ADAMS EXPRESS COMPANY®

Building for the Future
with Solid Investments®

1998 AT A GLANCE

The Company

- a closed-end equity investment company
- objectives: preservation of capital
  reasonable income
  opportunity for capital gain
- internally-managed
- low expense ratio
- low turnover

Stock Data

NYSE Symbol	ADX
Market Price as of 12/31/98	$26 5/8
Discount	18.2%
52-Week Range	$28 1/4 – $21 13/16
Shares Outstanding	51,876,651

Summary Financial Information

	Year Ended December 31 1998	1997
Net asset value per share	$ 32.54	$ 28.51
Total net assets	1,688,080,336	1,424,170,425
Unrealized appreciation	879,139,734	665,179,036
Net investment income	22,579,513	20,784,601
Total realized gain	82,933,498	71,696,127
Total return (based on market value)	19.3%	33.1%
Total return (based on net asset value)	23.7%	30.7%
Expense ratio	0.22%	0.39%

1998 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 1998	$0.05	Long-term capital gain
March 1, 1998	0.07	Investment income
June 1, 1998	0.12	Investment income
September 1, 1998	0.12	Investment income
December 28, 1998	1.60	Long-term capital gain
December 28, 1998	0.14	Investment income
	$2.10	

1999 Annual Meeting of Stockholders

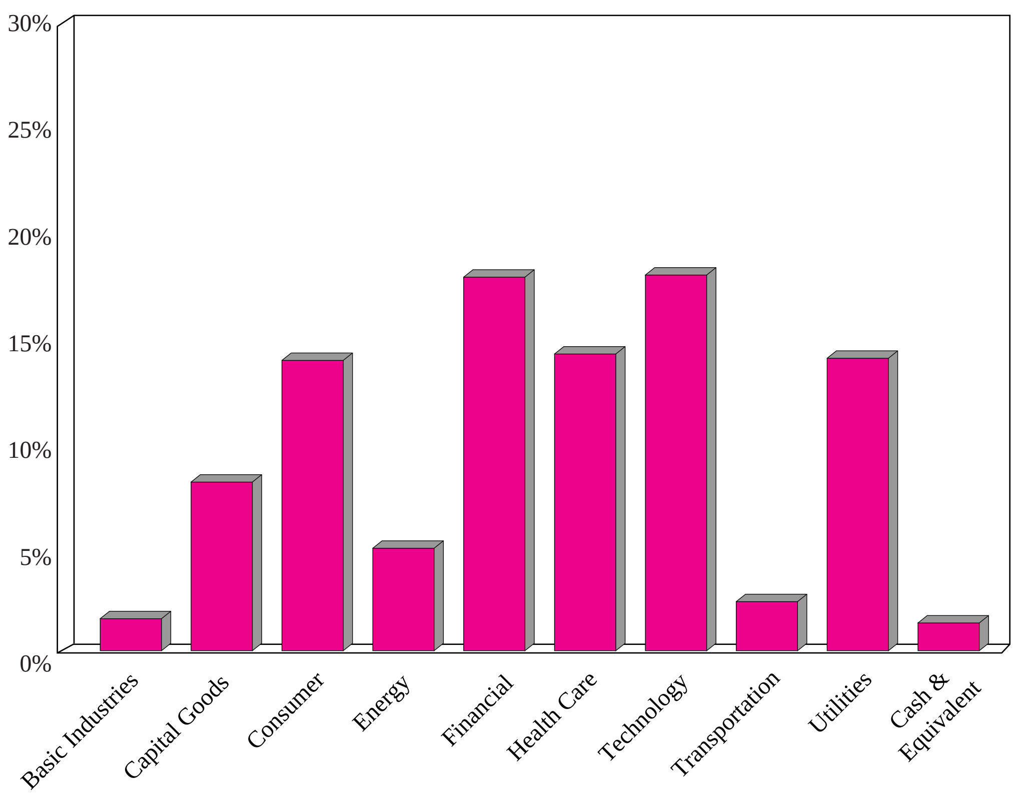
Location: The Pierre, New York, New York
Date: March 30, 1999
Time: 10 a.m.
Holders of Record: February 12, 1999

Ten Largest Portfolio Holdings (12/31/98)

	Market Value	*% of Net Assets*
General Electric Co.	$ 66,810,000	4.0
Solectron Corp.	55,762,500	3.3
Cisco Systems Inc.	43,505,859	2.6
American International Group, Inc.	39,133,125	2.3
Nokia Corp. Pfd. ADR	36,131,250	2.1
Petroleum & Resources Corporation*	35,083,081	2.1
MCI WorldCom, Inc.	30,135,000	1.8
Lilly (Eli) & Co.	27,551,250	1.6
Qwest Communications International, Inc.	26,382,800	1.6
ALZA Corp.	26,125,000	1.5
Total	$386,619,865	22.9%

* Non-controlled affiliate

Sector Weightings (12/31/98)



Your Company again provided strong returns from its investments in 1998. In this annual report, you will find our financial statements for the year, the report of independent accountants, our year-end portfolio holdings, and summary financial information for the Company.

The Year in Review

The strength of the economy in 1998 once again confounded most observers, as expectations of a marked slowdown went unfulfilled. While 1997 had been a year of relatively smooth growth, 1998 turned out to be one of wide variation. The year got off to a very strong start, driven by heavy spending on equipment by business and a jump in consumer spending. One of the factors affecting equipment spending during the year was the effort by many companies to resolve their potential computer problems with the turn of the century (the so-called Y2K problem). A great many old computers and other equipment using computer controls were replaced during the year. The Company's own Y2K program is discussed later in this letter. Consumer spending was broadly based on both durable goods, such as automobiles and entertainment equipment, and on non-durables, particularly services. The growth in consumer spending was fueled by a modest increase in wage income and, more importantly, the creation of many new jobs.

In the second quarter, the reverberations from the economic problems in Asia were felt strongly, as cheap imports from abroad displaced some domestic sales and severely limited pricing power in other areas. Domestic companies responded to this competition by cutting capacity, laying off workers, and generally bringing costs down. Economic growth slowed dramatically, consumer confidence declined, and earnings reports for the quarter were disappointing. The stock market peaked in July and dropped precipitously, correcting by over 19% in short order. High quality, large-capitalization stocks held up better than most, but those with any exposure to Southeast Asia were penalized. By the end of August, investors determined that the situation was not as bad as they had thought and sought bargains in the markets. The economy did not decelerate, but indeed showed unexpected strength as consumer spending continued to grow, though not quite as rapidly as earlier in the year.

The Federal Reserve Board, concerned about the economy, financial market liquidity, and the situation overseas, cut short-term interest rates three times in the latter part of the year. The lack of any evidence of incipient inflation was, of course, critical in the Fed's decisions to reduce rates. Investors interpreted the action as an indication of the willingness of the government to do its best to keep the economy growing and stock prices began to recover. Despite the effect of a protracted labor dispute at General Motors, there was an acceleration in growth in the third quarter with good follow-through into the final quarter of the year. Stock prices surpassed their old highs in November and have continued to set new records in early 1999. The focus continued on the largest-capitalization companies, which exhibited strong, predictable growth. Negative earnings surprises were announced by companies in virtually every industry during the year, so predictability became more and more important.

With many stable, large-capitalization stocks in its portfolio, Adams Express realized an excellent return in 1998. While we did not participate in the Internet mania directly, since the bulk of the companies in the industry have speculative valuations, several of the companies we do own are involved in Internet activities and did exceptionally well. Our holdings in telephone utility (now called communications services by Standard & Poor), technology, and health care companies were the greatest contributors to our returns, while basic materials, energy and consumer distribution holdings lagged the overall return of the portfolio.

For the year ended December 31, 1998, the return on net assets of Adams Express, including income and capital gains distributions, was 23.7%, compared to a return of 18.1% for the Dow Jones Industrials and 28.7% for the Standard & Poor's 500. Based on market prices, the Company's return was 19.3%, as the discount of the Company's market price to its net asset value widened from 15.2% at the beginning of the year to 18.2% at year-end. Our holdings of cash and short-term investments amounted to 1.7% of net assets at year-end compared to 1.9% a year ago.

Investment Results

At the end of 1998 our net assets were $1,688,080,336 or $32.54 per share on 51,876,651 shares outstanding as compared with $1,424,170,425 or $28.51 per share on 49,949,239 shares outstanding a year earlier.

Net investment income for the year 1998 was $22,579,513 compared to $20,784,601 for the year 1997. These earnings are equal to $0.45 and $0.43 per share, respectively, on the average number of shares outstanding throughout each year.

Net realized gains amounted to $82,933,498 during the year, while the unrealized appreciation on investments increased from $665,179,036 at December 31, 1997 to $879,139,734 at year end.

Dividends and Distributions

As announced on November 12, 1998, a year-end distribution consisting of investment income of $0.14 and capital gains of $1.60 was made on December 28, 1998, both realized and taxable in 1998. On January 14, 1999, an additional distribution of $0.12 per share was declared payable March 1, 1999, representing the balance of undistributed net investment income and capital gains earned during 1998 and an initial distribution from 1999 net investment income, all taxable to shareholders in 1999.

Outlook for 1999

Our expectations for the U.S. economy in 1999 are modest, as they were a year ago for 1998. Capital spending is not expected to grow at the double digit rates of the past two years, as a number of industries are suffering from excess capacity. In addition, we expect Y2K-associated computer spending to decline dramatically this year. In the second half of 1998, the consumer was the principal driver of growth; with little wage growth expected and fewer jobs created, it is doubtful that the consumer will continue to spend as heavily in 1999. One of the possible stimulants to the economy this year is a gradual improvement in the Asian situation. Outside of Japan, there are signs that the worst of the crisis is over and the economies of the developing countries are no longer deteriorating rapidly. Also, the dollar has weakened against some key currencies, making the prices of U.S. goods more competitive in the rest of the world. Europe has entered a new era with a single trading currency, which may have some interesting ramifications for trade with this country. With trade simplified within the zone, opportunities for American producers may decline in Europe. Alternatively, easier trade may enable the region to grow more rapidly, improving the demand for goods from all sources.

Our general conclusion as to the economic outlook is very much the same as a year ago, namely that we expect a slowdown in growth to the 2% range. Whereas last year we were more pessimistic than most, now we seem to be closer to the consensus. There still does not seem to be evidence of inflationary forces impacting prices, so the Federal Reserve has room to cut interest rates in order to stimulate activity if necessary. Our greatest concern at this juncture is the valuation of stocks, whether relative to book value, earnings, cash flow, or any other traditional measure. Company fundamentals seem to have little bearing on what people think stocks are worth. Current Wall Street estimates of 17% growth in the earnings of the Standard & Poor's 500 stocks seem outlandish compared to the 2% growth projected for the economy as a whole. Our position continues to be to invest in companies whose long term outlooks and current balance sheets are strong and risks of disappointment are small. We are thus confident that the portfolio will perform well regardless of disruptions in the domestic or the global economy.

Year 2000 Readiness Disclosure

As the millennium approaches, the Company, along with other investment companies and financial institutions, could be adversely affected if computer systems and embedded technology do not properly process and calculate date-related information relating to Year 2000 ("Y2K"). The date problem relates to computer programs which only use two digits to identify the date. For example, 00 could be interpreted as 1900. Therefore, all computer programs must process data using appropriate date coding. The Company has established a Year 2000 project team, which reports directly to the Chairman of the Board. The project team has been testing its in-house hardware and software systems for the Y2K issue and has been monitoring the Year 2000 compliance status of the Company's principal outside vendors. The Company's custodian bank and transfer agent, The Bank of New York, has confirmed it will meet all interim and final regulatory deadlines and will be fully compliant in 1999. Since the Company has investments in companies that may be materially adversely affected by the Y2K issue, the Company could also be adversely affected. For this reason, all of the companies whose securities are held in the Company's portfolio have been sent surveys to determine their Y2K readiness. The Securities Industry Association (SIA) is scheduled to perform industry tests in March and April 1999 and the Company, along with its industry vendors, is planning to participate. The Company has incurred no significant costs and does not reasonably expect any additional significant costs relating to the Year 2000 issue. A contingency plan is being formulated to deal with utility power outages and other Y2K problems, which may have a direct effect on the Company. Despite these efforts, there is no assurance that any adverse impact on the Company will be avoided.

Mr. Augustine R. Marusi resigned from the Board of Directors as of October 8, 1998. Mr. Marusi joined the Board in 1971 while he was Chairman of the Board and President of Borden Inc. His keen insight, warm personality, and extensive business knowledge have been of great value to the Company. We would like to take this opportunity to express our sincere appreciation for his 27 years of service and wish him well in the future.

Effective January 4, 1999, Ms. Christine M. Griffith was elected by the Board of Directors as Assistant Treasurer. Ms. Griffith was formerly a Manager at PricewaterhouseCoopers LLP.

The proxy statement for the Annual Meeting of Stockholders to be held in New York City on March 30, 1999, will be mailed on or about February 16, 1999 to holders of record on February 12, 1999.

By order of the Board of Directors,

Douglas G. Ober,
Chairman and Chief Executive Officer

Joseph M. Truta,
President

January 22, 1999

December 31, 1998

Assets		
Investments* at value:		
Common stocks and convertible securities		
(cost $755,117,210)	$1,622,457,815	
Non-controlled affiliate, Petroleum & Resources Corporation		
(cost $22,153,015)	35,083,081	
Short-term investments (cost $28,921,430)	28,921,430	$1,686,462,326
Cash		211,380
Securities lending collateral		192,627,954
Dividends and interest receivable		1,955,936
Prepaid expenses and other assets		5,107,212
Total Assets		1,886,364,808
Liabilities		
Open written option contracts at value (proceeds $956,238)		2,087,175
Obligations to return securities lending collateral		192,627,954
Accrued expenses		3,569,343
Total Liabilities		198,284,472
Net Assets		$1,688,080,336
Net Assets		
Common Stock at par value $1.00 per share, authorized 75,000,000		
shares; issued and outstanding 51,876,651 shares		$ 51,876,651
Additional capital surplus		751,569,658
Undistributed net investment income		1,924,176
Undistributed net realized gain on investments		3,570,117
Unrealized appreciation on investments		879,139,734
Net Assets Applicable to Common Stock		$1,688,080,336
Net Asset Value Per Share of Common Stock		$32.54

**See schedule of investments on pages 11 through 14.*

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

Statement of Operations

Year Ended December 31, 1998

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	$ 18,818,643
From non-controlled affiliate	939,367
Interest	6,189,364
Total income	25,947,374
Expenses:	
Investment research	1,243,741
Administration and operations	516,950
Directors' fees	182,750
Reports and stockholder communications	299,276
Transfer agent, registrar and custodian expenses	365,444
Auditing services	50,955
Legal services	35,981
Occupancy and other office expenses	237,246
Travel, telephone and postage	132,135
Other	303,383
Total expenses	3,367,861
Net Investment Income	22,579,513
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	81,249,510
Net realized gain distributed by regulated investment company (non-controlled affiliate)	1,683,988
Change in unrealized appreciation on investments	213,960,698
Net Gain on Investments	296,894,196
Change in Net Assets Resulting From Operations	$319,473,709

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

	For the Year Ended	
	Dec. 31, 1998	Dec. 31, 1997
From Operations:		
Net investment income	$ 22,579,513	$ 20,784,601
Net realized gain on investments	82,933,498	71,696,127
Change in unrealized appreciation on investments	213,960,698	242,729,911
Change in net assets resulting from operations	319,473,709	335,210,639
Dividends to Stockholders From:		
Net investment income	(22,477,158)	(21,136,073)
Net realized gain from investment transactions	(82,416,244)	(73,015,523)
Decrease in net assets from distributions	(104,893,402)	(94,151,596)
From Capital Share Transactions:		
Value of common shares issued in payment of optional distributions	49,329,604	44,350,986
Total Increase In Net Assets	263,909,911	285,410,029
Net Assets:		
Beginning of year	1,424,170,425	1,138,760,396
End of year (including undistributed net investment income of $1,924,176 and $1,821,822, respectively)	$1,688,080,336	$1,424,170,425

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

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 outstanding 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 December 31, 1998 was $807,791,666, and net unrealized appreciation aggregated $879,626,898, of which the related gross unrealized appreciation and depreciation were $898,357,790 and $18,730,892, 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 year ended December 31, 1998 were $264,644,003 and $296,315,701, 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 year ended December 31, 1998. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

4. Capital Stock

On December 28, 1998, the Company issued 1,927,412 shares of its stock at a price of $25.5937 per share (market value) to stockholders of record November 23, 1998 who elected to take stock in payment of the distribution from 1998 capital gain and investment income.

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. No purchases were made during the year ended December 31, 1998.

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

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 2,050,000 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 optionees 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 appreciation rights is reduced by the per share amount of capital gain paid by the Company during subsequent years. At the beginning of 1998, 312,118 options were outstanding with a weighted average exercise price of $13.6549 per share. During 1998, the Company granted options, including stock appreciation rights, for 28,368 shares of common stock with an exercise price of $23.725 per share. During the year stock appreciation rights relating to 49,226 stock option shares were exercised at a weighted average market price of $26.1334 per share and the stock options relating to these rights which had a weighted average exercise price of $11.9102 per share were cancelled. In addition, stock options and stock appreciation rights relating to 36,959 shares which had a weighted average exercise price of $16.1834, were cancelled during the year ended December 31, 1998. At December 31, 1998, there were outstanding exercisable options to purchase 75,869 common shares at $8.80-17.17 per share (weighted average price of $11.0814), and unexercisable options to purchase 178,432 common shares at $10.115-23.725 per share (weighted average price of $14.2152). The weighted average remaining contractual life of outstanding exercisable and unexercisable options was 5.494 years and 6.364 years, respectively. Total compensation expense recognized in 1998 related to the stock options and stock appreciation rights plan was $654,083. At December 31, 1998, there were 932,078 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 primarily of investments in mutual funds.

The actuarially computed net pension cost credit for the year ended December 31, 1998 was $1,103,137, and consisted of service expense of $186,026, interest expense of $259,730, expected return on plan assets of $803,073, a net amortization credit of $212,348, and gain on settlement of $533,472.

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

On January 1, 1998, the projected benefit obligation for service rendered to date was $3,809,875. During 1998, the projected benefit obligation increased due to service cost and interest cost of $186,026 and $259,730 respectively, and decreased due to benefits paid in the amount of $198,886. The projected benefit obligation at December 31, 1998 was $4,056,745.

On January 1, 1998, the fair value of plan assets was $10,137,850. During 1998, the fair value of plan assets increased due to the expected return on plan assets of $803,073 and decreased due to benefits paid in the amount of $198,886. At December 31, 1998, the projected fair value of plan assets amounted to $10,742,037, which resulted in excess plan assets of $6,685,292. The remaining components of prepaid pension cost on December 31, 1998 included $2,043,080 in unrecognized gain, $356,266 in unrecognized prior service cost and $287,766 is the remaining portion of the unrecognized net asset existing at January 1, 1987, which is being amortized over 15 years. Prepaid pension cost included in other assets at December 31, 1998 was $4,710,712.

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 December 31, 1998 for employees and former employees of the Company was $3,386,055. Aggregate remuneration paid or accrued during the year ended December 31, 1998 to officers and directors amounted to $2,029,935.

Research, accounting and other office services provided to and reimbursed by the Company's non-controlled affiliate, Petroleum & Resources Corporation, amounted to $478,379 for the year ended December 31, 1998.

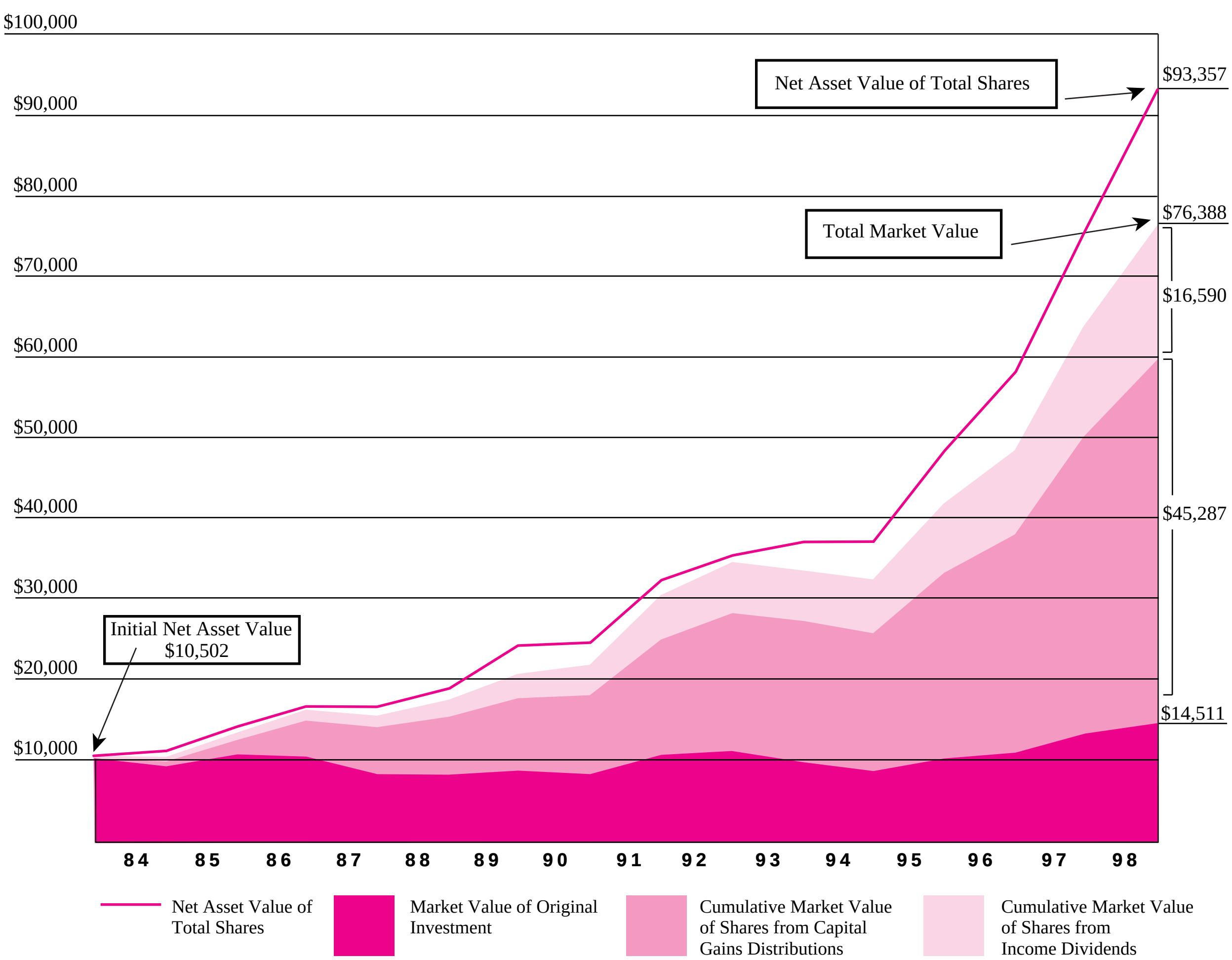
7. Portfolio Securities Loaned

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 December 31, 1998, the Company had securities on loan of $188,608,479 and held collateral of $192,627,954.

Calendar Years	Market value of original shares	Cumulative market value of capital gains distributions taken in shares	Cumulative market value of income dividends taken in shares	Total market value	Total net asset value
1984	$ 9,061	$ 733	$ 431	$10,225	$11,045
1985	10,559	1,718	994	13,271	14,070
1986	10,423	4,400	1,452	16,275	16,603
1987	8,107	5,678	1,655	15,440	16,525
1988	8,039	6,998	2,103	17,140	18,720
1989	8,516	9,025	3,006	20,547	24,130
1990	8,039	9,913	3,627	21,579	24,608
1991	10,355	14,478	5,472	30,305	32,235
1992	10,900	17,103	6,477	34,480	35,308
1993	9,742	17,319	6,437	33,498	37,068
1994	8,516	17,208	6,448	32,172	37,021
1995	10,083	22,782	8,687	41,552	47,975
1996	10,764	27,092	10,414	48,270	57,947
1997	13,182	36,960	14,003	64,145	75,609
1998	14,511	45,287	16,590	76,388	93,357

Illustration of an assumed 15 year investment of $10,000 (unaudited)

Investment income dividends and capital gains distributions are taken in additional shares. This chart covers the years 1984–1998. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future. No adjustment has been made for any income taxes payable by stockholders on income dividends or on capital gains distributions.



	Year Ended December 31				
	1998	1997	1996	1995	1994
Per Share Operating Performance					
Net asset value, beginning of year	$28.51	$23.71	$21.36	$17.98	$19.78
Net investment income	0.45	0.43	0.52	0.50	0.51
Net realized gains and change in unrealized appreciation and other changes	5.68	6.33	3.55	4.54	(0.71)
Total from investment operations	6.13	6.76	4.07	5.04	(0.20)
Less distributions					
Dividends from net investment income	(0.45)	(0.44)	(0.52)	(0.52)	(0.50)
Distributions from net realized gains	(1.65)	(1.52)	(1.20)	(1.14)	(1.10)
Total distributions	(2.10)	(1.96)	(1.72)	(1.66)	(1.60)
Net asset value, end of year	$32.54	$28.51	$23.71	$21.36	$17.98
Per share market price, end of year	$26.625	$24.1875	$19.75	$18.50	$15.625
Total Investment Return					
Based on market price	19.3%	33.1%	16.4%	29.5%	(3.7)%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	$1,688,080	$1,424,170	$1,138,760	$986,231	$798,298
Ratio of expenses to average net assets	0.22%	0.39%	0.34%	0.46%	0.33%
Ratio of net investment income to average net assets	1.48%	1.61%	2.30%	2.51%	2.65%
Portfolio turnover	22.65%	17.36%	19.60%	23.98%	19.23%
Average brokerage commission rate	$0.06	$0.06	$0.07	—	—
Number of shares outstanding at end of year (in 000's)	51,877	49,949	48,037	46,166	44,390

December 31, 1998

	Prin. Amt. or Shares	Value (A)
Stocks and Convertible Securities — 98.2%		
Basic Industries — 2.1%		
Consolidated Papers, Inc.	375,000	$ 10,312,500
E.I. du Pont de Nemours & Co.	250,000	13,265,625
Mead Corp.	400,000	11,725,000
		35,303,125
Capital Goods— 8.5%		
Boeing Co.	50,000	1,631,250
Corning, Inc.	460,000	20,700,000
Deere & Co.	280,000	9,205,000
Dover Corp.	260,000	9,522,500
Emerson Electric Co.	73,000	4,416,500
General Electric Co.	655,000	66,810,000
The BFGoodrich Co.	110,000	3,946,250
Minnesota Mining & Manufacturing Co.	170,000	12,091,250
Pall Corp.	600,000	15,187,500
		143,510,250
Consumer — 14.2%		
Consumer Distribution— 1.8%		
American Stores Co.	224,500	8,292,469
Borders Group, Inc. (B)	195,000	4,862,813
Dillard Department Stores, Inc.	200,000	5,675,000
Polo Ralph Lauren Corp. (B)	175,000	3,357,813
Tiffany & Co.	170,000	8,818,750
		31,006,845
Consumer Services— 3.2%		
CBRL Group, Inc.	340,000	7,926,250
Houston Industries Inc. 7.00% Conv. DECS due 2000	150,000	15,956,250
McDonald's Corp.	305,000	23,427,813
MediaOne Group, Inc. (B)	150,000	7,050,000
		54,360,313
Consumer Staples— 9.2%		
Best Foods Inc.	255,000	13,578,750
Campbell Soup Co.	380,000	20,900,000
Coca-Cola Co.	170,000	11,390,000
Dean Foods Co.	270,000	11,019,375
Fort James Corp.	450,000	18,000,000
Gillette Co.	439,120	20,995,425
Interstate Bakeries Corp.	138,000	3,648,375
Ivex Packaging Corp. (B)	550,000	12,787,500
PepsiCo, Inc.	295,000	12,058,125
Procter & Gamble Co.	230,000	21,001,875
Ralston Purina 7.00% SAILS due 2000	180,000	9,405,000
		154,784,425

December 31, 1998

	Prin. Amt. or Shares	Value (A)
Energy — 5.4%		
British Petroleum plc ADR	150,000	$ 13,612,500
Enron Corp.	100,000	5,706,250
Mobil Corp.	120,000	10,455,000
Petroleum & Resources Corporation (C)	1,145,570	35,083,081
Royal Dutch Petroleum Co.	180,000	8,617,500
Schlumberger Ltd.	88,400	4,099,550
Unocal Capital Trust $3.125 Conv. Pfd.	111,600	5,433,525
Williams Companies, Inc.	243,000	7,578,563
		90,585,969
Financial — 18.1%		
Banking — 11.1%		
Associates First Capital Corp. Ser. A	546,800	23,170,650
Banc One Corp.	330,000	16,850,625
Federal Home Loan Mortgage Corp.	360,000	23,197,500
Greenpoint Financial Corp.	425,000	14,928,125
Investors Financial Services Corp.	240,000	14,310,000
Mellon Bank Corp.	210,000	14,437,500
National City Corp.	80,000	5,800,000
Peoples Heritage Financial Group	474,000	9,480,000
Provident Bankshares Corp.	289,405	7,198,954
Southwest Bancorp. of Texas, Inc. (B)	350,000	6,256,250
Wachovia Corp.	190,000	16,613,125
Wells Fargo & Co.	550,000	21,965,625
Wilmington Trust Corp.	210,000	12,941,250
		187,149,604
Insurance — 7.0%		
AMBAC Financial Group, Inc.	379,600	22,847,175
American International Group, Inc.	405,000	39,133,125
Annuity & Life Re (Holdings), Ltd.	700,000	18,900,000
Reinsurance Group of America, Inc.	299,850	20,989,500
Salomon Inc. 7.625% Exch. Notes due 1999 (D)	375,000	16,382,813
		118,252,613
Health Care — 14.5%		
Drugs — 10.9%		
ALZA Corp. (B)	500,000	26,125,000
American Home Products Corp.	325,000	18,321,875
Baxter International	245,000	15,756,562
Chiron Corp. (B)	435,000	11,391,562
Elan Corp., plc ADR (B)	350,000	24,478,125
Forest Laboratories, Inc. (B)	330,000	17,551,875
Lilly (Eli) & Co.	310,000	27,551,250
Merck & Co., Inc.	170,000	25,075,000
SmithKline Beecham plc ADR	260,000	18,070,000
		184,321,249

December 31, 1998

	Prin. Amt. or Shares	Value (A)
Medical Supplies and Services — 3.6%		
Abbott Laboratories	480,000	$ 23,520,000
American Retirement Corp. 5.75% Conv. Sub. Debs. due 2002	$4,000,000	3,360,000
American Retirement Corp. (B)	151,100	2,370,381
Integrated Health Services, Inc. 5.75% Conv. Sub. Debs. due 2001	$6,675,000	5,940,750
Integrated Health Services, Inc. (B)	180,564	2,550,466
Sunrise Assisted Living, Inc. (B)	440,000	22,825,000
		60,566,597
Technology — 18.2%		
Communication Equipment — 5.6%		
Ericsson (L.M.) Telephone Co. 4.25% Conv. Sub. Debs. due 2000	$120,000	765,000
Ericsson (L.M.) Telephone Co. ADR (B)	750,000	17,953,125
Lucent Technologies Inc.	105,000	11,543,438
Motorola, Inc. LYONs due 2009	$650,000	721,500
Motorola, Inc.	150,000	9,159,375
Nokia Corp. Pfd. ADR	300,000	36,131,250
Northern Telecom Ltd.	380,000	19,000,000
		95,273,688
Computer Related — 8.1%		
Affiliated Computer Services, Inc. (B)	63,500	2,857,500
Cisco Systems, Inc. (B)	468,750	43,505,859
DST Systems Inc. (B)	360,000	20,542,500
First Data Corp.	343,980	10,964,362
Hewlett-Packard Co.	275,000	18,785,938
QRS Corp. (B)	425,000	20,400,000
Sterling Commerce, Inc. (B)	420,000	18,900,000
		135,956,159
Electronics — 4.5%		
Intel Corp.	170,000	20,155,625
Solectron Corp. (B)	600,000	55,762,500
		75,918,125
Transportation — 2.9%		
Delta Air Lines, Inc.	300,142	15,607,384
FDX Corp. (B)	260,000	23,188,750
Ryder System, Inc.	400,000	10,400,000
		49,196,134
Utilities — 14.3%		
Electric And Gas Utilities — 6.1%		
Black Hills Corp.	555,000	14,638,125
CINergy Corp.	300,000	10,312,500
ENDESA, S.A. ADR	450,000	12,150,000
LG&E Energy Corp.	400,000	11,325,000
New Century Energies, Inc.	250,000	12,187,500
Northwestern Corp.	445,000	11,764,688
TECO Energy, Inc.	300,000	8,456,250
United Water Resources Inc.	600,000	14,362,500
Washington Gas Light Co.	257,000	6,939,000
		102,135,563

December 31, 1998

	Prin. Amt. or Shares	Value (A)
Telephone Utilities — 8.2%		
AirTouch Communications (B)	115,000	$ 8,330,312
Ameritech Corp.	310,000	19,646,250
BellSouth Corp.	440,000	21,945,000
Frontier Corp.	101,000	3,434,000
MCI WorldCom, Inc. (B)	420,000	30,135,000
MediaOne Group, Inc. 6.25% PIES due 2001	85,000	5,652,500
NEXTEL Communications, Inc. (B)	95,000	2,244,375
Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003 (D)	125,000	5,812,500
Qwest Communications International, Inc. (B)	411,406	20,570,300
SBC Communications Inc.	400,000	21,450,000
		139,220,237
Total Stocks and Convertible Securities		
(Cost $777,270,225)(E)		1,657,540,896
Short-Term Investments — 1.7%		
U.S. Government Obligations — 1.2%		
U.S. Treasury Bills, 4.45%, due 2/25/99	$20,000,000	19,864,089
Commercial Paper — 0.5%		
Ford Motor Credit Corp., 5.65%, due 1/7/99	$4,135,000	4,131,106
General Electric Capital Corp., 5.95-6.08%, due 1/5/99-1/6/99	$4,930,000	4,926,235
		9,057,341
Total Short-Term Investments		
(Cost $28,921,430)		28,921,430
Total Investments		
(Cost $806,191,655)		1,686,462,326
Cash, receivables and other assets, less liabilities		1,618,010
Net Assets — 100.0%		$1,688,080,336

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) Presently non-dividend paying.

(C) Non-controlled affiliate.

(D) Restricted securities (Salomon Inc. 7.625% Exch. Notes due 1999, acquired 5/8/96, cost $10,017,100 and Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003, acquired 12/4/98, cost $5,218,750).

(E) The aggregate market value of stocks held in escrow at December 31, 1998 covering open call option contracts written was $20,631,250. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was $9,720,906.

During the Three Months Ended December 31, 1998
(unaudited)

	Shares		
	Additions	**Reductions**	**Held Dec. 31, 1998**
Associates First Capital Corp. Ser. A.	273,400(1)		546,800
American Stores Co.	124,500		224,500
Baxter International	245,000		245,000
BellSouth Corp.	220,000(1)		440,000
Consolidated Papers, Inc.	150,000		375,000
Delta Air Lines, Inc.	150,071(1)		300,142
Enron Oil & Gas Co.	208,000(2)	208,000	—
Frontier Corp.	101,000		101,000
Northwestern Corp.	445,000		445,000
NEXTEL Communications Inc.	75,000	120,000	95,000
Pall Corp.	150,000		600,000
Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003	125,000		125,000
Williams Companies, Inc.	106,000		243,000
Boeing Co.		148,400	50,000
Caterpillar Inc.		270,000	—
Enron Corp. 6.25% Exch. Notes due 1998		411,900(2)	—
Penney (J.C.) Co., Inc.		180,000	—
Qwest Communications International, Inc.		125,000	411,406

(1) By stock split.

(2) Received a share of Enron Oil & Gas Co. in exchange for each share of Enron Corp. 6.25% Exch. Notes held, and sold 203,900 shares of Enron Corp. 6.25% Exch. Notes separately.

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

To the Board of Directors and Stockholders of
The Adams Express Company:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statement of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Adams Express Company, hereafter referred to as the "Company", at December 31, 1998, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 1998, by correspondence with custodians and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Baltimore, Maryland
January 12, 1999

WE ARE OFTEN ASKED —

How do I invest in Adams Express?

Adams Express common stock is listed on the New York Stock Exchange and the Pacific Exchange. The stock's ticker symbol is "ADX" and may be bought and sold through registered investment security dealers. Your broker will be able to assist you in this regard. In addition, stock may be purchased through the Bank of New York's Buy*DIRECT* Purchase and Sale Plan (see page 18).

Where do I get information on the stock's price, trading and/or net asset value?

The *daily* net asset value (NAV) per share and closing market price may be obtained from our website at www.adamsexpress.com. The *week-ending* NAV is published on Saturdays in various newspapers and on Mondays in The Wall Street Journal in a table titled "Closed-End Funds." The table compares the net asset value at the close of the week's last business day to the market price of the shares, and shows the amount of the discount or premium.

Adams' daily trading is shown in the stock tables of most daily newspapers, usually with the abbreviated form "AdaEx." Local newspapers determine, usually by volume of traded shares, which securities to list. If your paper does not carry our listing, please telephone the Company at (800) 638-2479 or visit our website.

How do I replace a lost certificate(s) or how do I correct a spelling error on my certificate?

Your Adams Express stock certificates are valuable documents and should be kept in a safe place. For tax purposes, keep a record of each certificate, including the cost or market value of the shares it covers at the time acquired. If a certificate is lost, destroyed or stolen, notify the transfer agent immediately so a "stop transfer" order can be placed on the records to prevent an unauthorized transfer of your certificate. The necessary forms and requirements to permit the issuance of a replacement certificate will then be sent to you. A certificate can be replaced only after the receipt of an affidavit regarding the loss accompanied by an open penalty bond, for which a small premium is paid by the stockholder.

In the event a certificate is issued with the holder's name incorrectly spelled, a correction can only be made if the certificate is returned to the Transfer Agent with instructions for correcting the error. Transferring shares to another name also requires that the certificate be forwarded to the Transfer Agent with the appropriate assignment forms completed and the signature of the registered owner Medallion guaranteed by a bank or member firm of The New York Stock Exchange, Inc.

Can you send my dividend checks directly to my bank?

Yes, provide the Transfer Agent with your bank's name, your branch's mailing address and your account number at your bank. (Sorry, the Bank cannot electronically transfer funds at this time.)

Who do I notify of a change of address?

The Transfer Agent.

We go to Florida (Arizona) every winter. How do we get our mail from Adams Express?

The Transfer Agent can program a seasonal address into its system; simply send the temporary address and the dates you plan to be there to the Bank.

I want to give shares to my children, grandchildren, etc. as a gift. How do I go about it?

Giving shares of Adams Express is simple and is handled through our Transfer Agent. The stock transfer rules, designed to protect you, the investor, are clear and precise for most forms of transfer. They will vary slightly depending on each transfer, so write to the Transfer Agent stating the exact intent of your gift plans and the Agent will send you the instructions and forms necessary to effect your transfer.

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 broker representative.

Buy*DIRECT*SM*

Buy*DIRECT* 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. On September 1, 1998, the Automatic Dividend Reinvestment Plan was replaced and enhanced by Buy*DIRECT.* The Plan provides registered stockholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Adams Express shares without going through a broker. Direct purchase plans are growing in popularity and Adams Express is pleased to be one of the first closed-end funds to participate in such a plan.

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
Maximum per transaction	$25,000.00
Maximum per year	NONE

A brochure which further details the benefits and features of Buy*DIRECT* 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 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 this Plan or contact The Bank of New York about the Buy*DIRECT* Plan.

The Company
The Adams Express Company
Lawrence L. Hooper, Jr.,
Secretary and General Counsel
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Baltimore, MD 21202
(800) 638-2479
Website:
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E-mail:
contact @adamsexpress.com

The Transfer Agent
The Bank of New York
Shareholder Relations
Dept.–8W
P.O. Box 11258
Church Street Station
New York, NY 10286
(800) 432-8224
Website:
http://stock.bankofny.com
E-mail:
Shareowner-svcs@
bankofny.com

*Buy*DIRECT is a service mark of The Bank of New York.*

***The year-end dividend and capital gain distribution will usually be made in newly issued shares of common stock. There will be no fees or commissions in connection with this dividend and capital gains distribution when made in newly issued shares.*

Dec. 31	Value Of Net Assets	Common Shares Outstanding	Net Asset Value Per Share	Dividends From Net Investment Income Per Share	Distributions From Net Realized Gains Per Share
1984	$ 364,880,744	20,320,139	$17.96	$.78	$1.33
1985	437,819,395	21,313,202	20.54	.72	1.20
1986	468,344,507	24,004,882	19.51	.71	3.74
1987	427,225,965	26,833,998	15.92	.78	2.66
1988	455,825,580	28,295,508	16.11	.50	1.32
1989	550,091,129	29,982,939	18.35	.70	1.36
1990	529,482,769	31,479,340	16.82	.66	1.06
1991	661,895,779	32,747,497	20.21	.54	1.09
1992	696,924,779	34,026,625	20.48	.46	1.16
1993	840,610,252	42,497,665	19.78	.45	1.18
1994	798,297,600	44,389,990	17.98	.50	1.10
1995	986,230,914	46,165,517	21.36	.52	1.14
1996	1,138,760,396	48,036,528	23.71	.52	1.20
1997	1,424,170,425	49,949,239	28.51	.44	1.52
1998	1,688,080,336	51,876,651	32.54	.45	1.65

Stock Data

Price (12/31/98)	$26 5/8
Net Asset Value (12/31/98)	$32.54
Discount:	18.2%

New York Stock Exchange and Pacific Exchange ticker symbol: ADX
Newspaper stock listings are generally under the abbreviation: AdaEx

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.

Board Of Directors (with their principal affiliations)

Enrique R. Arzac[1,3]
Professor of Finance
and Economics
Columbia University

Allan Comrie[1,3]
Retired President of
U.S. & Foreign
Securities Corporation

Daniel E. Emerson[2,4]
Retired Executive Vice President
NYNEX Corporation

Thomas H. Lenagh[2,4]
Financial Advisor

W.D. MacCallan[1,3]
Retired Chairman of the Company and Petroleum & Resources Corporation

W. Perry Neff[3,4]
Retired Executive Vice President
Chemical Bank

Douglas G. Ober[1]
Chairman of the Company

Landon Peters[1,2]
Private Investor

John J. Roberts[1,4]
Senior Advisor, American
International Group, Inc.

Robert J.M. Wilson[2,4]
Retired President of the Company and Petroleum & Resources Corporation

Officers

Douglas G. Ober
Chairman and
Chief Executive Officer

Joseph M. Truta
President

Richard F. Koloski
Executive Vice President

Richard B. Tumolo
Vice President — Research

Maureen A. Jones
Vice President and Treasurer

Lawrence L. Hooper, Jr.
Secretary and General Counsel

Christine M. Griffith
Assistant Treasurer

Geraldine H. Stegner
Assistant Secretary

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

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www.adamsexpress.com

ADX Listed NYSE
THE NEW YORK STOCK EXCHANGE