

INVESTOR EXPRESS

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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 - Health Care: Active and Involved

From politicians to the person you bump into at the pharmacy, everyone is talking about health care. To shed some light on Adams Express' investment strategy in this dynamic sector, we spent some time with Dave Schiminger, Vice President - Research, and health care analyst for Adams Express.



IE – Why is there so much interest in health care?

DS – The combination of an aging, active population and extraordinary scientific innovation is driving unprecedented growth in the health care industry. Health care represents 16% of GDP today, up from 5% in 1960. It's projected to grow to 20% by 2016, due primarily to demographics. Today, 12% of the U.S. population is over 65 years old and by 2020 that number is projected to exceed 16%. This senior population is active and not slowing down. It accounts for an estimated 40% of total health care expenditures. With this population expected to double between 2010 and 2050, the long-term demand for health care products and services should remain strong.

IE – What will impact the sector over the next five years?

DS – There are many drivers of the diverse health care industry, but innovation, regulation, and legislation remain key areas to watch. Innovation remains the lifeblood of the health care industry, and research productivity is crucial. The regulatory environment has become much more cautious as some high-profile product scares have caused the FDA to focus even more intensely on product safety. Health care remains the leading domestic agenda item for politicians, with a growing call for universal health care at affordable prices. The 2008 election looms large. Possible legislation concerning drug re-importation, "generic" biologics, health care affordability, and access to care could cause dramatic changes to the health care landscape.

IE – With such a broad and diverse industry, where are you focusing your attention?

DS – Primarily within the pharmaceutical, medical technology and biotechnology subsectors, which have attractive growth outlooks. These companies are striving to develop novel products targeting unmet medical needs. Successful product development may result in the ability to achieve premium pricing, market exclusivity, and significant profit growth. Due to their smaller size, biotechs are more leveraged to new product introductions, and have been sought after by "big pharma" for their developments. Medical technology companies are offering products that treat ailments, such as heart failure, degenerative joint disease, and diabetes, which affect active lifestyles worldwide.

IE – How do you see the health care industry evolving?

DS – We expect continued convergence of health care subsectors, as drugs, devices, and diagnostic tools are combined to provide safer, more efficacious products. Genomics and advanced screening techniques are allowing scientists to gain a better understanding of complex diseases, such as Alzheimer's disease and cancer. The era of personalized medicine is just getting started. If privacy concerns can be overcome, electronic medical records may gain in popularity as paper-based inefficiencies are wrung out of the system. Consolidation is likely as companies seek scale to deal with larger, more powerful payors.

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Proxy Voting Taken Seriously

Deciding what to add or eliminate from the portfolios is the backbone of managing the Funds. An important facet of that responsibility is being proactive in voting for or against proxy proposals of the companies we invest in and monitoring the outcome of those votes.

“Since we are generally long-term holders of the stocks in our portfolio, we pay very close attention to what company boards are doing and asking from shareholders,” says Joe Truta, President of Adams Express. “As a matter of fact, we think of it as one of our more important responsibilities to our shareholders and to the companies we hold shares in.” With over 140 different companies held between the two Funds, management evaluated and voted on more than 600 proposals during the past year.

How does the process work and who decides what proposals are beneficial to the company? “We vote proxies on a case-by-case basis following the general guidelines established by our Board of Directors,” says Mr. Truta. “The responsibility to peruse, parse and pick through each proposal falls upon our research analysts since they are already charged with covering the specific companies. They review the proxy proposals, make recommendations to vote

for or against the board’s recommendations, and forward their recommendations to the Funds’ portfolio managers who will vote the proxies. Management presents a summary of voting activity on an annual basis to the Board of Directors.

What are the Funds’ principles and how does management decide which proposals are worth supporting? According to Mr. Truta, “We think it is very important that stockholders be treated fairly and equitably. Our guiding principle is that we will support proposals that do not present an adverse impact upon our investment. We will not vote for stock options that unduly dilute the valuation of a company. We generally vote for proposals that require the majority of boards to be comprised of independent directors, and we generally vote against amendments to a company’s charter that can be viewed as ‘blatantly anti-takeover.’”

Over the past year, Adams Express and Petroleum & Resources management has voted against 18% of the proposals in proxies, including votes against excessive stock options and “poison pill” plans. More details can be found in the Funds’ *Proxy Voting Policies & Procedures* appearing on the Funds’ websites under Corporate Information.

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Anniversary Archive – *The Goose that Lays the Golden Eggs*

Our latest Anniversary Archive story is from one of our more famous shareholders. His path to financial security, like many of our shareholders, began with his initial investment in Adams Express and our track record of paying dividends.

In his autobiography, Andrew Carnegie, the famous turn of the century industrialist and philanthropist, recalls with great fondness the first steps he took in becoming a long-term investor in the financial markets. At the time, Carnegie was a 20-year-old clerk at the Pennsylvania Railroad Company. When his father passed away, he became responsible for supporting his mother and younger brother. At the time, Carnegie was working for Mr. Tom Scott, a superintendent at the railroad company, and perhaps his most influential mentor. “Mr. Scott asked me if I had five hundred dollars. If so, he said, he wished to make an

investment for me. Five hundred cents was much nearer my capital. I certainly did not have fifty dollars saved for investment, but I was not going to miss the chance of becoming financially connected with my leader and a great man.”

Carnegie had to get the money from his mother, who mortgaged the house to get the five hundred dollars. “This was my first investment. In those good old days, monthly dividends were more plentiful than now and Adams Express paid a monthly dividend. One morning a white envelope was lying upon my desk, addressed in a big John Hancock hand to ‘Andrew Carnegie, Esquire’. At one corner was a round stamp of the Adams Express Company. I opened the envelope. All it contained was a check for ten dollars upon the Gold Exchange Bank of New York. I shall remember that check as long as

I live...it gave me the first penny of revenue from capital – something that I had not worked for with the sweat of my brow. ‘Eureka!’ I cried. ‘Here’s the goose that lays the golden eggs’.”

The rest, as they say, is history. He founded Carnegie Steel Company, which in time became U.S. Steel and was a pioneer in investing. And it all started with a dividend check from Adams Express.

Source: Autobiography of Andrew Carnegie, Andrew Carnegie, 1920.

If you have a story you would like to share, please send an email to contact@adamsexpress.com; or write to us at ADAMS EXPRESS c/o Anniversary Archive, 7 St. Paul Street, Suite 1140 Baltimore, MD 21202



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.