

ADAMS EXPRESS CO  
Form N-30D  
July 16, 2002

THE ADAMS EXPRESS COMPANY

-----  
Board of Directors

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

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         | Chairman and<br>Chief Executive Officer          |
| Joseph M. Truta         | President  |
| Richard F. Koloski      | Executive Vice President                         |
| Lawrence L. Hooper, Jr. | Vice President, Secretary<br>and General Counsel |
| Maureen A. Jones        | Vice President and<br>Chief Financial Officer    |
| Christine M. Sloan      | Assistant Treasurer                              |
| Geraldine H. Pare       | Assistant Secretary                              |

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Stock Data  
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|                           |    |       |
|---------------------------|----|-------|
| 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

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Distributions in 2002  
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|                        |        |
|------------------------|--------|
| From Investment Income |        |
| (paid or declared)     | \$0.18 |

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|                         |        |
|-------------------------|--------|
| From Net Realized Gains | 0.06   |
|                         | -----  |
| Total                   | \$0.24 |
|                         | =====  |

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2002 Dividend Payment Dates  
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March 1, 2002  
June 1, 2002  
September 1, 2002  
December 27, 2002\*

\*Anticipated  
[LOGO] Adams Express Company

[LOGO] ADAMS  
EXPRESS  
COMPANY (R)

SEMI-ANNUAL REPORT

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June 30, 2002

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

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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,

/s/ DOUGLAS G. OBER  
Douglas G. Ober,  
Chairman and  
Chief Executive Officer

/s/ JOSEPH M. TRUTA  
Joseph M. Truta,  
President

July 19, 2002

### STATEMENT OF ASSETS AND LIABILITIES

June 30, 2002

Assets

Investments\* at value:

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

Cash

|  |    |
|--|----|
|  | 67 |
|--|----|

|                               |        |
|-------------------------------|--------|
| Securities lending collateral | 96,528 |
|-------------------------------|--------|

Receivables:

|                            |       |
|----------------------------|-------|
| Investment securities sold | 3,060 |
|----------------------------|-------|

|                        |     |
|------------------------|-----|
| Dividends and interest | 947 |
|------------------------|-----|

|                                   |       |
|-----------------------------------|-------|
| Prepaid expenses and other assets | 7,097 |
|-----------------------------------|-------|

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|              |           |
|--------------|-----------|
| Total Assets | 1,273,806 |
|--------------|-----------|

Liabilities

|                                 |       |
|---------------------------------|-------|
| Investment securities purchased | 1,211 |
|---------------------------------|-------|

|   |       |
|---|-------|
| Open written option contracts at value (proceeds \$1,151,137) | 1,393 |
|---|-------|

|   |        |
|---|--------|
| Obligations to return securities lending collateral | 96,528 |
|---|--------|

|                  |       |
|------------------|-------|
| Accrued expenses | 3,866 |
|------------------|-------|

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|                   |         |
|-------------------|---------|
| Total Liabilities | 102,999 |
|-------------------|---------|

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|            |             |
|------------|-------------|
| Net Assets | \$1,170,806 |
|------------|-------------|

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Net Assets

|  |             |
|--|-------------|
| Common Stock at par value \$1.00 per share, authorized 150,000,000 shares;<br>issued and outstanding 84,186,862 shares | \$ 84,186   |
| Additional capital surplus   | 835,698     |
| Undistributed net investment income  | 3,710       |
| Undistributed net realized gain on investments   | 17,813      |
| Unrealized appreciation on investments   | 229,397     |
| <hr/>  |             |
| Net Assets Applicable to Common Stock  | \$1,170,806 |
| <hr/>  |             |
| Net Asset Value Per Share of Common Stock  | \$1         |

\*See Schedule of Investments on pages 8 through 10.

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

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STATEMENT OF OPERATIONS

Six Months Ended June 30, 2002

Investment Income

Income:

Dividends:

|                               |       |
|-------------------------------|-------|
| From unaffiliated issuers     | \$ 9, |
| From non-controlled affiliate |       |
| Interest and other income     | 1,    |

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|              |     |
|--------------|-----|
| Total income | 10, |
|--------------|-----|

Expenses:

|  |  |
|--|--|
| Investment research                              |  |
| Administration and operations                    |  |
| Directors' fees                                  |  |
| Reports and stockholder communications           |  |
| Transfer agent, registrar and custodian expenses |  |
| Auditing and accounting services                 |  |
| Legal services                                   |  |
| Occupancy and other office expenses              |  |
| Travel, telephone and postage                    |  |
| Other  |  |

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|                |    |
|----------------|----|
| Total expenses | 2, |
|----------------|----|

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|                       |    |
|-----------------------|----|
| Net Investment Income | 8, |
|-----------------------|----|

Realized Gain and Change in Unrealized Appreciation on Investments

|  |       |
|--|-------|
| Net realized gain on security transactions   | 17,   |
| Net realized gain distributed by regulated investment company (non-controlled affiliate) |       |
| Change in unrealized appreciation on investments   | (195, |

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|  |          |
|--|----------|
| Net Loss on Investments                        | (178,    |
| Change in Net Assets Resulting from Operations | \$ (169, |

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

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STATEMENTS OF CHANGES IN NET ASSETS

|   | Six Months Ended<br>June 30, 2002 | Ye<br>Decem |
|---|-----------------------------------|-------------|
| From Operations:  |                                   |             |
| Net investment income   | \$ 8,398,640                      | \$          |
| Net realized gain on investments  | 17,358,767                        | 1           |
| Change in unrealized appreciation on investments  | (195,595,958)                     | (6          |
| Change in net assets resulting from operations  | (169,838,551)                     | (4          |
| Dividends to Stockholders from:   |                                   |             |
| Net investment income   | (8,475,839)                       | (           |
| Net realized gain from investment transactions  | (5,110,262)                       | (1          |
| Decrease in net assets from distributions   | (13,586,101)                      | (1          |
| From Capital Share Transactions:  |                                   |             |
| Value of shares issued in payment of exercised options and distributions                                      | --                                | (           |
| Cost of shares purchased (Note 4)   | (14,134,723)                      | (           |
| Change in net assets from capital share transactions  | (14,134,723)                      |             |
| Total Increase (Decrease) in Net Assets   | (197,559,375)                     | (5          |
| Net Assets:   |                                   |             |
| Beginning of period   | 1,368,366,316                     | 1,9         |
| End of period (including undistributed net investment<br>income of \$3,710,921 and \$3,788,120, respectively) | \$1,170,806,941                   | \$1,3       |

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

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NOTES TO FINANCIAL STATEMENTS

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### 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

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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<br>ended<br>June 30,<br>2002 | Year ended<br>December 31,<br>2001 | Six months<br>ended<br>June 30,<br>2002 | Year ended<br>December 31,<br>2001 |
| Shares issued in<br>payment of<br>dividends   | --                                      | 4,755,400                          | \$ --                                   | \$ 68,287,544                      |
| Total increase  | --                                      | 4,755,400                          | --                                      | \$ 68,287,544                      |
| Shares purchased<br>(at a weighted<br>average discount<br>from net asset<br>value of 10.5%<br>and 10.0%,<br>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.

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



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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.

### 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.

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### FINANCIAL HIGHLIGHTS

|  | Six Months Ended |                  | Year Ended Decem |         |        |
|--|------------------|------------------|------------------|---------|--------|
|  | June 30,<br>2002 | June 30,<br>2001 | 2001             | 2000    | 1999   |
| Per Share Operating Performance*   |                  |                  |                  |         |        |
| Net asset value, beginning of period   | \$16.05          | \$23.72          | \$23.72          | \$26.85 | \$21.6 |
| Net investment income  | 0.10             | 0.12             | 0.26             | 0.26    | 0.2    |
| Net realized gains and change in<br>unrealized appreciation and other<br>changes | (2.10)           | (3.91)           | (6.32)           | (1.63)  | 6.5    |
| Total from investment operations   | (2.00)           | (3.79)           | (6.06)           | (1.37)  | 6.7    |
| 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) |
| Distributions from net realized gains  | (0.06)           | (0.04)           | (1.39)           | (1.63)  | (1.37) |

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|   |             |             |             |             |            |
|---|-------------|-------------|-------------|-------------|------------|
| Total distributions                                       | (0.16)      | (0.16)      | (1.65)      | (1.85)      | (1.63)     |
| Net asset value, end of period                            | \$13.91     | \$19.79     | \$16.05     | \$23.72     | \$26.8     |
| Per share market price, end of period                     | \$12.26     | \$17.87     | \$14.22     | \$21.00     | \$22.3     |
| Total Investment Return                                   |             |             |             |             |            |
| Based on market price                                     | (12.8)%     | (14.2)%     | (24.7)%     | 1.7%        | 36.1       |
| Based on net asset value                                  | (12.3)%     | (15.9)%     | (24.7)%     | (4.3)%      | 33.6       |
| Ratios/Supplemental Data                                  |             |             |             |             |            |
| Net assets, end of period (in 000's)                      | \$1,170,807 | \$1,615,334 | \$1,368,366 | \$1,951,563 | \$2,170,80 |
| Ratio of expenses to average net assets                   | 0.33%+      | 0.24%+      | 0.19%       | 0.24%       | 0.32       |
| Ratio of net investment income to average net assets      | 1.30%+      | 1.10%+      | 1.33%       | 0.97%       | 1.06       |
| Portfolio turnover  | 18.16%+     | 23.09%+     | 19.15%      | 12.74%      | 15.94      |
| Number of shares outstanding at end of period (in 000's)* | 84,187      | 81,622      | 85,233      | 82,292      | 80,84      |

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 \* Prior years have been adjusted to reflect the 3-for-2 stock split effected in October, 2000.  
 + Ratios presented on an annualized basis.

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SCHEDULE OF INVESTMENTS

-----  
 June 30, 2002

|  | Prin. Amt.<br>or Shares | Value (A)     |
|--|-------------------------|---------------|
| -----                                      |                         |               |
| Stocks and Convertible Securities -- 88.7% |                         |               |
| Consumer -- 12.9%                          |                         |               |
| 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    |

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|  |            |               |
|--|------------|---------------|
| Tiffany & Co.                            | 330,000    | 11,616,000    |
|  |            | -----         |
|  |            | 150,668,520   |
|  |            | -----         |
| Energy -- 6.0%                           |            |               |
| 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    |
|  |            | -----         |
| Financial -- 19.1%                       |            |               |
| Banking -- 12.2%                         |            |               |
| 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   |
|  |            | -----         |
| Insurance -- 6.9%                        |            |               |
| AMBAC Financial Group, Inc. (B)          | 440,000    | 29,568,000    |
| American International Group, Inc.       | 759,375    | 51,812,157    |
|  |            | -----         |
|  |            | 81,380,157    |
|  |            | -----         |
|  |            |               |
|  | Prin. Amt. |               |
|  | or Shares  | Value (A)     |
|  | -----      | -----         |
|  |            |               |
| Health Care -- 14.1%                     |            |               |
| 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    |

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|   |           |             |
|---|-----------|-------------|
| 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 |
|   |           | -----       |
| Industrials -- 12.6%  |           |             |
| 3M Co.  | 207,900   | 25,571,700  |
| Black & Decker Corp. (B)  | 300,000   | 14,460,000  |
| Canadian National Railway Co.<br>5.25% Conv. Pfd. QUIDS<br>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 |
|   |           | -----       |

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SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2002

|  | Prin. Amt<br>or Shares | Value (A)    |
|--|------------------------|--------------|
|  | -----                  | -----        |
| Information Technology -- 9.4%           |                        |              |
| Communication Equipment -- 2.0%          |                        |              |
| Ericsson (L.M.) Telephone Co.<br>ADR (B) | 2,000,000              | \$ 2,880,000 |
| Lucent Technologies Inc. (B)             | 400,000                | 664,000      |
| Nokia Corp. ADR                          | 1,380,000              | 19,982,400   |
|  |                        | -----        |
|  |                        | 23,526,400   |
|  |                        | -----        |
| Computer Related -- 5.3%                 |                        |              |

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|   |                         |                     |
|---|-------------------------|---------------------|
| BEA Systems Inc. (D)  | 400,000                 | 3,764,000           |
| BMC Software Inc. (B) (D)                                       | 310,000                 | 5,146,000           |
| Cisco Systems, Inc. (D)   | 1,755,000               | 24,482,250          |
| DiamondCluster International<br>Inc. (D)                        | 497,500                 | 2,975,050           |
| Oracle Corp. (D)  | 880,000                 | 8,333,600           |
| Sapient Corp. (D)   | 1,150,000               | 1,219,000           |
| Siebel Systems Inc. (D)   | 340,000                 | 4,834,800           |
| Sun Microsystems Inc. (D)                                       | 515,000                 | 2,580,150           |
| Symantec Corp. 3.00% Conv.<br>Sub. Notes due 2006               | 500,000                 | 606,250             |
| Symantec Corp. (B) (D)  | 250,000                 | 8,212,500           |
|   |                         | -----<br>62,153,600 |
|   |                         | -----               |
| Electronics -- 2.1%   |                         |                     |
| Intel Corp.   | 690,000                 | 12,606,300          |
| Solelectron Corp. (B) (D)                                       | 2,000,000               | 12,300,000          |
|   |                         | -----<br>24,906,300 |
|   |                         | -----               |
| Materials -- 1.3%   |                         |                     |
| Albemarle Corp.   | 30,000                  | 922,500             |
| Rohm & Haas Co.   | 360,000                 | 14,576,400          |
|   |                         | -----<br>15,498,900 |
|   |                         | -----               |
|   |                         |                     |
|   | Prin. Amt.<br>or Shares | Value (A)           |
|   | -----                   | -----               |
| Telecom Services -- 4.1%  |                         |                     |
| Cellular and Wireless -- 1.1%                                   |                         |                     |
| Nextel Communications Inc.<br>5.25% Conv. Notes<br>due 2010 (E) | \$10,000,000            | \$ 4,225,000        |
| Nextel Communications<br>Inc. (B) (D)                           | 600,000                 | 1,926,000           |
| Vodafone Group plc<br>ADS (B)                                   | 492,614                 | 6,724,174           |
|   |                         | -----<br>12,875,174 |
|   |                         | -----               |
| Telephone -- 3.0%   |                         |                     |
| BellSouth Corp.   | 440,000                 | 13,860,000          |
| SBC Communications Inc.   | 700,000                 | 21,350,000          |
|   |                         | -----<br>35,210,000 |

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|   |         |               |
|---|---------|---------------|
| Utilities -- 9.2%   |         |               |
| Black Hills Corp. (B)   | 420,800 | 14,563,889    |
| CINergy Corp.   | 440,000 | 15,835,600    |
| Duke Energy Corp. 8.25%   |         |               |
| Conv. Pfd. due 2004 (B)   | 400,000 | 9,000,000     |
| Duke Energy Corp.   | 355,000 | 11,040,500    |
| Keyspan Corp. (B)   | 400,000 | 15,060,000    |
| Northwestern Corp. (B)  | 500,000 | 8,475,000     |
| Philadelphia Suburban Corp.   | 855,000 | 17,271,000    |
| TECO Energy, Inc. (B)   | 650,000 | 16,087,500    |
|   |         | 107,333,489   |
| Total Stocks and Convertible Securities<br>(Cost \$809,269,432) (F) |         | 1,038,983,126 |

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SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2002

|  | Prin. Amt.   | Value (A)    |
|--|--------------|--------------|
| Short-Term Investments -- 10.9%  |              |              |
| U.S. Government Obligations -- 1.7%  |              |              |
| U.S. Treasury Bills,<br>1.68%, due 8/22/02                                     | \$20,000,000 | \$19,951,466 |
| Certificates of Deposit -- 1.3%  |              |              |
| Mercantile-Safe Deposit &<br>Trust Co., 1.80 - 2.03%,<br>due 7/16/02 - 8/22/02 | 15,000,000   | 15,000,000   |
| Commercial Paper -- 7.9%   |              |              |
| ChevronTexaco Inc.,<br>1.74 - 1.76%, due<br>7/11/02 - 8/16/02                  | 15,000,000   | 14,984,095   |
| Coca-Cola Co. 1.73%,<br>due 7/25/02 - 8/6/02                                   | 14,200,000   | 14,177,856   |
| GMAC New Center Asset<br>Trust, 1.81%, due 7/9/02                              | 14,065,000   | 14,259,343   |
| General Electric Capital<br>Corp., 1.74 - 1.78%,<br>due 7/23/02 - 7/31/02      | 15,000,000   | 14,979,725   |
| IBM Corp., 1.73 - 1.74%,   |              |              |

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|                                   |           |           |
|-----------------------------------|-----------|-----------|
| due 8/5/02 - 9/5/02               | 9,625,000 | 9,602,779 |
| Pfizer Inc., 1.70%,<br>due 8/1/02 | 4,025,000 | 4,019,108 |

|   | Prin. Amt.   | Value (A)       |
|---|--------------|-----------------|
|   | -----        | -----           |
| Procter & Gamble Co.,<br>1.70%, due 7/31/02   | \$ 2,125,000 | \$ 2,121,990    |
| Unilever Capital Corp.,<br>1.70%, due 8/20/02   | 2,000,000    | 1,995,278       |
| Verizon Network Funding,<br>1.74%, due 7/17/02  | 5,760,000    | 5,755,546       |
| Wells Fargo Financial, Inc.,<br>1.75%, due 8/20/02  | 10,350,000   | 10,324,844      |
|   |              | -----           |
|   |              | 92,020,564      |
|   |              | -----           |
| Purchased Options -- 0.0%<br>Cisco Systems, Inc. Put,<br>October 2002,<br>Strike Price \$10 | 30,000       | 150,000         |
|   |              | -----           |
| Total Short-Term Investments<br>(Cost \$127,195,530)  |              | 127,122,030     |
|   |              | -----           |
| Total Investments -- 99.6%<br>(Cost \$936,464,962)  |              | 1,166,105,156   |
| Cash, receivables and other<br>assets, less<br>liabilities - 0.4%                           |              | 4,701,785       |
|   |              | -----           |
| Net Assets -- 100.0%  |              | \$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.

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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.

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### 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

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### CHANGES IN PORTFOLIO SECURITIES\*

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During the Three Months Ended June 30, 2002

Shares



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|                                    | Additions    | Reductions | Held<br>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/(1)/ |            | 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/(1)/ |            | 420,000               |
| Agere Systems, Inc. Class A.....   | 4,311/(2)/   | 4,311      | --                    |
| Agere Systems, Inc. Class B.....   | 105,825/(3)/ | 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/(4)/   | 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.

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HISTORICAL FINANCIAL STATISTICS

| December 31 | Value of<br>Net Assets | Shares<br>Outstanding* | Net<br>Asset<br>Value per<br>Share* | Dividends<br>from<br>Net Investment<br>Income<br>per Share* | Distributions<br>from<br>Net Realized<br>Gains<br>per Share* |
|-------------|------------------------|------------------------|-------------------------------------|---|--|
| -----       | -----                  | -----                  | -----                               | -----   | -----  |

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|               |                |            |         |        |        |
|---------------|----------------|------------|---------|--------|--------|
| 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    |

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 \* 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  
 E-mail: contact@adamsexpress.com  
 Telephone: (410) 752-5900 or (800) 638-2479  
 Counsel: Chadbourne & Parke L.L.P.  
 Independent Accountants: PricewaterhouseCoopers LLP  
 Transfer Agent, Registrar & Custodian of Securities  
 The Bank of New York  
 101 Barclay Street  
 New York, NY 10286  
 The Bank's Shareholder Relations Department: (877) 260-8188  
 E-mail: Shareowner-svcs@bankofny.com

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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/SM/\*

BuyDIRECT is a direct purchase and sale plan, as well as a dividend

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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   |
| 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<br>(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<br>(existing holders) | \$50.00     |
| Electronic Funds Transfer (monthly<br>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 Transfer Agent  |
| The Adams Express Company  | The Bank of New York  |
| Lawrence L. Hooper, Jr.,   | Shareholder Relations   |
| Vice President, Secretary  | Dept.-8W  |
| and General Counsel  | P.O. Box 11258  |
| Seven St. Paul   | Church Street Station   |
| Street, Suite 1140   | New York, NY 10286  |
| Baltimore, MD 21202  | (877) 260-8188  |
| (800) 638-2479   | Website:  |
| Website:   | <a href="http://stock.bankofny.com">http://stock.bankofny.com</a> |
| <a href="http://www.adamsexpress.com">www.adamsexpress.com</a>         | E-mail:   |
| E-mail:  | Shareowner-svcs@  |
| <a href="mailto:contact@adamsexpress.com">contact@adamsexpress.com</a> | <a href="http://bankofny.com">bankofny.com</a>                    |

\*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.