

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

ADAMS EXPRESS CO
Form N-30D
April 16, 2001

THE ADAMS EXPRESS COMPANY

Board of Directors

Enrique R. Arzac/2/,/4/
Daniel E. Emerson/1/,/4/
Thomas H. Lenagh/2/,/3/
W.D. MacCallan/1/,/4/
W. Perry Neff/1/,/2/

Douglas G. Ober/1/
Landon Peters/3/,/4/
John J. Roberts/2/,/4/
Susan C. Schwab/1/,/3/
Robert J.M. Wilson/1/,/3/

/1/. Member of Executive Committee
/2/. Member of Audit Committee
/3/. Member of Compensation Committee
/4/. Member of Retirement Benefits Committee

Officers

Douglas G. Ober
Joseph M. Truta
Richard F. Koloski
Richard B. Tumolo
Lawrence L. Hooper, Jr.
Maureen A. Jones
Christine M. Sloan
Geraldine H. Stegner

Chairman and Chief Executive Officer
President
Executive Vice President
Vice President--Research
Vice President, Secretary and General Counsel
Vice President and Treasurer
Assistant Treasurer
Assistant Secretary

Stock Data

Price (3/31/01)	\$17.52
Net Asset Value (3/31/01)	\$19.49
Discount:	10.1%

New York Stock Exchange and Pacific Exchange ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the abbreviation: AdaEx

Distributions in 2001

From Investment Income (paid or declared)	\$0.12
From Net Realized Gains	0.04
Total	\$0.16
	=====

2001 Divident Payment Dates

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

March 1, 2001
June 1, 2001
September 1, 2001*
December 27, 2001*

* Anticipated

[LOGO OF ADAMS EXPRESS COMPANY]

FIRST QUARTER REPORT

March 31, 2001

building for the future
with solid investments

Letter to Stockholders

We are pleased to submit the financial statements for the three months ended March 31, 2001. In addition, a schedule of investments and summary financial information for the Company are provided.

Net assets of the Company at March 31, 2001 were \$19.49 per share on 81,926,962 shares outstanding, compared with \$23.72 per share at December 31, 2000 on 82,292,262 shares outstanding. On March 1, 2001, a distribution of \$0.08 per share was paid consisting of \$0.04 from 2000 long-term capital gain, \$0.03 from 2000 investment income, and \$0.01 from 2001 investment income, all taxable in 2001. A 2001 investment income dividend of \$0.08 per share has been declared to shareholders of record May 18, 2001, payable June 1, 2001.

Net investment income for the three months ended March 31, 2001 amounted to \$5,180,500, compared with \$3,425,653 for the same period in 2000. These earnings are equal to \$0.06 and \$0.04 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the three months ended March 31, 2001 amounted to \$80,426,068, the equivalent of \$0.98 per share.

The Annual Meeting, held on March 27, 2001 in Baltimore, Maryland, was well attended by shareholders. Upon conclusion of the formal segment of the meeting, management reviewed the portfolio's performance in 2000 and discussed the outlook for the future. The results of the voting at the Annual Meeting are shown on page 10.

Current and potential shareholders can find information about the Company, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its site on the Internet. The address for the site is www.adamsexpress.com. Also available at the website are a brief history of the Company, historical financial information, and more general industry material. Further information regarding shareholder services is located on page 11 of this report.

The Company is an internally-managed equity fund whose investment policy is essentially based on the primary objectives of preservation of capital, the attainment of reasonable income from investments and, in addition, an opportunity for capital appreciation.

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

By order of the Board of Directors,

/s/ Douglas G. Ober /s/ Joseph M. Truta

Douglas G. Ober, Joseph M. Truta,

Chairman and Chief
Executive Officer President

April 20, 2001

Statement of Assets and Liabilities

March 31, 2001 (unaudited)

Assets

Investments* at value:

Common stocks and convertible securities (cost \$910,724,768)	\$1,506,044,419
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$26,585,260)	52,054,286
Short-term investments (cost \$36,340,229)	36,340,229
	\$1,594,438,934

Cash	208,451
Securities lending collateral	293,183,469
Dividends and interest receivable	1,510,206
Prepaid expenses and other assets	6,835,280

Total Assets 1,896,176,340

Liabilities

Investment securities purchased	703,550
Open option contracts at value (proceeds \$1,531,733)	953,770
Obligations to return securities lending collateral	293,183,469
Accrued expenses	4,483,131

Total Liabilities 299,323,920

Net Assets \$1,596,852,420

Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 81,926,962 shares	\$ 81,926,962
Additional capital surplus	806,939,614
Undistributed net investment income	5,669,708
Undistributed net realized gain on investments	80,949,496
Unrealized appreciation on investments	621,366,640

Net Assets Applicable to Common Stock \$1,596,852,420

Net Asset Value Per Share of Common Stock \$19.49

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

*See Schedule of Investments on pages 6 through 8.

The accompanying notes are an integral part of the financial statements.

2

Statement of Operations

 Three Months Ended March 31, 2001 (unaudited)

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	\$ 4,992,125
From non-controlled affiliate	191,376
Interest	942,057

Total income	6,125,558

Expenses:	
Investment research	338,711
Administration and operations	64,462
Directors' fees	54,250
Reports and stockholder communications	134,730
Transfer agent, registrar and custodian expenses	127,965
Auditing and accounting services	27,652
Legal services	11,651
Occupancy and other office expenses	51,268
Travel, telephone and postage	30,567
Other	103,802

Total expenses	945,058

Net Investment Income	5,180,500

Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	80,368,655
Net realized gain distributed by regulated investment company (non-controlled affiliate)	57,413
Change in unrealized appreciation on investments	(426,102,704)

Net Loss on Investments	(345,676,636)

Change in Net Assets Resulting from Operations	\$(340,496,136)

Statement of Changes in Net Assets

Three Months	Year Ended
Ended March 31, 2001	Dec. 31, 2000

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

(unaudited)

From Operations:		
Net investment income	\$ 5,180,500	\$ 20,941,465
Net realized gain on investments	80,426,068	128,091,337
Change in unrealized appreciation on investments	(426,102,704)	(251,193,342)

Change in net assets resulting from operations	(340,496,136)	(102,160,540)

Dividends to Stockholders from:		
Net investment income	(3,278,331)	(17,702,862)
Net realized gain from investment transactions	(3,278,334)	(128,205,341)

Decrease in net assets from distributions	(6,556,665)	(145,908,203)

From Capital Share Transactions:		
Value of shares issued in payment of exercised options and distributions	-0-	77,508,318
Cash in lieu of fractional shares issued in payment of 3-for-2 stock split	-0-	(123,043)
Cost of shares purchased (Note 4)	(7,657,757)	(48,555,429)

Change in net assets from capital share transactions	(7,657,757)	28,829,846

Total Increase (Decrease) in Net Assets	(354,710,558)	(219,238,897)

Net Assets:		
Beginning of period	1,951,562,978	2,170,801,875

End of period (including undistributed net investment income of \$5,669,708 and \$3,767,539, respectively)	\$1,596,852,420	\$1,951,562,978

The accompanying notes are an integral part of the financial statements.

3

Notes to Financial Statements (unaudited)

1. Significant Accounting Policies

The Adams Express Company (the Company) is registered under the Investment Company Act of 1940 as a diversified investment company. The Company's investment objectives as well as the nature and risk of its investment transactions are set forth in the Company's registration statement.

Security Valuation -- Investments in securities traded on a national security exchange are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments are valued at amortized cost. Written options are valued at the last sale price or last quoted asked price.

Affiliated Companies -- Investments in companies 5% or more of whose outstand-

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

ing voting securities are held by the Company are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940.

Security Transactions and Investment Income -- Investment transactions are accounted for on the trade date. Gain or loss on sales of securities and options is determined on the basis of identified cost. Dividend income and distributions to shareholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

2. Federal Income Taxes

The Company's policy is to distribute all of its taxable income to its shareholders in compliance with the requirements of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. For federal income tax purposes, the identified cost of securities, including options, at March 31, 2001 was \$974,116,862, and net unrealized appreciation aggregated \$621,853,805, of which the related gross unrealized appreciation and depreciation were \$752,736,503 and \$130,882,698, respectively.

Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Accordingly, periodic reclassifications are made within the Company's capital accounts to reflect income and gains available for distribution under income tax regulations.

3. Investment Transactions

Purchases and sales of portfolio securities, other than options and short-term investments, during the three months ended March 31, 2001 were \$149,524,634 and \$153,990,913, respectively. The Company, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. Option transactions comprised an insignificant portion of operations during the period ended March 31, 2001. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

4. Capital Stock

The Company has 10,000,000 authorized and unissued preferred shares without par value.

The Company may purchase shares of its common stock from time to time at such prices and amounts as the Board of Directors may deem advisable. During the three months ended March 31, 2001, the Company purchased 365,300 shares of its common stock at a total cost of \$7,657,757 and a weighted average discount from net asset value of 10.0%, compared to purchases of 690,600 shares at a total cost of \$23,388,422 and a weighted average discount from net asset value of 14.9% for the same period in 2000.

The Company has an employee incentive stock option and stock appreciation rights plan which provides for the issuance of options and stock appreciation rights for the purchase of up to 2,610,146 shares of the Company's common stock at 100% of the fair market value at date of grant. Options are exercisable beginning not less than one year after the date of grant and extend and vest over ten years from the date of grant. Stock appreciation rights are exercisable beginning not less than two years after the date of grant and extend over the period during which the option is exercisable. The stock appreciation rights allow the holders to surrender their rights to exercise their options and receive cash or shares in an amount equal to the difference between the option price and the fair market value of the common stock at the date of surrender. Under the plan, the exercise price of the options and related stock

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

appreciation rights is reduced by the per share amount of capital gain paid by the Company during subsequent years. At the beginning of 2001, 339,403 options were outstanding, with a weighted average exercise price of \$8.1169 per share. During the three months ended March 31, 2001, the Company granted options including stock appreciation rights for 38,563 shares of common stock with a weighted average exercise price of \$21.00. Stock appreciation rights relating to 15,629 stock option shares were exercised at a weighted average market price of \$19.24 per share and the stock options relating to those rights, which had a weighted average exercise price of \$5.3121 per share, were cancelled. At March 31, 2001, there were outstanding exercisable options to purchase 126,511 common shares at \$3.7033-\$20.5417 per share (weighted average price of \$6.7414), and unexercisable options to purchase 235,826 common shares at \$3.7033-\$20.5417 per share (weighted average price of \$11.0833). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 3.7943 years and 6.1928 years, respectively. Total compensation expense recognized for the three months ended March 31, 2001 related to the stock options and stock appreciation rights plan was \$(727,865). At March 31, 2001, there were 1,272,022 shares available for future option grants.

5. Retirement Plans

The Company provides retirement benefits for its employees under a non-contributory qualified defined benefit pension plan. The benefits are based on years of service and compensation during the last 36 months of employment. The Company's current funding policy is to contribute annually to the plan only those amounts that can be deducted for federal income tax purposes. The plan assets consist of investments in individual stocks, bonds and mutual funds.

The actuarially computed net pension cost credit for the three months ended March 31, 2001 was \$104,219, and consisted of service cost of \$51,103, interest cost of \$90,562, expected return on plan assets of \$224,278, and net amortization credit of \$21,606.

In determining the actuarial present value of the projected benefit obligation, the interest rate used for the weighted average discount rate was 7.5%, the expected rate of annual salary increases was 7.0%, and the long-term expected rate of return on plan assets was 8.0%.

4

Notes to Financial Statements (continued)

On January 1, 2001, the projected benefit obligation for service rendered to date was \$4,932,613. During the three months ended March 31, 2001, the projected benefit obligation increased due to service cost and interest cost of \$51,103 and \$90,562, respectively, and decreased due to benefit payments in the amount of \$51,334. The projected benefit obligation March 31, 2001 was \$5,022,944.

On January 1, 2001, the actual fair value of plan assets was \$11,316,574. During the three months ended March 31, 2001, the fair value of plan assets increased due to the expected return on plan assets of \$224,278 and decreased due to benefit payments in the amount of \$51,334. At March 31, 2001, the projected fair value of plan assets amounted to \$11,489,518, which resulted in excess plan assets of \$6,466,574. The remaining components of prepaid pension cost at March 31, 2001 included \$986,308 in unrecognized net gain, \$513,336 in unrecognized prior service cost and \$71,942 is the remaining portion of the

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

unrecognized net asset existing at January 1, 1987, which is being amortized over 15 years. Prepaid pension cost included in other assets at March 31, 2001 was \$5,921,660.

In addition, the Company has a nonqualified benefit plan which provides employees with defined retirement benefits to supplement the qualified plan. The Company does not provide postretirement medical benefits.

6. Expenses

The cumulative amount of accrued expenses at March 31, 2001 for employees and former employees of the Company was \$4,261,755. Aggregate remuneration paid or accrued during the three months ended March 31, 2001 to officers and directors amounted to \$252,326, which includes a credit of \$727,865 for stock options and stock appreciation rights.

7. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral of at least 102%, at all times, of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Company. At March 31, 2001, the Company had securities on loan of \$280,852,157 and held collateral of \$293,183,469.

Financial Highlights

	Three Months Ended		Year Ended Decem		
	(unaudited)				
	March 31, 2001	March 31, 2000	2000	1999	1998
Per Share Operating Performance*					
Net asset value, beginning of period	\$23.72	\$26.85	\$26.85	\$21.69	\$19.01
Net investment					
income	0.06	0.04	0.26	0.25	0.30
Net realized gains and change in					
unrealized appreciation and other					
changes	(4.22)	2.01	(1.63)	6.54	3.78
Total from investment operations	(4.16)	2.05	(1.37)	6.79	4.08
Capital share					
repurchases	0.01	0.05	0.09	--	--
Less					
distributions					
Dividends from net investment income	(0.04)	(0.03)	(0.22)	(0.26)	(0.30)
Distributions from net realized gains	(0.04)	(0.05)	(1.63)	(1.37)	(1.10)

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

Total distributions	(0.08)	(0.08)	(1.85)	(1.63)	(1.40)
Net asset value, end of period	\$19.49	\$28.87	\$23.72	\$26.85	\$21.69
Per share market price, end of period	\$17.52	\$24.92	\$21.00	\$22.38	\$17.75
Total Investment Return					
Based on market price	(16.3)%	11.8%	1.7%	36.1%	19.3%
Based on net asset value	(17.5)%	7.9%	(4.3)%	33.6%	23.7%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$1,596,852	\$2,303,559	\$1,951,563	\$2,170,802	\$1,688,080
Ratio of expenses to average net assets	0.21%+	0.50%+	0.24%	0.32%	0.22%
Ratio of net investment income to average net assets	1.14%+	0.63%+	0.97%	1.06%	1.48%
Portfolio turnover	33.65%+	13.75%+	12.74%	15.94%	22.65%
Number of shares outstanding at end of period (in 000's)*	81,927	79,806	82,292	80,842	77,815

 * Prior year data has been adjusted to reflect the 3-for-2 stock split effected in October, 2000.

+ Ratios presented on an annualized basis.

5

Schedule of Investments

 March 31, 2001 (unaudited)

	Prin. Amt. or Shares	Value (A)
	-----	-----
Stocks And Convertible Securities -- 97.8%		
Basic Materials -- 1.5%		
Engelhard Corp.	530,000	\$ 13,705,800
Mead Corp.	400,000	10,036,000

		23,741,800

Capital Goods -- 10.9%		
Black & Decker Corp. (B)	300,000	11,025,000
General Electric Co.	1,855,000	77,650,301
ITT Industries	355,000	13,756,250
Minnesota Mining & Manufacturing Co. (B)	285,000	29,611,500
Pall Corp.	600,000	13,152,000
United Technologies Corp.	390,000	28,587,000

		173,782,051

Communication Services -- 11.0%		

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

Telecommunications -- Cellular and Wireless -- 2.2%		
MediaOne Group, Inc.		
6.25% PIES due 2001	85,000	5,593,000
Nextel Communications Inc.		
5.25% Conv. Notes		
due 2010 (C)	\$10,000,000	6,412,500
Nextel Communications Inc. (B) (D)	1,040,000	14,950,000
Vodafone Group plc ADS (B)	287,500	7,805,625

		34,761,125

Telecommunications -- Long Distance -- 3.0%		
Qwest Communications International, Inc.		
5.75% TRENDS Pfd.		
due 2003 (C)	538,000	32,616,250
Williams Communications Group, Inc. (B) (D)	500,000	4,500,000
WorldCom, Inc. (B) (D)	550,000	10,278,125

		47,394,375

Telephone -- 5.8%		
American Tower Corp.		
5.00% Conv. Notes		
due 2010 (C)	\$10,000,000	8,050,000
BellSouth Corp.	440,000	18,004,800
Global Crossing Ltd. 6.75% Conv. Pfd. due 2012	40,000	6,020,000
Global Crossing Ltd. (B) (D)	644,000	8,687,560
RCN Corp. (B) (D)	280,000	1,688,750
SBC Communications Inc.	787,960	35,166,655
Time Warner Telecom Inc. (B) (D)	404,500	14,713,688

		92,331,453

	Prin. Amt.	
	or Shares	Value (A)
	-----	-----
Consumer -- 4.0%		
Coca-Cola Co. (B)		
	170,000	\$ 7,677,200
Dean Foods Co.		
	300,000	10,158,000
Ivex Packaging Corp. (D)		
	928,000	12,760,000
PepsiCo, Inc. (B)		
	295,000	12,965,250
Procter & Gamble Co. (B)		
	160,000	10,016,000
Tiffany & Co. (B)		
	350,000	9,537,500

		63,113,950

Energy -- 10.9%		
BP Amoco plc ADR		
	270,000	13,397,401
Calpine Capital Trust 5.75% Conv. Pfd. HIGH TIDES		
	202,500	39,639,375
Calpine Corp. (B) (D)		
	50,000	2,753,500
Enron Corp. (B)		
	450,000	26,145,000
Exxon Mobil Corp.		
	158,418	12,831,858
Petroleum & Resources		
Corporation (E)	1,913,761	52,054,286
Schlumberger Ltd.		
	88,400	5,092,724
Williams Companies, Inc.		
	500,000	21,425,000

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

		173,339,144

Financial -- 18.4%		
Banking -- 11.0%		
BankNorth Group, Inc.	474,000	9,420,750
Citigroup Inc.	401,023	18,038,020
Federal Home Loan Mortgage Corp.	345,000	22,366,350
Greenpoint Financial Corp.	435,000	14,181,000
Investors Financial Services Corp.	630,000	36,933,750
Mellon Financial Corp.	420,000	17,018,400
Provident Bankshares Corp.	319,068	7,139,147
Wachovia Corp.	190,000	11,447,500
Wells Fargo & Co.	550,000	27,208,500
Wilmington Trust Corp.	210,000	12,406,800

		176,160,217

Insurance -- 7.4%		
AMBAC Financial Group, Inc.	569,400	36,117,042
American International Group, Inc.	759,375	61,129,689
Annuity & Life Re (Holdings), Ltd.	695,000	20,676,250

		117,922,981

6

Schedule of Investments (continued)

March 31, 2001 (unaudited)

	Prin. Amt or Shares	Value (A)
	-----	-----
Health Care -- 13.5%		
Abbott Laboratories (B)	255,000	\$ 12,033,450
ALZA Corp. (B) (D)	480,000	19,440,000
American Home Products Corp.	300,000	17,625,000
Baxter International	255,000	24,005,700
Elan Corp., plc ADR (B) (D)	550,000	28,737,500
Genentech, Inc. (B) (D)	270,000	13,635,000
GlaxoSmithKline plc ADR	250,360	13,093,828
Human Genome Sciences Inc. (B) (D)	200,000	9,200,000
Johnson & Johnson	180,000	15,744,600
Lilly (Eli) & Co.	190,000	14,565,400
Merck & Co., Inc.	250,000	18,975,000
Pharmacia Corp. (B)	368,900	18,581,493
Vertex Pharmaceuticals Inc. (D)	248,016	9,083,586

		214,720,557

Technology -- 17.0%		
Communication Equipment -- 7.5%		
Corning Inc.	1,170,000	24,207,300

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

Ericsson (L.M.) Telephone Co. ADR (B)	3,133,333	17,527,081
Lucent Technologies Inc. (B)	508,920	5,073,932
Motorola, Inc.	495,622	7,067,570
Nokia Corp. ADR (B)	1,840,000	44,160,000
Nortel Networks Corp.	1,490,000	20,934,500

118,970,383

Computer Related -- 6.0%

BMC Software Inc. (B) (D)	310,000	6,665,000
Cisco Systems, Inc. (D)	1,835,000	29,015,938
Diamondcluster International Inc. (B) (D)	300,000	2,606,250
First Data Corp. (B)	175,000	10,449,250
Oracle Corp. (D)	1,180,000	17,676,400
QRS Corp. (D)	585,000	4,972,500
Sapient Corp. (B) (D)	1,150,000	8,265,625
Sun Microsystems Inc. (D)	480,000	7,377,600
Symantec Corp. (D)	222,500	9,303,281

96,331,844

Electronics -- 3.5%

Intel Corp.	690,000	18,155,625
Solelectron Corp. (B) (D)	2,000,000	38,020,000

56,175,625

Prin. Amt.
or Shares Value (A)

Transportation -- 1.7%

Canadian National Railway Co. 5.25% Conv. Pfd. QUIDS due 2029	170,000	\$ 9,129,000
Canadian National Railway Co. (B)	85,000	3,201,950
United Parcel Service, Inc. (B)	255,000	14,509,500

26,840,450

Utilities -- 8.9%

Black Hills Corp. (B)	555,000	25,369,050
CINergy Corp.	300,000	10,065,000
Duke Energy Corp. 8.25% Conv. Pfd. due 2004	400,000	10,900,000
Duke Energy Corp. (B)	355,000	15,172,700
Keyspan Corp.	400,000	15,252,000
Mirant Corp. (B) (D)	310,000	11,005,000
Northwestern Corp.	500,000	12,250,000
Orion Power Holdings, Inc. (B)	750,000	23,025,000
TECO Energy, Inc.	650,000	19,474,000

142,512,750

Total Stocks and Convertible Securities
(Cost \$937,310,028) (F)

1,558,098,705

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

Schedule of Investments (continued)

March 31, 2001 (unaudited)

	Prin. Amt. or Shares	Value (A)
	-----	-----
Short-Term Investments -- 2.3%		
U.S. Government Obligations -- 1.2%		
U.S. Treasury Bills, 4.54-4.85%, due 5/24/01	\$20,000,000	\$19,856,906

Commercial Paper -- 1.1%		
Ford Motor Credit Corp., 4.88-4.97%, due 4/03/01-4/17/01	9,650,000	9,639,436
General Electric Capital Corp., 4.83-4.98%, due 4/05/01-4/10/01	6,850,000	6,843,887

		16,483,323

		Value (A)

Total Short-Term Investments (Cost \$36,340,229)		\$ 36,340,229

Total Investments (Cost \$973,650,257)		1,594,438,934
Cash, receivables and other assets, less liabilities		2,413,486

Net Assets -- 100.0%		\$1,596,852,420
		=====

Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ, except restricted securities.
- (B) All or a portion of these securities is on loan. See Note 7 to Financial Statements.
- (C) Restricted securities (American Tower Corp. 5% Conv. Notes due 2010, acquired 2/9/00-4/13/00, cost \$10,037,239, Nextel Communications Inc. 5.25% Conv. Notes due 2010, acquired 1/21/00, cost \$10,000,000, and Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003, acquired 12/4/98-2/21/01, cost \$32,969,481).
- (D) Presently non-dividend paying.
- (E) Non-controlled affiliate.
- (F) The aggregate market value of stocks held in escrow at March 31, 2001 cov-

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

ering open call option contracts written was \$22,333,448. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$14,085,000.

Historical Financial Statistics

December 31	Value of Net Assets	Shares Outstanding*	Net Asset Value per Share*	Dividends from Net Investment Income Per Share*	Distributions from Net Realized Gains Per Share*
1991.....	\$ 661,895,779	49,121,246	\$13.47	\$.36	\$.73
1992.....	696,924,779	51,039,938	13.65	.31	.77
1993.....	840,610,252	63,746,498	13.19	.30	.79
1994.....	798,297,600	66,584,985	11.99	.33	.73
1995.....	986,230,914	69,248,276	14.24	.35	.76
1996.....	1,138,760,396	72,054,792	15.80	.35	.80
1997.....	1,424,170,425	74,923,859	19.01	.29	1.01
1998.....	1,688,080,336	77,814,977	21.69	.30	1.10
1999.....	2,170,801,875	80,842,241	26.85	.26	1.37
2000.....	1,951,562,978	82,292,262	23.72	.22	1.63
March 31, 2001 (unaudited)..	1,596,852,420	81,926,962	19.49	.12+	.04

* Prior years have been adjusted to reflect the 3-for-2 stock split effected in October, 2000.

+ Paid or declared.

8

Principal Changes in Portfolio Securities

During the Three Months Ended March 31, 2001 (unaudited)

	Shares		Held March 31, 2001
	Additions	Reductions	
AOL Time Warner Inc.....	223,128 (/1/)	223,128	--
Canadian National Railway Co. 5.25% Conv. Pfd. QUIDS due 2029.....	155,000		170,000
Duke Energy Corp. 8.25% Conv. Pfd. due 2004.....	400,000		400,000
Duke Energy Corp.....	338,000 (/2/)	245,000	355,000
Genentech, Inc.....	270,000		270,000
Human Genome Sciences Inc.....	200,000		200,000
ITT Industries.....	355,000		355,000
Keyspan Corp.....	400,000		400,000
Mirant Corp.....	310,000		310,000
Orion Power Holdings, Inc.....	360,000		750,000

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

TECO Energy, Inc.....	350,000	650,000
United Parcel Service, Inc.....	80,000	255,000
United Technologies Corp.....	135,000	390,000
Qwest Communications International, Inc.		
5.75% TRENDS Pfd. due 2003.....	413,000	538,000
Cabot Corp.....	470,000	--
Chiron Corp.....	550,000	--
Delphi Automotive, Inc.....	370,000	--
Dover Corp.....	260,000	--
First Data Corp.....	168,980	175,000
Hewlett-Packard Co.....	400,000	--
McDonald's Corp.....	560,000	--
National City Corp.....	160,000	--
Qwest Communications International, Inc.....	760,000	--

 (/1/)Received 1.5 shares of AOL Time Warner Inc. for each share of Time Warner Inc. held.
 (/2/)Received 300,000 shares of Duke Energy Corp. from stock split. Additionally purchased 38,000 shares of Duke Energy Corp.

 Common Stock
 Listed on the New York Stock Exchange
 and the Pacific Exchange
 The Adams Express Company
 Seven St. Paul Street, Suite 1140, Baltimore, MD 21202
 Website: www.adamsexpress.com
 E-mail: contact@adamsexpress.com
 Telephone: (410) 752-5900 or (800) 638-2479
 Counsel: Chadbourne & Parke L.L.P.
 Independent Accountants: PricewaterhouseCoopers LLP
 Transfer Agent, Registrar & Custodian of Securities
 The Bank of New York
 101 Barclay Street
 New York, NY 10286
 The Bank's Shareholder Relations Department: (800) 432-8224
 E-mail: Shareowner-svcs@bankofny.com

9

Annual Meeting of Stockholders

 The Annual Meeting of Stockholders was held on March 27, 2001. For those nominated, the following votes were cast for directors:

	votes for	votes withheld
	-----	-----
(A) Enrique R. Arzac:	68,370,823	572,379
(B) Daniel E. Emerson:	68,187,505	755,697
(C) Thomas H. Lenagh:	67,816,679	1,126,523

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

(D) W.D. MacCallan:	68,146,076	797,126
(E) W. Perry Neff:	68,242,428	700,774
(F) Douglas G. Ober:	68,094,854	848,348
(G) Landon Peters:	68,285,348	657,854
(H) John J. Roberts:	68,123,524	819,678
(I) Susan C. Schwab:	68,308,217	634,985
(J) Robert J.M. Wilson:	67,951,649	991,553

A proposal to approve and ratify the selection of PricewaterhouseCoopers LLP as the firm of independent accountants of the Company for 2001 was approved with 68,170,131 votes for, 387,364 votes against, and 385,707 votes abstaining.

This report, including the financial statements herein, is transmitted to the stockholders of The Adams Express Company for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Company or of any securities mentioned in the report. The rates of return will vary and the market value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

10

Shareholder Information and Services

DIVIDEND PAYMENT SCHEDULE

The Company presently pays dividends four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1, and (b) a "year-end" distribution, payable in late December, consisting of the estimated balance of the net investment income for the year and the net realized capital gain earned through October 31. Stockholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all stockholders of record are sent a dividend announcement notice and an election card in mid-November.

Stockholders holding shares in "street" or brokerage accounts may make their election by notifying their brokerage house representative.

BuyDIRECTSM*

BuyDIRECT is a direct purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, The Bank of New York. The Plan provides registered stockholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Adams Express shares. Direct purchase plans are growing in popularity and Adams Express is pleased to participate in such a plan.

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below. Please note that the fees for the reinvestment of dividends as well as the \$0.05 per share commission for each share purchased under the Plan have not increased since 1973.

Initial Enrollment \$7.50

A one-time fee for new accounts who are not currently registered holders.

Optional Cash Investments

Service Fee \$2.50 per investment

Brokerage Commission \$0.05 per share

Reinvestment of Dividends**

Service Fee 10% of amount invested
(maximum of \$2.50 per investment)

Brokerage Commission \$0.05 per share

Sale of Shares

Service Fee \$10.00

Brokerage Commission \$0.05 per share

Deposit of Certificates for safekeeping Included

Book to Book Transfers Included

To transfer shares to another participant or to a new participant

Fees are subject to change at any time.

Minimum and Maximum Cash Investments

Initial minimum investment (non-holders) \$500.00

Minimum optional investment

(existing holders) \$50.00

Electronic Funds Transfer (monthly minimum) \$50.00

Maximum per transaction \$25,000.00

Maximum per year NONE

A brochure which further details the benefits and features of BuyDIRECT as well as an enrollment form may be obtained by contacting The Bank of New York.

For Non-Registered Shareholders

For shareholders whose stock is held by a broker in "street" name, The Bank of

Edgar Filing: ADAMS EXPRESS CO - Form N-30D

New York's Dividend Reinvestment Plan remains available through many registered investment security dealers. If your shares are currently held in a "street" name or brokerage account, please contact your broker for details about how you can participate in the Plan or contact The Bank of New York about the BuyDIRECT Plan.

The Company	The Transfer Agent
The Adams Express	The Bank of New York
Company	Shareholder Relations Dept.-8W
Lawrence L.	P.O. Box 11258
Hooper, Jr.,	Church Street Station
Vice President,	New York, NY 10286
Secretary and	(800) 432-8224
General Counsel	Website:
Seven St. Paul	http://stock.bankofny.com
Street,	E-mail:
Suite 1140	Shareowner-svcs@ bankofny.com
Baltimore, MD	
21202	
(800) 638-2479	
Website:	
www.adamsexpress.com	
E-mail:	
contact@adamsexpress.com	

*BuyDIRECT is a service mark of The Bank of New York.

**The year-end dividend and capital gain distribution may be made in newly issued shares of common stock in which event there would be no fees or commissions in connection with this dividend and capital gain distribution.