

## LETTER TO STOCKHOLDERS

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We are pleased to submit the financial statements for the three months ended March 31, 2000. In addition, a schedule of investments and summary financial information for the Company are provided.

Net assets of the Company at March 31, 2000 were \$43.30 per share on 53,204,227 shares outstanding, compared with \$40.28 per share at December 31, 1999, on 53,894,827 shares outstanding. On March 1, 2000, a distribution of \$0.12 per share was paid consisting of \$0.07 from 1999 long-term capital gain and \$0.05 from 2000 investment income. All are taxable in 2000. A 2000 investment income dividend of \$0.12 per share has been declared to shareholders of record May 19, 2000, payable June 1, 2000.

Net investment income for the three months ended March 31, 2000 amounted to \$3,425,653, compared with \$4,955,572 for the same period in 1999. These earnings are equal to \$0.06 and \$0.10 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the three months ended March 31, 2000 amounted to \$63,880,311, the equivalent of \$1.20 per share.

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We are pleased to announce the election of Dr. Susan C. Schwab to the Board of Directors, effective January 13, 2000. Dr. Schwab is currently the Dean of the School of Public Affairs at the University of Maryland, College Park, Maryland.

The Annual Meeting, held on March 28, 2000 in Palm Beach, Florida, was well attended by shareholders. Upon conclusion of the formal segment of the meeting, management reviewed the portfolio's performance in 1999 and discussed the outlook for the future. The results of the voting at the Annual Meeting are shown on page 10.

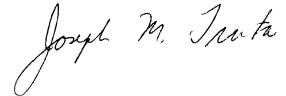
Current and potential shareholders can find information about the Company, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its site on the Internet. The address for the site is [www.adamsexpress.com](http://www.adamsexpress.com). Also available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

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

By order of the Board of Directors,



Douglas G. Ober,  
*Chairman and Chief  
Executive Officer*



Joseph M. Truta,  
*President*

April 21, 2000

# STATEMENT OF ASSETS AND LIABILITIES

March 31, 2000 (unaudited)

## Assets

Investments\* at value:

Common stocks and convertible securities

(cost \$827,538,116) \$2,201,860,781

Non-controlled affiliate, Petroleum & Resources Corporation

(cost \$24,134,839) 43,563,060

Short-term investments (cost \$66,075,823) 66,075,823 \$2,311,499,664

Cash 100,353

Securities lending collateral 504,246,747

Receivables:

Investment securities sold 173,482

Dividends and interest 1,469,741

Prepaid expenses and other assets 6,286,342

*Total Assets* 2,823,776,329

## Liabilities

Investment securities purchased 7,625,596

Open option contracts at value (proceeds \$767,774) 601,637

Obligations to return securities lending collateral 504,246,747

Accrued expenses 7,742,905

*Total Liabilities* 520,216,885

**Net Assets** \$2,303,559,444

## Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares;

issued and outstanding 53,204,227 shares \$ 53,204,227

Additional capital surplus 791,128,351

Undistributed net investment income 1,255,447

Undistributed net realized gain on investments 64,054,396

Unrealized appreciation on investments 1,393,917,023

**Net Assets Applicable to Common Stock** \$2,303,559,444

**Net Asset Value Per Share of Common Stock** \$43.30

\*See Schedule of Investments on pages 6 through 8.

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

## STATEMENT OF OPERATIONS

*Three Months Ended March 31, 2000 (unaudited)*

### Investment Income

Income:		
Dividends:		
From unaffiliated issuers		\$ 4,822,723
From non-controlled affiliate		84,706
Interest		1,199,262
<i>Total income</i>		6,106,691
Expenses:		
Investment research		1,479,870
Administration and operations		663,004
Directors' fees		52,500
Reports and stockholder communications		156,007
Transfer agent, registrar and custodian expenses		95,666
Auditing services		13,941
Legal services		37,796
Occupancy and other office expenses		76,836
Travel, telephone and postage		32,276
Other		73,142
<i>Total expenses</i>		2,681,038
<b>Net Investment Income</b>		3,425,653
<b>Realized Gain and Change in Unrealized Appreciation on Investments</b>		
Net realized gain on security transactions		63,723,000
Net realized gain distributed by regulated investment company (non-controlled affiliate)		157,311
Change in unrealized appreciation on investments		95,254,337
<b>Net Gain on Investments</b>		159,134,648
<b>Change in Net Assets Resulting from Operations</b>		\$162,560,301

## STATEMENT OF CHANGES IN NET ASSETS

	Three Months Ended March 31, 2000 (unaudited)	Year Ended Dec. 31, 1999
<b>From Operations:</b>		
Net investment income	\$ 3,425,653	\$ 19,143,783
Net realized gain on investments	63,880,311	106,820,166
Change in unrealized appreciation on investments	95,254,337	419,522,952
<i>Increase in net assets resulting from operations</i>	162,560,301	545,486,901
<b>Dividends to Stockholders from:</b>		
Net investment income	(2,672,629)	(20,231,884)
Net realized gain from investment transactions	(3,741,681)	(106,865,901)
<i>Decrease in net assets from distributions</i>	(6,414,310)	(127,097,785)
<b>From Capital Share Transactions:</b>		
Value of common shares issued in payment of optional distributions	–0–	65,780,453
Cost of common shares purchased (note 4)	(23,388,422)	(1,448,030)
<i>Change in net assets from capital share transactions</i>	(23,388,422)	64,332,423
<b>Total Increase in Net Assets</b>	132,757,569	482,721,539
<b>Net Assets:</b>		
Beginning of period	2,170,801,875	1,688,080,336
End of period (including undistributed net investment income of \$1,255,447 and \$502,423, respectively)	\$2,303,559,444	\$2,170,801,875

*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 March 31, 2000 was \$917,863,250, and net unrealized appreciation aggregated \$1,394,404,188 of which the related gross unrealized appreciation and depreciation were \$1,468,871,274 and 74,467,086, respectively.

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

### 3. Investment Transactions

Purchases and sales of portfolio securities, other than options and short-term investments, during the three months ended March 31, 2000 were \$72,969,721 and \$116,274,269, respectively. The Company, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. Option transactions comprised an insignificant portion of operations during the period ended March 31, 2000. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

### 4. Capital Stock

The Company may purchase shares of its common stock from time to time at such prices and amounts as the Board of Directors may deem advisable. During the three months ended March 31, 2000, the Company purchased 690,600 shares of common stock at a total cost of \$23,388,422 and a weighted average discount from net asset value of 14.9%. At March 31, 2000, the Company held a total of 734,100 shares of its common stock.

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 holders to surrender their rights to exercise their options and receive cash or shares in an amount equal to the difference between the option price and the fair market value of the common stock at the date of surrender. Under the plan, the exercise price of the options and related stock appreciation rights is reduced by the per share amount of capital gain paid by the Company during subsequent years. At the beginning of 2000, 253,050 options were outstanding, with a weighted average exercise price of \$12.5875 per share. During the three months ended March 31, 2000, the Company granted options including stock appreciation rights for 22,508 shares of common stock with a weighted average exercise price of \$33.3125. Stock appreciation rights relating to 20,764 stock option shares were exercised at a weighted average market price of \$33.8516 per share and the stock options relating to those rights, which had a weighted average exercise price of \$8.7156 per share, were cancelled. At March 31, 2000, there were outstanding exercisable options to purchase 59,517 common shares at \$7.985-21.595 per share (weighted average price of \$9.9279), and unexercisable options to purchase 195,277 common shares at \$7.9850-\$24.1825 per share (weighted average price of \$16.1063). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 4.6898 years and 6.3955 years, respectively. Total compensation expense recognized for the three months ended March 31, 2000 related to the stock options and stock appreciation rights plan was \$737,922. At March 31, 2000, there were 883,713 shares available for future option grants.

### 5. Retirement Plans

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

The actuarially computed net pension cost credit for the three months ended March 31, 2000 was \$141,711, and consisted of service cost of \$44,917, interest cost of \$84,505, expected return on plan assets of \$223,330, and net amortization credit of \$47,803.

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

On January 1, 2000, the projected benefit obligation for service rendered to date was \$4,322,841. During the three months ended March 31, 2000, the projected benefit obligation increased due to service cost and interest cost of \$44,917 and \$84,505, respectively, and decreased due to benefit payments

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

in the amount of \$48,786. The projected benefit obligation March 31, 2000 was \$4,403,477.

On January 1, 2000, the actual fair value of plan assets was \$11,264,093. During the three months ended March 31, 2000, the fair value of plan assets increased due to the expected return on plan assets of \$223,330 and decreased due to benefit payments in the amount of \$48,786. At March 31, 2000, the projected fair value of plan assets amounted to \$11,438,637 which resulted in excess plan assets of \$7,035,160. The remaining components of prepaid pension cost at March 31, 2000 included \$2,100,186 in unrecognized net gain, \$625,197 in unrecognized prior service cost and \$167,864 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 March 31, 2000 was \$5,392,307.

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

### 6. Expenses

The cumulative amount of accrued expenses at March 31, 2000 for employees and former employees of the Company was

\$5,672,421. Aggregate remuneration paid or accrued during the three months ended March 31, 2000 to officers and directors amounted to \$1,429,839.

Research, accounting and other office services provided to and reimbursed by the Company's non-controlled affiliate, Petroleum & Resources Corporation, amounted to \$125,083 for the three months ended March 31, 2000.

### 7. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral of at least 102%, at all times, of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Company. At March 31, 2000, the Company had securities on loan of \$493,394,657 and held collateral of \$504,246,747.

## FINANCIAL HIGHLIGHTS

	Three Months Ended (unaudited)		Year Ended December 31				
	March 31, 2000	March 31, 1999	1999	1998	1997	1996	1995
	<b>Per Share Operating Performance</b>						
Net asset value, beginning of period	\$40.28	\$32.54	\$32.54	\$28.51	\$23.71	\$21.36	\$17.98
Net investment income	0.06	0.10	0.37	0.45	0.43	0.52	0.50
Net realized gains and change in unrealized appreciation and other changes	3.08	0.83	9.82	5.68	6.33	3.55	4.54
Total from investment operations	3.14	0.93	10.19	6.13	6.76	4.07	5.04
Less distributions							
Dividends from net investment income	(0.05)	(0.06)	(0.39)	(0.45)	(0.44)	(0.52)	(0.52)
Distributions from net realized gains	(0.07)	(0.06)	(2.06)	(1.65)	(1.52)	(1.20)	(1.14)
Total distributions	(0.12)	(0.12)	(2.45)	(2.10)	(1.96)	(1.72)	(1.66)
Net asset value, end of period	\$43.30	\$33.35	\$40.28	\$32.54	\$28.51	\$23.71	\$21.36
<b>Per share market price, end of period</b>	\$37.375	\$27.125	\$33.5625	\$26.625	\$24.1875	\$19.75	\$18.50
<b>Total Investment Return</b>							
Based on market price	11.8%	2.3%	36.1%	19.3%	33.1%	16.4%	29.5%
Based on net asset value	7.9%	3.0%	33.6%	23.7%	30.7%	21.0%	29.9%
<b>Ratios/Supplemental Data</b>							
Net assets, end of period (in 000's)	\$2,303,559	\$1,730,306	\$2,170,802	\$1,688,080	\$1,424,170	\$1,138,760	\$986,231
Ratio of expenses to average net assets	0.50% †	0.25% †	0.32%	0.22%	0.39%	0.34%	0.46%
Ratio of net investment income to average net assets	0.63% †	1.17% †	1.06%	1.48%	1.61%	2.30%	2.51%
Portfolio turnover	13.75% †	26.21% †	15.94%	22.65%	17.36%	19.60%	23.98%
Number of shares outstanding at end of period (in 000's)	53,204	51,877	53,895	51,877	49,949	48,037	46,166

† Ratios presented on an annualized basis.

## SCHEDULE OF INVESTMENTS

March 31, 2000 (unaudited)

	<u>Prin. Amt. or Shares</u>	<u>Value (A)</u>		<u>Prin. Amt. or Shares</u>	<u>Value (A)</u>
<b>Stocks And Convertible Securities — 97.4%</b>			<b>Consumer — 5.9%</b>		
<b>Basic Materials — 1.5%</b>			<b>Consumer Cyclical — 1.1%</b>		
Avery Dennison Corp.	237,800	\$ 14,520,663	Delphi Automotive, Inc.	690,000	\$ 11,040,000
Engelhard Corp.	375,000	5,671,875	Tiffany & Co.	175,000	14,634,375
Mead Corp.	400,000	13,975,000			<u>25,674,375</u>
		<u>34,167,538</u>	<b>Consumer Staples — 4.8%</b>		
<b>Capital Goods — 9.9%</b>			Coca-Cola Co.	170,000	7,979,375
Black & Decker Corp.	300,000	11,268,750	Dean Foods Co.	300,000	8,025,000
Corning, Inc.	435,000	84,390,000	Fort James Corp.	610,000	13,420,000
Dover Corp.	260,000	12,447,500	Houston Industries Inc.		
General Electric Co.	645,000	100,095,938	7.00% Conv. ACES due 2000	90,000	14,310,000
Honeywell Int'l. Co.	100,000	5,268,750	Interstate Bakeries Corp.	138,000	1,966,500
Pall Corp.	600,000	13,462,500	Ivex Packaging Corp. (C)	928,000	7,018,000
		<u>226,933,438</u>	McDonald's Corp.	560,000	21,035,000
<b>Communication Services — 15.2%</b>			MediaOne Group, Inc. (C)	150,000	12,150,000
<b>Telecommunications —</b>			Owens-Illinois, Inc. (C)	610,000	10,293,750
<b>Cellular and Wireless — 5.0%</b>			PepsiCo, Inc.	295,000	10,195,937
MediaOne Group, Inc.			Ralston Purina		
6.25% PIES due 2001	85,000	10,093,750	7.00% SAILS due 2000	180,000	5,253,750
Nextel Communications Inc.					<u>111,647,312</u>
5.25% Conv. Notes due 2010 (B)	10,000,000	11,900,000	<b>Energy — 5.9%</b>		
Nextel Communications Inc. (C)	520,000	77,090,000	BP Amoco plc ADR	270,000	14,326,876
Vodafone AirTouch plc ADS	287,500	15,974,219	Enron Corp.	500,000	37,437,500
		<u>115,057,969</u>	Exxon Mobil Corp.	158,418	12,326,900
<b>Telecommunications — Long</b>			Petroleum & Resources Corporation (D)	1,210,085	43,563,060
<b>Distance — 4.2%</b>			Schlumberger Ltd.	88,400	6,762,600
MCI WorldCom, Inc. (C)	550,000	24,921,875	Williams Companies, Inc.	500,000	21,968,750
Qwest Communications International, Inc.					<u>136,385,686</u>
5.75% TRENDS Pfd. due 2003 (B)	125,000	9,500,000	<b>Financial — 11.3%</b>		
Qwest Communications International, Inc. (C)	760,000	36,860,000	<b>Banking — 6.3%</b>		
Williams Communications Group, Inc. (C)	468,700	24,284,519	Associates First Capital Corp. Ser. A	546,800	11,722,025
		<u>95,566,394</u>	Bank One Corp.	330,000	11,343,750
<b>Telephone — 6.0%</b>			Federal Home Loan Mortgage Corp.	360,000	15,907,500
American Tower Corp.			Greenpoint Financial Corp.	435,000	8,536,875
5.00% Conv. Notes due 2010 (B)	9,500,000	10,663,750	Investors Financial Services Corp.	420,000	24,727,500
BellSouth Corp.	440,000	20,680,000	Mellon Financial Corp.	420,000	12,390,000
Global Crossing Ltd. (C)	720,000	29,475,000	National City Corp.	160,000	3,300,000
RCN Corp. (C)	240,000	12,930,000	Peoples Heritage Financial Group	474,000	7,110,000
SBC Communications Inc.	787,960	33,094,320	Provident Bankshares Corp.	303,875	4,786,039
Time Warner Telecom Inc. (C)	404,500	32,157,750	Wachovia Corp.	190,000	12,836,875
		<u>139,000,820</u>	Wells Fargo & Co.	550,000	22,515,625
			Wilmington Trust Corp.	210,000	10,211,250
					<u>145,387,439</u>

## SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2000 (unaudited)

	<u>Prin. Amt. or Shares</u>	<u>Value (A)</u>		<u>Prin. Amt. or Shares</u>	<u>Value (A)</u>
<b>Insurance — 5.0%</b>			<b>Computer Related — 14.7%</b>		
AMBAC Financial Group, Inc.	379,600	\$ 19,122,350	BMC Software Inc. (C)	300,000	\$ 14,812,500
American International Group, Inc.	506,250	55,434,376	Cisco Systems, Inc. (C)	1,835,000	141,868,438
Annuity & Life Re (Holdings), Ltd.	700,000	18,200,000	First Data Corp.	343,980	15,221,115
Financial Security Assurance Holdings Ltd.	307,387	22,573,733	Hewlett-Packard Co.	200,000	26,512,500
		<u>115,330,459</u>	Legato Systems Inc. (C)	280,000	12,495,000
			Oracle Corp. (C)	590,000	46,056,875
			QRS Corp. (C)	435,000	32,733,750
			Sapient Corp. (C)	575,000	48,228,125
					<u>337,928,303</u>
<b>Health Care — 9.5%</b>			<b>Electronics — 5.4%</b>		
Abbott Laboratories	255,000	8,972,813	Intel Corp.	340,000	44,858,750
ALZA Corp. (C)	340,000	12,771,250	Soletron Corp. (C)	2,000,000	80,125,000
American Home Products Corp.	425,000	22,790,625			<u>124,983,750</u>
Baxter International	255,000	15,985,312	<b>Transportation — 0.5%</b>		
Chiron Corp. (C)	550,000	27,431,250	Canadian National Railway Co.		
Elan Corp., plc ADR (C)	870,000	41,325,000	5.25% Conv. Pfd. QUIDS due 2029	15,000	626,250
Johnson & Johnson	126,500	8,862,906	Canadian National Railway Co.	60,000	1,601,250
Lilly (Eli) & Co.	290,000	18,270,000	Ryder System, Inc.	445,000	10,095,938
Merck & Co., Inc.	300,000	18,637,500			<u>12,323,438</u>
Pharmacia & Upjohn Inc.	310,000	18,367,500	<b>Utilities — 3.7%</b>		
SmithKline Beecham plc ADR	260,000	17,176,250	Black Hills Corp.	555,000	12,244,688
Vertex Pharmaceuticals Inc.			Calpine Capital Trust 5.75% Conv. Pfd. HIGH TIDES	202,500	18,579,375
5.00% Conv. Sub. Notes due 2007 (B)	10,000,000	7,437,500	Calpine Corp. (C)	35,000	3,290,000
		<u>218,027,906</u>	CINergy Corp.	300,000	6,450,000
			ENDESA, S.A. ADR	350,000	8,203,125
<b>Technology — 34.0%</b>			Northwestern Corp.	500,000	10,312,500
<b>Communication Equipment — 13.9%</b>			TECO Energy, Inc.	300,000	5,831,250
Ericsson (L.M.) Telephone Co. 4.25% Conv. Sub. Debs. due 2000	\$120,000	3,120,000	United Water Resources Inc.	600,000	20,850,000
Ericsson (L.M.) Telephone Co. ADR	750,000	70,359,375			<u>85,760,938</u>
Lucent Technologies Inc.	508,920	30,916,890	<b>Total Stocks and Convertible Securities</b>		
Motorola, Inc.	161,874	23,046,811	(Cost \$851,672,955) (E)		
Nokia Corp. ADR	460,000	99,935,000			<u>2,245,423,841</u>
Nortel Networks Corp.	745,000	93,870,000			
		<u>321,248,076</u>			

## SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2000 (unaudited)

	<u>Prin. Amt.</u>	<u>Value (A)</u>		<u>Prin. Amt.</u>	<u>Value (A)</u>
<b>Short-Term Investments — 2.9%</b>			Ford Motor Credit Corp.,		
<b>U.S. Government Obligations — 0.6%</b>			5.25%, due 4/3/00	\$ 2,730,000	\$ 2,729,204
U.S. Treasury Bills,			General Electric Capital		
4.88-5.70%, due 5/25/00	\$15,000,000	<u>\$14,873,391</u>	Corp., 5.85-5.95%,		
<b>Certificates of Deposit — 0.9%</b>			due 4/4/00-4/13/00	8,500,000	8,489,125
Northern Trust Co., Chicago,			Gillette Co., 6.02%,		
6.02%, due 5/2/00	10,000,000	10,000,000	due 4/27/00	10,000,000	9,956,522
Old Kent Bank & Trust Co.,					
6.00%, due 4/25/00	10,000,000	<u>10,000,000</u>			<u>31,202,432</u>
		<u>20,000,000</u>	<b>Total Short-Term Investments</b>		
<b>Commercial Paper — 1.4%</b>			(Cost \$66,075,823)		66,075,823
Chevron UK Investments plc,			<b>Total Investments</b>		
5.84%, due 4/11/00	5,000,000	4,991,889	(Cost \$917,748,778)		2,311,499,664
Chevron USA, 6.00%,			Cash, receivables and other		
due 4/18/00	5,050,000	5,035,692	assets, less liabilities		(7,940,220)
			<b>Net Assets — 100.0%</b>		<u><u>\$2,303,559,444</u></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) Restricted securities (American Tower Corp. 5% Conv. Notes due 2010, acquired 2/9/00-2/22/00, cost \$9,538,750, Nextel Communications Inc. 5.25% Conv. Notes due 2010, acquired 1/21/00, cost \$10,000,000, Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003, acquired 12/4/98, cost \$5,218,750, and Vertex Pharmaceuticals Inc. Conv. Sub Notes due 2007, acquired 3/9/00, cost \$10,000,000).
- (C) Presently non-dividend paying.
- (D) Non-controlled affiliate.
- (E) The aggregate market value of stocks held in escrow at March 31, 2000 covering open call option contracts written was \$15,191,380. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$10,846,000.

## HISTORICAL FINANCIAL STATISTICS

<u>Dec. 31</u>	<u>Value of Net Assets</u>	<u>Common Shares Outstanding</u>	<u>Net Asset Value per Share</u>	<u>Dividends from Net Investment Income per Share</u>	<u>Distributions from Net Realized Gains per Share</u>
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
March 31, 2000 (unaudited) ..	2,303,559,444	53,204,227	43.30	.17*	.07

\* Paid or declared



## PRINCIPAL CHANGES IN PORTFOLIO SECURITIES

*During the Three Months Ended March 31, 2000 (unaudited)*

	Shares		Held March 31, 2000
	Additions	Reductions	
American Tower Corp. 5.00% Conv. Notes due 2010	9,500,000		9,500,000
Calpine Capital Trust 5.75% Conv. Pfd. HIGH TIDES	77,500		202,500
Cisco Systems	917,500 <sup>(1)</sup>		1,835,000
Fort James Corp.	110,000		610,000
Honeywell Int'l Co.	100,000		100,000
Legato Systems Inc.	280,000		280,000
Nextel Communications Inc. 5.25% Conv. Notes due 2010	10,000,000		10,000,000
Oracle Corp.	295,000 <sup>(1)</sup>		590,000
RCN Corp.	67,500		240,000
Solectron Corp.	1,000,000 <sup>(1)</sup>		2,000,000
Vertex Pharmaceuticals Inc. 5.00% Conv. Sub. Notes due 2007	10,000,000		10,000,000
Williams Communications Group, Inc.	248,700		468,700
Consolidated Papers, Inc.		410,000	—
Corning Inc.		25,000	435,000
DST Systems Inc.		70,000	—
Gillette Co.		439,120	—
Global Crossing Ltd.		202,500	720,000
Houston Industries Inc. 7.00% Conv. ACES due 2000		60,000	90,000
MCI WorldCom, Inc.		65,000	550,000
Nextel Communications Inc.		80,000	520,000
Nokia Corp. ADR		25,000	460,000
QRS Corp.		67,500	435,000
Royal Dutch Petroleum Co.		80,000	—
Sterling Commerce, Inc.		575,000	—
Tiffany & Co.		25,000	175,000

<sup>(1)</sup>By stock split.

### 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](http://www.adamsexpress.com)

**E-mail:** [contact@adamsexpress.com](mailto: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](mailto:Shareowner-svcs@bankofny.com)

## ANNUAL MEETING OF STOCKHOLDERS

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The Annual Meeting of Stockholders was held on March 28, 2000. For those nominated, the following votes were cast for directors:

	<u>votes for</u>	<u>votes withheld</u>
(A) Enrique R. Arzac:	45,653,918	617,467
(B) Daniel E. Emerson:	45,554,074	717,311
(C) Thomas H. Lenagh:	45,316,443	954,942
(D) W.D. MacCallan:	45,565,120	706,265
(E) W. Perry Neff:	45,573,260	698,125
(F) Douglas G. Ober:	45,552,091	719,294
(G) Landon Peters:	45,674,933	596,452
(H) John J. Roberts:	45,496,388	774,997
(I) Susan C. Schwab:	45,464,906	806,479
(J) Robert J.M. Wilson:	45,522,082	749,303

A proposal to approve and ratify the selection of PricewaterhouseCoopers LLP as the firm of independent accountants of the Company for 2000 was approved with 45,501,965 votes for, 350,221 votes against, and 419,199 votes abstaining.

A proposal to approve an amendment to Article SIXTH of the Articles of Incorporation to increase the number of authorized shares of Common Stock of the Company from 75,000,000 shares to 150,000,000 shares was approved with 41,970,457 votes for, 3,497,900 votes against, and 803,028 votes abstaining.

A stockholder proposal to request the Board of Directors to consider promptly causing the Company to conduct a self-tender offer for at least 5% of the outstanding shares at or close to net asset value, which proposal was opposed by the Board of Directors, was defeated. Of the 34,774,726 shares that were voted on this proposal, 5,276,640 shares (15.1 percent) were voted for, 27,073,950 shares (77.8 percent) were voted against, and 2,424,136 shares (6.9 percent) abstained. Of the total number of shares outstanding as of March 28, 2000, only 9.86 percent were voted for the proposal.

Stockholder proposals to be included in the proxy statement for next year's Annual Meeting must be received at the offices of the Company by October 26, 2000. The date stated in the 2000 Proxy Statement was incorrect.

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

## 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.**

### BuyDIRECT<sup>SM</sup>\*

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 the 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.

# THE ADAMS EXPRESS COMPANY

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## Board of Directors

Enrique R. Arzac <sup>1,4</sup>	Douglas G. Ober <sup>1</sup>
Daniel E. Emerson <sup>2,4</sup>	Landon Peters <sup>2,4</sup>
Thomas H. Lenagh <sup>2,3</sup>	John J. Roberts <sup>1,4</sup>
W.D. MacCallan <sup>1,3</sup>	Susan C. Schwab <sup>1,3</sup>
W. Perry Neff <sup>1,2</sup>	Robert J.M. Wilson <sup>3,4</sup>

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

## Officers

Douglas G. Ober	<i>Chairman and Chief Executive Officer</i>
Joseph M. Truta	<i>President</i>
Richard F. Koloski	<i>Executive Vice President</i>
Barbara L. Rishel	<i>Vice President—Research</i>
Richard B. Tumolo	<i>Vice President—Research</i>
Lawrence L. Hooper, Jr.	<i>Vice President, Secretary and General Counsel</i>
Maureen A. Jones	<i>Vice President and Treasurer</i>
Christine M. Griffith	<i>Assistant Treasurer</i>
Geraldine H. Stegner	<i>Assistant Secretary</i>

## Stock Data

Price (3/31/00)	\$37.375
Net Asset Value (3/31/00)	\$43.30
Discount:	13.7%

New York Stock Exchange and Pacific Exchange  
ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the  
abbreviation: AdaEx

## Distributions in 2000

From Investment Income (paid or declared)	\$0.17
From Net Realized Gains	<u>0.07</u>
Total	<u>\$0.24</u>

## 2000 Dividend Payment Dates

March 1, 2000

June 1, 2000

September 1, 2000\*

December 27, 2000\*

\*Anticipated



## FIRST QUARTER REPORT

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March 31, 2000

building for the future  
with solid investments®