

# INVESTOR EXPRESS

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## Annual Meeting

The 80<sup>th</sup> Adams Express Company and Petroleum & Resources Corporation Annual Meetings will be held in Towson, MD, on **March 19, 2009**. The Adams Express meeting is scheduled to start at 9:00 am; Petroleum & Resources meeting will commence at 10:00 am. They will be held at **The Sheraton Baltimore North Hotel**, 903 Dulany Valley Road, Towson, MD 21204. If you are interested in attending and want more information, please contact **Ms. Geri Paré** at [pare@adamsexpress.com](mailto:pare@adamsexpress.com) or **410-752-5900**.



## INDUSTRY OUTLOOK

### Economic Predictions for 2009

**Doug Ober, Chairman and CEO of both Adams Express and Petroleum & Resources, shares his thoughts on the outlook for the coming year and whether the worst is behind us.**

**IE** - Now that the experts admit we have been in a recession for the past year, how do you think we will be able to pull out of it?

**DO** - A combination of an economic stimulus plan focused on job creation and resolution of the credit crisis is necessary to halt the deterioration and jump-start the economy. Consumers, the traditional leaders of a recovery, are over-leveraged and unwilling or unable to spend. Until they can feel more secure in their financial situation, they are unlikely to loosen their purse strings.

**IE** - Will it get worse before it gets better?

**DO** - Yes, I think so. The proposed stimulus plan is unlikely to have an impact until the third quarter of the year. Until then, I expect unemployment to rise, retail sales to decline, and the industrial side of the economy to deteriorate further. We need a solvent banking system willing to lend money to businesses and consumers to get things going again. Once fiscal and monetary stimuli have a chance to work, we will see a pick-up in industrial activity for infrastructure rebuilding, the creation of new jobs, and a return of consumer confidence.

**IE** - When will the credit markets loosen up?

**DO** - That's hard to tell. We have seen several large banks get additional funding from the government; there are probably more to come. Many are scrambling to get their houses in order, but there are still a lot of bad debts to resolve. And it's not just impacting the large banks; it's hitting everybody. It is affecting regional and local



banks, mortgage companies, credit card companies, and other consumer lenders.

**IE** - With all the talk about developing alternative energy sources, what are the long range prospects for oil?

**DO** - The new administration's emphasis on alternatives during the election as well as last summer's high gas prices increased the desire to bring alternative fuels, wind, and solar into play. That is understandable and reasonable, though it is not going to be cheap or easy. For the next couple of decades, we're still going to depend a lot on oil and natural gas, especially if their prices stay at these levels, which make them a lot cheaper to use than the alternatives. In time, we'll develop technologies for carbon capture and alternatives to coal for electricity generation. But finding and using other fuels for transportation, a large percentage of what we use oil for, is a long term prospect. Oil and gas are, for now, the most viable and economical options we have.

**IE** - So, in a nutshell, what is your forecast for 2009?

**DO** - Cautious optimism. There is more bad news to come before the economy recovers. The government is determined to get things going again, but it will take time and recovery could be slowed by the recessions in other countries. I do believe the programs will work, and we could see economic growth in the fourth quarter of the year.

## PROTECT

### Is the Bailout Enough?

With much of the bailout money dispersed and a second round being readied for distribution from the Government's coffers, it's still unclear as to exactly how or which key industries will survive this economic crisis. Cotton Swindell, Vice President-Research, Adams Express, says that for many sectors, especially the financial services industry, the biggest question is not how much money they might receive, but rather: "What role will the Government play after giving out all this money?"

Moreover, no one really knows the magnitude of the problem. For example, stability in the mortgage market is contingent on people keeping their jobs. But since job losses keep mounting, what appears to be a good loan today could become a bad one down the road. And that's just one example; the economy is in a precarious, everchanging state. "Which explains the volatility within the financial markets," Swindell says. So, while there are many ideas aimed at prompting recovery, there will likely be no silver bullet.



While the size and scope of the problem is unclear, one critical sign that we might be emerging from the crisis would be the return of liquidity to the market. "All of the Government's efforts are an attempt to increase liquidity.

Liquidity is the first sign of an improving economy and that should lead to better asset valuations," explains Swindell. From the perspective of Adams Express, he says, "We'll look to make investments where improving liquidity should be a benefit. Within financial services, that means the investment banks, asset managers, and insurance companies. They were impacted more by the liquidity freeze than by the credit crunch."

But how does liquidity or Government money affect other sectors, such as the auto industry? David Weaver, Executive Vice President, Adams Express, says, "The U.S. auto industry is in deep trouble. Recovery alone is not going to solve their problems. Auto sales have dropped; there's still a quality gap; and they have an inherently higher cost structure than their foreign counterparts. The U.S. automakers have not had a competitive business model."

"From an investing standpoint," Weaver adds, "we have not invested in the U.S. automakers or their suppliers for many years. I don't expect that to change unless or until they are competitive globally. It is going to be a long healing process." With the auto industry in the midst of such a massive reshaping, that approach seems prudent.

## GROW

### Anniversary Archive –

#### Dale L. Flesher, CPA - Professor of Accountancy, University of Mississippi

Dale Flesher purchased his first investment in Adams Express in 1981 for one reason: He is a scripophile; a person who collects and studies old stock and bond certificates. "I started the hobby a decade earlier when I bought some old worthless stock certificates from an antique dealer," Flesher recalls. "The first certificates I acquired were used in my accounting classes. I was trying to teach students how to account for the distribution and investment in common and preferred stocks."

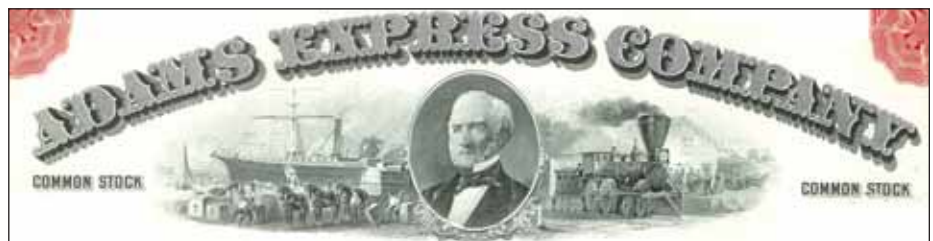
"From that small start, I became enamored with old stock certificates," Flesher says. "The most desirable certificates were those issued by 19th century railroads because they typically featured vignettes or engraved pictures of old trains."

One day, Flesher stumbled on an article stating that Adams Express had the most beautiful stock certificates of any companies listed on the stock exchange at that time. "I called my broker and bought 13 shares of Adams Express. It was all that I could afford," Flesher says. "The article was correct. The stock certificate was fantastic. It was engraved by the American Bank Note Company, the most collectible of the engravers, and included a triple vignette."

"On the left is a beautiful 19th century sailing ship, horses, and dock workers," Flesher describes. "On the right is a

steam locomotive from the 1850s. In the middle is an engraving of Mr. Adams himself. It is a work of art."

Since that first purchase, Flesher has purchased many more shares of Adams Express, not only for their artistic engravings but also for the benefit of buying assets at a discount and for Adams Express's history of distributing dividends at the end of the year. "I may like pretty pictures, but as an accounting professor, I still look for good fundamentals when I make an investment," he says.



#### 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.