

## LETTER TO STOCKHOLDERS

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We herewith submit the financial statements for the nine months ended September 30, 2001. In addition, a schedule of investments and summary financial information for the Company are provided.

Net assets of the Company at September 30, 2001 were \$16.31 per share on 80,980,062 shares outstanding, compared with \$23.72 per share at December 31, 2000 on 82,292,262 shares outstanding. On March 1, 2001, a distribution of \$0.08 per share was paid consisting of \$0.04 from 2000 long-term capital gain, \$0.03 from 2000 investment income, and \$0.01 from 2001 investment income, all taxable in 2001. Regular 2001 investment income dividends of \$0.08 per share were paid on June 1, 2001 and September 1, 2001.

Net investment income for the nine months ended September 30, 2001 amounted to \$16,690,050, compared with \$14,087,205 for the same period in 2000. These earnings are equal to \$0.20 and \$0.17 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the nine months ended September 30, 2001 amounted to \$111,204,399, the equivalent of \$1.37 per share.

Both the Standard & Poor's 500 Index and the Dow Jones Industrial Average are off sharply from the beginning of the year. After two years of outperforming the S&P 500 Index, Adams Express has underperformed the Index thus far in 2001. There are a number of reasons for our performance which we will review in this report. However, we want our shareholders to know that we have remained true to our investment philosophy and the policies we use in following that philosophy. We are still vitally concerned with the preservation of our shareholders' capital, providing a reasonable income, and an opportunity for capital gain.

For many years, the typical holding in the Adams Express portfolio has been a company with a large market capitalization, a strong balance sheet, and good growth prospects for the next several years. There have been limited investments in economically cyclical industries, our preference being companies which do well

regardless of the vagaries of the economy. Thus, sector emphasis has been placed on health care, financials, telecommunications, and utilities, while steel, housing, capital goods, and transportation have been de-emphasized. Technology had been considered less cyclical until very recently, so we have not hesitated to invest in that sector.

Historically, in times of uncertainty, investors have sought safety in large capitalization stocks. Since late last year, however, investors have been acting in what might be described as a counter-intuitive fashion. Despite a great deal of uncertainty about the health of the U.S. economy, as well as of the rest of the world, investors have eschewed large-capitalization stocks, and have bought small-caps, cyclicals, and value stocks. As a result, the largest capitalization stocks have performed worse than any other group. The Adams Express portfolio, with its emphasis on this group as well as non-cyclicals and growth-oriented stocks, has therefore underperformed in a market that has been declining overall.

In addition, our performance would have been better if we had anticipated the severity of the economic downturn and the rapid and significant deterioration in the fundamentals of the technology and telecommunications industries. With the bursting of the Internet "bubble," the demand for networking and data communications equipment essentially evaporated, as did the need for additional communications services. While there were no Internet investments in the portfolio, we did have large holdings in technology companies which relied on the growth of the Internet for orders.

With the re-opening of the market after the tragic events of September 11, investors have begun to shift their interests again, and Adams Express has outperformed the market as a whole in an extremely volatile environment. We believe that, once the political and economic landscapes settle down, earnings expectations should improve and the market trend should turn upward.

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The companies represented in the portfolio are some of the best in the world. Many have declined severely in value, far more than a recession or slowing in growth should warrant. We have reviewed all of our holdings and sold a number of companies whose recovery may take longer to accomplish. We believe that the current portfolio should bring the type of investment returns our shareholders have traditionally come to expect.

Today's market is a difficult test of long-term investing, but those who maintain a long-term perspective should be rewarded—not only in Adams but in equities overall.

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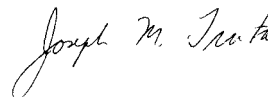
As we look to the future, we are pleased to announce the addition of Mr. Edward J. Kelly, III to the Board of Directors of the Company, effective October 1, 2001. Mr. Kelly is President and Chief Executive Officer of Mercantile Bankshares Corporation, a multi-bank holding company based in Baltimore, Maryland with assets of approximately \$9 billion. Mr. Kelly was previously a Managing Director of J.P. Morgan Chase in New York where he was the head of that bank's Global Financial Institutions Division. He brings a wealth of investment knowledge and experience to the Board of Directors.

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.

By order of the Board of Directors,



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



Joseph M. Truta,  
*President*

October 19, 2001

## STATEMENT OF ASSETS AND LIABILITIES

September 30, 2001  
(unaudited)

### Assets

Investments\* at value:

Common stocks and convertible securities (cost \$926,929,253)	\$1,241,590,638	
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$26,585,260)	43,365,813	
Short-term investments (cost \$24,355,860)	24,355,860	\$1,309,312,311

Cash		76,267
Securities lending collateral		131,726,012
Receivables:		
Investment securities sold		10,162,069
Dividends and interest		1,038,133
Prepaid expenses and other assets		6,870,475
<i>Total Assets</i>		1,459,185,267

### Liabilities

Open written option contracts at value (proceeds \$385,943)		510,540
Obligations to return securities lending collateral		131,726,012
Accrued expenses		6,268,683
<i>Total Liabilities</i>		138,505,235

<b>Net Assets</b>		<b>\$1,320,680,032</b>
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### Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 80,980,062 shares		\$ 80,980,062
Additional capital surplus		792,519,907
Undistributed net investment income		4,134,895
Undistributed net realized gain on investments		111,727,827
Unrealized appreciation on investments		331,317,341
<b>Net Assets Applicable to Common Stock</b>		<b>\$1,320,680,032</b>
<b>Net Asset Value Per Share of Common Stock</b>		<b>\$16.31</b>

\*See Schedule of Investments on pages 9 through 11.

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

## STATEMENT OF OPERATIONS

*Nine Months Ended September 30, 2001*  
*(unaudited)*

### Investment Income

Income:	
Dividends:	
From unaffiliated issuers	\$ 15,367,349
From non-controlled affiliate	688,954
Interest and other income	2,399,851
<i>Total income</i>	18,456,154
Expenses:	
Investment research	101,620
Administration and operations	395,263
Directors' fees	144,250
Reports and stockholder communications	254,214
Transfer agent, registrar and custodian expenses	326,832
Auditing and accounting services	78,485
Legal services	15,719
Occupancy and other office expenses	179,118
Travel, telephone and postage	87,588
Other	183,015
<i>Total expenses</i>	1,766,104
<b>Net Investment Income</b>	16,690,050
<b>Realized Gain and Change in Unrealized Appreciation on Investments</b>	
Net realized gain on security transactions	111,146,986
Net realized gain distributed by regulated investment company (non-controlled affiliate)	57,413
Change in unrealized appreciation on investments	(716,152,003)
<b>Net Loss on Investments</b>	(604,947,604)
<b>Change in Net Assets Resulting from Operations</b>	\$(588,257,554)

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

## STATEMENT OF CHANGES IN NET ASSETS

	Nine Months Ended September 30, 2001 (unaudited)	Year Ended December 31, 2000
<b>From Operations:</b>		
Net investment income	\$ 16,690,050	\$ 20,941,465
Net realized gain on investments	111,204,399	128,091,337
Change in unrealized appreciation on investments	(716,152,003)	(251,193,342)
<i>Change in net assets resulting from operations</i>	(588,257,554)	(102,160,540)
<b>Dividends to Stockholders from:</b>		
Net investment income	(16,322,694)	(17,702,862)
Net realized gain from investment transactions	(3,278,334)	(128,205,341)
<i>Decrease in net assets from distributions</i>	(19,601,028)	(145,908,203)
<b>From Capital Share Transactions:</b>		
Value of shares issued in payment of exercised options and distributions	—0—	77,508,318
Cash in lieu of fractional shares issued in payment of 3-for-2 stock split	—0—	(123,043)
Cost of shares purchased (Note 4)	(23,024,364)	(48,555,429)
<i>Change in net assets from capital share transactions</i>	(23,024,364)	28,829,846
<b>Total Increase (Decrease) in Net Assets</b>	(630,882,946)	(219,238,897)
<b>Net Assets:</b>		
Beginning of period	1,951,562,978	2,170,801,875
End of period (including undistributed net investment income of \$4,134,895 and \$3,767,539, respectively)	\$1,320,680,032	\$1,951,562,978

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

## NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

### 1. Significant Accounting Policies

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

**Security Valuation** — Investments in securities traded on a national security exchange are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments (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 September 30, 2001 was \$977,893,748, and net unrealized appreciation aggregated \$331,804,506, of which the related gross unrealized appreciation and depreciation were \$532,012,574 and \$200,208,068, 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 nine months ended September 30, 2001 were \$259,640,316 and \$275,882,081, 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 September 30, 2001. All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

### 4. Capital Stock

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

On October 19, 2000 the Company effected a 3-for-2 stock split. All references to the number of outstanding shares and per share amounts have been adjusted retroactively to reflect the stock split.

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 2001 and 2000 were as follows:

	Shares		Amount	
	Nine months ended September 30, 2001	Year ended December 31, 2000	Nine months ended September 30, 2001	Year ended December 31, 2000
Shares issued in payment of dividends		3,517,794		\$77,391,468
Shares issued in payment of stock option exercise		3,068		116,850
Shares issued for 3-for-2 stock split	26,262,073		—	
Cash in lieu of fractional shares issued in payment of 3-for-2 stock split				(123,043)
Total increase	—	29,782,935	—	77,385,275
Shares purchased (at a weighted average discount from net asset value of 10.0% and 13.7%, respectively)	(1,312,200)	(1,385,500)	\$ (23,024,364)	(48,555,429)
Total decrease	(1,312,200)	(1,385,500)	(23,024,364)	(48,555,429)
Net change	(1,312,200)	28,397,435	\$ (23,024,364)	\$28,829,846

On September 30, 2001 the Company held a total of 1,312,200 shares of its common stock at a cost of \$23,024,364. There were no shares of its common stock held at December 31, 2000.

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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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rights is reduced by the per share amount of capital gain paid by the Company during subsequent years. At the beginning of 2001, 339,403 options were outstanding, with a weighted average exercise price of \$8.1169 per share. During the nine months ended September 30, 2001, the Company granted options including stock appreciation rights for 44,214 shares of common stock with a weighted average exercise price of \$20.5776. Stock appreciation rights relating to 31,728 stock option shares were exercised at a weighted average market price of \$17.3764 per share and the stock options relating to those rights, which had a weighted average exercise price of \$4.7495 per share, were cancelled. At September 30, 2001, there were outstanding exercisable options to purchase 110,412 common shares at \$3.7033–\$20.5417 per share (weighted average price of \$7.1115), and unexercisable options to purchase 241,477 common shares at \$3.7033–\$20.5417 per share (weighted average price of \$11.3144). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 3.4080 years and 5.7761 years, respectively. Total compensation expense recognized for the nine months ended September 30, 2001 related to the stock options and stock appreciation rights plan was \$(1,200,828). At September 30, 2001, there were 1,266,371 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 consist of investments in individual stocks, bonds and mutual funds.

The actuarially computed net pension cost credit for the nine months ended September 30, 2001 was \$312,657, and consisted of service cost of \$153,308, interest cost of \$271,685, expected return on plan assets of \$672,835, and net amortization credit of \$64,815.

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

On January 1, 2001, the projected benefit obligation for service rendered to date was \$4,932,613. During the nine months

ended September 30, 2001, the projected benefit obligation increased due to service cost and interest cost of \$153,308 and \$271,685, respectively, and decreased due to benefit payments in the amount of \$154,003. The projected benefit obligation September 30, 2001 was \$5,203,603.

On January 1, 2001, the actual fair value of plan assets was \$11,316,574. During the nine months ended September 30, 2001, the fair value of plan assets increased due to the expected return on plan assets of \$672,835 and decreased due to benefit payments in the amount of \$154,003. At September 30, 2001, the projected fair value of plan assets amounted to \$11,835,406, which resulted in excess plan assets of \$6,631,803. The remaining components of prepaid pension cost at September 30, 2001 included \$934,123 in unrecognized net gain, \$456,399 in unrecognized prior service cost and \$23,981 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 September 30, 2001 was \$6,130,098.

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 September 30, 2001 for employees and former employees of the Company was \$3,991,226. Aggregate remuneration paid or accrued during the nine months ended September 30, 2001 to officers and directors amounted to \$325,588, which includes a credit of \$1,200,828 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 September 30, 2001, the Company had securities on loan of \$124,215,716 and held collateral of \$131,726,012.

### 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

	Nine Months Ended		Year Ended December 31				
	(unaudited)						
	Sept. 30, 2001	Sept. 30, 2000	2000	1999	1998	1997	1996
<b>Per Share Operating Performance*</b>							
Net asset value, beginning of period	\$23.72	\$26.85	\$26.85	\$21.69	\$19.01	\$15.80	\$14.24
Net investment income	0.20	0.17	0.26	0.25	0.30	0.29	0.35
Net realized gains and change in unrealized appreciation and other changes	(7.39)	1.53	(1.63)	6.54	3.78	4.22	2.36
Total from investment operations	(7.19)	1.70	(1.37)	6.79	4.08	4.51	2.71
Capital share repurchases	0.02	0.10	0.09	—	—	—	—
Less distributions							
Dividends from net investment income	(0.20)	(0.19)	(0.22)	(0.26)	(0.30)	(0.29)	(0.35)
Distributions from net realized gains	(0.04)	(0.05)	(1.63)	(1.37)	(1.10)	(1.01)	(0.80)
Total distributions	(0.24)	(0.24)	(1.85)	(1.63)	(1.40)	(1.30)	(1.15)
Net asset value, end of period	\$16.31	\$28.41	\$23.72	\$26.85	\$21.69	\$19.01	\$15.80
Per share market price, end of period	\$14.90	\$25.75	\$21.00	\$22.38	\$17.75	\$16.13	\$13.17
Total Investment Return							
Based on market price	(28.1)%	10.2%	1.7%	36.1%	19.3%	33.1%	16.4%
Based on net asset value	(30.3)%	6.8%	(4.3)%	33.6%	23.7%	30.7%	21.0%
<b>Ratios/Supplemental Data</b>							
Net assets, end of period (in 000's)	\$1,320,680	\$2,238,273	\$1,951,563	\$2,170,802	\$1,688,080	\$1,424,170	\$1,138,760
Ratio of expenses to average net assets	0.14%†	0.31%†	0.24%	0.32%	0.22%	0.39%	0.34%
Ratio of net investment income to average net assets	1.33%†	0.85%†	0.97%	1.06%	1.48%	1.61%	2.30%
Portfolio turnover	21.29%†	12.24%†	12.74%	15.94%	22.65%	17.36%	19.60%
Number of shares outstanding at end of period (in 000's)*	80,980	78,801	82,292	80,842	77,815	74,924	72,055

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

† Ratios presented on an annualized basis.



## SCHEDULE OF INVESTMENTS

September 30, 2001  
(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 — 97.3%</b>					
<b>Basic Materials — 1.8%</b>					
Engelhard Corp.	530,000	\$12,243,000			
Mead Corp.	400,000	11,072,000			
		<u>23,315,000</u>			
<b>Capital Goods — 10.1%</b>					
Black & Decker Corp.	300,000	9,360,000			
General Electric Co.	1,650,000	61,380,000			
ITT Industries	355,000	15,904,000			
Minnesota Mining & Manufacturing Co.	285,000	28,044,000			
United Technologies Corp.	400,000	18,600,000			
		<u>133,288,000</u>			
<b>Communication Services — 8.1%</b>					
<b>Telecommunications —</b>					
<b>Cellular and Wireless — 1.9%</b>					
Nextel Communications Inc. 5.25% Conv. Notes due 2010 (B)	\$10,000,000	4,737,500			
Nextel Communications Inc. (C)(D)	1,040,000	9,006,400			
Vodafone Group plc ADS (C)	492,614	10,817,793			
		<u>24,561,693</u>			
<b>Telephone — 6.2%</b>					
American Tower Corp. 5.00% Conv. Notes due 2010 (B)	\$10,000,000	7,100,000			
BellSouth Corp.	440,000	18,282,000			
Global Crossing Ltd. 6.75% Conv. Pfd. due 2012 (C)	40,000	1,400,000			
Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003 (B)	538,000	18,426,500			
RCN Corp. (C)(D)	280,000	896,000			
SBC Communications Inc.	700,000	32,984,000			
Time Warner Telecom Inc. (C)(D)	404,500	2,932,625			
		<u>82,021,125</u>			
<b>Consumer — 6.7%</b>					
BJ's Wholesale Club, Inc.	330,000	\$15,711,300			
Coca-Cola Co.	170,000	7,964,500			
Dean Foods Co. (C)	300,000	13,875,000			
Hershey Foods Corp.	110,000	7,190,700			
Ivex Packaging Corp. (D)	520,000	8,866,000			
PepsiCo, Inc.	315,000	15,277,500			
Procter & Gamble Co.	170,000	12,374,300			
Tiffany & Co. (C)	350,000	7,577,500			
		<u>88,836,800</u>			
<b>Energy — 8.3%</b>					
BP plc ADR	270,000	13,275,902			
Calpine Capital Trust 5.75% Conv. Pfd. HIGH TIDES (C)	182,250	13,395,375			
Calpine Corp. (C)(D)	40,000	912,400			
Enron Corp. (C)	450,000	12,253,500			
Exxon Mobil Corp.	316,836	12,483,338			
Petroleum & Resources Corporation (E)	1,913,761	43,365,813			
Williams Companies, Inc.	500,000	13,650,000			
		<u>109,336,328</u>			
<b>Financial — 20.4%</b>					
<b>Banking — 12.3%</b>					
BankNorth Group, Inc.	474,000	10,579,680			
Citigroup Inc.	401,023	16,241,436			
Federal Home Loan Mortgage Corp.	345,000	22,425,000			
Greenpoint Financial Corp. (C)	435,000	15,268,500			
Investors Financial Services Corp.	510,000	29,396,400			
Mellon Financial Corp.	420,000	13,578,600			
Provident Bankshares Corp.	335,021	6,934,944			
Wachovia Corp.	380,000	11,780,000			
Wells Fargo & Co.	550,000	24,447,500			
Wilmington Trust Corp.	210,000	11,592,000			
		<u>162,244,060</u>			
<b>Insurance — 8.1%</b>					
AMBAC Financial Group, Inc.	569,400	31,151,874			
American International Group, Inc.	759,375	59,231,251			
Annuity & Life Re (Holdings), Ltd.	500,000	16,975,000			
		<u>107,358,125</u>			

## SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2001  
(unaudited)

	Prin. Amt or Shares	Value (A)		Prin. Amt. or Shares	Value (A)
<b>Health Care — 18.1%</b>					
Abbott Laboratories	350,000	\$ 18,147,500			
Affymetrix Inc. (C)(D)	210,000	3,370,500			
American Home Products Corp.	300,000	17,475,000			
Applera Corp. - Applied Biosystems Group	210,000	5,124,000			
Baxter International Inc.	510,000	28,075,500			
Bristol-Myers Squibb Co.	105,000	5,833,800			
Caliper Technologies (C)(D)	200,800	1,857,400			
Elan Corp., plc ADR (C)(D)	550,000	26,647,500			
Genentech, Inc. (D)	400,000	17,600,000			
GlaxoSmithKline plc ADR	250,360	14,050,204			
HCA Inc. (C)	390,000	17,280,900			
Human Genome Sciences Inc. (C)(D)	200,000	6,162,000			
Johnson & Johnson	360,000	19,944,000			
Lilly (Eli) & Co.	190,000	15,333,000			
Merck & Co., Inc.	250,000	16,650,000			
Pfizer Inc.	165,000	6,616,500			
Pharmacia Corp.	368,900	14,962,584			
Vertex Pharmaceuticals Inc. (D)	248,016	4,474,209			
		239,604,597			
<b>Technology — 12.4%</b>					
<b>Communication Equipment — 4.3%</b>					
Corning Inc.	1,170,000	10,319,400			
Ericsson (L.M.) Telephone Co. ADR	2,000,000	6,980,000			
Lucent Technologies Inc.	400,000	2,292,000			
Motorola, Inc.	495,622	7,731,703			
Nokia Corp. ADR (C)	1,840,000	28,796,000			
		56,119,103			
<b>Computer Related — 5.3%</b>					
BEA Systems Inc. (C)(D)	370,000	3,548,300			
BMC Software Inc. (D)	310,000	3,937,000			
Cisco Systems, Inc. (D)	1,835,000	22,350,300			
DiamondCluster International Inc. (C)(D)	472,500	4,654,125			
Oracle Corp. (D)	1,180,000	14,844,400			
QRS Corp. (C)(D)	417,500	3,507,000			
Sapient Corp. (D)	1,150,000	4,427,500			
Siebel Systems Inc. (D)	195,000	2,536,950			
Sun Microsystems Inc. (D)	515,000	4,259,050			
Symantec Corp. (C)(D)	182,500	6,327,275			
		70,391,900			
<b>Electronics — 2.8%</b>					
Intel Corp.	690,000	14,069,100			
Solectron Corp. (D)	2,000,000	23,300,000			
		37,369,100			
<b>Transportation — 2.1%</b>					
Canadian National Railway Co. 5.25% Conv. Pfd. QUIDS due 2029	170,000	\$ 9,232,700			
Canadian National Railway Co. (C)	85,000	3,234,250			
United Parcel Service, Inc.	300,000	15,594,000			
		28,060,950			
<b>Utilities — 9.3%</b>					
Black Hills Corp.	555,000	16,938,600			
CINergy Corp.	300,000	9,261,000			
Duke Energy Corp. 8.25% Conv. Pfd. due 2004	400,000	10,520,000			
Duke Energy Corp. (C)	355,000	13,436,750			
Keyspan Corp.	400,000	13,296,000			
Mirant Corp. (C)(D)	400,000	8,760,000			
Northwestern Corp.	500,000	11,000,000			
Orion Power Holdings, Inc. (D)	712,000	18,156,000			
Philadelphia Suburban Corp.	132,000	3,466,320			
TECO Energy, Inc. (C)	650,000	17,615,000			
		122,449,670			
<b>Total Stocks and Convertible Securities</b> (Cost \$953,514,513) (F)					1,284,956,451

## SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2001  
(unaudited)

	<u>Prin. Amt.</u>	<u>Value (A)</u>		<u>Value (A)</u>
<b>Short-Term Investments — 1.9%</b>			<b>Total Short-Term Investments</b>	
<i>U.S. Government Obligations — 0.4%</i>			(Cost \$24,355,860)	\$ 24,355,860
U.S. Treasury Bills, 3.33%, due 11/23/01	\$5,000,000	\$ 4,975,488	<b>Total Investments</b>	
			(Cost \$977,870,373)	1,309,312,311
<i>Commercial Paper — 1.5%</i>			Cash, receivables and other assets, less liabilities	11,367,721
Chevron USA, 2.90%, due 10/02/01	4,125,000	4,124,668	<b>Net Assets — 100.0%</b>	<u><u>\$1,320,680,032</u></u>
Ford Motor Credit Corp., 3.00%, due 10/11/01	9,290,000	9,282,258		
General Electric Capital Corp., 3.12%, due 10/04/01	5,975,000	5,973,446		
		<u>19,380,372</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 2/9/00-4/13/00, cost \$10,037,239, Nextel Communications Inc. 5.25% Conv. Notes due 2010, acquired 1/21/00, cost \$10,000,000, and Qwest Communications International, Inc. 5.75% TRENDS Pfd. due 2003, acquired 12/4/98-2/21/01, cost \$32,969,481).
- (C) All or a portion of these securities is on loan. See Note 7 to Financial Statements.
- (D) Presently non-dividend paying.
- (E) Non-controlled affiliate, a closed-end sector fund.
- (F) The aggregate market value of stocks held in escrow at September 30, 2001 covering open call option contracts written was \$5,018,050. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$1,693,650.

## PRINCIPAL CHANGES IN PORTFOLIO SECURITIES

*During the Three Months Ended September 30, 2001  
(unaudited)*

	Shares		<b>Held September 30, 2001</b>
	<b>Additions</b>	<b>Reductions</b>	
BEA Systems Inc. . . . .	217,500		370,000
BJ's Wholesale Club, Inc. . . . .	330,000		330,000
Bristol-Myers Squibb Co. . . . .	105,000		105,000
Exxon Mobil Corp. . . . .	158,418 <sup>(1)</sup>		316,836
HCA Inc. . . . .	210,000		390,000
Hershey Foods Corp. . . . .	110,000		110,000
Pfizer Inc. . . . .	165,000		165,000
Philadelphia Suburban Corp. . . . .	132,000		132,000
Siebel Systems Inc. . . . .	95,000		195,000
Vodafone Group plc ADS . . . . .	205,114 <sup>(2)</sup>		492,614
Wachovia Corp. . . . .	190,000 <sup>(1)</sup>		380,000
Ericsson (L.M.) Telephone Co. ADR . . . . .		1,133,333	2,000,000
General Electric Co. . . . .		205,000	1,650,000
Investors Financial Services Corp. . . . .		48,500	510,000
Ivex Packaging Corp. . . . .		180,000	520,000
MediaOne Group, Inc. 6.25% PIES due 2001 . . . . .		85,000 <sup>(2)</sup>	—
Nortel Networks Corp. . . . .		600,000	—
Pall Corp. . . . .		600,000	—
SBC Communications Inc. . . . .		87,960	700,000
Schlumberger Ltd. . . . .		88,400	—
WorldCom, Inc. . . . .		550,000	—

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

<sup>(2)</sup> Received Vodafone Group plc ADS in exchange for MediaOne Group, Inc. 6.25% PIES due 2001.

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.

## HISTORICAL FINANCIAL STATISTICS

<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>
1991 .....	\$ 661,895,779	49,121,246	\$13.47	\$.36	\$.73
1992 .....	696,924,779	51,039,938	13.65	.31	.77
1993 .....	840,610,252	63,746,498	13.19	.30	.79
1994 .....	798,297,600	66,584,985	11.99	.33	.73
1995 .....	986,230,914	69,248,276	14.24	.35	.76
1996 .....	1,138,760,396	72,054,792	15.80	.35	.80
1997 .....	1,424,170,425	74,923,859	19.01	.29	1.01
1998 .....	1,688,080,336	77,814,977	21.69	.30	1.10
1999 .....	2,170,801,875	80,842,241	26.85	.26	1.37
2000 .....	1,951,562,978	82,292,262	23.72	.22	1.63
September 30, 2001 (unaudited) . . .	1,320,680,032	80,980,062	16.31	.20	.04

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

### 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

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

Optional Cash Investments  
Service Fee \$2.50 per investment  
Brokerage Commission \$0.05 per share

Reinvestment of Dividends\*\*  
Service Fee 10% of amount invested  
(maximum of \$2.50 per investment)  
Brokerage Commission \$0.05 per share

Sale of Shares  
Service Fee \$10.00  
Brokerage Commission \$0.05 per share

Deposit of Certificates for safekeeping Included

Book to Book Transfers Included  
*To transfer shares to another participant or to a new participant*

**Fees are subject to change at any time.**

#### Minimum and Maximum Cash Investments

Initial minimum investment (non-holders)	\$500.00
Minimum optional investment (existing holders)	\$50.00
Electronic Funds Transfer (monthly minimum)	\$50.00
Maximum per transaction	\$25,000.00
Maximum per year	NONE

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

#### For Non-Registered Shareholders

For shareholders whose stock is held by a broker in “street” name, The Bank of 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  
(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 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>2,4</sup>	Douglas G. Ober <sup>1</sup>
Daniel E. Emerson <sup>1,4</sup>	Landon Peters <sup>3,4</sup>
Edward J. Kelly, III <sup>*</sup>	John J. Roberts <sup>2,4</sup>
Thomas H. Lenagh <sup>2,3</sup>	Susan C. Schwab <sup>1,3</sup>
W.D. MacCallan <sup>1,4</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

\* Effective October 1, 2001

## 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>
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. Sloan	<i>Assistant Treasurer</i>
Geraldine H. Stegner	<i>Assistant Secretary</i>

## Stock Data

Price (9/30/01)	\$14.90
Net Asset Value (9/30/01)	\$16.31
Discount:	8.6%

New York Stock Exchange and Pacific Exchange  
ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the  
abbreviation: AdaEx

## Distributions in 2001

From Investment Income	\$0.20
From Net Realized Gains	0.04
Total	<u>\$0.24</u>

## 2001 Dividend Payment Dates

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

\*Anticipated



## THIRD QUARTER REPORT

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September 30, 2001

building for the future  
with solid investments®