) 260-8188** or visit their website, www.amstock.com, and click on "How to Invest" under Shareholder Services.



INDUSTRY OUTLOOK

Investing the ADX-PEO Way

Adams Express (ADX) and Petroleum & Resources (PEO) have had only seven and eight Chairmen (lead portfolio managers), respectively, since their debut as investment companies in 1929. Looking at the four who have directed the Funds since 1948, each has had a strikingly similar investment and management philosophy. This constancy and stability has allowed the Funds to provide impressive returns for shareholders and a steady stream of capital appreciation and dividend distributions for over 70 years.

The overarching strategies of both Funds were strongly emphasized by George E. Clark (Chairman from 1948 - 1971). Clark insisted on maintaining a proprietary research team that worked closely with the portfolio managers and provided quality, in-depth information. He also stressed investing for the long-term and avoided short-term trading. This dedication to conservative, long-term investments remains a hallmark of both Funds and has contributed to their longevity. In fact, Adams Express and Petroleum & Resources are among the handful of closed-end funds that have endured since 1929.

Doug Ober has been managing the Funds along with Joe Truta since 1991. Within the past year, David Weaver has joined the portfolio management team of Adams Express and Bob Sullivan has joined the portfolio management team of Petroleum & Resources.

According to Ober, there are four major principles to investing the ADX-PEO way.

1. Invest in Companies That Have Leading Market Positions – "We like companies that have a leading position in their industry, especially if they have been in that position for a while. It shows that not only do they know how to identify market opportunities, but they are able to sustain themselves. That usually means they have the right products, the right organizational structure, and their finances are squarely in line."

2. Look for a Superior Management Team Running the Company – "It all starts with the leadership. Good leaders know how to grow companies and sustain their market position. We go to a great deal

of trouble to get to know the top managers. Our analysts meet with them in person when possible. When you sit across from them, listen to their reports and talk to them, you can get a better feel for their capabilities. For all the technology that helps operate a company, at the end of the day, it is people who make a company run."

3. Invest for the Future – "When we invest, we invest for both the present and the future. For example, we only have 80 companies in the Adams Express portfolio. Our portfolio turnover rate averages 13% and we hold onto companies for an average of 8 years. Ideally, all the companies in our portfolio are operating on multiple cylinders now and will continue to do so in the future. We spend a lot of time trying to anticipate how a company will fare in a year, 5 years, and beyond. We analyze such things as: Are they vulnerable to a shift in the market? What about competitors? Can they take advantage of favorable opportunities? We want to know what the companies we invest in are expecting in their futures. If they are well-positioned to take advantage of new trends and new technologies – they are our type of company."

4. Insist on Strong Financials – "It goes without saying that solid financials are the foundation of a good, well-run company. While we don't have any hard and fast rules, there are some general principles that we have used over the years. First and foremost, we prefer to invest in companies with steady earnings growth, which can help them to weather economic downturns. We also emphasize balance sheet strength. Among the things we ask ourselves are: Do they have the ability to expand their business through acquisition or internal growth? Can they start up operations in a new market? These strategies require the ability to borrow without becoming overextended. And is there sufficient cash flow to invest in research and pay dividends?"

While these four principles are the foundation of the Funds' investment research, many other questions must be satisfactorily answered before an investment is made. And the diversification of the portfolios helps to smooth out the bumps along the way.

Paying Dividends for Over 70 Years

Many longtime holders of Adams Express and Petroleum & Resources shares have commented to us on the predictability of our dividend payments. Adams Express and Petroleum & Resources have been paying dividends since 1935 and 1934, respectively. And it turns out that they represent a shrinking share of publicly traded companies that do. As of 2003, Standard & Poor's says only 39% of stocks that traded on major exchanges paid dividends, down from 72% in 1977 (*USA Today* 1/16/03). As a matter of fact, the practice of paying dividends goes all the way back to when Adams Express was an express delivery company in the 19th and early 20th century. In his autobiography, Andrew Carnegie, the early 20th century steel magnate and philanthropist, reports that the first dividend check he ever received was from Adams Express.

"The idea of paying out dividends has been an objective of both Funds since their inception," says Doug Ober, Chairman and CEO. "Our funds are conservatively

managed and we avoid investing fads. Our shareholders are looking for constancy – in both capital appreciation and dividend distribution. So, we look for investments that not only have long-term growth potential, but also preferably pay dividends themselves."

While the airwaves are filled with "hot tips," there is ample evidence that investing in companies that issue dividends makes sense for the long-term investor. The *Financial Times* reports that long-term investors receive two-thirds of their return on investments in stocks from dividend income rather than capital growth. (*Financial Times*, 8/10/07). Companies that regularly pay out dividends tend to be wise investments over the long haul. The popular financial website, The Motley Fool, points out that higher dividend-yielding stocks tend to offer higher returns over time than do low- or no-yield stocks. And, if investors reinvest those dividends, the extra shares can accelerate the overall returns on the investment—in up and down markets.

Richard A. Church Joins Adams Express as Research Analyst



Nationally-recognized research analyst Richard A. Church has joined Adams Express as a technology analyst. Church was recently ranked as one of the 10 top-performing analysts in this year's "Best on the Street: 2008 Analysts Survey" by *The Wall Street Journal*

(May 19, 2008). He was also ranked first in the Telecommunications Equipment subcategory.

Prior to joining the Company, Church was a senior equity analyst with Collins Stewart, LLC (formerly C.E. Unterberg, Towbin) and focused on telecommunications equipment, data networking and communications software companies. He has held securities analyst positions with Wachovia Securities, BT Alex. Brown, and Merrill Lynch. He was a Senior Associate in the Communications, Computing and Electronics practice at Booz, Allen & Hamilton and a Systems Analyst at IBM before switching careers and becoming a research analyst.

"I am excited to join Adams Express, which has a long and successful investment history," says Church. "Among my reasons for joining the firm are its size and

collegial atmosphere. In addition, while I will continue to leverage my knowledge of the communications technology sector, I will also be broadening my view to include telecom, media and other technology sectors."

According to Church, the tech sector will continue to provide interesting investment opportunities. "I believe this is a great time to be investing in technology companies. The world is becoming increasingly connected. Developing parts of the world, such as India and China, are in hyper growth, adding millions of cell phone customers per month. Many developing and developed countries have plans in place to ensure the majority of their people have Internet access as soon as possible." Church further adds, "Clearly, the world has recognized the need for connectivity. The companies with the right products and services will reap the rewards of these global trends. While recent economic uncertainty may dampen the pace of investment, I believe the long-term prospects remain intact and near-term challenges present significant opportunities for savvy investors."

Church received his undergraduate degree from the University of Maryland and his MBA from the Yale School of Management.

Anniversary Archive – Call For Stories

Many of you have told us how much you like to read about how fellow shareholders first got started investing in Adams Express and Petroleum & Resources. Why not let us tell your story? It's really pretty simple. You can e-mail your letters to contact@adamsexpress.com, mail them to Anniversary Archive, Adams Express Company, 7 St. Paul Street Baltimore, MD 21202 or call us at (800) 638-2479. *We look forward to hearing from you.*

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.