

# INVESTOR EXPRESS

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A semi-annual newsletter for our shareholders.

## Three New Directors Bring Experience, Enthusiasm to ADX and PEO Boards

Three new directors have joined the Adams Express (ADX) and Petroleum & Resources (PEO) Boards. They bring a wealth of experience and investment insight to the Funds' shareholders.

Roger W. Gale, Ph.D., and Craig R. Smith, M.D., were elected Nov. 10, 2005; Frederic A. Escherich joined the Boards Feb. 9, 2006.

**Dr. Gale** is president and CEO of GF Energy, LLC, a Washington, D.C., consulting firm to domestic and international electric power companies, and is the publisher of *Electricity Outlook*. He has held senior positions with the U.S. Federal Energy Regulatory Commission, the U.S. Department of Energy, and the U.S. Environmental Protection Agency. Dr. Gale holds a Ph.D. in political science from the University of California, Berkeley, and an M.A. in political science from the University of Michigan. He received his undergraduate degree from American University. Dr. Gale serves on the boards of Ormat, a geothermal and renewable energy company; and the U.S. Energy Association. Until May 2005, he was a director of Constellation Energy.

"Adams has a long history of good performance, and I am enthralled with that legacy. I am very impressed with the continuity and yields of the Funds and believe that our conservative, steady, low-risk investment style remains just as valuable today as it has over our history. As a director of the Funds, there is an opportunity to contribute to and even improve upon that legacy."

In 2004, **Dr. Smith** retired as chairman, president, and CEO of Guilford Pharmaceuticals, which he co-founded in 1993. He has since established and serves as president of Williston Consulting, LLC, a firm providing advisory services to the pharmaceutical and biotechnology industries. Before founding Guilford, he was senior vice president of Centocor, Inc., a subsidiary of Johnson & Johnson. He also served as



Roger W. Gale, Ph.D.  
CEO  
GF Energy, LLC  
Washington, DC



Dr. Craig R. Smith  
President  
Williston Consulting  
Naples, Florida



Frederic A. Escherich  
Private Investor  
Bronxville, NY

director of the Pharmacoepidemiology Program and the Division of Internal Medicine at the Johns Hopkins School of Medicine. Dr. Smith has a B.A. from the University of the South and an M.D. from the State University of New York at Buffalo. He completed his internship and residency in internal medicine at Johns Hopkins Hospital. He serves on the boards of La Jolla Pharmaceutical Company; Depomed, Inc.; Oxxon Therapeutics, Inc.; and Excigen, Inc.

"I felt privileged to join Adams Express and Petroleum & Resources—organizations with long and distinguished records of performance. Joining the Funds gives me an opportunity to use my background and experience to contribute to future returns."

**Mr. Escherich**, a 25-year veteran of J. P. Morgan, is now a private investor whose equity portfolio has risen at twice the rate of the S&P 500 since early 2003. Before being named as managing director and head of J. P. Morgan's Financial Advisory Department, he managed industry analyst teams in transportation and technology and in the consumer and health care sectors. From 1993 until his retirement in December 2002, Mr. Escherich served as head of J. P. Morgan's Mergers & Acquisitions Research, where he was

responsible for evaluating numerous shareholder value issues, providing guidance to the firm's bankers and clients. Mr. Escherich earned his undergraduate degree at Dartmouth College and his M.B.A. at Columbia University.

"I'm drawn to the closed-end fund structure and the role it plays in today's investment world. As an investor interested primarily in determining the fundamental value of a stock, it's frustrating at times to watch the market pushed to various extremes by the rapid flow of 'hot' money into the latest fad or away from a suddenly out-of-favor sector. Management's ability to invest funds as a stable pool of capital is especially appealing to me."

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## Meet the Analyst



**ROBERT E. SULLIVAN**  
Vice President – Research

As an analyst for Petroleum & Resources, Bob Sullivan must keep current with happenings all over the world so that he can gauge the implications of global politics and economics for energy company stocks he might want to include in the Fund—or not.

Bob has been with PEO for two years and was elected as vice president—research in March 2006. He covers oil field services and drillers, refiners, and coal companies, and he shares responsibility for the natural gas distribution and electric utilities sectors.

In picking stocks for PEO investors, Bob says he looks beyond the headlines “to have as much knowledge of the energy sector as possible.”

“I look for well-managed companies that are positioned to benefit from macroeconomic and geopolitical trends and that also are trading at an attractive valuation. I have to stay abreast of what is happening all over the world with sound and reliable information. Good information is the key,” Bob explains.

He says the next two years should be a strong period for energy investments in general.

“In the near term, we could continue to see some weakness in companies with exposure to North American natural gas and coal markets due to the unusually warm winter we recently experienced. However, global demand for energy continues to grow at a solid pace, and it is becoming increasingly difficult to find, extract, and deliver the needed energy to keep pace with this demand growth. For companies with the right asset base and management team, this dynamic should provide significant opportunities,” Bob observes.

## General Counsel Maintains Diligent Vigil on Sarbanes–Oxley Compliance

Lawrence L. (Laurie) Hooper, Jr., vice president, general counsel, and secretary of Adams Express and Petroleum & Resources, also serves as chief compliance officer (CCO) for the two closed-end funds. He says he devotes about one-third of his time to overseeing the Funds’ compliance efforts.

Why the new hat for Mr. Hooper? Congress passed the Sarbanes–Oxley Act of 2002 (SOX) in the wake of the corporate scandals at Enron, WorldCom, and others. SOX includes an array of regulatory measures designed to control corporate governance and encourage financial transparency in publicly-traded companies. In 2003, the Securities and Exchange Commission (SEC) adopted SOX rules applicable to investment companies under the Investment Company Act of 1940, and it strictly monitors compliance. The rules require investment company boards to appoint CCOs to ensure that both the letter and the spirit of the complex law are followed to protect shareholders’ interests. So it made perfect sense for the Boards to appoint Laurie as CCO.

“I’m the person responsible for seeing that ADX and PEO have in place written policies and procedures reasonably designed to prevent violations of the federal securities laws, and that they are being followed. I report directly to the Boards of Directors, and I include a CCO update on the agenda of every Board meeting. Over the past two years, I have developed our written compliance policies and procedures, based on discussions with the heads of all of our departments.

I wanted to understand how our policies and practices match up with SOX provisions in my responsibility to oversee our compliance with their requirements,” Mr. Hooper explained. The Boards approved the Funds’ written policies and procedures in September 2004.

He made his first required annual report to the Boards of Directors in December 2005, five months ahead of the April 2006 deadline.

“I met privately with the Directors—no other members of management were present—and went over the compliance program. We discussed how it is working, and we explored ways to improve it, based on having worked with it for a year. The Board concluded that we have a robust program and are covering the right bases. The next phase is monitoring to see that the policies and procedures are being followed, and Christy Sloan, our assistant treasurer, is helping me to design and conduct tests of our program,” Mr. Hooper explained.

Laurie is a member of the Investment Company Institute’s Chief Compliance Officer Subcommittee, and he participates in its meetings and conferences. He attends SEC outreach seminars designed to keep CCOs current, and he keeps abreast of federal securities laws through other outlets.



## Milestone Investing Makes Your Gifts Last for Years

When it’s time for a gift, and you don’t know what to buy, consider ADX or PEO shares in a milestone investing program.

We advocate milestone investing as a way to use traditional gift-giving occasions as opportunities to invest for loved ones of all ages, but especially for children.

Chairman and CEO Doug Ober thinks milestone investing makes sense, “considering ADX’s 10-year average pretax return of 8.3% and PEO’s of 12.3%.”

“Giving ADX or PEO shares is easy and affordable. A milestone investment gift won’t wind up in

the trash, and it won’t go out of style. Yet it has an excellent possibility of producing long-term returns, providing loved ones with a valuable legacy from you—most likely within your lifetime,” Mr. Ober said.

Talk to your financial advisor about creating a custodial account to accommodate your milestone investment plan.

To set up an account through our transfer agent, American Stock Transfer, visit [www.amstock.com](http://www.amstock.com) or call ADX, 877-260-8188, or PEO, 866-723-8330.

### 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. This newsletter is sent to the stockholders of The Adams Express Company and Petroleum & Resources Corporation for their information. It is not a prospectus, circular, or representation intended for use in the purchase or sale of shares of the Companies or of any securities mentioned in the newsletter. Past performance is not indicative of future investment results. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost.