



Annual Report
1999

building for the future
with solid investments.®

1999 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 12/31/99	\$33 ⁹ / ₁₆
Discount	16.7%
52-Week Range	\$33 ¹⁵ / ₁₆ – \$25 ³ / ₄
Shares Outstanding	53,894,827

Summary Financial Information

	Year Ended December 31	
	1999	1998
Net asset value per share	\$ 40.28	\$ 32.54
Total net assets	2,170,801,875	1,688,080,336
Unrealized appreciation	1,298,662,686	879,139,734
Net investment income	19,143,783	22,579,513
Total realized gain	106,820,166	82,933,498
Total return (based on market value)	36.1%	19.3%
Total return (based on net asset value)	33.6%	23.7%
Expense ratio	0.32%	0.22%

1999 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 1999	\$0.06	Long-term capital gain
March 1, 1999	0.06	Investment income
June 1, 1999	0.12	Investment income
September 1, 1999	0.12	Investment income
December 27, 1999	1.97	Long-term capital gain
December 27, 1999	0.03	Short-term capital gain
December 27, 1999	0.09	Investment income
	\$2.45	

2000 Annual Meeting of Stockholders

Location: The Colony Hotel, Palm Beach, Florida

Date: March 28, 2000

Time: 11 a.m.

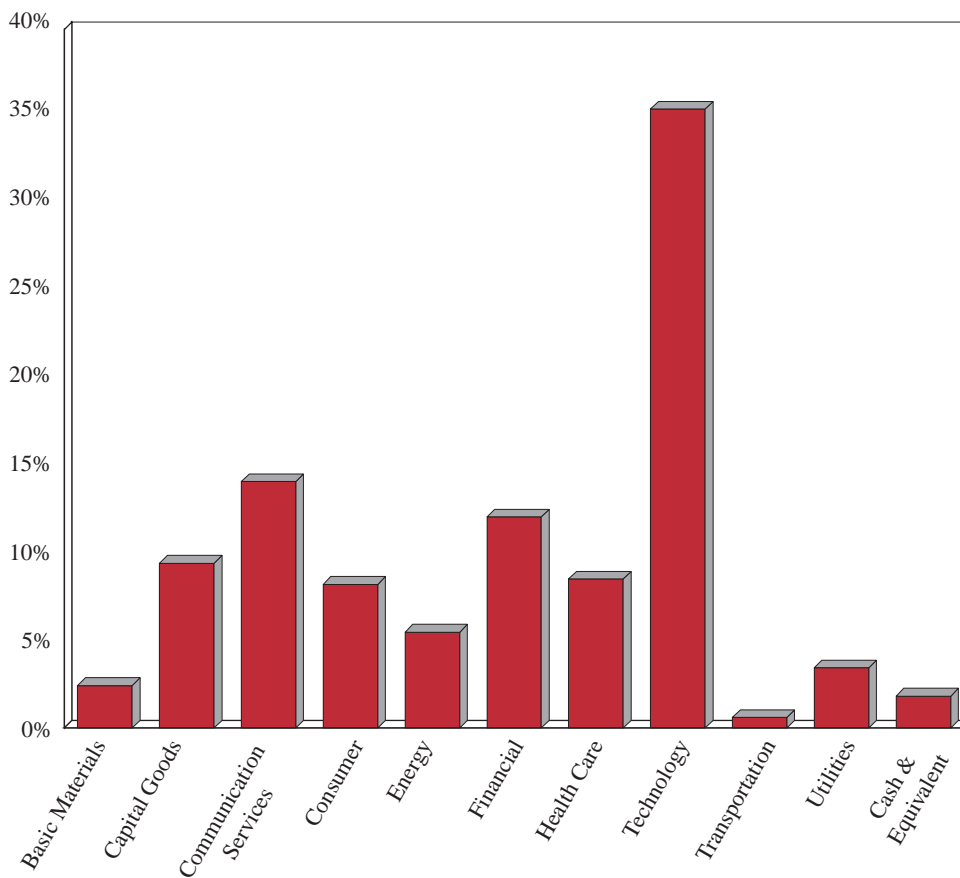
Holders of Record: February 14, 2000

PORTFOLIO REVIEW

Ten Largest Portfolio Holdings (12/31/99)

	<u>Market Value</u>	<u>% of Net Assets</u>
General Electric Co.	\$101,361,251	4.7
Cisco Systems, Inc.	98,287,187	4.5
Solelectron Corp.	95,125,000	4.4
Nokia Corp. ADR	92,150,000	4.2
Sapient Corp.	80,334,375	3.7
Nortel Networks Corp.	76,760,000	3.5
Nextel Communications, Inc.	61,875,000	2.9
Corning Inc.	59,311,250	2.7
American International Group, Inc.	54,738,282	2.5
QRS Corp.	52,762,501	2.4
Total	\$772,704,846	35.5%

Sector Weightings (12/31/99)



LETTER TO STOCKHOLDERS

Your Company provided an outstanding return from its investments in 1999. 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 first quarter of 1999 was marked by moderate swings in the market, as corporate earnings reports for the end of 1998 were mixed and there were no strong signals of economic direction. The release of first quarter G.D.P. figures in April indicated that the domestic economy was not slowing down and the rest of the world was showing signs of improvement. This was especially true in Southeast Asia, which had been a drag from both an economic and a financial standpoint in 1998. By mid-year, the Company's portfolio had generated a return of 10.3%, while the Standard & Poor's 500 Stock Index had returned 12.4%. The market, very "narrow" at the start of the year, with only a few stocks contributing to its performance, widened in the second quarter to reflect a better outlook for most sectors of the economy. Economic growth estimates were raised and increased corporate earnings estimates followed. Despite growth in the economy of nearly 4%, there were no signs of acceleration in wage or price inflation, as increases in wages appeared to be completely offset by higher productivity. The Federal Reserve Board raised short-term interest rates in June to help slow the economy's pace and control the rate of inflation.

The July announcement of slower second quarter economic growth was ignored as attention was focussed on indications of a pick-up in general activity in the third quarter. Fears of interest rate increases, followed by further action by the Federal Reserve, forced investors to take a long, hard look at valuations in the market, resulting in three months of declines in the S&P 500. The economy, however, was not to be deterred and continued to grow apace, fueled by strong consumer spending and the final corporate push to eliminate any possibility of Year 2000 computer problems. The indicators of inflation were virtually unchanged, leading investors to believe the Fed had done its job and rates would not be pushed up further. The stocks of technology and communications companies led the markets in the fourth quarter to new all-time highs. Outperformance was restricted almost exclusively to large-capitalization growth stocks, as evidenced by the fact that 30% of all New York Stock Exchange stocks and 31% of NASDAQ stocks were down 20% or more for the year.

The Adams Express portfolio, comprised principally of large-capitalization companies with superior long term growth prospects, recorded exceptional performance in 1999. Our technology and communication services holdings did very well, especially companies such as Nortel Networks, Nextel, and QRS, which have been in the portfolio for a number of years, and Sapient, Global Crossing, and Oracle, which were new to the portfolio this year. The outperformance by these sec-

tors, as well as basic materials, capital goods, and consumer cyclical holdings, was partially offset by our healthcare, financial, and consumer staple stocks. It should be noted, however, that there were individual names in each underperforming sector which did very well, including Chiron, American International Group, and MediaOne Group, all long term holdings.

For the year ending December 31, 1999, the return on net assets of the Company, including income and capital gains distributions, was 33.6%, compared to a return of 27.2% for the Dow Jones Industrials and 21.0% for the Standard & Poor's 500. Based on market prices, the Adams Express Company's return was 36.1% aided by the narrowing of the discount of the market price to the net asset value per share from 18.2% at the beginning of the year to 16.7% at year-end.

Investment Results

At the end of 1999 our net assets were \$2,170,801,875 or \$40.28 per share on 53,894,827 shares outstanding as compared with \$1,688,080,336 or \$32.54 per share on 51,876,651 shares outstanding a year earlier. The year-end asset figure represented the first quarter-end at which the Company's net assets exceeded the \$2 billion mark in its seventy years as a closed-end fund.

Net investment income for 1999 was \$19,143,783 compared to \$22,579,513 for 1998. These earnings are equal to \$0.37 and \$0.45 per share, respectively, on the average number of shares outstanding throughout the year. It has been increasingly difficult to generate income in the portfolio as both the percentage of stocks paying dividends and the percentage of dividend increases have declined markedly in the past several years. The dividend yield on the Standard & Poor's 500 has fallen from 3.76% in 1990 to 1.16% in 1999. We continue to seek ways to generate additional income without impacting performance through the use of convertible securities and other actions. In 1999, our 0.32% expense ratio (expenses to net assets) was once again at a very low level compared to the industry.

Net realized gains amounted to \$106,820,166 during the year, while the unrealized appreciation on investments increased from \$879,139,734 at December 31, 1998 to \$1,298,662,686 at year end.

Dividends and Distributions

As announced on November 11, 1999, a year-end distribution consisting of investment income of \$0.09 and capital gains of \$2.00 was made on December 27, 1999, both realized and taxable in 1999. On January 13, 2000, an additional distribution of \$0.12 per share was declared payable March 1, 2000, representing the balance of undistributed capital gains earned during 1999 and an initial distribution from 2000 net investment income, all taxable to shareholders in 2000.

Outlook for 2000

We have expressed the opinion for some time that economic growth would slow in the U.S. to the 2% range. While not succumbing to the "new economy" arguments

LETTER TO STOCKHOLDERS (CONTINUED)

espoused by many, our belief now is that demand both here and abroad will be strong enough to drive the economy at about a 3.5% growth rate this year. There appears to be sufficient productive capacity in place around the world to meet demand without causing notable price increases. In fact, overall corporate profits have grown only modestly in the past several years since the availability of capacity worldwide has resulted in very little pricing power for corporations except large technology companies whose profits have fueled the growth of the S&P 500's earnings. This situation is expected to continue in 2000, with further divergence between the growth rates of profitability of the companies in the S&P Index and corporations in general.

The rate increases implemented by the Federal Reserve in 1999 and those expected in the early part of this year should begin to be felt by the economy in the next several quarters. We anticipate that, with a modest slowing in growth, inflation will remain at a very low level throughout the year. The only serious concern we have is the tightness of the labor supply. General demographic trends are keeping the labor force from growing to meet the needs of the economy; the unemployment rate is the lowest it has been in decades. Continued tightness will necessarily exert upward pressure on wages as there are more jobs than people to fill them. The trend in productivity has precluded this from happening to date, but it is unlikely to continue to do so indefinitely. By raising interest rates to slow the growth rate of the economy, the Federal Reserve intends to keep wages under control.

With these factors in mind, we must consider the appropriateness of the valuations currently in the stock market. Since the beginning of 2000, investors have rapidly shifted money out of the favorite technology stocks of 1999 and into more prosaic industries such as consumer goods and energy. The highest flying stocks, many related to the Internet, have corrected by 10% or more, but still carry incredible prices relative to the normal measures of valuation. Meanwhile, the rest of the market has begun to perform a bit better as defensive investments have been sought. We expect that these trends will continue as slower growth will have the most impact on those companies which have been perceived as super-growth stories. Our technology holdings are feeling the effects of the current sector rotation, but they only represent about a third of the portfolio and the bulk of the companies continue to report excellent growth and profits. We have benefited, and will continue to do so, from the rotation into more defensive stocks which comprise the majority of our portfolio. We believe that all of the companies we hold have excellent long term fundamentals and should therefore do well in a period of more moderate economic growth.

Share Repurchase Program

On November 11, 1999, the Board of Directors authorized the management to repurchase up to 5% of the outstanding shares of the Company (approximately 2,600,000 shares) over the ensuing twelve months, as long as the discount of the market price of the shares

from the net asset value is greater than 10%. It was felt that, by so doing, the growth in the number of shares outstanding would slow, the net asset value per share would increase, and the dilution caused by the issuance of shares in lieu of cash for the year-end capital gain distribution would diminish. In addition, the liquidity of the Company's shares in the marketplace should increase and the discount to net asset value could decrease. This program is expected to benefit all the shareholders of the Company.

As of January 13, 2000, a total of 236,200 shares have been repurchased at a total cost of \$7,835,559 and a weighted average discount from net asset value of 14.5%. The Company was restricted from buying shares until late in December, 1999.

Year 2000 Readiness Disclosure

The countdown is over for Year 2000, and we have entered into the new century unscathed. We are pleased to report there were no system failures, either in-house or reported by any of our critical vendors or portfolio companies. The Company incurred no significant costs relating to the Year 2000 issue.

The Company included in its Third Quarter Report to Shareholders a postcard inviting shareholders to send us the names of investors who might be interested in learning more about the Company. We have received a good response to this initiative, with over 320 cards returned and information packages mailed out to prospective holders. It is our intention to repeat the insertion in our First Quarter Report and periodic future mailings. Please feel free to provide us with names and addresses at any time, either by mail, telephone, or through our soon to be updated website at www.adamsexpress.com.

Mr. Allan Comrie resigned from the Board of Directors as of December 31, 1999. Mr. Comrie, a director since 1987, shared his extensive investment knowledge with the Board as former President and Chief Executive Officer of U.S. & Foreign Securities Corp. We have been enriched by his participation on the Board and wish him all the best in the future.

The proxy statement for the Annual Meeting of Stockholders to be held in Palm Beach, Florida on March 28, 2000, will be mailed on or about February 17, 2000 to holders of record on February 14, 2000.

By order of the Board of Directors,



Douglas G. Ober,

Joseph M. Truta,

*Chairman and Chief
Executive Officer*

President

January 21, 2000

STATEMENT OF ASSETS AND LIABILITIES

December 31, 1999

Assets

Investments* at value:

Common stocks and convertible securities (cost \$807,754,279)	\$2,094,613,981
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$24,134,839)	39,025,241
Short-term investments (cost \$39,771,245)	39,771,245

Cash	114,174
Securities lending collateral	352,176,117
Dividends and interest receivable	1,422,060
Prepaid expenses and other assets	5,853,498

<i>Total Assets</i>	2,532,976,316
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Liabilities

Open written option contracts at value (proceeds \$554,463)	3,641,881
Obligations to return securities lending collateral	352,176,117
Accrued expenses and other liabilities	6,356,443

<i>Total Liabilities</i>	362,174,441
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Net Assets	\$2,170,801,875
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Net Assets

Common Stock at par value \$1.00 per share, authorized 75,000,000 shares; issued and outstanding 53,894,827 shares	\$ 53,894,827
Additional capital surplus	813,826,173
Undistributed net investment income	502,423
Undistributed net realized gain on investments	3,915,766
Unrealized appreciation on investments	1,298,662,686

Net Assets Applicable to Common Stock	\$2,170,801,875
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Net Asset Value Per Share of Common Stock	\$40.28
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**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, 1999

Investment Income

Income:

Dividends:

From unaffiliated issuers \$ 17,536,183

From non-controlled affiliate 950,823

Interest 6,334,316

Total income 24,821,322

Expenses:

Investment research 2,821,877

Administration and operations 1,199,107

Directors' fees 186,500

Reports and stockholder communications 327,186

Transfer agent, registrar and custodian expenses 357,976

Auditing services 54,663

Legal services 44,654

Occupancy and other office expenses 310,182

Travel, telephone and postage 130,671

Other 244,723

Total expenses 5,677,539

Net Investment Income 19,143,783

Realized Gain and Change in Unrealized Appreciation on Investments

Net realized gain on security transactions 105,101,811

Net realized gain distributed by regulated investment company
(non-controlled affiliate) 1,718,355

Change in unrealized appreciation on investments 419,522,952

Net Gain on Investments 526,343,118

Change in Net Assets Resulting From Operations \$545,486,901

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

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended	
	Dec. 31, 1999	Dec. 31, 1998
From Operations:		
Net investment income	\$ 19,143,783	\$ 22,579,513
Net realized gain on investments	106,820,166	82,933,498
Change in unrealized appreciation on investments	419,522,952	213,960,698
<i>Change in net assets resulting from operations</i>	545,486,901	319,473,709
Dividends to Stockholders From:		
Net investment income	(20,231,884)	(22,477,158)
Net realized gain from investment transactions	(106,865,901)	(82,416,244)
<i>Decrease in net assets from distributions</i>	(127,097,785)	(104,893,402)
From Capital Share Transactions:		
Value of common shares issued in payment of optional distributions	65,780,453	49,329,604
Cost of common shares purchased (note 4)	(1,448,030)	—
<i>Change in net assets from capital share transactions</i>	64,332,423	49,329,604
Total Increase In Net Assets	482,721,539	263,909,911
Net Assets:		
Beginning of year	1,688,080,336	1,424,170,425
End of year (including undistributed net investment income of \$502,423 and \$1,924,176, respectively)	\$2,170,801,875	\$1,688,080,336

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

NOTES TO 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 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, 1999 was \$874,815,079, and net unrealized appreciation aggregated \$1,299,149,851, of which the related gross unrealized appreciation and depreciation were \$1,352,706,185 and \$53,556,334, 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, 1999 were \$301,435,159 and \$350,243,557, 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, 1999. 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 27, 1999, the Company issued 2,061,676 shares of its stock at a price of \$31.9063 per share (market value) to stockholders of record November 22, 1999 who elected to take stock in payment of the distribution from 1999 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. During 1999, the Company purchased and is holding 43,500 shares of common stock at a total cost of \$1,448,030 and a weighted average discount from net asset value of 16.2%.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

years. At the beginning of 1999, 254,301 options were outstanding with a weighted average exercise price of \$13.2803 per share. During 1999, the Company granted options, including stock appreciation rights, for 25,859 shares of common stock with an exercise price of \$26.294 per share. During the year stock appreciation rights relating to 27,110 stock option shares were exercised at a weighted average market price of \$27.7618 per share and the stock options relating to these rights which had a weighted average exercise price of \$12.9101 per share were cancelled. At December 31, 1999, there were outstanding exercisable options to purchase 80,281 common shares at \$6.740–\$21.665 per share (weighted average price of \$9.6686), and unexercisable options to purchase 172,769 common shares at \$8.0550–\$24.2525 per share (weighted average price of \$13.9439). The weighted average remaining contractual life of outstanding exercisable and unexercisable options was 4.4242 years and 6.0782 years, respectively. Total compensation expense recognized in 1999 related to the stock options and stock appreciation rights plan was \$1,878,397. At December 31, 1999, there were 906,221 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, 1999 was \$539,884, and consisted of service expense of \$188,540, interest expense of \$297,079, expected return on plan assets of \$854,061, and net amortization credit of \$171,442.

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, 1999, the projected benefit obligation for service rendered to date was \$4,501,469. During 1999, the projected benefit obligation increased due to service cost and interest cost of \$188,540 and \$297,079 respectively, and decreased due to benefits paid in the amount

of \$200,583. The projected benefit obligation at December 31, 1999 was \$4,786,505.

On January 1, 1999, the fair value of plan assets was \$10,776,045. During 1999, the fair value of plan assets increased due to the expected return on plan assets of \$854,061 and decreased due to benefits paid in the amount of \$200,583. At December 31, 1999, the projected fair value of plan assets amounted to \$11,429,523, which resulted in excess plan assets of \$6,643,018. The remaining components of prepaid pension cost on December 31, 1999 included \$1,854,196 in unrecognized gain, \$653,618 in unrecognized prior service cost and \$191,844 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, 1999 was \$5,250,596.

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, 1999 for employees and former employees of the Company was \$5,320,779. Aggregate remuneration paid or accrued during the year ended December 31, 1999 to officers and directors amounted to \$3,440,178.

Research, accounting and other office services provided to and reimbursed by the Company's non-controlled affiliate, Petroleum & Resources Corporation, amounted to \$391,126 for the year ended December 31, 1999.

7. Portfolio Securities Loaned

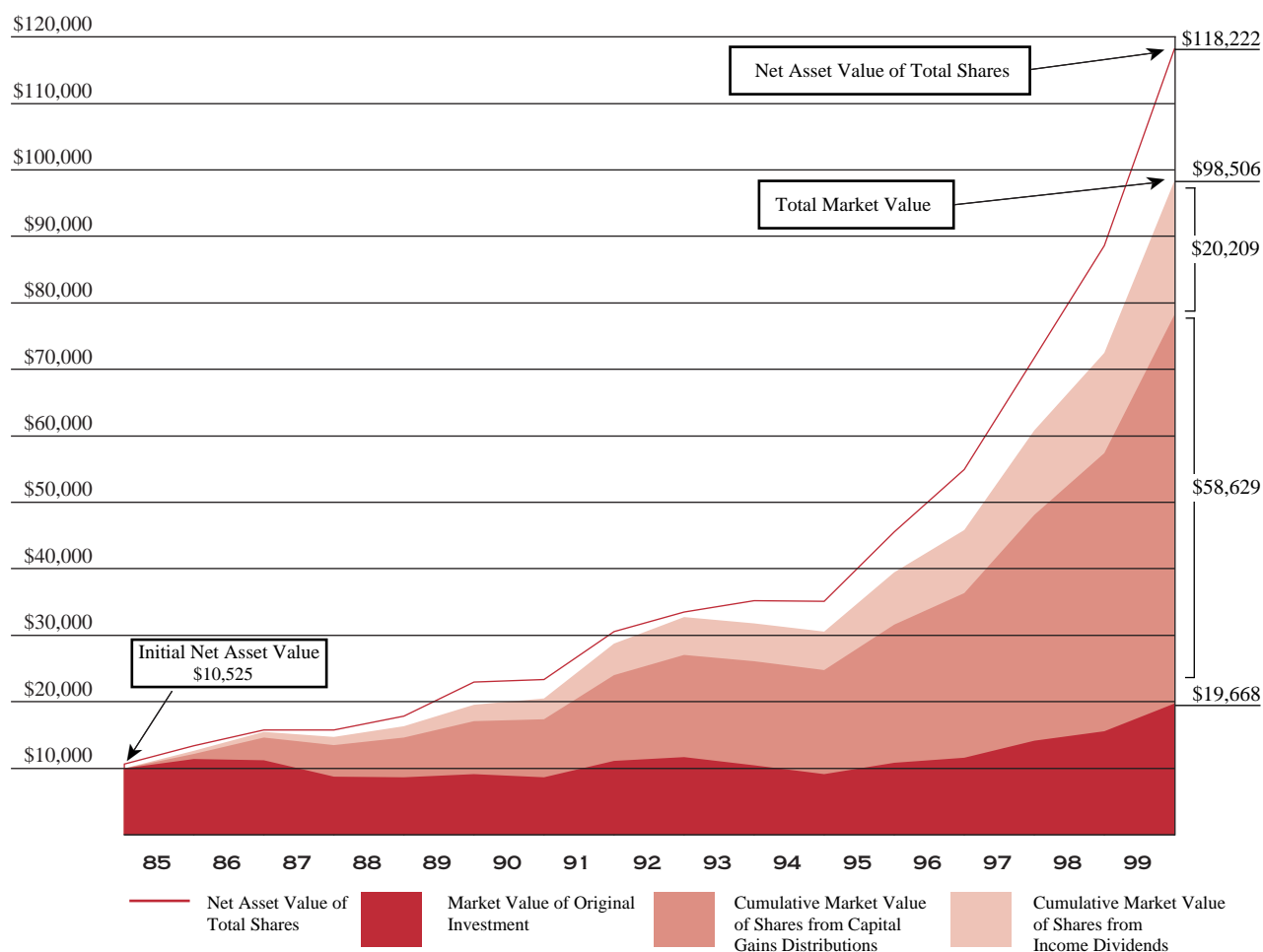
The Company makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment 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, 1999, the Company had securities on loan of \$344,850,318 and held collateral of \$352,176,117.

THE ADAMS EXPRESS COMPANY

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
1985	\$11,354	\$ 820	\$ 478	\$12,652	\$ 13,413
1986	11,207	3,373	911	15,491	15,803
1987	8,717	4,779	1,216	14,712	15,745
1988	8,644	6,020	1,650	16,314	17,818
1989	9,156	7,906	2,485	19,547	22,956
1990	8,644	8,775	3,084	20,503	23,380
1991	11,134	12,911	4,721	28,766	30,598
1992	11,720	15,365	5,655	32,740	33,526
1993	10,475	15,647	5,678	31,800	35,189
1994	9,156	15,639	5,736	30,531	35,133
1995	10,841	20,793	7,808	39,442	45,540
1996	11,574	24,811	9,416	45,801	54,983
1997	14,174	33,972	12,710	60,856	71,731
1998	15,602	41,764	15,107	72,473	88,574
1999	19,668	58,629	20,209	98,506	118,222

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 1985–1999. 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.



FINANCIAL HIGHLIGHTS

	Year Ended December 31				
	1999	1998	1997	1996	1995
Per Share Operating Performance					
Net asset value, beginning of year	\$32.54	\$28.51	\$23.71	\$21.36	\$17.98
Net investment income	0.37	0.45	0.43	0.52	0.50
Net realized gains and change in unrealized appreciation and other changes	9.82	5.68	6.33	3.55	4.54
Total from investment operations	10.19	6.13	6.76	4.07	5.04
Less distributions					
Dividends from net investment income	(0.39)	(0.45)	(0.44)	(0.52)	(0.52)
Distributions from net realized gains	(2.06)	(1.65)	(1.52)	(1.20)	(1.14)
Total distributions	(2.45)	(2.10)	(1.96)	(1.72)	(1.66)
Net asset value, end of year	\$40.28	\$32.54	\$28.51	\$23.71	\$21.36
Per share market price, end of year	\$33.5625	\$26.625	\$24.1875	\$19.75	\$18.50
Total Investment Return					
Based on market price	36.1%	19.3%	33.1%	16.4%	29.5%
Based on net asset value	33.6%	23.7%	30.7%	21.0%	29.9%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	\$2,170,802	\$1,688,080	\$1,424,170	\$1,138,760	\$986,231
Ratio of expenses to average net assets	0.32%	0.22%	0.39%	0.34%	0.46%
Ratio of net investment income to average net assets	1.06%	1.48%	1.61%	2.30%	2.51%
Portfolio turnover	15.94%	22.65%	17.36%	19.60%	23.98%
Number of shares outstanding at end of year (in 000's)	53,895	51,877	49,949	48,037	46,166

SCHEDULE OF INVESTMENTS

December 31, 1999

	Prin. Amt. or Shares	Value (A)
Stocks and Convertible Securities — 98.3%		
Basic Materials — 2.4%		
Avery Dennison Corp.	227,200	\$ 16,557,200
Consolidated Papers, Inc.	410,000	13,043,125
Engelhard Corp.	320,000	6,040,000
Mead Corp.	400,000	17,375,000
		<u>53,015,325</u>
Capital Goods — 9.3%		
Black & Decker Corp.	300,000	15,675,000
Corning Inc.	460,000	59,311,250
Dover Corp.	260,000	11,797,500
General Electric Co.	655,000	101,361,251
Pall Corp.	600,000	12,937,500
		<u>201,082,501</u>
Communication Services — 13.9%		
Telecommunications — Cellular and Wireless — 3.9%		
MediaOne Group, Inc. 6.25% PIES due 2001	85,000	9,180,000
Nextel Communications Inc. (B)	600,000	61,875,000
Vodafone AirTouch plc ADS	287,500	14,231,250
		<u>85,286,250</u>
Telecommunications — Long Distance — 3.8%		
MCI WorldCom, Inc. (B)	615,000	32,633,438
Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003 (C)	125,000	8,843,750
Qwest Communications International, Inc. (B)	792,012	34,056,516
Williams Communications Group, Inc. (B)	220,000	6,366,250
		<u>81,899,954</u>
Telephone — 6.2%		
BellSouth Corp.	440,000	20,597,500
Global Crossing Ltd. (B)	922,500	46,125,000
RCN Corp. (B)	172,500	8,366,250
SBC Communications, Inc.	787,960	38,413,050
Time Warner Telecom Inc. (B)	404,500	20,199,719
		<u>133,701,519</u>
Consumer — 8.1%		
Consumer Cyclical — 1.3%		
Delphi Automotive, Inc.	690,000	10,867,500
Tiffany & Co.	200,000	17,850,000
		<u>28,717,500</u>
Consumer Staples — 6.8%		
Coca-Cola Co.	170,000	9,902,500
Dean Foods Co.	300,000	11,925,000
Fort James Corp.	500,000	13,687,500
Gillette Co.	439,120	18,086,255
Houston Industries Inc. 7.00% Conv. DECS due 2000	150,000	18,075,000
Interstate Bakeries Corp.	138,000	2,501,250
Ivex Packaging Corp. (B)	900,000	9,000,000
McDonald's Corp.	560,000	22,575,000
MediaOne Group, Inc. (B)	150,000	11,521,875
Owens-Illinois, Inc. (B)	535,000	13,408,438
PepsiCo, Inc.	295,000	10,398,750
Ralston Purina 7.00% SAILS due 2000	180,000	6,581,250
		<u>147,662,818</u>

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 1999

	Prin. Amt. or Shares	Value (A)
Energy — 5.4%		
BP Amoco plc ADR	300,000	\$ 17,793,751
Enron Corp.	500,000	22,187,500
Exxon Mobil Corp.	158,418	12,762,550
Petroleum & Resources Corporation (D)	1,210,085	39,025,241
Royal Dutch Petroleum Co.	80,000	4,845,000
Schlumberger Ltd.	88,400	4,972,500
Transocean Sedco Forex, Inc.	17,114	576,528
Williams Companies, Inc.	500,000	15,281,250
		<u>117,444,320</u>
Financial — 11.9%		
Banking — 6.9%		
Associates First Capital Corp. Ser. A	546,800	15,002,825
Banc One Corp.	330,000	10,560,000
Federal Home Loan Mortgage Corp.	360,000	16,942,500
Greenpoint Financial Corp.	435,000	10,358,437
Investors Financial Services Corp.	450,000	20,700,000
Mellon Bank Corp.	420,000	14,306,250
National City Corp.	160,000	3,790,000
Peoples Heritage Financial Group	474,000	7,139,625
Provident Bankshares Corp.	303,875	5,260,844
Wachovia Corp.	190,000	12,920,000
Wells Fargo & Co.	550,000	22,240,625
Wilmington Trust Corp.	210,000	10,132,500
		<u>149,353,606</u>
Insurance — 5.0%		
AMBAC Financial Group, Inc.	379,600	19,810,375
American International Group, Inc.	506,250	54,738,282
Annuity & Life Re (Holdings), Ltd.	700,000	18,287,500
Financial Security Assurance Holdings Ltd.	307,387	16,022,547
		<u>108,858,704</u>
Health Care — 8.4%		
Abbott Laboratories	255,000	9,259,688
ALZA Corp. (B)	340,000	11,772,500
American Home Products Corp.	425,000	16,681,250
Baxter International	255,000	16,017,187
Chiron Corp. (B)	550,000	23,306,250
Elan Corp., plc ADR (B)	870,000	25,665,000
Lilly (Eli) & Co.	290,000	19,285,000
Johnson & Johnson	110,000	10,257,500
Merck & Co., Inc.	300,000	20,156,250
Pharmacia & Upjohn Inc.	310,000	13,950,000
SmithKline Beecham plc ADR	260,000	16,672,500
		<u>183,023,125</u>

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 1999

	Prin. Amt. or Shares	Value (A)
Technology — 34.9%		
<i>Communication Equipment — 13.0%</i>		
Ericsson (L.M.) Telephone Co. 4.25% Conv. Sub. Debs. due 2000	120,000	\$ 2,250,000
Ericsson (L.M.) Telephone Co. ADR	750,000	49,265,625
Lucent Technologies Inc.	508,920	38,073,578
Motorola, Inc.	161,874	23,835,946
Nokia Corp. ADR	485,000	92,150,000
Nortel Networks Corp.	760,000	76,760,000
		<u>282,335,149</u>
<i>Computer Related — 16.2%</i>		
BMC Software Inc. (B)	275,000	21,982,812
Cisco Systems, Inc. (B)	917,500	98,287,187
DST Systems Inc. (B)	70,000	5,341,875
First Data Corp.	343,980	16,962,514
Hewlett-Packard Co.	200,000	22,750,000
Oracle Corp. (B)	295,000	33,058,437
QRS Corp. (B)	502,500	52,762,501
Sapient Corp. (B)	570,000	80,334,375
Sterling Commerce, Inc. (B)	575,000	19,550,000
		<u>351,029,701</u>
<i>Electronics — 5.7%</i>		
Intel Corp.	340,000	27,986,250
Solelectron Corp. (B)	1,000,000	95,125,000
		<u>123,111,250</u>
Transportation — 0.6%		
Canadian National Railway Co. 5.25% Conv. Pfd. QUIDS due 2029	15,000	630,000
Canadian National Railway Co.	60,000	1,590,000
Ryder System, Inc.	445,000	10,874,687
		<u>13,094,687</u>
Utilities — 3.4%		
Black Hills Corp.	555,000	12,314,063
Calpine Capital Trust 5.75% Conv. Pfd. High Tides	125,000	8,140,625
Calpine Corp. (B)	35,000	2,240,000
CINergy Corp.	300,000	7,181,250
ENDESA, S.A. ADR	350,000	7,065,625
Northwestern Corp.	500,000	11,000,000
TECO Energy, Inc.	300,000	5,568,750
United Water Resources Inc.	600,000	20,512,500
		<u>74,022,813</u>
Total Stocks and Convertible Securities		
(Cost \$831,889,118)(E)		<u>2,133,639,222</u>

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 1999

	Prin. Amt. or Shares	Value (A)
Short-Term Investments — 1.8%		
<i>U.S. Government Obligations — 0.5%</i>		
U.S. Treasury Bills, 4.90–5.10%, due 2/24/00	\$12,000,000	\$ 11,908,740
<i>Certificates of Deposit — 0.5%</i>		
SouthTrust Bank of Alabama, 6.00%, due 1/27/00	\$10,000,000	10,000,000
<i>Commercial Paper — 0.8%</i>		
Chevron USA, 6.35%, due 1/13/00	\$ 2,050,000	2,045,661
Ford Motor Credit Corp., 5.25–6.01%, due 1/4/00–2/17/00	\$ 7,505,000	7,477,395
General Electric Capital Corp., 6.55–6.60%, due 1/11/00–1/12/00	\$ 8,355,000	8,339,449
		<u>17,862,505</u>
Total Short-Term Investments		
(Cost \$39,771,245)		<u>39,771,245</u>
Total Investments		
(Cost \$871,660,363)		2,173,410,467
Cash, receivables and other assets, less liabilities		<u>(2,608,592)</u>
Net Assets — 100.0%		<u>\$2,170,801,875</u>

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) Restricted security Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003, acquired 12/4/98, cost \$5,218,750).
- (D) Non-controlled affiliate and is a registered investment company.
- (E) The aggregate market value of stocks held in escrow at December 31, 1999 covering open call option contracts written was \$16,514,294. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was \$5,225,313.

PRINCIPAL CHANGES IN PORTFOLIO SECURITIES

*During the Three Months Ended December 31, 1999
(unaudited)*

	Shares or Principal Amount		Held Dec. 31, 1999
	Additions	Reductions	
BMC Software Inc.	275,000		275,000
BP Amoco plc ADR	150,000 ⁽¹⁾		300,000
Calpine Corp.	35,000		35,000
Calpine Capital Trust, 5.75% Conv. Pfd. High Tides	125,000		125,000
Exxon Mobil Corp.	158,418 ⁽²⁾		158,418
Ivex Packaging Corp.	300,000		900,000
Johnson & Johnson	110,000		110,000
Lucent Technologies Inc.	338,920 ⁽³⁾		508,920
MCI WorldCom Inc.	205,000 ⁽¹⁾		615,000
RCN Corp.	167,500		172,500 ⁽⁴⁾
SBC Communications, Inc.	407,960 ⁽⁵⁾		787,960
Sapient Corp.	285,000 ⁽⁶⁾		570,000
Vodafone AirTouch plc ADS	230,000 ⁽¹⁾		287,500
Williams Communications	220,000		220,000
Abbott Laboratories		175,000	255,000
Albertson's Inc.		308,700	—
American Retirement Corp., 5.75% Conv. Sub Debs due 2002 ..		\$4,000,000	—
Ameritech Corp.		310,000 ⁽⁵⁾	—
CBRL Group, Inc.		340,000	—
DST Systems Inc.		249,000	70,000
Fort James Corp.		75,000	500,000
International Network Services		400,000 ⁽³⁾	—
Mobil Corp.		120,000 ⁽²⁾	—
Royal Dutch Petroleum Co.		100,000	80,000
Ryder System, Inc.		155,000	445,000
Polo Ralph Lauren Corp.		135,000	—
Sunrise Assisted Living, Inc.		440,000	—

(1) By stock split.

(2) Merger of Exxon and Mobil. Received 1.32015 shares of Exxon Mobil Corp. for 1 share of Mobil held.

(3) Received .8473 shares of Lucent Technologies Inc. for each share of International Network Services held.

(4) Includes shares previously listed under "Stocks under accumulation" in the Schedule of Investments.

(5) Received 1.316 shares of SBC Communications, Inc. for each share of Ameritech Corp. held.

(6) By stock split and purchased additional 15,000 shares.

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

REPORT OF INDEPENDENT ACCOUNTANTS

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, 1999, 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 of the United States. 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 audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards of the United States 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, 1999, by correspondence with custodian and brokers, provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Baltimore, Maryland
January 7, 2000

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 daily NAV is also available on the NASDAQ Mutual Fund Quotation System under the symbol XADEx. 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 of New York 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 of New York.

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 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.

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
<i>A one-time fee for new accounts who are not currently registered holders.</i>	
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
<i>To transfer shares to another participant or to a new participant</i>	

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 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 BuyDIRECT Plan.

The Company

The Adams Express Company
Lawrence L. Hooper, Jr.,
Vice President, Secretary and
General Counsel
Seven St. Paul Street,
Suite 1140
Baltimore, MD 21202
(800) 638-2479
Website:
www.adamsexpress.com
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

*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.

HISTORICAL FINANCIAL STATISTICS

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
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
1999	2,170,801,875	53,894,827	40.28	.39	2.06

Stock Data

Price (12/31/99)	\$33.5625
Net Asset Value (12/31/99)	\$40.28
Discount:	16.7%

New York Stock Exchange and Pacific Exchange ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADDEX

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. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

Board Of Directors (with their principal affiliations)

Enrique R. Arzac^{1,3}
*Professor of Finance
and Economics
Columbia University*

Daniel E. Emerson^{2,4}
*Retired Executive Vice President
NYNEX Corporation*

Thomas H. Lenagh^{3,4}
Financial Advisor

W.D. MacCallan^{1,3}
*Retired Chairman of the Company
and Petroleum & Resources
Corporation*

W. Perry Neff^{1,3}
*Retired Executive Vice President
Chemical Bank*

Douglas G. Ober¹
Chairman of the Company

Landon Peters^{2,4}
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

Barbara L. Rishel
Vice President — Research

Richard B. Tumolo
Vice President — Research

Lawrence L. Hooper, Jr.
*Vice President, Secretary and
General Counsel*

Maureen A. Jones
Vice President and Treasurer

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*

THE ADAMS EXPRESS COMPANY

Seven St. Paul Street, Suite 1140

Baltimore, MD 21202

(410) 752-5900 or (800) 638-2479

Contact us on the Web at:

www.adamsexpress.com

