

Adams Diversified Equity Fund, Inc.

500 East Pratt Street, Suite 1300
Baltimore, MD 21202

January 17, 2020

2019 TAX INFORMATION

Please Read Carefully

To our Shareholders:

This letter, showing the investment income dividends and the capital gain distributions paid by the Fund during the calendar year 2019, is sent to assist you in preparing your federal income tax return. The dates and amounts of the payments are as follows:

<u>Date Paid 2019</u>	<u>(I) Investment Income Dividends</u> <u>(Per share)</u>	<u>(A) Percentage Entitled To Corporate Dividend Deduction</u>	<u>(II) Short-Term Capital Gain Distributions</u> <u>(Per share)</u>	<u>(III) Long-Term Capital Gain Distributions</u> <u>(Per share)</u>
March 1	\$0.03	100.0%	\$—	\$0.02
May 31	0.05	100.0%	—	—
August 30	0.05	100.0%	—	—
December 26	0.09*	100.0%	—	1.18*
Totals	<u>\$0.22</u>		<u>\$—</u>	<u>\$1.20</u>

* For payments made in Fund stock, the cost, for income tax purposes, of full shares received is \$15.51 per share.

The Fund has qualified as a “regulated investment company” as defined in the applicable provisions of the Internal Revenue Code. Shareholders who were entitled to receive the investment income dividends and the capital gain distributions, described above, should report them for federal income tax purposes as follows:

I. *The investment income dividends*, whether received in stock or cash, should be reported by you as ordinary dividend income. Pursuant to the tax treatment for dividend income under the Tax Cuts and Jobs Act of 2017, 100% of the investment income dividends paid by the Fund in 2019 qualify as “qualified dividend income” taxable at 0%, 15%, or 20% depending on your taxable income. The enclosed Form 1099-DIV has the applied percentage in the amount in box 1b, if applicable. In addition, Column (A) in the table above indicates the percentage of each investment income dividend that qualifies for the 50% dividends received deduction allowed certain corporations with respect to dividends received from domestic corporations.

II. *There were no short-term capital gain distributions in 2019.*

III. *The long-term capital gain distributions*, whether received in stock or cash, should be reported as a “capital gain distribution” and treated by you as long-term capital gains regardless of the length of time you have held the shares. The total capital gain you received is included in your enclosed Form 1099-DIV in box 2a. Capital gain distributions do not qualify for the dividends received deduction described in paragraph I above.

The Fund had 0% of ordinary dividend income derived from U.S. Government Obligations in 2019. This information is provided to assist you in preparing your state tax return.

Please consult your tax adviser regarding your individual tax situation. Retain this letter for tax purposes.

Adams Diversified Equity Fund, Inc.

JANIS F. KERNS

General Counsel & Secretary