ADAMS
Resources & Energy, Inc.

FINANCIAL HIGHLIGHTS

	Year Ended December 31,		
	2010	2009	2008
	(In thousands, except per share data)		
Revenues	$2,211,970	$1,943,128	$4,159,672
Net earnings (loss)	8,631	4,149	(5,572)
Working capital	39,978	38,372	41,559
Total assets	301,305	249,401	210,926
Earnings (loss) per common share	$ 2.05	$ .98	$ (1.32)
Dividends per common share	$ .54	$ .50	$ .50

ABOUT THE COMPANY

Adams Resources & Energy, Inc. is engaged in the business of marketing crude oil, natural gas and petroleum products, tank truck transportation of liquid chemicals, and oil and gas exploration and production.

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LETTER TO SHAREHOLDERS

To our Fellow Shareholders:

Net earnings for 2010 totaled $8,631,000 or $2.05 per share on revenues of $2,211,970,000. This compared to earnings of $4,149,000 for 2009. Cash flow remained strong in 2010 and increased with net cash provided by operating activities totaling $36,928,000 versus $22,285,000 in 2009. We continue to operate without bank debt and other forms of debenture obligations and cash balances at December 31, 2010 stood at $29,032,000. We also increased our annual cash dividend by eight percent to $.54 per common share.

Summary of Results

	2010	2009	2008
Operating earnings (loss):			
Marketing	$16,724,000	$17,487,000	$ (2,704,000)
Transportation	6,623,000	2,128,000	4,245,000
Oil and gas	(1,757,000)	(3,625,000)	(3,348,000)
Administrative expenses	(9,044,000)	(9,589,000)	(9,667,000)
	12,546,000	6,401,000	(11,474,000)
Other income (expense):			
Interest income	191,000	125,000	1,103,000
Interest expense	(36,000)	(25,000)	(187,000)
Earnings (loss) before income taxes	12,701,000	6,501,000	(10,558,000)
Income tax (provision) benefit	(4,070,000)	(2,352,000)	4,986,000
Net earnings (loss)	$ 8,631,000	$ 4,149,000	$ (5,572,000)

In our 2009 Annual Report, we set the following major objectives for 2010:

— Maintain marketing operating earnings at the $10 million level exclusive of inventory valuation gains or losses.

— Establish transportation operating earnings at the $3 million level.

— Establish oil and gas operating earnings at the $5 million level and replace 2010 production with current reserve additions.

For our marketing and transportation businesses, we successfully attained our operational goals for the year 2010 aided by an improving United States economy. For our oil and gas operation, reduced natural gas prices and ongoing exploration expense led to the operating loss for the year although we did replace 190 percent of our 2010 oil and natural gas production on an equivalent barrel basis.

Marketing

Marketing segment earnings benefited from generally increasing crude oil prices leading to a $2.3 million non-cash inventory liquidation and valuation gain for 2010. Excluding this bonus event, overall marketing earnings of $14.4 million exceeded the target level. Contributing to the success, our crude oil group also experienced increased per unit margins as the cost to procure supply lagged our ultimate end market pricing. Driving this scenario is recent new production trends in the Eagle Ford shale formation of South Texas. This opportunity looks to continue as the Eagle Ford formation is an active area for drilling by a number of our suppliers.

Transportation

Customer demand of our petrochemical delivery services increased significantly for 2010 improving both revenues and operating earnings. Contributing to this situation is the improving United States economy coupled with export demand and relatively low natural gas prices that benefit our customer base through low feedstock costs. Industry capacity constraints also bolstered earnings by allowing rate increases as customers competed for service.

Oil and Gas

With $4.2 million in exploration expense and property impairment charges, oil and gas operations sustained a $1,757,000 loss in 2010. During 2010, the Company participated in the drilling of 53 wells with 41 successful and 12 dry holes. Additionally, the Company had twenty-one wells in process on December 31, 2010 with ultimate evaluation anticipated during 2011. Converting natural gas volumes to equate with crude oil volumes at a ratio of six to one, oil and gas production volumes and proved reserve changes summarized as follows on an equivalent barrel (Eq. Bbls) basis:

	2010	2009	2008
	(Eq. Bbls.)	(Eq. Bbls.)	(Eq. Bbls.)
Proved reserves — beginning of year	1,450,000	1,304,000	1,475,000
Estimated reserve additions	536,000	439,000	395,000
Production volumes	(282,000)	(267,000)	(258,000)
Revisions of previous estimates	(138,000)	(26,000)	(308,000)
Proved reserves — end of year	1,566,000	1,450,000	1,304,000

During 2010 and in total for the three year period ended December 31, 2010, estimated reserve additions represented 190 percent and 172 percent, respectively, of production volumes.

Our current drilling and exploration efforts are primarily focused as follows:

East Texas Project

Beginning in 2005, we began acquiring acreage interests in Nacogdoches and Shelby counties of East Texas. Subsequent drilling activity produced 26 productive wells through the end of 2009. Drilling activity in the area's Haynesville shale formation increased dramatically in 2010, primarily to maintain our leasehold position for future development drilling as natural gas prices improve. Twenty-two successful wells were drilled with no dry holes during 2010, bringing the total number of Haynesville shale wells to thirty-four including wells in progress at year end. Last year, together with our partners, we acquired an additional 19,000 acres in Angelina County due south of our original acreage position. Acreage maintained by production now totals approximately 37,000 gross acres with approximately 54,000 gross acres remaining to be drilled. The Company's working interest in this project varies from two percent to five percent and our net acreage position is approximately 3,200 acres. Thirty-four additional wells are planned in this area in 2011.

Austin County Project

In 2008, we elected to participate in the exploitation of an existing 3-D seismic survey over the Raccoon Bend Dome located in Austin County, Texas. The oil prospect was to test deeper zones that had not been adequately evaluated by earlier drilling. Seven wells were drilled in 2010 bringing the total number of wells drilled in the prospect to eleven with eight of the eleven successfully completed as oil wells. Drilling on this project will continue in 2011 with three or four wells planned back to back during the second quarter. The operator of the property has identified additional locations that may also be drilled in 2011. We hold an 8 percent working interest in this prospect.

South Central Kansas Project

We are participating with a 10 percent working interest in a large 3-D seismic survey in South Central Kansas and have a working interest in 23,693 gross acres. A number of prospects have been identified and four wells were drilled in 2010. Two of these wells were completed with marginal success and a third well is currently testing after frac. The fourth well was not successful. The seismic is being reevaluated and additional drilling is planned for 2011.

West Texas Project

Beginning in 2008, we participated in the acquisition and development of approximately 48,000 acres in the Wolfcamp formation of Irion County, Texas. Initial results did not meet expectations and a second third party operator was brought into the project. Twelve Wolfcamp shale wells have now been drilled with seven such wells being horizontal developments. Recent results are positive with initial flow rates over 500 barrels of oil per day. Twenty four wells are planned for drilling on this acreage in 2011 and we have an approximate two percent working interest in this project.

Outlook

The marketing and transportation segments have been performing at expected levels and business currently looks to be holding firm. Increased crude oil production in our South Texas marketing area is also occurring as the Eagle Ford shale play is being developed by third party operators in the region. In contrast to the recent strength in the crude oil markets, natural gas prices have been in decline, falling at times to below $4 per mcf. Despite low natural gas prices, our recent drilling success has improved oil and gas segment earnings and we believe this earnings trend will continue.

The Company has the following major objectives for 2011:

— Maintain marketing operating earnings at the $15 million level exclusive of inventory valuation gains or losses.

— Maintain transportation operating earnings at the $6 million level.

— Establish oil and gas operating earnings at the $5 million level and replace 2011 production with current reserve additions.

Sincerely,

K. S. "Bud" Adams, Jr.
Chairman and Chief Executive Officer

F. T. Webster
President and Chief Operating Officer

March 21, 2011

OPERATIONS SUMMARY

Business Activities

Adams Resources & Energy, Inc. ("ARE") and its subsidiaries, collectively (the "Company"), are engaged in the business of marketing crude oil, natural gas and petroleum products, tank truck transportation of liquid chemicals, and oil and gas exploration and production. Adams Resources & Energy, Inc. is a Delaware corporation organized in 1973.

Crude oil, Natural Gas, and Refined Products Marketing

Gulfmark Energy, Inc. ("Gulfmark"), a subsidiary of ARE, purchases crude oil and arranges sales and deliveries to refiners and other customers. Activity is concentrated primarily onshore in Texas and Louisiana with additional operations in Michigan and New Mexico. During 2010, Gulfmark purchased approximately 69,000 barrels per day of crude oil at the wellhead or lease level. Gulfmark also operates 131 tractor-trailer rigs and maintains over 47 pipeline inventory locations or injection stations. Gulfmark has the ability to barge oil from three oil storage facilities along the intercoastal waterway of Texas and Louisiana and maintains 75,000 barrels of storage capacity at certain of the dock facilities in order to access waterborne markets for its products. Gulfmark arranges transportation for sales to customers or enters into exchange transactions with third parties when the cost of the exchange is less than the alternate cost incurred in transporting or storing the crude oil.

Adams Resources Marketing, Ltd. ("ARM"), a subsidiary of ARE, operates as a wholesale purchaser, distributor and marketer of natural gas. ARM's focus is on the purchase of natural gas at the producer level. During 2010, ARM purchased approximately 258,000 million british thermal units ("mmbtu's") of natural gas per day at the wellhead and pipeline pooling points. Business is concentrated among approximately 60 independent producers with the primary production areas being the Louisiana and Texas Gulf Coast and the offshore Gulf of Mexico region. ARM provides value added services to its customers by providing access to common carrier pipelines and handling daily volume balancing requirements as well as risk management services.

Ada Resources, Inc. ("Ada"), a subsidiary of ARE, markets branded and unbranded refined petroleum products such as motor fuels and lubricants. Ada makes purchases based on the supplier's established distributor prices, with such prices generally being lower than Ada's sales price to its customers. Motor fuel sales include automotive gasoline, biodiesel and conventional diesel fuel. Lubricants consist of passenger car motor oils as well as a full complement of industrial oils and greases. Ada is also involved in the railroad servicing industry, including fueling and lubricating locomotives as well as performing routine maintenance on the power units. Further, the United States Coast Guard has certified Ada as a direct-to-vessel approved marine fuel and lube vendor. Ada's marketing area primarily includes the Texas Gulf Coast and southern Louisiana. The primary product distribution and warehousing facility is located on 5.5 Company-owned acres in Houston, Texas. The property includes a 60,000 square foot warehouse, 11,000 square feet of office space and bulk storage for 320,000 gallons of lubricating oil.

Tank Truck Transportation

Service Transport Company ("STC"), a subsidiary of ARE, transports liquid chemicals on a "for hire" basis throughout the continental United States and Canada. Transportation service is provided to over 400 customers under multiple load contracts in addition to loads covered under STC's standard price list. Pursuant to regulatory requirements, STC holds a Hazardous Materials Certificate of Registration issued by the U.S. Department of Transportation. Presently, STC operates 283 truck tractors of which 15 are independent owner-operator units and maintains 422 tank trailers. In addition, STC maintains truck terminals in Houston, Corpus Christi, and Nederland, Texas as well as Baton Rouge (St. Gabriel), Louisiana and Mobile (Saraland), Alabama. Transportation operations are headquartered at a terminal facility situated on 22 Company-owned acres in Houston, Texas. This property includes maintenance facilities, an office building, tank wash rack facilities and a water treatment system. The St. Gabriel, Louisiana terminal is situated on 11.5 Company-owned acres and includes an office building, maintenance bays and tank cleaning facilities.

OPERATIONS SUMMARY

Oil and Gas Exploration and Production

Adams Resources Exploration Corporation ("AREC"), a subsidiary of ARE, is actively engaged in the exploration and development of domestic oil and natural gas properties primarily in Texas and the south central region of the United States. Exploration offices are maintained in Houston and the Company holds an interest in 347 wells of which 41 are Company operated.

Producing Wells and Acreage — The following table sets forth the Company's gross and net productive wells and acreage as of December 31, 2010. Gross wells and gross acreage are the total number of wells or acreage in which the Company has an interest, while net wells and acreage are the sum of the fractional interests owned.

	Total Wells		Developed Acreage		Undeveloped Acreage	
	Gross	Net	Gross	Net	Gross	Net
Texas	199	20.92	92,782	10,027	213,627	16,783
Kansas	—	—	480	80	23,213	2,289
Other	148	9.66	7,499	913	5,496	858
	347	30.58	100,761	11,020	242,336	19,930

Drilling Activity — The following table sets forth the Company's drilling activity for each of the three years ended December 31, 2010. All drilling activity was onshore in Texas, Louisiana, Arkansas and Kansas.

	2010		2009		2008	
	Gross	Net	Gross	Net	Gross	Net
Exploratory wells drilled						
— Productive	—	—	2	.10	2	.13
— Dry	12	.67	7	.94	2	.22
Development wells drilled						
— Productive	41	1.77	24	1.35	17	1.06
— Dry	—	—	2	.10	7	.68
	53	2.44	35	2.49	28	2.09

Employees

At December 31, 2010 the Company employed 740 persons, 15 of whom were employed in the exploration and production of oil and gas, 299 in the marketing of crude oil, natural gas and petroleum products, 405 in transportation operations, and 21 in administrative capacities. None of the Company's employees are represented by a union. Management believes its employee relations are satisfactory.

FIVE YEAR REVIEW OF SELECTED FINANCIAL DATA

	Years Ended December 31,				
	2010	2009	2008	2007	2006
	(In thousands, except per share data)				
Revenues:					
Marketing	$2,144,082	$1,889,583	$4,074,677	$2,558,545	$2,167,502
Transportation	56,867	44,895	67,747	63,894	62,151
Oil and natural gas	11,021	8,650	17,248	13,783	16,950
	$2,211,970	$1,943,128	$4,159,672	$2,636,222	$2,246,603
Operating Earnings:					
Marketing	$ 16,724	$ 17,487	$ (2,704)	$ 20,152	$ 12,975
Transportation	6,623	2,128	4,245	5,504	5,173
Oil and gas operations	(1,757)	(3,625)	(3,348)	(2,853)	5,355
Oil and gas property sale	—	—	—	12,078	—
General and administrative	(9,044)	(9,589)	(9,667)	(10,974)	(8,536)
	12,546	6,401	(11,474)	23,907	14,967
Other income (expense):					
Interest income	191	125	1,103	1,741	965
Interest expense	(36)	(25)	(187)	(134)	(159)
Earnings (loss) from continuing operations before income taxes	12,701	6,501	(10,558)	25,514	15,773
Income tax (provision) benefit	(4,070)	(2,352)	4,986	(8,458)	(5,290)
Net earnings (loss)	$ 8,631	$ 4,149	$ (5,572)	$ 17,056	$ 10,483
Earnings (Loss) Per Share					
Basic and diluted earnings (loss) per share	$ 2.05	$ .98	$ (1.32)	$ 4.04	$ 2.49
Dividends per common share	$ .54	$ .50	$ .50	$ .47	$ .42
Financial Position					
Working capital	$ 39,978	$ 38,372	$ 41,559	$ 50,572	$ 35,208
Total assets	301,305	249,401	210,926	357,075	289,287
Long-term debt, net of current maturities	—	—	—	—	3,000
Shareholders' equity	90,155	83,801	81,761	89,442	74,368
Dividends on common shares	2,277	2,109	2,109	1,982	1,771

Notes:
– In 2007, certain oil and natural gas producing properties were sold for $14.9 million producing a net gain of $12.1 million.

Results of Operations

— Marketing

Marketing revenues, operating earnings and depreciation are as follows **(in thousands):**

	2010	2009	2008
Revenues			
Crude oil	$2,005,301	$1,770,600	$3,849,531
Natural gas	10,592	14,232	11,586
Refined products	128,189	104,751	213,560
Total	$2,144,082	$1,889,583	$4,074,677
Operating Earnings (loss)			
Crude oil	$ 13,530	$ 15,404	$ (4,545)
Natural gas	3,073	2,749	2,247
Refined products	121	(666)	(406)
Total	$ 16,724	$ 17,487	$ (2,704)
Depreciation			
Crude oil	$ 2,320	$ 1,997	$ 2,039
Natural gas	44	166	163
Refined products	503	533	565
Total	$ 2,867	$ 2,696	$ 2,767

Supplemental volume and price information is:

	2010	2009	2008
Field Level Purchases per day[(1)]			
Crude Oil — barrels	69,000	66,100	67,800
Natural Gas — mmbtu's	258,000	363,000	437,000
Average Purchase Price			
Crude Oil — per barrel	$ 77.20	$ 58.32	$ 99.72
Natural Gas — per mmbtu	$ 4.28	$ 3.75	$ 8.63

[(1)] Reflects the volume purchased from third parties at the oil and natural gas field level and pipeline pooling points.

Comparison 2010 to 2009

Crude oil revenues were elevated by 13 percent in 2010 due to both volume and price increases. Average crude oil prices increased by 33 percent and crude oil lease level volumes improved by 4 percent as shown in the table above. Total revenue grew by less than the amount indicated by pricing because certain buy/sell arrangements are reported on a net revenue basis and as a result, a change in the Company's customer mix will increase or decrease comparative reported revenues. During 2010 a larger portion of sales were reported on a net revenue basis, partially offsetting the effect of increased average prices and volumes.

Increased crude oil prices boosted operating earnings during 2010. The average acquisition price of crude oil moved from $75 per barrel at the beginning of the year to $88 per barrel for December 2010 resulting in inventory liquidation gains totaling $2,272,000. Similarly, during 2009, crude oil prices rose from the $41 per barrel range in January to the $75 per barrel range by December 2009 producing a $5,780,000 inventory liquidation gain. As of December 31, 2010, the Company held 146,269 barrels of crude oil inventory at an average price of $88.26 per barrel.

Diesel fuel expense which tends to fluctuate in tandem with crude oil prices also has a significant impact on operating earnings. A relatively low level of diesel fuel costs during 2009, served to improve comparative operating earnings for such year. The impact on crude oil operating earnings from inventory liquidation gains and diesel fuel cost is summarized as follows **(in thousands):**

	2010	2009	2008
As reported operating earnings	$13,530	$15,404	$ (4,545)
Inventory liquidation (gains)	(2,272)	(5,780)	11,883
	$11,258	$ 9,624	$ 7,338
Diesel fuel expense	$ 6,001	$ 4,612	$ 7,271

During 2010, the Company has generally experienced an increase in per unit margins as the increasing cost to procure supply has lagged end market pricing. This pricing scenario has been driven, in large part, by recent new production trends in the Eagle Ford shale formation of South Texas. This trend looks to continue as the Eagle Ford formation is currently an active area for drilling for several of the Company's suppliers.

Natural gas sales are reported net of underlying natural gas purchase costs and thus reflect gross margin. As shown above, gross margins were reduced during 2010 as average field level purchase volumes were off 29 percent for the period (see table above). Current volume declines resulted from the Company's suppliers curtailing drilling activity due to lower natural gas prices. In addition, development of the United States' natural gas infrastructure including more diverse areas of production and expanded pipeline and storage capacity have served to reduce purchase opportunities and per unit margins. In contrast to the gross margin trend, the Company's natural gas marketing personnel were able to adjust marketplace strategy and capture additional margin opportunities which bolstered operating earnings for the current year.

Operating earnings for the refined products segment improved in 2010 as the United States economy stabilized. Both 2009 and 2008 suffered from the downturn in the domestic economy which began during the third quarter of 2008. Due to customer financial stability concerns, refined products operating earnings were additionally impacted in 2009 and 2008 when the bad debt provision was increased by approximately $560,000 and $700,000, respectively. The Company focused on cost controls and instituted personnel cut-backs in the fourth quarter of 2009 to restore profitability to this segment.

Comparison 2009 to 2008

Crude oil revenues declined for 2009 by 54 percent relative to 2008 because of significantly lower average crude oil prices as shown in the table above. While comparative overall crude oil prices were reduced in 2009, the direction of change in price was generally increasing during the period leading to the operating gains as discussed above.

As shown on the comparative table above, natural gas gross margins spiked in 2009 at $14,232,000. This result occurred because in 2009 the Company elected to ship more of its gas supply on the interstate and intrastate pipeline systems. This strategy boosted unit gross margins but also increased pipeline transportation expense, a deduction for operating margins.

Historically, prices received for crude oil and natural gas as well as derivative products have been volatile and unpredictable with price volatility expected to continue.

— *Transportation*

The transportation segment revenues and operating earnings were as follows **(in thousands):**

	2010		2009		2008	
	Amount	**Change[(1)]**	**Amount**	**Change[(1)]**	**Amount**	**Change[(1)]**
Revenues	$56,867	27%	$44,895	(34)%	$67,747	6%
Operating earnings	$ 6,623	211%	$ 2,128	(50)%	$ 4,245	(23)%
Depreciation	$ 4,288	8%	$ 3,970	3%	$ 3,843	(10)%

(1) Represents the percentage increase (decrease) from the prior year.

Comparison 2010 to 2009

Revenues and operating results improved for the transportation segment in 2010 due to increased customer demand. The Company's customers predominately consist of the domestic petrochemical industry and demand for such products has substantially recovered from the slow down occurring in 2009. Serving to improve customer demand was a recovering United States economy, relatively low natural gas prices and improved export demand for petrochemicals. In addition, during the recent economic downturn, the trucking industry reduced capacity by retiring older units without replacement. Following recent demand improvement, industry capacity has been strained allowing rate increases and improved overall profitability. As transportation revenues increase or decrease, operating earnings will typically increase or decrease at an accelerated rate. This trend results because the fixed cost components of the Company's operation do not vary with changing revenues. As currently configured, operating earnings project at break-even levels when annual revenues average approximately $47 million. Above that level, operating earnings will grow and below that level losses result.

Transportation segment depreciation increased in 2010 as older fully depreciated tractor units were replaced with new model year vehicles. The purchase of 200 current model year tractor and trailer units at an estimated cost of approximately $20 million is planned for 2011 through midway 2012.

Comparison 2009 to 2008

Revenues and operating results turned downward for the transportation segment in 2009 due to reduced customer demand beginning in the third quarter of 2008. The national economic recession occurring at the time severely and adversely impacted this segment of the Company's business. Typically, as revenues decline, operating earnings decline at a faster rate, as measured by percentage, due to the fixed cost components of operating costs. In March 2009, the Company instituted cost cutting measures including a reduction in personnel levels in order to better align costs with a lower level of revenues. As a result, the rate of decline in operating earnings slowed relative to the rate of decline in revenues beginning in the second quarter of 2009 and these cost cutting measures contributed to a stronger than normal level of improvement in 2010 when customer demand resumed.

— *Oil and Gas*

Oil and gas segment revenues and operating earnings are primarily derived from crude oil and natural gas production volumes and prices. Comparative amounts for revenues, operating earnings and depreciation and depletion were as follows **(in thousands):**

	2010		2009		2008	
	Amount	**Change[(1)]**	**Amount**	**Change[(1)]**	**Amount**	**Change[(1)]**
Revenues	$11,021	27%	$ 8,650	(50)%	$17,248	25%
Operating earnings (loss)	(1,757)	51%	(3,625)	8%	(3,348)	17%
Depreciation and depletion	4,662	28%	3,654	(46)%	6,763	16%
Producing property impairments	946	(30)%	1,350	(56)%	3,078	153%

(1) Represents the percentage increase (decrease) from the prior year.

The revenue and earnings improvement for the oil and gas segment is attributable to crude oil and natural gas volume and price increases as shown in the table below. Volumes improved with the results of recent drilling efforts. Operating earnings in 2010 also benefited from reduced exploration and impairment expenses as shown in the second table below. As shown above, depreciation and depletion expense was reduced in 2009 because a significant decline in hydrocarbon prices at year-end December 31, 2008 caused significant producing property impairment provisions to be recorded during 2008 and such charges reduced the level of capitalized costs for amortizing in 2009.

Comparative volumes and prices were as follows:

	2010	2009	2008
Production Volumes			
— Crude Oil	54,000 bbls	49,500 bbls	50,500 bbls
— Natural Gas	1,365,000 mcf	1,304,000 mcf	1,243,000 mcf
Average Price			
— Crude Oil	$77.09 bbls	$58.10 bbls	$99.25 bbls
— Natural Gas	$5.02 mcf	$4.43 mcf	$9.84 mcf

Comparative exploration and impairment costs were as follows **(in thousands):**

	2010	2009	2008
Dry hole expense	$1,894	$ 661	$2,421
Prospect impairment	1,277	2,423	2,834
Seismic and geological	62	734	775
Total	$3,233	$3,818	$6,030

— Subsequent Property Sale

In January 2011, the Company completed the sale of its interest in certain producing oil and gas properties located in the on-shore Gulf Coast region of Texas. Proceeds from the sale totaled $6.2 million and the Company will report a pre-tax gain of approximately $2.7 million from this transaction during the first quarter of 2011. Total proved reserves sold were approximately 26,000 barrels of crude oil and 2,148,000 mcf of natural gas. Sales negotiations were conducted by the third party operator of the properties on behalf of all working interest owners and the transaction was completed with a separate third party investment entity. The Company's proportionate interest in the transaction was approximately 5 percent and the Company elected to participate in the sale due to attractive pricing. Proceeds from the sale will be used for general working capital purposes.

— General and administrative, interest income and income tax

General and administrative expenses were consistent during the five year review period ending December 31, 2010 except during 2007 such costs were elevated due to federally mandated Sarbanes-Oxley compliance costs. Interest income declined for 2010 and 2009 as interest rates on overnight deposits declined to near zero following the significant turmoil that occurred in the financial markets during the fall of 2008. The provision for income taxes is based on Federal and State tax rates and variations are consistent with taxable income in the respective accounting periods.

Liquidity and Capital Resources

The Company's liquidity primarily derives from net cash provided from operating activities, which was $36,928,000, $22,285,000 and $13,639,000 for each of 2010, 2009 and 2008, respectively. As of December 31, 2010 and 2009, the Company had no bank debt or other forms of debenture obligations. Cash and cash equivalents totaled $29,032,000 as of December 31, 2010, and such balances are maintained in order to meet the timing of day-to-day cash needs. Working capital, the excess of current assets over current liabilities, totaled $39,978,000 as of December 31, 2010.

Capital expenditures during 2010 included $10,722,000 for marketing and transportation equipment additions, primarily consisting of trucks-tractors, and $11,699,000 in property additions associated with oil and gas exploration and production activities. For 2011, the Company anticipates expending an additional approximately $24 million on oil and gas exploration projects. In addition, approximately $20 million will be expended during 2011 for the purchase of 200 trucks-tractors for the transportation segment and approximately $7 million will be expended for the purchase of 50 trucks-tractors and trailers for the marketing segment with funding for such purchase from available cash flow. These units will serve to replace older units and to increase the marketing and transportation fleets. Funding for these 2011 projects will be from operating cash flow and available working capital. However, the Company has also initiated discussion with a bank about establishing a working capital line of credit in order to provide an additional source of capital should the need arise to fund the anticipated projects. Further, within certain constraints, the proposed projects can be delayed or cancelled should funding become unavailable.

From time to time, the Company may make cash prepayments to certain suppliers of crude oil and natural gas for the Company's marketing operations. Such prepayments totaled $5,150,000 as of December 31, 2010 and such amounts will be recouped and advanced from month to month as the suppliers deliver product to the Company. The Company also requires certain counterparties to post cash collateral with the Company in order to support their purchase from the Company. Such cash collateral held by the Company totaled $1,700,000 as of December 31, 2010. The Company also maintains a stand-by letter of credit facility with Wells Fargo Bank to provide for the issuance of stand-by letters of credit to the Company's suppliers of crude oil and natural gas (see Note 1 to Financial Statements). The issuance of stand-by letters of credit enables the Company to avoid posting cash collateral when procuring crude oil and natural gas supply. As of December 31, 2010, letters of credit outstanding totaled $23.9 million. Management believes current cash balances, together with expected cash generated from future operations, will be sufficient to meet short-term and long-term liquidity needs.

Historically, the Company pays an annual dividend in the fourth quarter of each year, and the Company paid a $.54 per common share dividend or $2,277,000 to shareholders of record as of December 1, 2010.

Insurance

From time to time, the marketplace for all forms of insurance enters into periods of severe cost increases. In the past, during such cyclical periods, the Company has seen costs escalate to the point where desired levels of insurance were either unavailable or unaffordable. The Company's primary insurance needs are in the areas of worker's compensation, automobile and umbrella coverage for its trucking fleet and medical insurance for employees. During each of 2010, 2009 and 2008, insurance costs were stable and totaled $10 million, $10.5 million and $10.6 million, respectively. Overall insurance cost may experience renewed rate increases during 2011. Since the Company is generally unable to pass on such cost increases, any increase will need to be absorbed by existing operations.

Competition

In all phases of its operations, the Company encounters strong competition from a number of entities. Many of these competitors possess financial resources substantially in excess of those of the Company. The Company faces competition principally in establishing trade credit, pricing of available materials and quality of service. In its oil and gas operation, the Company also competes for the acquisition of mineral properties. The Company's marketing division competes with major oil companies and other large industrial concerns that own or control significant refining and marketing facilities. These major oil companies may offer their products to others on more favorable terms than those available to the Company. From time to time in recent years, there have been supply imbalances for crude oil and natural gas in the marketplace. This in turn has led to significant fluctuations in prices for crude oil and natural gas. As a result, there is a high degree of uncertainty regarding both the future market price for crude oil and natural gas and the available margin spread between wholesale acquisition costs and sales realization.

Forward-Looking Statements — Safe Harbor Provisions

This annual report on Form 10-K for the year ended December 31, 2010 contains certain forward-looking statements covered by the safe harbors provided under Federal securities law and regulations. To the extent such statements are not recitations of historical fact, forward-looking statements involve risks and uncertainties. In particular, statements under the captions (a) Production and Reserve Information, (b) Regulatory Status and Potential Environmental Liability, (c) Management's Discussion and Analysis of Financial Condition and Results of Operations, (d) Critical Accounting Policies and Use of Estimates, (e) Quantitative and Qualitative Disclosures about Market Risk, (f) Income Taxes, (g) Concentration of Credit Risk, (h) Price Risk Management Activities, and (i) Commitments and Contingencies, among others, contain forward-looking statements. Where the Company expresses an expectation or belief regarding future results or events, such expression is made in good faith and believed to have a reasonable basis in fact. However, there can be no assurance that such expectation or belief will actually result or be achieved.

With the uncertainties of forward looking statements in mind, the reader should consider the risks discussed elsewhere in this report and other documents filed by the Company with the Securities and Exchange Commission from time to time and the important factors described under "Item 1A. Risk Factors" that could cause actual results to differ materially from those expressed in any forward-looking statement made by or on behalf of the Company.

CONSOLIDATED BALANCE SHEETS

	December 31, 2010	December 31, 2009
	(In thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 29,032	$ 16,806
Accounts receivable, net of allowance for doubtful accounts of $1,064 and $1,681, respectively	190,169	155,941
Inventories	14,591	15,260
Fair value contracts	2,764	1,581
Income tax receivable	2,316	2,171
Prepayments	8,104	10,804
Total current assets	246,976	202,563
PROPERTY AND EQUIPMENT:		
Marketing	25,407	19,787
Transportation	43,131	38,859
Oil and gas (successful efforts method)	73,011	73,843
Other	188	171
	141,737	132,660
Less — Accumulated depreciation, depletion and amortization	(94,148)	(90,355)
	47,589	42,305
OTHER ASSETS:		
Oil and gas property held for sale	3,389	—
Deferred income tax asset	374	1,290
Cash deposits and other	2,977	3,243
	$301,305	$249,401
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$200,763	$158,176
Accounts payable — related party	9	75
Fair value contracts	1,478	1,331
Accrued and other liabilities	3,894	3,872
Current deferred income taxes	854	737
Total current liabilities	206,998	164,191
LONG-TERM DEBT	—	—
OTHER LIABILITIES:		
Asset retirement obligations	1,390	1,315
Deferred taxes and other liabilities	2,762	94
	211,150	165,600
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
SHAREHOLDERS' EQUITY:		
Preferred stock, $1.00 par value, 960,000 shares authorized, none outstanding	—	—
Common stock, $.10 par value, 7,500,000 shares authorized, 4,217,596 issued and outstanding	422	422
Contributed capital	11,693	11,693
Retained earnings	78,040	71,686
Total shareholders' equity	90,155	83,801
	$301,305	$249,401

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2010	2009	2008
	(In thousands, except per share data)		
REVENUES:			
Marketing	$2,144,082	$1,889,583	$4,074,677
Transportation	56,867	44,895	67,747
Oil and natural gas	11,021	8,650	17,248
	2,211,970	1,943,128	4,159,672
COSTS AND EXPENSES:			
Marketing	2,124,491	1,869,400	4,074,614
Transportation	45,956	38,797	59,659
Oil and gas operations	8,116	8,621	13,833
General and administrative	9,044	9,589	9,667
Depreciation, depletion and amortization	11,817	10,320	13,373
	2,199,424	1,936,727	4,171,146
Operating Earnings (Loss)	12,546	6,401	(11,474)
Other Income (Expense):			
Interest income	191	125	1,103
Interest expense	(36)	(25)	(187)
Earnings (loss) before income taxes	12,701	6,501	(10,558)
Income Tax (Provision) Benefit:			
Current	(371)	(1,280)	(1,689)
Deferred	(3,699)	(1,072)	6,675
	(4,070)	(2,352)	4,986
Net Earnings (Loss)	$ 8,631	$ 4,149	$ (5,572)
EARNINGS (LOSS) PER SHARE:			
Basic and diluted net earnings (loss) per share	$ 2.05	$ .98	$ (1.32)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Contributed Capital	Retained Earnings	Total Shareholders' Equity
		(In thousands)		
BALANCE, January 1, 2008	$422	$11,693	$77,327	$89,442
Net earnings	—	—	(5,572)	(5,572)
Dividends paid on common stock	—	—	(2,109)	(2,109)
BALANCE, December 31, 2008	$422	$11,693	$69,646	$81,761
Net earnings (loss)	—	—	4,149	4,149
Dividends paid on common stock	—	—	(2,109)	(2,109)
BALANCE, December 31, 2009	$422	$11,693	$71,686	$83,801
Net earnings	—	—	8,631	8,631
Dividends paid on common stock	—	—	(2,277)	(2,277)
BALANCE, December 31, 2010	$422	$11,693	$78,040	$90,155

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2010	2009	2008
		(In thousands)	
CASH PROVIDED BY OPERATIONS:			
Net earnings (loss)	$ 8,631	$ 4,149	$ (5,572)
Adjustments to reconcile net earnings (loss) to net cash from operating activities-			
Depreciation, depletion and amortization	11,817	10,320	13,373
Property sale (gains) losses	94	(177)	354
Dry hole costs incurred	1,894	661	2,421
Impairment of oil and natural gas properties	2,224	3,773	5,911
Provision for doubtful accounts	29	430	1,059
Deferred income taxes	3,699	1,072	(6,675)
Net change in fair value contracts	(1,036)	251	1,238
Decrease (increase) in accounts receivable	(34,257)	(36,515)	141,250
Decrease (increase) in inventories	669	(1,053)	569
Decrease (increase) in income tax receivable	(145)	1,458	(1,075)
Decrease (increase) in prepayments	2,700	(5,580)	(1,456)
Increase (decrease) in accounts payable	40,521	43,069	(137,548)
Increase (decrease) in accrued and other liabilities	(406)	(58)	223
Other changes, net	494	485	(433)
Net cash provided by operating activities	36,928	22,285	13,639
INVESTING ACTIVITIES:			
Property and equipment additions	(22,421)	(22,390)	(17,688)
Insurance and state collateral (deposits) refunds	(151)	(192)	502
Proceeds from property sales	147	1,004	167
Redemption of short-term investments	—	—	10,000
Investment in short-term investments	—	—	(10,000)
Net cash (used in) investing activities	(22,425)	(21,578)	(17,019)
FINANCING ACTIVITIES:			
Dividend payments	(2,277)	(2,109)	(2,109)
Net cash (used in) financing activities	(2,277)	(2,109)	(2,109)
Increase (decrease) in cash and cash equivalents	12,226	(1,402)	(5,489)
Cash and cash equivalents at beginning of year	16,806	18,208	23,697
Cash and cash equivalents at end of year	$ 29,032	$ 16,806	$ 18,208

The accompanying notes are an integral part of these consolidated financial statements.

(1) Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Adams Resources & Energy, Inc., a Delaware corporation, and its wholly owned subsidiaries (the "Company") after elimination of all intercompany accounts and transactions. The impact on the accompanying financial statements of events occurring after December 31, 2010 has been evaluated through the date of issuance of these financial statements.

Nature of Operations

The Company is engaged in the business of crude oil, natural gas and petroleum products marketing, as well as tank truck transportation of liquid chemicals and oil and gas exploration and production. Its primary area of operation is within a 1,000 mile radius of Houston, Texas.

Cash, Cash Equivalents and Short-term Investments

Cash and cash equivalents include any Treasury bill, commercial paper, money market fund or federal funds with maturity of 90 days or less. Depending on cash availability and market conditions, investments in corporate and municipal bonds may also be made from time to time. The Company invests in tax-free municipal securities in order to enhance the after-tax rate of return from short-term investments of cash. The Company had no corporate bonds or municipal investments as of December 31, 2010 and 2009. Cash and cash equivalents are maintained with major financial institutions and such deposits may exceed the amount of Federally backed insurance provided. While the Company regularly monitors the financial stability of such institutions, cash and cash equivalents ultimately remain at risk subject to the financial viability of such institutions.

Allowance for Doubtful Accounts

Accounts receivable result from sales of crude oil, natural gas and refined products as well as from trucking services. Marketing business wholesale level sales of crude oil and natural gas comprise in excess of 90 percent of accounts receivable and under industry practices, such items are "settled" and paid in cash within 25 days of the month following the transaction date. For such receivables, an allowance for doubtful accounts is determined based on specific account identification. The balance of accounts receivable results primarily from sales of refined petroleum products and trucking services. For this component of receivables, the allowance for doubtful accounts is determined based on a review of specific accounts combined with a review of the general status of the aging of all accounts.

Inventories

Crude oil and petroleum product inventories are carried at the lower of average cost or market. Petroleum products inventory includes gasoline, lubricating oils and other petroleum products purchased for resale. Components of inventory are as follows (**in thousands**):

	December 31,	
	2010	**2009**
Crude oil	$12,909	$14,053
Petroleum products	1,682	1,207
	$14,591	$15,260

Prepayments

The components of prepayments and other are as follows **(in thousands):**

	December 31,	
	2010	2009
Cash collateral deposits for commodity purchases	$5,150	$ 7,670
Insurance premiums	1,954	2,478
Natural gas imbalances	330	89
Rents, license and other	670	567
	$8,104	$10,804

Property and Equipment

Expenditures for major renewals and betterments are capitalized, and expenditures for maintenance and repairs are expensed as incurred. Interest costs incurred in connection with major capital expenditures are capitalized and amortized over the lives of the related assets. When properties are retired or sold, the related cost and accumulated depreciation, depletion and amortization ("DD&A") is removed from the accounts and any gain or loss is reflected in earnings.

Oil and gas exploration and development expenditures are accounted for in accordance with the successful efforts method of accounting. Direct costs of acquiring developed or undeveloped leasehold acreage, including lease bonus, brokerage and other fees, are capitalized. Exploratory drilling costs are initially capitalized until the properties are evaluated and determined to be either productive or nonproductive. Such evaluations are made on a quarterly basis. If an exploratory well is determined to be nonproductive, the costs of drilling the well are charged to expense. Costs incurred to drill and complete development wells, including dry holes, are capitalized. As of December 31, 2010, the Company had no unevaluated or suspended exploratory drilling costs.

Depreciation, depletion and amortization of the cost of proved oil and gas properties is calculated using the unit-of-production method. The reserve base used to calculate depreciation, depletion and amortization for leasehold acquisition costs and the cost to acquire proved properties is the sum of proved developed reserves and proved undeveloped reserves. For lease and well equipment, development costs and successful exploration drilling costs, the reserve base includes only proved developed reserves. All other property and equipment is depreciated using the straight-line method over the estimated average useful lives of three to twenty years.

The Company periodically reviews its long-lived assets for impairment whenever there is evidence that the carrying value of such assets may not be recoverable. Any impairment recognized is permanent and may not be restored. Producing oil and gas properties are reviewed quarterly for impairment triggers on a field-by-field basis. For properties requiring impairment, the fair value is estimated based on an internal discounted cash-flow model. Cash flows are developed based on estimated future production and prices and then discounted using an internal rate of return consistent with that used by the Company in evaluating cash flows for other assets of a similar nature. For the years ended December 31, 2010, 2009 and 2008 there were $946,000, $1,350,000 and $3,078,000 impairment provisions on producing oil and gas properties, respectively.

Fair value measurements for producing oil and gas properties that were subject to fair value impairment for the years ended December 31, 2010 and 2009 summarized as follows **(in thousands):**

	Producing Properties Subject to Fair Value Impairment	
	2010	**2009**
Net book value at January 1, 2010	$2,220	$ 1,744
Property additions	1,802	960
Depletion taken	(753)	(751)
Impairment valuation loss	(946)	(1,350)
Net book at December 31, 2010	$2,323	$ 603

Fair value measurements for producing oil and gas properties are based on Level 3 — Significant Unobservable Inputs — (see Fair Value Measurements below).

On a quarterly basis, management also evaluates the carrying value of non-producing oil and gas properties and may deem them impaired for lack of drilling activity. Accordingly, impairment provisions on non-producing properties totaling $1,277,000, $2,423,000 and $2,834,000 were recorded for the years ended December 31, 2010, 2009 and 2008, respectively. For non-producing properties, impairments are determined based on management's knowledge of current geological evaluations, drilling results and activity in the area and intent to drill as it relates to the remaining term of the underlying oil and gas leasehold interest.

Cash Deposits and Other Assets

The Company has established certain deposits to support participation in its liability insurance program and remittance of state crude oil severance taxes and other state collateral deposits. Insurance collateral deposits are invested at the discretion of the Company's insurance carrier and such investments primarily consist of intermediate term federal government bonds and bonds backed by federal agencies. Components of cash deposits and other assets are as follows **(in thousands):**

	December 31,	
	2010	**2009**
Insurance collateral deposits	$2,291	$2,648
State collateral deposits	166	271
Materials and supplies	520	324
	$2,977	$3,243

Revenue Recognition

Commodity purchase and sale contracts utilized by the Company's marketing businesses qualify as derivative instruments. Further, all natural gas, as well as certain specifically identified crude oil purchase and sale contracts, are designated as trading activities. From the time of contract origination, such trading activity contracts are marked-to-market and recorded on a net revenue basis in the accompanying financial statements.

Substantially all crude oil and refined products purchase and sale contracts qualify and are designated as non-trading activities and the Company elects the normal purchases and sales exception methodology for such activity. For normal purchase and sale activities, the Company's customers are invoiced monthly based upon contractually agreed upon terms with revenue recognized in the month in which the physical product is delivered to the customer. Such sales are recorded gross in the financial statements because the Company takes title to and has risk of loss for the products, is the primary obligor for the purchase, establishes the sale price independently with a third party and maintains credit risk associated with the sale of the product.

Certain crude oil contracts may be with a single counterparty to provide for similar quantities of crude oil to be bought and sold at different locations. These contracts are entered into for a variety of reasons, including effecting the transportation of the commodity, to minimize credit exposure, and/or to meet the competitive demands of the customer. Such buy/sell arrangements are reflected on a net revenue basis in the accompanying financial statements. The Company's gross revenues for crude oil contracts with a single counterparty were $1,415,844,000, $874,386,000 and $1,112,903,000 for the years ended December 31, 2010, 2009 and 2008, respectively.

Transportation customers are invoiced, and the related revenue is recognized, as the service is provided. Oil and gas revenue from the Company's interests in producing wells is recognized as title and physical possession of the oil and gas passes to the purchaser.

Letter of Credit Facility

The Company maintains a Credit and Security Agreement with Wells Fargo Bank to provide a $40 million stand-by letter of credit facility. The Wells Fargo facility provides for the issuance of up to $40 million of stand-by letters of credit to support the Company's crude oil and natural gas purchases within the marketing segment. This facility is collateralized by the eligible accounts receivable within those operations. Stand-by letters of credit issued totaled $23.9 million and 24.5 million as of December 31, 2010 and 2009, respectively. The issued stand-by letters of credit are cancelled as the underlying purchase obligations are satisfied by cash payment when due. The letter of credit facility places certain restrictions on the Company's Gulfmark Energy, Inc. and Adams Resources Marketing, Ltd. subsidiaries. Such restrictions included the maintenance of a combined 1.1 to 1.0 current ratio and the maintenance of positive net earnings excluding inventory valuation changes, as defined, among other restrictions. Management believes the Company is currently in compliance with all such financial covenants.

Statement of Cash Flows

Interest paid totaled $36,000, $25,000 and $187,000 during the years ended December 31, 2010, 2009 and 2008, respectively. Income taxes paid during these same periods totaled $532,000, $1,152,000, and $3,768,000, respectively. The Company also received a $2,000,000 income tax refund during 2009. Non-cash investing activities for property and equipment in accounts payable were $2,868,000, $440,000 and $561,000 as of December 31, 2010, 2009 and 2008, respectively. There were no significant non-cash financing activities in any of the periods reported.

Earnings Per Share

Earnings per share are based on the weighted average number of shares of common stock and potentially dilutive common stock shares outstanding during the period. The weighted average number of shares outstanding was 4,217,596 for 2010, 2009 and 2008. There were no potentially dilutive securities during those periods.

Share-Based Payments

During the periods presented herein, the Company had no stock-based employee compensation plans, nor any other share-based payment arrangements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Examples of significant estimates used in the accompanying consolidated financial statements include the oil and gas reserve volumes that form the foundation for (1) calculating depreciation, depletion and amortization and (2) deriving cash flow estimates to assess impairment triggers or estimated values associated with oil and gas property, revenue accruals, the provision for bad debts, insurance related accruals, income tax timing differences, contingencies and valuation of fair value contracts.

Income Taxes

Income taxes are accounted for under the provisions of the Income Taxes Topic of the ASC (ASC Topic 740). ASC Topic 740 requires the asset and liability approach for accounting for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective tax basis (see Note 2).

Use of Derivative Instruments

The Company's marketing segment is involved in the purchase and sale of crude oil and natural gas. The Company seeks to make a profit by procuring such commodities as they are produced and then delivering such products to the end users or intermediate use marketplace. As is typical for the industry, such transactions are made pursuant to the terms of forward month commodity purchase and/or sale contracts. These contracts meet the definition of a derivative instrument and therefore, the Company accounts for such contracts at fair value, unless the normal purchase and sale exception is applicable. The Company's objective of entering into commodity contracts is not to manage commodity price risk nor is the objective to trade or speculate on commodity prices. Rather, such underlying contracts are standard for the industry and are the governing document for the Company's crude oil and natural gas wholesale distribution businesses. The accounting methodology utilized by the Company for its commodity contracts is further discussed below under the caption "Fair Value Measurements".

None of the Company's derivative instruments have been designated as hedging instruments and the estimated fair value of forward month commodity contracts (derivatives) is reflected in the accompanying Consolidated Balance Sheet as of December 31, 2010 as follows **(in thousands):**

	Balance Sheet Location and Amount			
	Current Assets	Other Assets	Current Liabilities	Other Liabilities
Asset Derivatives				
— Fair Value Commodity Contracts at Gross Valuation	$ 8,094	$—	$ —	$—
Liability Derivatives				
— Fair Value Commodity Contracts at Gross Valuation	—	—	6,808	—
Less Counterparty Offsets	(5,330)	—	(5,330)	—
As Reported Fair Value Contracts	$ 2,764	$—	$ 1,478	$—

Forward month commodity contracts (derivatives) are reflected in the accompanying Consolidated Balance Sheet as of December 31, 2009 as follows **(in thousands):**

	Balance Sheet Location and Amount			
	Current Assets	Other Assets	Current Liabilities	Other Liabilities
Asset Derivatives				
— Fair Value Commodity Contracts at Gross Valuation	$2,035	$—	$ —	$—
Liability Derivatives				
— Fair Value Commodity Contracts at Gross Valuation	—	—	1,785	—
Less Counterparty Offsets	(454)	—	(454)	—
As Reported Fair Value Contracts	$1,581	$—	$1,331	$—

The Company only enters into commodity contracts with counterparties it believes to be creditworthy or obtains collateral support for such activities. No credit loss provision applies to the Company's forward commodity contract valuations. As of December 31, 2010 and 2009, the Company was not holding nor had it posted any collateral to support its forward month fair value derivative activity. The Company is not subject to any credit-risk related trigger events.

Forward month commodity contracts (derivatives) are reflected in the accompanying Consolidated Statement of Operations for the years ended December 31, 2010 and 2009 as follows **(in thousands):**

	Gain (Loss)		
Location	**2010**	**2009**	**2008**
Revenues — marketing	$1,036	$(251)	$(1,238)

Fair Value Measurements

The carrying amount reported in the balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the immediate or short-term maturity of these financial instruments.

Fair value contracts consist of derivative financial instruments and are recorded as either an asset or liability measured at its fair value. Changes in fair value are recognized immediately in earnings unless the derivatives qualify for, and the Company elects, cash flow hedge accounting. The Company had no contracts designated for hedge accounting during any current reporting periods.

Fair value estimates are based on assumptions that market participants would use when pricing an asset or liability and the Company uses a fair value hierarchy of three levels that prioritizes the information used to develop those assumptions. Currently, for all items presented herein, the Company utilizes a market approach to valuing its contracts. On a contract by contract, forward month by forward month basis, the Company obtains observable market data for valuing its contracts. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is summarized as follows:

Level 1 — quoted prices in active markets for identical assets or liabilities that may be accessed at the measurement date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. The Company utilizes the New York Mercantile Exchange "NYMEX" for its Level 1 valuations.

Level 2 — (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical assets or liabilities but in markets that are not actively traded or in which little information is released to the public, (c) observable inputs other than quoted prices and (d) inputs derived from observable market data. Source data for Level 2 inputs include information provided by the NYMEX, the Intercontinental Exchange "ICE", published price data and indices, third party price survey data and broker provided forward price statistics.

Level 3 — Unobservable market data inputs for assets or liabilities.

As of December 31, 2010, the Company's fair value assets and liabilities are summarized and categorized as follows **(in thousands):**

	Market Data Inputs			
	Level 1 Quoted Prices	**Level 2 Observable**	**Level 3 Unobservable**	**Total**
Derivatives				
— Current assets	$ —	$ 2,764	$—	$ 2,764
— Current liabilities	(118)	(1,360)	—	(1,478)
Net Value	$(118)	$ 1,404	$—	$ 1,286

As of December 31, 2009, the Company's fair value assets and liabilities are summarized and categorized as follows **(in thousands):**

	Market Data Inputs			
	Level 1 Quoted Prices	Level 2 Observable	Level 3 Unobservable	Total
Derivatives				
— Current assets	$224	$ 1,357	$—	$ 1,581
— Current liabilities	—	(1,331)	—	(1,331)
Net Value	$224	$ 26	$—	$ 250

The Company's gross transaction volumes for physically settled energy trading contracts were approximately 93,827,000 mmbtu's, 132,488,000 mmbtu's, and 159,505,000 mmbtu's in 2010, 2009 and 2008, respectively.

When determining fair value measurements, the Company makes credit valuation adjustments to reflect both its own nonperformance risk and its counterparty's nonperformance risk. When adjusting the fair value of derivative contracts for the effect of nonperformance risk, the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, and guarantees are considered. Credit valuation adjustments utilize Level 3 inputs, such as credit scores to evaluate the likelihood of default by the Company or its counterparties. As of December 31, 2010 and 2009, credit valuation adjustments were not significant to the overall valuation of the Company's fair value contracts. As a result, applicable fair value assets and liabilities in their entirety are classified in Level 2 of the fair value hierarchy.

The following table illustrates the factors impacting the change in the net value of the Company's fair value contracts for the year ended December 31, 2010 **(in thousands):**

	Level 1 Quoted Prices	Level 2 Observable	Total
Net Fair Value January 1,	$ 224	$ 26	$ 250
— Net realized (gains) losses	(224)	(26)	(250)
— Net unrealized gains (losses) at inception of contract	(118)	1,404	1,286
Net Fair Value December 31,	$(118)	$1,404	$1,286

The following table illustrates the factors impacting the change in the net value of the Company's fair value contracts for the year ended December 31, 2009 **(in thousands):**

	Level 1 Quoted Prices	Level 2 Observable	Total
Net Fair Value January 1,	$ 1,029	$(528)	$ 501
— Net realized (gains) losses	(1,029)	528	(501)
— Net unrealized gains (losses) at inception of contract	224	26	250
Net Fair Value December 31,	$ 224	$ 26	$ 250

Asset Retirement Obligations

The Company records a long-term liability for the estimated retirement costs associated with certain tangible long-lived assets. The estimated fair value of asset retirement obligations are recorded in the period in which they are incurred and the corresponding cost capitalized by increasing the carrying amount of the related long-lived asset. The liability is accreted to its then present value each period, and the capitalized cost is depreciated over the

useful life of the related asset. If the liability is settled for an amount other than the recorded amount, a gain or loss is recognized. A summary of the Company's asset retirement obligations is presented as follows **(in thousands):**

	2010	2009
Balance on January 1,	$1,315	$1,260
— Liabilities incurred	76	44
— Accretion of discount	75	74
— Liabilities settled	(76)	(60)
— Revisions to estimates	—	(3)
Balance on December 31,	$1,390	$1,315

In addition to an accrual for asset retirement obligations, the Company maintains $75,000 in escrow cash, which is legally restricted for the potential purpose of settling asset retirement costs in accordance with certain state regulations. Such cash deposits are included in other assets in the accompanying balance sheet.

Recent Accounts Pronouncement

In December 2008, the Securities and Exchange Commission released Final Rule, Modernization of Oil and Gas Reporting to revise the existing Regulation S-K and Regulation S-X reporting requirements to align with current industry practices and technological advances. The new disclosure requirements include provisions that permit the use of new technologies to determine proved reserves if those technologies have been demonstrated empirically to lead to reliable conclusions about reserve volumes. In addition, the new disclosure requirements require a company to (a) disclose its internal control over reserves estimation and report the independence and qualification of its reserves preparer or auditor, (b) file reports when a third party is relied upon to prepare reserves estimates or conducts a reserve audit, (c) report oil and gas reserves using an average price based upon the prior 12-month period rather than period-end prices and (d) disclose the development of any proved undeveloped reserves (PUD's) including the total quantity of PUD's at year-end, material changes to PUD's during the year, investments and progress toward the development of PUD's and an explanation of the reasons why material concentrations of PUD's have remained undeveloped for five years or more after disclosure as PUD's. The accounting changes resulting from changes in definitions and pricing assumptions should be treated as a change in accounting principle that is inseparable from a change in accounting estimate, which is to be applied prospectively. The disclosures required by this ruling became effective beginning December 31, 2009.

In January 2010, the FASB issued FASB Accounting Standards Update (ASU) No. 2010-03, "Oil and Gas Reserve Estimations and Disclosures" (ASU No. 2010-03). This update aligns the current oil and gas reserve estimation and disclosure requirements of the Extractive Industries — Oil and Gas topic of the ASC (ASC Topic 932) with the changes required by the SEC final rule, "Modernization of Oil and Gas Reporting," as discussed above. ASU No. 2010-03 expands the disclosures required for equity method investments, revises the definition of oil and gas producing activities to include nontraditional resources in reserves unless not intended to be upgraded into synthetic oil or gas, amends the definition of proved oil and gas reserves to require 12-month average pricing in estimating reserves, amends and adds definitions in the Master Glossary that is used in estimating proved oil and gas quantities and provides guidance on geographic area with respect to disclosure of information about significant reserves. ASU No. 2010-03 must be applied prospectively as a change in accounting principle that is inseparable from a change in accounting estimate. The Company adopted ASU No. 2010-03 effective December 31, 2009.

In January 2010, the FASB issued ASU 2010-06, "Improving Disclosures About Fair Value Measurements" (ASU 2010-06), which amends the Fair Value Measurements and Disclosures Topic of the ASC (ASC Topic 820). Among other provisions, ASC Topic 820 establishes a fair value hierarchy that prioritizes the relative reliability of inputs used in fair value measurements. The hierarchy gives highest priority to Level 1 inputs that represent unadjusted quoted market prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are directly or indirectly observable inputs other than quoted prices included within Level 1. Level 3 inputs are unobservable inputs and have the lowest priority in the hierarchy. This amendment requires new disclosures on the value of, and the reason for, transfers in and out of

Levels 1 and 2 of the fair value hierarchy and additional disclosures about purchases, sales, issuances and settlements within Level 3 fair value measurements. ASU 2010-06 also clarifies existing disclosure requirements on levels of disaggregation and about inputs and valuation techniques. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the requirement to provide additional disclosures regarding Level 3 measurements which is effective for interim and annual reporting periods beginning after December 15, 2010.

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on the Company's consolidated financial position, results of operations or cash flows upon adoption.

(2) Income Taxes

The following table shows the components of the Company's income tax (provision) benefit **(in thousands):**

	Years Ended December 31,		
	2010	**2009**	**2008**
Current:			
Federal	$ (350)	$ (649)	$(1,349)
State	721	(631)	(340)
	371	(1,280)	(1,689)
Deferred:			
Federal	3,688	(1,286)	6,199
State	11	214	476
	$4,070	$(2,352)	$ 4,986

Taxes computed at the corporate federal income tax rate reconcile to the reported income tax (provision) as follows **(in thousands):**

	Years Ended December 31,		
	2010	**2009**	**2008**
Statutory federal income tax (provision) benefit	$(4,445)	$(2,275)	$3,696
State income tax (provision) benefit	(476)	(270)	88
Federal statutory depletion	534	186	797
Domestic production deduction	—	—	62
Foreign investment write-off	201	—	—
Reduction of prior uncertain tax position	—	—	320
Other	116	7	23
	$(4,070)	$(2,352)	$4,986

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred income taxes reflect the net difference between the financial statement carrying amounts and the underlying tax basis in such items. The components of the federal deferred tax asset (liability) are as follows **(in thousands):**

	Years Ended December 31,	
	2010	**2009**
Current deferred tax asset (liability)		
Bad debts	$ 372	$ 421
Prepaid insurance	(776)	(1,070)
Mark-to-market contracts	(450)	(88)
Net current deferred tax (liability)	(854)	(737)
Long-term deferred tax asset (liability)		
Property	(2,885)	884
Uniform capitalization	396	322
Insurance returns	(45)	(166)
Other	243	250
Net long-term deferred tax asset (liability)	(2,291)	1,290
Net deferred tax asset (liability)	$(3,145)	$ 553

Financial statement recognition and measurement of positions taken, or expected to be taken, by an entity in its income tax returns must consider the uncertainty and judgment involved in the determination and filing of income taxes. Tax positions taken in an income tax return that are recognized in the financial statements must satisfy a more-likely-than-not recognition threshold, assuming that the tax position will be examined by taxing authorities with full knowledge of all relevant information. As of December 31, 2010 and 2009, the Company had accrued approximately $27,000 and $130,000 including approximately $8,000 and $58,000 of potential interest and penalty, respectively, applicable to certain open and unfiled state tax returns. A reconciliation of the unrecognized tax benefits is as follows **(in thousands):**

	2010	**2009**
Balance as of January 1,	$ 72	$63
Additions for tax positions of prior years	—	9
Reductions of prior positions	(53)	—
Balance as of December 31,	$ 19	$72

The Company has filed all remaining open returns and expects final resolution with all states by year-end 2011. As the actual tax payments are made, the accrual is reduced. The Company has no other unrecognized tax benefits. Interest and penalties associated with income tax liabilities are classified as income tax expense.

The earliest tax years remaining open for audit for Federal and major states of operations are as follows:

	Earliest Open Tax Year
Federal	2007
Texas	2006
Louisiana	2007
Michigan	2007

(3) Concentration of Credit Risk

Credit risk represents the amount of loss the Company would absorb if its customers failed to perform pursuant to contractual terms. Management of credit risk involves a number of considerations, such as the financial profile of the customer, the value of collateral held, if any, specific terms and duration of the contractual agreement, and the customer's sensitivity to economic developments. The Company has established various procedures to manage credit exposure, including initial credit approval, credit limits, and rights of offset. Letters of credit and guarantees are also utilized to limit credit risk. Accounts receivable associated with crude oil and natural gas marketing activities comprise approximately 90 percent of the Company's total receivables and industry practice requires payment for such sales to occur within 25 days of the end of the month following a transaction. The Company's customer mix, credit policies and the relatively short duration of receivables mitigate the uncertainty typically associated with receivables management.

The Company's largest customers consist of large multinational integrated oil companies and utilities. In addition, the Company transacts business with independent oil producers, major chemical concerns, crude oil and natural gas trading companies and a variety of commercial energy users. Within this group of customers the Company generally derives up to 50 percent of its revenues from two to three large crude oil refining concerns. While the Company has ongoing established relationships with certain domestic refiners of crude oil, alternative markets are readily available since the Company supplies less than one percent of U.S. domestic refiner demand. As a fungible commodity delivered to major Gulf Coast supply points, the Company's crude oil sales can be readily delivered to alternative end markets. Management believes that a loss of any of those customers where the Company currently derives more than 10 percent of its revenues would not have a material adverse effect on the Company's operations.

The Company had accounts receivable from four customers that comprised 22.4 percent, 16.2 percent, 13.7 percent and 10.6 percent, respectively, of total accounts receivable at December 31, 2010. Five customers comprised 35.8 percent, 20.2 percent, 17.9 percent, 13 percent and 11 percent, respectively, of total revenues during 2010. The Company had accounts receivable from three customers that comprised 17.8 percent, 12.6 percent and 10.8 percent, respectively, of total accounts receivable at December 31, 2009. Three customers comprised 39.4 percent, 17.7 percent and 15.7 percent, respectively, of total revenues during 2009. The Company had accounts receivable from one customer that comprised 18.7 percent of total receivables at December 31, 2008. Such customer also comprised 16.3 percent and a second customer comprised 40.3 percent, respectively, of total revenues during 2008.

An allowance for doubtful accounts is provided where appropriate and accounts receivable presented herein are net of allowances for doubtful accounts of $1,064,000 and $1,681,000 at December 31, 2010 and 2009, respectively. As reflected in the table below, during 2009 and 2008 the Company increased its provision for bad debts as a result of a deteriorating economic outlook for the U.S. economy particularly as it impacted the collectability of the Company's diesel fuel sales to the construction industry.

An analysis of the changes in the allowance for doubtful accounts is presented as follows **(in thousands):**

	2010	2009	2008
Balance, beginning of year	$1,681	$1,251	$ 192
Provisions for bad debts	29	704	1,099
Less: Write-offs and recoveries	(646)	(274)	(40)
Balance, end of year	$1,064	$1,681	$1,251

(4) Employee Benefits

The Company maintains a 401(k) savings plan for the benefit of its employees. The Company's contributory expenses for the plan were $565,000, $578,000 and $607,000 in 2010, 2009 and 2008, respectively. No other pension or retirement plans are maintained by the Company.

(5) Transactions with Affiliates

Mr. K. S. Adams, Jr., Chairman and Chief Executive Officer, and certain of his family partnerships and affiliates have participated as working interest owners with the Company's subsidiary, Adams Resources Exploration Corporation. Mr. Adams and such affiliates participate on terms similar to those afforded other non-affiliated working interest owners. In recent years, such related party transactions generally result after the Company has first identified oil and gas prospects of interest. Typically the available dollar commitment to participate in such transactions is greater than the amount management is comfortable putting at risk. In such event, the Company first determines the percentage of the transaction it wants to obtain, which allows a related party to participate in the investment to the extent there is excess available. In those instances where there was no excess availability there has been no related party participation. Similarly, related parties are not required to participate, nor is the Company obligated to offer any such participation to a related or other party. When such related party transactions occur, they are individually reviewed and approved by the Audit Committee comprised of the independent directors on the Company's Board of Directors. During 2010 and 2009, the Company's investment commitments totaled approximately $11.7 million and $12.7 million, respectively, in those oil and gas projects where a related party was also participating in such investments. As of December 31, 2010 and 2009, the Company owed a combined net total of $9,000 and $75,000, respectively, to these related parties. In connection with the operation of certain oil and gas properties, the Company also charges such related parties for administrative overhead primarily as prescribed by the Council of Petroleum Accountants Society Bulletin 5. Such overhead recoveries totaled $160,000, $150,000 and $134,000 for the years ended December 31, 2010, 2009, and 2008, respectively.

The Company also enters into certain transactions in the normal course of business with other affiliated entities including direct cost reimbursement for shared phone and secretarial services. For the years ended December 31, 2010, 2009 and 2008, the affiliated entities charged the Company $43,000, $62,000 and $51,000, respectively, of expense reimbursement and the Company charged the affiliates $117,000, $127,000 and $97,000, respectively, for such expense reimbursements.

(6) Commitments and Contingencies

Rental expense primarily results from payments to truck owner-operators for use of their equipment and services on a month-to-month basis. The Company has also entered into longer term operating lease arrangements for tractors, trailers, office space, and other equipment and facilities. In addition, the Company has entered into certain lease and terminal access contracts in order to provide tank storage and dock access for its crude oil marketing business. Such contracts require certain minimum monthly payments for the term of the contracts. Rental expense for the years ended December 31, 2010, 2009, and 2008 was $5,870,000, $6,898,000 and $13,423,000, respectively. At December 31, 2010, commitments under long-term non-cancelable operating leases and terminal arrangements for the next five years and thereafter are payable as follows: 2011 - $2,070,000; 2012 — $1,539,000; 2013 — $1,427,000; 2014 — $748,000; 2015 — $480,000 and $1,080,000 thereafter.

Under certain of the Company's automobile and workers' compensation insurance policies, the Company can either receive a return of premium paid or be assessed for additional premiums up to pre-established limits. Additionally under the policies in certain instances the risk of insured losses is shared with a group of similarly situated entities. The Company has appropriately recognized estimated expenses and liabilities related to these policies for losses incurred but not reported to the Company or its insurance carrier of $2,125,911 and $1,934,359 as of December 31, 2010 and 2009, respectively.

From time to time as incidental to its operations, the Company may become involved in various lawsuits and/or disputes. Primarily as an operator of an extensive trucking fleet, the Company is a party to motor vehicle accidents, worker compensation claims and other items of general liability as would be typical for the industry. Management of the Company is presently unaware of any claims against the Company that are either outside the scope of insurance coverage, or that may exceed the level of insurance coverage, and could potentially represent a material adverse effect on the Company's financial position or results of operations.

(7) Guarantees

Pursuant to arranging operating lease financing for truck-tractors and tank trailers, individual subsidiaries of the Company may guarantee the lessor a minimum residual equipment sales value upon the expiration of a lease and sale of the underlying equipment. The Company believes performance under these guarantees to be remote. Aggregate guaranteed residual values for tractors and trailers under operating leases as of December 31, 2010 are as follows **(in thousands):**

	2011	2012	2013	Thereafter	Total
Equipment residual values	$181	$72	$216	$—	$469

In connection with certain contracts for the purchase and resale of branded motor fuels, the Company has received certain price discounts from its suppliers toward the purchase of gasoline and diesel fuel. Such discounts have been passed through to the Company's customers as an incentive to offset a portion of the costs associated with offering branded motor fuels for sale to the general public. Under the terms of the supply contracts, the Company and its customers are not obligated to return the price discounts, provided the gasoline service station offering such product for sale remains as a branded station for periods ranging from three to ten years. The Company has a number of customers and stations operating under such arrangements, and the Company's customers are contractually obligated to remain a branded dealer for the required periods of time. Should the Company's customers seek to void such contracts, the Company would be obligated to return a portion of such discounts received to its suppliers. As of December 31, 2010, the maximum amount of such potential obligation is approximately $1,886,000. Management of the Company believes its customers will adhere to their branding obligations and no such refunds will result.

Presently, neither Adams Resources & Energy, Inc. ("ARE") nor any of its subsidiaries has any other types of guarantees outstanding that require liability recognition.

ARE frequently issues parent guarantees of commitments resulting from the ongoing activities of its subsidiary companies. The guarantees generally result from subsidiary commodity purchase obligations, subsidiary lease commitments and subsidiary banking transactions. The nature of such items is to guarantee the performance of the subsidiary companies in meeting their respective underlying obligations. Except for operating lease commitments and letters of credit, all such underlying obligations are recorded on the books of the subsidiary companies and are included in the consolidated financial statements included herein. Therefore, no such obligation is recorded again on the books of the parent. The parent would only be called upon to perform under the guarantee in the event of a payment default by the applicable subsidiary company. In satisfying such obligations, the parent would first look to the assets of the defaulting subsidiary company.

As of December 31, 2010, parental guaranteed obligations are approximately as follows **(in thousands):**

	2011	2012	2013	2014	Thereafter	Total
Lease payments	$ 186	$ 56	$ 47	—	—	289
Equipment residual values	181	72	216	—	—	469
Commodity purchases	49,411	—	—	—	—	49,411
Letters of credit	23,912	—	—	—	—	23,912
	$73,690	$128	$263	$—	$—	$74,081

(8) Segment Reporting

The Company is engaged in the business of crude oil, natural gas and petroleum products marketing as well as tank truck transportation of liquid chemicals, and oil and gas exploration and production. Information concerning the Company's various business activities is summarized as follows **(in thousands):**

	Revenues	Segment Operating Earnings (loss)	Depreciation Depletion and Amortization	Property and Equipment Additions
Year ended December 31, 2010 —				
Marketing				
— Crude oil	$2,005,301	$13,530	$ 2,320	$ 6,051
— Natural gas	10,592	3,073	44	115
— Refined products	128,189	121	503	146
Marketing Total	2,144,082	16,724	2,867	6,312
Transportation	56,867	6,623	4,288	4,410
Oil and gas	11,021	(1,757)	4,662	11,699
	$2,211,970	$21,590	$11,817	$22,421
Year ended December 31, 2009 —				
Marketing				
— Crude oil	$1,770,600	$15,404	$ 1,997	$ 1,947
— Natural gas	14,232	2,749	166	—
— Refined products	104,751	(666)	533	177
Marketing Total	1,889,583	17,487	2,696	2,124
Transportation	44,895	2,128	3,970	7,524
Oil and gas	8,650	(3,625)	3,654	12,742
	$1,943,128	$15,990	$10,320	$22,390
Year ended December 31, 2008 —				
Marketing				
— Crude oil	$3,849,531	$ (4,545)	$ 2,039	$ 4,715
— Natural gas	11,586	2,247	163	12
— Refined products	213,560	(406)	565	114
Marketing Total	4,074,677	(2,704)	2,767	4,841
Transportation	67,747	4,245	3,843	809
Oil and gas	17,248	(3,348)	6,763	12,038
	$4,159,672	$ (1,807)	$13,373	$17,688

Intersegment sales are insignificant and all sales by the Company occurred in the United States.

Segment operating earnings reflect revenues net of operating costs and depreciation, depletion and amortization and are reconciled to earnings from continuing operations before income taxes, as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Segment operating earnings (loss)	$21,590	$15,990	$ (1,807)
— General and administrative expenses	(9,044)	(9,589)	(9,667)
Operating earnings	12,546	6,401	(11,474)
— Interest income	191	125	1,103
— Interest expense	(36)	(25)	(187)
Earnings (loss) before income taxes	$12,701	$ 6,501	$(10,558)

Identifiable assets by industry segment are as follows **(in thousands):**

	Years Ended December 31,	
	2010	2009
Marketing		
— Crude oil	$184,299	$130,840
— Natural gas	19,948	40,715
— Refined products	11,594	10,133
Marketing Total	215,841	181,688
Transportation	17,378	16,078
Oil and gas	32,563	26,050
Other	35,523	25,585
	$301,305	$249,401

Other identifiable assets are primarily corporate cash, corporate accounts receivable, and properties not identified with any specific segment of the Company's business. Accounting policies for transactions between reportable segments are consistent with applicable accounting policies as disclosed herein.

(9) Quarterly Financial Data (Unaudited) -

Selected quarterly financial data and earnings per share of the Company are presented below for the years ended December 31, 2010 and 2009 **(in thousands, except per share data):**

	Revenues	Operating Earnings (loss)	Net Earnings (loss) Amount	Net Earnings (loss) Per Share	Dividends Amount	Dividends Per Share
2010 —						
March 31	$ 533,785	$ 2,575	$ 1,794	$ .43	$ —	$ —
June 30	547,141	2,656	1,685	.39	—	—
September 30	502,455	4,021	2,762	.66	—	—
December 31	628,589	3,294	2,390	.57	2,277	.54
Total	$2,211,970	$12,546	$ 8,631	$2.05	$2,277	$.54
2009 —						
March 31	$ 340,141	$ 2,800	$ 1,870	$ .44	$ —	$ —
June 30	515,070	4,328	2,734	.65	—	—
September 30	576,299	1,146	639	.15	—	—
December 31	511,618	(1,873)	(1,094)	(.26)	2,109	.50
Total	$1,943,128	$ 6,401	$ 4,149	$ .98	$2,109	$.50

Note: The fourth quarter 2009 operating loss resulted from $833,000 of oil and gas producing property impairments and a $550,000 bad debt provision within the Company's refined products segment. The full year 2010 and 2009 includes marketing segment pre-tax inventory liquidation gains totaling $2,272,000 and $5,780,000, respectively.

The above unaudited interim financial data reflect all adjustments that are in the opinion of management necessary to a fair statement of the results for the period presented. All such adjustments are of a normal recurring nature.

(10) Subsequent Event and Property Held for Sale

In January 2011, the Company completed the sale of its interest in certain producing oil and gas properties. Proceeds from the sale totaled $6.2 million and the Company will record a pre-tax gain from this transaction of approximately $2.7 million during the first quarter of 2011. Such properties sold are included under the caption "Oil and Gas Property Held for Sale" in the accompanying Consolidated Balance Sheet.

(11) Oil and Gas Producing Activities (Unaudited)

The Company's oil and gas exploration and production activities are conducted in Texas and the south central region of the United States, primarily along the Gulf Coast of Texas and Louisiana.

Oil and Gas Producing Activities -

Total costs incurred in oil and gas exploration and development activities, all incurred within the United States, were as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Property acquisition costs			
Unproved	$ 2,295	$ 6,199	$ 3,139
Proved	—	—	—
Exploration costs			
Expensed	3,233	3,818	6,030
Capitalized	—	1,035	178
Development costs	6,233	2,341	3,466
Total costs incurred	$11,761	$13,393	$12,813

The aggregate capitalized costs relative to oil and gas producing activities are as follows **(in thousands):**

	December 31,	
	2010	2009
Unproved oil and gas properties	$ 12,250	$ 9,385
Proved oil and gas properties	69,011	64,458
	81,261	73,843
Accumulated depreciation, depletion and amortization	(51,857)	(49,797)
Net capitalized cost	$ 29,404	$ 24,046

Estimated Oil and Natural Gas Reserves -

The following information regarding estimates of the Company's proved oil and gas reserves, all located in Texas and the south central region of the United States, is based on reports prepared on behalf of the Company by its independent petroleum engineers. Because oil and gas reserve estimates are inherently imprecise and require extensive judgments of reservoir engineering data, they are generally less precise than estimates made in conjunction with financial disclosures. The revisions of previous estimates as reflected in the table below result from changes in commodity pricing assumptions and from more precise engineering calculations based upon additional production histories and price changes.

Proved developed and undeveloped reserves are presented as follows **(in thousands):**

	Years Ended December 31,					
	2010		2009		2008	
	Natural Gas (Mcf's)	Oil (Bbls.)	Natural Gas (Mcf's)	Oil (Bbls.)	Natural Gas (Mcf's)	Oil (Bbls.)
			(in thousands)			
Total proved reserves —						
Beginning of year	7,248	242	6,443	230	7,068	297
Revisions of previous estimates	(832)	—	(129)	(4)	(1,350)	(83)
Oil and gas reserves sold	—	—	—	—	—	—
Extensions, discoveries and Other reserve additions	2,743	79	2,238	66	1,968	67
Production	(1,365)	(54)	(1,304)	(50)	(1,243)	(51)
End of year	7,794	267	7,248	242	6,443	230

The components of proved oil and gas reserves for the three years ended December 31, 2010 is presented below. All reserves are in the United States **(in thousands):**

	Years Ended December 31,					
	2010		2009		2008	
	Natural Gas (Mcf's)	Oil (Bbls.)	Natural Gas (Mcf's)	Oil (Bbls.)	Natural Gas (Mcf's)	Oil (Bbls.)
			(in thousands)			
Proved developed reserves	7,134	240	6,295	242	6,443	230
Proved undeveloped reserves	660	27	953	—	—	—
Total proved reserves	7,794	267	7,248	242	6,443	230

Proved undeveloped reserves originated in 2009 when active drilling efforts during such period identified and delineated additional reserve acreage. During 2010 additional drilling efforts converted such undeveloped reserves to the developed category.

The Company has developed internal policies and controls for estimating and recording oil and gas reserve data. The estimation and recording of proved reserves is required to be in compliance with SEC definitions and guidance. The Company assigns responsibility for compliance in reserve bookings to the office of President of the Company's AREC subsidiary. No portion of this individual's compensation is directly dependent on the quantity of reserves booked. Reserve estimates are required to be made by qualified reserve estimators, as defined by Society of Petroleum Engineers' Standards.

The Company employs the third party petroleum consultant, Ryder Scott Company, to prepare its oil and gas reserve data estimates as of December 31 2010, 2009 and 2008. The firm of Ryder Scott is well recognized within the industry for more than 50 years. As prescribed by the SEC, such proved reserves were estimated using 12-month average oil and gas prices, based on the first-day-of-the-month price for each month in the period, and year-end production and development costs for the December 31, 2010 and 2009's estimate, without escalation. At December 31, 2008 and in previous years, such proved reserves were estimated using oil and gas prices and production and development costs as of December 31 of each such year, without escalation.

The process of estimating oil and gas reserves is complex and requires significant judgment. Uncertainties are inherent in estimating quantities of proved reserves, including many factors beyond the estimator's control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and the interpretation thereof. As a result, estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing and production subsequent to the date of an estimate, as well

as economic factors such as changes in product prices, may justify revision of such estimates. Accordingly, oil and gas quantities ultimately recovered will vary from reserve estimates.

Standardized Measure of Discounted Future Net Cash Flows from Oil and Gas Operations and Changes Therein —

The standardized measure of discounted future net cash flows was determined based on the economic conditions in effect at the end of the years presented, except in those instances where fixed and determinable gas price escalations are included in contracts. The disclosures below do not purport to present the fair market value of the Company's oil and gas reserves. An estimate of the fair market value would also take into account, among other things, the recovery of reserves in excess of proved reserves, anticipated future changes in prices and costs, a discount factor more representative of the time value of money and risks inherent in reserve estimates. The standardized measure of discounted future net cash flows is presented as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Future gross revenues	$ 61,311	$ 43,498	$ 45,081
Future costs —			
Lease operating expenses	(17,288)	(15,969)	(14,080)
Development costs	(1,596)	(2,495)	(816)
Future net cash flows before income taxes	42,427	25,034	30,185
Discount at 10% per annum	(16,777)	(10,719)	(12,421)
Discounted future net cash flows Before income taxes	25,650	14,315	17,764
Future income taxes, net of discount at 10% per annum	(8,978)	(5,010)	(6,217)
Standardized measure of discounted future net cash flows	$ 16,672	$ 9,305	$ 11,547

The reserve estimates provided at December 31, 2010, 2009 and 2008 are based on aggregate prices of $76.14, $58.43 and $37.87 per barrel for crude oil and $5.26, $4.05 and $5.65 per mcf for natural gas, respectively. For 2010 and 2009, such prices were based on the unweighted arithmetic average of the prices in effect on the first day of the month for each month of the respective twelve month periods as required by Securities & Exchange Commission regulations. For 2008, the price reflects the market price on December 31, 2008.

The affect of income taxes and discounting on the standardized measure of discounted future net cash flows is presented as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Future net cash flows before income taxes	$ 42,427	$25,034	$ 30,185
Future income taxes	(14,849)	(8,762)	(10,565)
Future net cash flows	27,578	16,272	19,620
Discount at 10% per annum	(10,906)	(6,967)	(8,073)
Standardized measure of discounted future net cash flows	$ 16,672	$ 9,305	$ 11,547

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The principal sources of changes in the standardized measure of discounted future net flows are as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Beginning of year	$ 9,305	$11,547	$ 19,590
Sale of oil and gas reserves	—	—	—
Net change in prices and production costs	9,435	(4,890)	(10,041)
New field discoveries and extensions, net of future production costs	9,068	3,471	11,571
Sales of oil and gas produced, net of production costs	(7,084)	(5,114)	(12,523)
Net change due to revisions in quantity estimates	(1,369)	(347)	(6,293)
Accretion of discount	1,072	1,242	2,234
Production rate changes and other	213	2,189	2,679
Net change in income taxes	(3,968)	1,207	4,330
End of year	$16,672	$ 9,305	$ 11,547

Results of Operations for Oil and Gas Producing Activities —

The results of oil and gas producing activities, excluding corporate overhead and interest costs, are as follows **(in thousands):**

	Years Ended December 31,		
	2010	2009	2008
Revenues	$11,021	$ 8,650	$17,248
Costs and expenses —			
Production	(3,937)	(3,536)	(4,725)
Producing property impairment	(946)	(1,350)	(3,078)
Exploration	(3,233)	(3,735)	(6,030)
Depreciation, depletion and amortization	(4,662)	(3,654)	(6,763)
Operating income (loss) before income taxes	(1,757)	(3,625)	(3,348)
Income tax (expense) benefit	615	1,268	1,172
Operating income (loss)	$ (1,142)	$(2,357)	$ (2,176)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Adams Resources & Energy, Inc.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Adams Resources & Energy, Inc. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Adams Resources & Energy, Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for the each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the Consolidated Financial Statements, the Company changed its method of accounting for oil and natural gas reserves and disclosures on December 31, 2009.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
March 21, 2011

MARKET FOR THE REGISTRANT'S COMMON STOCK, RELATED SECURITY HOLDER MATTERS AND ISSUER REPURCHASE OF EQUITY SECURITIES

The Company's common stock is traded on the NYSE Amex, formerly known as the American Stock Exchange, under the ticker symbol "AE". The following table sets forth the high and low sales prices of the common stock as reported by the NYSE Amex for each calendar quarter since January 1, 2009.

	American Stock Exchange	
	High	**Low**
2009		
First Quarter	$18.40	$12.66
Second Quarter	18.49	12.75
Third Quarter	21.95	14.83
Fourth Quarter	25.18	19.18
2010		
First Quarter	$23.39	$17.40
Second Quarter	19.95	15.25
Third Quarter	21.49	16.00
Fourth Quarter	24.95	17.86

At March 10, 2011 there were approximately 253 shareholders of record of the Company's common stock and the closing stock price was $25.97 per share. The Company has no securities authorized for issuance under equity compensation plans. The Company made no repurchases of its stock during 2010 and 2009.

On December 15, 2010, the Company paid an annual cash dividend of $.54 per common share to common stockholders of record on December 1, 2010. On December 15, 2009, the Company paid an annual cash dividend of $.50 per common share to common stockholders of record on December 1, 2009. Such dividends totaled $2,277,540 and $2,108,798 for each of 2010 and 2009, respectively.

PERFORMANCE GRAPH

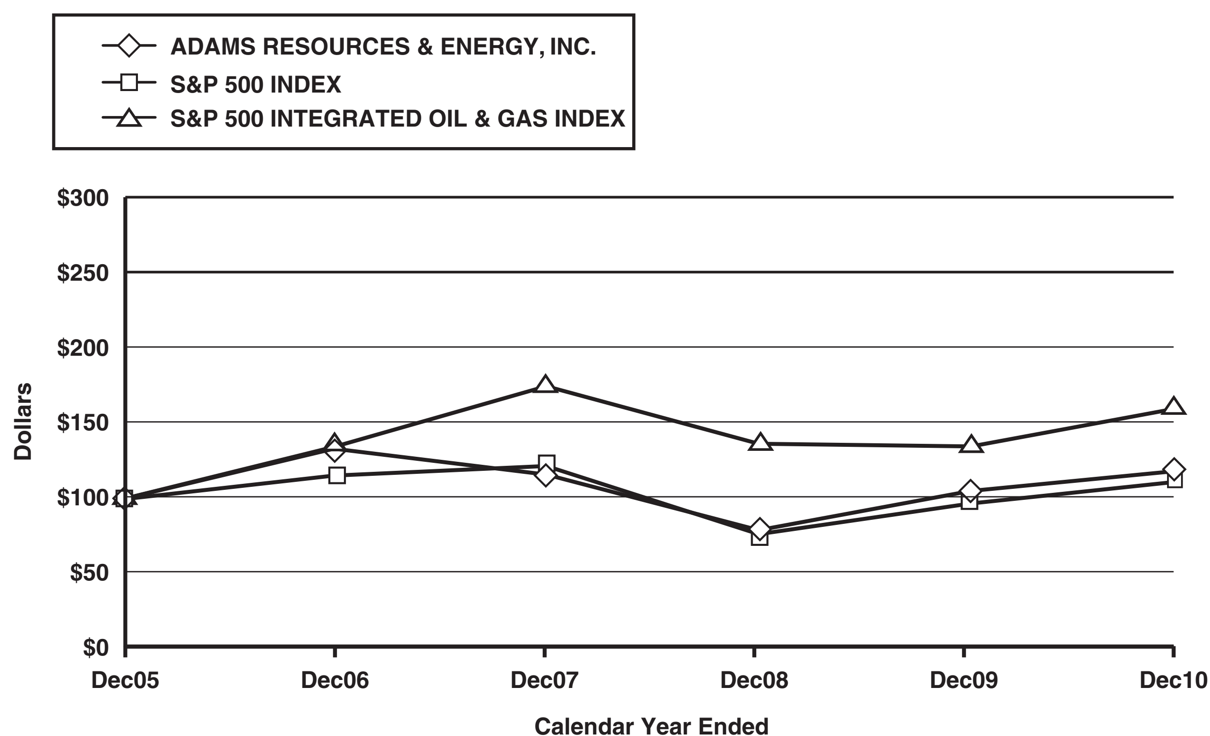
The performance graph shown below was prepared under the applicable rules of the SEC based on data supplied by Research Data Group. The purpose of the graph is to show comparative total stockholder returns for the Company versus other investment options for a specified period of time. The graph was prepared based upon the following assumptions:

1. $100.00 was invested on December 31, 2005 in the Company's common stock, the S&P 500 Index, and the S&P 500 Integrated Oil and Gas Index.

2. Dividends are reinvested on the ex-dividend dates.

Note: The stock price performance shown on the graph below is not necessarily indicative of future price performance.

Comparison of Five Year Cumulative Total Return
Among Adams Resources & Energy, Inc., S&P 500 Index, and S&P 500 Integrated Oil & Gas Index



Total Return To Shareholders
(Includes reinvestment of dividends)

Company / Index	Base Period Dec05	INDEXED RETURNS Years Ending Dec06	Dec07	Dec08	Dec09	Dec10
Adams Resources & Energy, Inc.	100	133.65	116.48	79.61	105.65	119.21
S&P 500 Index	100	115.80	122.16	76.96	97.33	111.99
S&P 500 Integrated Oil & Gas Index	100	134.83	175.08	136.93	135.17	160.64

TRANSFER AGENT & REGISTRAR

The American Stock Transfer
& Trust Company
6201 15th Avenue
Brooklyn, New York 11219

ANNUAL MEETING

The Annual Meeting of Stockholders of Adams Resources &Energy, Inc. Will be held at 11:00 a.m., Wednesday May 18, 2011 at 4400 Post Oak Parkway, Suite 2700, Houston, Texas 77027. Stockholders are cordially invited to attend.

FORM 10-K

The annual report of Adams Resources & Energy, Inc., on Form 10-K, as filed with the Securities and Exchange Commission, is available upon request. Please address all such requests to Willie Jean Draves (willied@adamsresources.com), Investor Relations, Adams Resources & Energy., P. O. Box 844, Houston, Texas 77001.

NYSE Amex
EXCHANGE SYMBOL — AE

CORPORATE OFFICES:

Adams Resources & Energy, Inc.
4400 Post Oak Parkway Suite 2700
Houston, Texas 77027
(713) 881-3600
www.adamsresources.com

EXECUTIVE OFFICERS OF THE COMPANY:

K. S. “Bud” Adams, Jr.
Chairman of the Board and Chief Executive
Officer of the Company

F. T. Webster
President and Chief Operating Officer
of the Company

Richard B. Abshire
Vice President and Chief Financial
Officer of the Company

Sharon C. Davis
Treasurer and Chief Accounting
Officer of the Company

SUBSIDIARY MANAGEMENT:

Claude H. Lewis
President of Service Transport Company

James Brock Moore III
President of Adams Resources Exploration Corporation

Tony A. Gant
President of Adams Resources Marketing GP, Inc.

Geoffrey L. Griffith
President of Gulfmark Energy, Inc

James L. Smith
President of Ada Resources, Inc.

David B. Hurst
Secretary of the Company

Equal Opportunity Employer

DIRECTORS:

K. S. “Bud” Adams, Jr.
Chairman of the Board and Chief
Executive Officer of the Company
Houston, Texas

F. T. Webster
President and Chief Operating
Officer of the Company
Houston, Texas

E. C. Reinauer, Jr.
Investments
McKinney, Texas

Larry E. Bell
Risk Manager
Frontier Oil Corporation
Houston, Texas

Jack Webster, Jr.
Investments
Springfield, Missouri

ADVISORY DIRECTORS:

R. H. (Steve) Stevens
Managing Partner
Stevens & Matthews
Houston, Texas

John A. Barrett
Attorney, Private Practice
Houston, Texas

Richard B. Abshire
Vice President and Chief Financial
Officer of the Company
Houston, Texas

Sharon C. Davis
Treasurer and Chief Accounting
Officer of the Company
Houston, Texas

ADAMS
Resources & Energy, Inc.

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Brown's Photo, Ben Wheeler, Texas