

## THE ADAMS EXPRESS COMPANY

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### Board of Directors

Enrique R. Arzac <sup>2,4</sup>	Douglas G. Ober <sup>1</sup>
Daniel E. Emerson <sup>1,3</sup>	Landon Peters <sup>1,3</sup>
Edward J. Kelly, III <sup>1,4</sup>	John J. Roberts <sup>2,4</sup>
Thomas H. Lenagh <sup>3,4</sup>	Susan C. Schwab <sup>1,3</sup>
W.D. MacCallan <sup>2,4</sup>	Robert J.M. Wilson <sup>1,3</sup>
W. Perry Neff <sup>1,2</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>
Lawrence L. Hooper, Jr.	<i>Vice President, Secretary and General Counsel</i>
Maureen A. Jones	<i>Vice President and Chief Financial Officer</i>
Christine M. Sloan	<i>Assistant Treasurer</i>
Geraldine H. Paré	<i>Assistant Secretary</i>

### Stock Data

Price (6/30/02)	\$12.26
Net Asset Value (6/30/02)	\$13.91
Discount:	11.9%

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 2002

From Investment Income (paid or declared)	\$0.18
From Net Realized Gains	0.06
Total	<u>\$0.24</u>

### 2002 Dividend Payment Dates

March 1, 2002

June 1, 2002

September 1, 2002

December 27, 2002\*

\*Anticipated



## SEMI-ANNUAL REPORT

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June 30, 2002

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building for the future  
with solid investments

## LETTER TO STOCKHOLDERS

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We submit herewith the financial statements for the six months ended June 30, 2002. Also provided are the report of independent accountants, a schedule of investments, and summary financial information.

Net assets of the Company at June 30, 2002 were \$13.91 per share on 84,186,862 shares outstanding, compared with \$16.05 per share at December 31, 2001 on 85,233,262 shares outstanding. On March 1, 2002, a distribution of \$0.08 per share was paid consisting of \$0.03 from 2001 long-term capital gain, \$0.03 from 2001 short-term capital gain, \$0.01 from 2001 investment income, and \$0.01 from 2002 investment income, all taxable in 2002. A 2002 investment income dividend of \$0.08 per share was paid on June 1, 2002 and another \$0.08 investment income dividend has been declared to shareholders of record August 16, 2002, payable September 1, 2002.

Net investment income for the six months ended June 30, 2002 amounted to \$8,398,640, compared with \$9,693,681 for the same period in 2001. These earnings are equal to \$0.10 and \$0.12 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the six months ended June 30, 2002 amounted to \$17,358,767, the equivalent of \$0.21 per share.

Mr. Richard F. Koloski, Executive Vice President of the Company since 1986, has announced his intention to retire on March 31, 2003. We will utilize the intervening nine months to make an orderly transition in the management team.

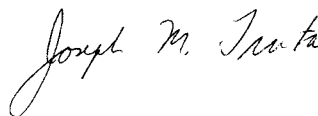
Current and potential shareholders can find information about the Company, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its site on the Internet. The address for the site is [www.adamsexpress.com](http://www.adamsexpress.com). Also available 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 14 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*

July 19, 2002

## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2002

### Assets

Investments\* at value:

Common stocks and convertible securities (cost \$782,684,172)	\$995,406,799	
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$26,585,260)	43,576,327	
Short-term investments (cost \$127,195,530)	127,122,030	\$1,166,105,156

Cash		67,074
Securities lending collateral		96,528,169
Receivables:		
Investment securities sold		3,060,358
Dividends and interest		947,679
Prepaid expenses and other assets		7,097,859

<i>Total Assets</i>	1,273,806,295
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### Liabilities

Investment securities purchased	1,211,114
Open written option contracts at value (proceeds \$1,151,137)	1,393,730
Obligations to return securities lending collateral	96,528,169
Accrued expenses	3,866,341

<i>Total Liabilities</i>	102,999,354
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<b>Net Assets</b>	\$1,170,806,941
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### Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 84,186,862 shares	\$ 84,186,862
Additional capital surplus	835,698,012
Undistributed net investment income	3,710,921
Undistributed net realized gain on investments	17,813,545
Unrealized appreciation on investments	229,397,601

<b>Net Assets Applicable to Common Stock</b>	\$1,170,806,941
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<b>Net Asset Value Per Share of Common Stock</b>	\$13.91
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\*See Schedule of Investments on pages 8 through 10.

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

## STATEMENT OF OPERATIONS

*Six Months Ended June 30, 2002*

### **Investment Income**

Income:	
Dividends:	
From unaffiliated issuers	\$ 9,057,364
From non-controlled affiliate	344,477
Interest and other income	1,133,063
<i>Total income</i>	<u>10,534,904</u>
Expenses:	
Investment research	716,205
Administration and operations	460,635
Directors' fees	107,750
Reports and stockholder communications	202,218
Transfer agent, registrar and custodian expenses	182,834
Auditing and accounting services	47,079
Legal services	49,156
Occupancy and other office expenses	187,236
Travel, telephone and postage	78,628
Other	104,523
<i>Total expenses</i>	<u>2,136,264</u>
<b>Net Investment Income</b>	<u>8,398,640</u>
<b>Realized Gain and Change in Unrealized Appreciation on Investments</b>	
Net realized gain on security transactions	17,205,666
Net realized gain distributed by regulated investment company (non-controlled affiliate)	153,101
Change in unrealized appreciation on investments	(195,595,958)
<b>Net Loss on Investments</b>	<u>(178,237,191)</u>
<b>Change in Net Assets Resulting from Operations</b>	<u><u>\$(169,838,551)</u></u>

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

## STATEMENTS OF CHANGES IN NET ASSETS

	<u>Six Months Ended June 30, 2002</u>	<u>Year Ended December 31, 2001</u>
<b>From Operations:</b>		
Net investment income	\$ 8,398,640	\$ 21,091,920
Net realized gain on investments	17,358,767	113,686,714
Change in unrealized appreciation on investments	(195,595,958)	(622,475,783)
<i>Change in net assets resulting from operations</i>	(169,838,551)	(487,697,149)
<b>Dividends to Stockholders from:</b>		
Net investment income	(8,475,839)	(21,153,837)
Net realized gain from investment transactions	(5,110,262)	(111,923,436)
<i>Decrease in net assets from distributions</i>	(13,586,101)	(133,077,273)
<b>From Capital Share Transactions:</b>		
Value of shares issued in payment of exercised options and distributions	—	68,287,544
Cost of shares purchased (Note 4)	(14,134,723)	(30,709,784)
<i>Change in net assets from capital share transactions</i>	(14,134,723)	37,577,760
<b>Total Increase (Decrease) in Net Assets</b>	(197,559,375)	(583,196,662)
<b>Net Assets:</b>		
Beginning of period	1,368,366,316	1,951,562,978
End of period (including undistributed net investment income of \$3,710,921 and \$3,788,120, respectively)	\$1,170,806,941	\$1,368,366,316

*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 (excluding purchased options) are valued at amortized cost. Purchased and 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 June 30, 2002 was \$937,147,941 and net unrealized appreciation aggregated \$229,884,852, of which the related gross unrealized appreciation and depreciation were \$404,077,856 and \$174,193,004, respectively.

Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Accordingly, annual 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 six months ended June 30, 2002 were \$108,006,620 and \$165,281,582, respectively. Options may be written or purchased by the Company. 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. The risk associated with purchasing options is limited to the premium originally paid. Option transactions comprised an insignificant portion of operations during the period ended June 30, 2002. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

### 4. Capital Stock

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

On December 27, 2001, the Company issued 4,755,400 shares of its Common Stock at a price of \$14.36 per share (the average market price on December 10, 2001) to stockholders of record November 19, 2001 who elected to take stock in payment of the distribution from 2001 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. Transactions in Common Stock for 2002 and 2001 were as follows:

	Shares		Amount	
	Six months ended June 30, 2002	Year ended December 31, 2001	Six months ended June 30, 2002	Year ended December 31, 2001
Shares issued in payment of dividends	—	4,755,400	\$ —	\$ 68,287,544
Total increase	—	4,755,400	—	\$ 68,287,544
Shares purchased (at a weighted average discount from net asset value of 10.5% and 10.0%, respectively)	(1,046,400)	(1,814,400)	(14,134,723)	(30,709,784)
Total decrease	(1,046,400)	(1,814,400)	\$(14,134,723)	\$(30,709,784)
Net change	(1,046,400)	2,941,000	\$(14,134,723)	\$ 37,577,760

On June 30, 2002, the Company held a total of 1,046,400 shares of its Common Stock at a cost of \$14,134,723. There were no shares of its Common Stock held at December 31, 2001.

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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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 2002, 345,567 options were outstanding, with a weighted average exercise price of \$8.7445 per share. During the six months ended June 30, 2002, the Company granted options including stock appreciation rights for 68,073 shares of common stock with a weighted average exercise price of \$14.2482. Stock appreciation rights relating to 36,441 stock option shares were exercised at a weighted average market price of \$13.9803 per share and the stock options relating to those rights, which had a weighted average exercise price of \$3.7077 per share, were cancelled. Stock options and stock appreciation rights relating to 58,233 shares, and having a weighted average exercise price of \$10.8055, were cancelled. At June 30, 2002, there were outstanding exercisable options to purchase 116,198 common shares at \$2.6042-19.5500 per share (weighted average price of \$7.7721), and unexercisable options to purchase 202,768 common shares at \$2.6042-19.5500 per share (weighted average price of \$11.3503). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 3.6026 years and 6.4604 years, respectively. Total compensation expense recognized for the six months ended June 30, 2002 related to the stock options and stock appreciation rights plan was \$(404,767). At June 30, 2002, there were 1,256,531 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 5 years 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, consisting of investments in individual

stocks, bonds and mutual funds were \$10,875,296. In determining the actuarial present value of the projected benefit obligation, the interest rate used for the weighted average discount rate was 7.25%, the expected rate of annual salary increases was 7.0%, and the long-term expected rate of return on plan assets was 8.0%. The projected benefit obligation as of June 30, 2002 was \$5,900,753. Prepaid pension cost included in other assets at June 30, 2002 was \$6,235,429.

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 June 30, 2002 for employees and former employees of the Company was \$2,966,800. Aggregate remuneration paid or accrued during the six months ended June 30, 2002 to officers and directors amounted to \$820,633, which includes a credit of \$404,767 for stock options and stock appreciation rights.

### 7. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured by collateral of at least 102%, at all times, of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Company. At June 30, 2002, the Company had securities on loan of \$92,065,139 and held collateral of \$96,528,169.

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### Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities and Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Company's actual results are the performance of the portfolio of stocks held by the Company, the conditions in the U.S. and international financial markets, the price at which shares of the Company will trade in the public markets, and other factors discussed in the Company's periodic filings with the Securities and Exchange Commission.

## FINANCIAL HIGHLIGHTS

	Six Months Ended		Year Ended December 31				
	June 30, 2002	June 30, 2001	2001	2000	1999	1998	1997
	<b>Per Share Operating Performance*</b>						
Net asset value, beginning of period	\$16.05	\$23.72	\$23.72	\$26.85	\$21.69	\$19.01	\$15.80
Net investment income	0.10	0.12	0.26	0.26	0.25	0.30	0.29
Net realized gains and change in unrealized appreciation and other changes	(2.10)	(3.91)	(6.32)	(1.63)	6.54	3.78	4.22
Total from investment operations	(2.00)	(3.79)	(6.06)	(1.37)	6.79	4.08	4.51
Capital share repurchases	0.02	0.02	0.04	0.09	—	—	—
Less distributions							
Dividends from net investment income	(0.10)	(0.12)	(0.26)	(0.22)	(0.26)	(0.30)	(0.29)
Distributions from net realized gains	(0.06)	(0.04)	(1.39)	(1.63)	(1.37)	(1.10)	(1.01)
Total distributions	(0.16)	(0.16)	(1.65)	(1.85)	(1.63)	(1.40)	(1.30)
Net asset value, end of period	\$13.91	\$19.79	\$16.05	\$23.72	\$26.85	\$21.69	\$19.01
Per share market price, end of period	\$12.26	\$17.87	\$14.22	\$21.00	\$22.38	\$17.75	\$16.13
<b>Total Investment Return</b>							
Based on market price	(12.8)%	(14.2)%	(24.7)%	1.7%	36.1%	19.3%	33.1%
Based on net asset value	(12.3)%	(15.9)%	(24.7)%	(4.3)%	33.6%	23.7%	30.7%
<b>Ratios/Supplemental Data</b>							
Net assets, end of period (in 000's)	\$1,170,807	\$1,615,334	\$1,368,366	\$1,951,563	\$2,170,802	\$1,688,080	\$1,424,170
Ratio of expenses to average net assets	0.33%†	0.24%†	0.19%	0.24%	0.32%	0.22%	0.39%
Ratio of net investment income to average net assets	1.30%†	1.10%†	1.33%	0.97%	1.06%	1.48%	1.61%
Portfolio turnover	18.16%†	23.09%†	19.15%	12.74%	15.94%	22.65%	17.36%
Number of shares outstanding at end of period (in 000's)*	84,187	81,622	85,233	82,292	80,842	77,815	74,924

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

† Ratios presented on an annualized basis.



## SCHEDULE OF INVESTMENTS

June 30, 2002

	Prin. Amt. or Shares	Value (A)		Prin. Amt. or Shares	Value (A)
<b>Stocks and Convertible Securities — 88.7%</b>					
<b>Consumer — 12.9%</b>					
BJ's Wholesale Club, Inc. (B)	425,000	\$ 16,362,500			
Brinker International Inc. (B)	500,000	15,875,000			
Coca-Cola Co. (B)	185,000	10,360,000			
Dean Foods Co. (B)	477,400	17,807,020			
Hershey Foods Corp.	255,000	15,937,500			
PepsiCo, Inc.	400,000	19,280,000			
Procter & Gamble Co.	170,000	15,181,000			
Safeway, Inc.	400,000	11,676,000			
Target Corp.	435,000	16,573,500			
Tiffany & Co.	330,000	11,616,000			
		150,668,520			
<b>Energy — 6.0%</b>					
BP plc ADR	270,000	13,632,301			
Exxon Mobil Corp.	316,836	12,964,929			
Petroleum & Resources Corporation (C)	1,913,761	43,576,327			
		70,173,557			
<b>Financial — 19.1%</b>					
<b>Banking — 12.2%</b>					
BankNorth Group, Inc.	474,000	12,333,480			
Citigroup Inc.	285,000	11,043,755			
Federal Home Loan Mortgage Corp.	150,000	9,180,000			
Greenpoint Financial Corp. (B)	300,000	14,730,000			
Investors Financial Services Corp.	600,000	20,124,000			
Mellon Financial Corp.	420,000	13,200,600			
Provident Bankshares Corp.	335,021	7,936,659			
Wachovia Corp.	380,000	14,508,400			
Wells Fargo & Co.	550,000	27,533,000			
Wilmington Trust Corp.	420,000	12,810,000			
		143,399,894			
<b>Insurance — 6.9%</b>					
AMBAC Financial Group, Inc. (B)	440,000	29,568,000			
American International Group, Inc.	759,375	51,812,157			
		81,380,157			
<b>Health Care — 14.1%</b>					
Abbott Laboratories	350,000	\$ 13,177,500			
Affymetrix Inc. (D)	210,000	5,037,900			
Applera Corp. - Applied Biosystems Group	210,000	4,092,900			
Bristol-Myers Squibb Co.	320,000	8,224,000			
Caliper Technologies (B)(D)	225,000	1,878,750			
Enzon, Inc. (B)(D)	100,000	2,461,000			
Genentech, Inc. (D)	300,000	10,050,000			
GlaxoSmithKline plc ADR (B)	250,360	10,800,530			
HCA Inc.	400,000	19,000,000			
Johnson & Johnson	360,000	18,813,600			
Lilly (Eli) & Co.	190,000	10,716,000			
Merck & Co., Inc.	250,000	12,660,000			
Pfizer Inc.	415,000	14,525,000			
Pharmacia Corp.	368,900	13,815,305			
Vertex Pharmaceuticals Inc. (D)	248,016	4,037,700			
Wyeth Co.	300,000	15,360,000			
		164,650,185			
<b>Industrials — 12.6%</b>					
3M Co.	207,900	25,571,700			
Black & Decker Corp. (B)	300,000	14,460,000			
Canadian National Railway Co. 5.25% Conv. Pfd. QUIDS due 2029	170,000	11,585,500			
Corning Inc. (B)	1,170,000	4,153,500			
General Electric Co.	1,300,000	37,765,000			
ITT Industries	100,000	7,060,000			
United Parcel Service, Inc. (B)	315,000	19,451,250			
United Technologies Corp.	400,000	27,160,000			
		147,206,950			



**SCHEDULE OF INVESTMENTS (CONTINUED)**

June 30, 2002

	<b>Prin. Amt.</b>	<b>Value (A)</b>		<b>Prin. Amt.</b>	<b>Value (A)</b>
<b>Short-Term Investments — 10.9%</b>					
<b>U.S. Government Obligations — 1.7%</b>					
U.S. Treasury Bills, 1.68%, due 8/22/02	\$20,000,000	\$19,951,466			
<b>Certificates of Deposit — 1.3%</b>					
Mercantile-Safe Deposit & Trust Co., 1.80 – 2.03%, due 7/16/02 – 8/22/02	15,000,000	15,000,000			
<b>Commercial Paper — 7.9%</b>					
ChevronTexaco Inc., 1.74 – 1.76%, due 7/11/02 – 8/16/02	15,000,000	14,984,095			
Coca-Cola Co. 1.73%, due 7/25/02 – 8/6/02	14,200,000	14,177,856			
GMAC New Center Asset Trust, 1.81%, due 7/9/02	14,065,000	14,259,343			
General Electric Capital Corp., 1.74 – 1.78%, due 7/23/02 – 7/31/02	15,000,000	14,979,725			
IBM Corp., 1.73 – 1.74%, due 8/5/02 – 9/5/02	9,625,000	9,602,779			
Pfizer Inc., 1.70%, due 8/1/02	4,025,000	4,019,108			
			Procter & Gamble Co., 1.70%, due 7/31/02	\$ 2,125,000	\$ 2,121,990
			Unilever Capital Corp., 1.70%, due 8/20/02	2,000,000	1,995,278
			Verizon Network Funding, 1.74%, due 7/17/02	5,760,000	5,755,546
			Wells Fargo Financial, Inc., 1.75%, due 8/20/02	10,350,000	10,324,844
					92,020,564
			<b>Purchased Options — 0.0%</b>		
			Cisco Systems, Inc. Put, October 2002, Strike Price \$10	30,000	150,000
			<b>Total Short-Term Investments</b>		
			(Cost \$127,195,530)		
					127,122,030
			<b>Total Investments — 99.6%</b>		
			(Cost \$936,464,962)		
			Cash, receivables and other assets, less		
			liabilities – 0.4%		
					4,701,785
			<b>Net Assets — 100.0%</b>		
					\$1,170,806,941

Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ, except restricted securities.
- (B) All or a portion of these securities is on loan. See Note 7 to Financial Statements.
- (C) Non-controlled affiliate, a closed-end sector fund.
- (D) Presently non-dividend paying.
- (E) Restricted security (Nextel Communications Inc. 5.25% Conv. Notes due 2010, acquired 1/21/00, cost \$10,000,000).
- (F) The aggregate market value of stocks held in escrow at June 30, 2002 covering open call option contracts written was \$25,481,380. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$16,906,250.

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.

## REPORT OF INDEPENDENT ACCOUNTANTS

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### **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 statements 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 June 30, 2002, and the results of its operations, the changes in its net assets and the financial highlights for each of the fiscal periods presented, in conformity with accounting principles generally accepted in the United States of America. 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

auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 June 30, 2002, by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

**PricewaterhouseCoopers LLP**

Baltimore, Maryland

July 10, 2002

## CHANGES IN PORTFOLIO SECURITIES\*

*During the Three Months Ended June 30, 2002*

	Shares		
	Additions	Reductions	Held June 30, 2002
Albemarle Corp. ....	30,000		30,000
Bristol-Myers Squibb Co. ....	20,000		320,000
Coca-Cola Co. ....	15,000		185,000
Dean Foods Co. ....	238,700		477,400
HCA Inc. ....	10,000		400,000
Investors Financial Services Corp. ....	300,000 <sup>(1)</sup>		600,000
Philadelphia Suburban Corp. ....	690,000		855,000
Rohm & Haas Co. ....	100,000		360,000
Siebel Systems, Inc. ....	85,000		340,000
Wilmington Trust Corp. ....	210,000 <sup>(1)</sup>		420,000
Agere Systems, Inc. Class A ....	4,311 <sup>(2)</sup>	4,311	—
Agere Systems, Inc. Class B ....	105,825 <sup>(3)</sup>	105,825	—
AMBAC Financial Group, Inc. ....		129,400	440,000
Black Hills Corp. ....		29,200	420,800
Canadian National Railway Corp. ....		85,000	—
Elan Corp. ....		200,000	—
Engelhard Corp. ....		175,000	—
Federal Home Loan Mortgage Corp. ....		195,000	150,000
Greenpoint Financial Corp. ....		135,000	300,000
Human Genome Sciences, Inc. ....		200,000	—
ITT Industries ....		100,000	100,000
3M Co. ....		7,100	207,900
Motorola Inc. ....		495,622	—
Nextel Communications Inc. ....		440,000	600,000
J.M. Smucker Co. ....	3,400 <sup>(4)</sup>	3,400	—

\* *In our previous quarterly reports, this unaudited schedule disclosed only "principal changes" in portfolio securities. We have changed this schedule to reflect all purchases and sales of portfolio securities during the quarter.*

- (1) By stock split.
- (2) Received .011 share of Agere Class A common stock for each share of Lucent Technologies Inc. held.
- (3) Received .265 share of Agere Class B common stock for each share of Lucent Technologies Inc. held.
- (4) Received .02 share of J.M. Smucker Co. common stock for each share of Procter & Gamble Co. held.

## HISTORICAL FINANCIAL STATISTICS

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<u>December 31</u>	<u>Value of Net Assets</u>	<u>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>
1992 .....	\$ 696,924,779	51,039,938	\$13.65	\$.31	\$ .77
1993 .....	840,610,252	63,746,498	13.19	.30	.79
1994 .....	798,297,600	66,584,985	11.99	.33	.73
1995 .....	986,230,914	69,248,276	14.24	.35	.76
1996 .....	1,138,760,396	72,054,792	15.80	.35	.80
1997 .....	1,424,170,425	74,923,859	19.01	.29	1.01
1998 .....	1,688,080,336	77,814,977	21.69	.30	1.10
1999 .....	2,170,801,875	80,842,241	26.85	.26	1.37
2000 .....	1,951,562,978	82,292,262	23.72	.22	1.63
2001 .....	1,368,366,316	85,233,262	16.05	.26	1.39
June 30, 2002 .....	1,170,806,941	84,186,862	13.91	.18†	.06

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

† Paid or declared.

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### 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: (877) 260-8188

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

## SHAREHOLDER INFORMATION AND SERVICES

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### 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.

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below.

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.

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#### **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  
(877) 260-8188  
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 will usually be made in newly issued shares of common stock. There would be no fees or commissions in connection with this dividend and capital gain distribution when made in newly issued shares.