

ADAMS EXPRESS CO
Form N-30D
October 16, 2001

Letter to Stockholders

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

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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.

Letter to Stockholders

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.

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. 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,

/s/ Douglas G. Ober
Douglas G. Ober,
Chairman and Chief Executive Officer /s/ Joseph M. Truta
Joseph M. Truta,
President

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October 19, 2001

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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 |
| ----- | | |
| Total Assets | | 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 |
| ----- | | |
| Total Liabilities | | 138,505,235 |
| ----- | | |
| Net Assets | | \$1,320,680,032 |

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 |
| ----- | | |
| Net Assets Applicable to Common Stock | | \$1,320,680,032 |
| ----- | | |
| Net Asset Value Per Share of Common Stock | | \$16.31 |

*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 |
| ----- | |
| Total income | 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 |
| ----- | |
| Total expenses | 1,766,104 |
| ----- | |
| Net Investment Income | 16,690,050 |
| ----- | |
| Realized Gain and Change in Unrealized Appreciation on Investments | |
| 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) |
| ----- | |
| Net Loss on Investments | (604,947,604) |
| ----- | |
| Change in Net Assets Resulting from Operations | \$(588,257,554) |
| ----- | |

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

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Statement of Changes in Net Assets

Nine Months Ended Year Ended

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September 30, 2001 December 31, 2000

(unaudited)

| | | |
|------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| From Operations: | | |
| 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) |
| ----- | | |
| Change in net assets resulting from operations | (588,257,554) | (102,160,540) |
| ----- | | |
| Dividends to Stockholders from: | | |
| Net investment income | (16,322,694) | (17,702,862) |
| Net realized gain from investment transactions | (3,278,334) | (128,205,341) |
| ----- | | |
| Decrease in net assets from distributions | (19,601,028) | (145,908,203) |
| ----- | | |
| From Capital Share Transactions: | | |
| 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) |
| ----- | | |
| Change in net assets from capital share transactions | (23,024,364) | 28,829,846 |
| ----- | | |
| Total Increase (Decrease) in Net Assets | (630,882,946) | (219,238,897) |
| ----- | | |
| Net Assets: | | |
| 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.

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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

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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 | | Nine months | |
| ended | Year ended | ended | Year ended |
| September 30, | December 31, | September 30, | December 31, |

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| | 2001 | 2000 | 2001 | 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

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Notes to Financial Statements (continued)

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,

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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.

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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.

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Financial Highlights

| | Nine Months Ended | | Year Ended D | | |
|----------------------------------------------------------------------------|-------------------|-------------------|--------------|---------|---------|
| | Sept. 30, 2001 | Sept. 30, 2000 | 2000 | 1999 | 1998 |
| (unaudited) | | | | | |
| ----- | | | | | |
| Per Share Operating Performance* | | | | | |
| Net asset value, beginning of period | \$23.72 | \$26.85 | \$26.85 | \$21.69 | \$19.50 |
| Net investment income | 0.20 | 0.17 | 0.26 | 0.25 | 0.25 |
| Net realized gains and change in unrealized appreciation and other changes | (7.39) | 1.53 | (1.63) | 6.54 | 3.25 |
| Total from investment operations | (7.19) | 1.70 | (1.37) | 6.79 | 4.00 |
| Capital share | | | | | |

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| | | | | | |
|-----------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| repurchases | 0.02 | 0.10 | 0.09 | -- | |
| ----- | | | | | |
| Less | | | | | |
| distributions | | | | | |
| Dividends from net investment income | (0.20) | (0.19) | (0.22) | (0.26) | (0.26) |
| Distributions from net realized gains | (0.04) | (0.05) | (1.63) | (1.37) | (1.37) |
| ----- | | | | | |
| Total | | | | | |
| distributions | (0.24) | (0.24) | (1.85) | (1.63) | (1.63) |
| ----- | | | | | |
| Net asset value, end of period | \$16.31 | \$28.41 | \$23.72 | \$26.85 | \$21.00 |
| ----- | | | | | |
| Per share market price, end of period | \$14.90 | \$25.75 | \$21.00 | \$22.38 | \$17.00 |
| ----- | | | | | |
| Total Investment Return | | | | | |
| Based on market price | (28.1)% | 10.2% | 1.7% | 36.1% | 19.1% |
| Based on net asset value | (30.3)% | 6.8% | (4.3)% | 33.6% | 23.1% |
| ----- | | | | | |
| Ratios/Supplemental Data | | | | | |
| Net assets, end of period (in 000's) | \$1,320,680 | \$2,238,273 | \$1,951,563 | \$2,170,802 | \$1,688,000 |
| Ratio of expenses to average net assets | 0.14%+ | 0.31%+ | 0.24% | 0.32% | 0.18% |
| Ratio of net investment income to average net assets | 1.33%+ | 0.85%+ | 0.97% | 1.06% | 1.11% |
| Portfolio turnover | 21.29%+ | 12.24%+ | 12.74% | 15.94% | 22.1% |
| Number of shares outstanding at end of period (in 000's)* | 80,980 | 78,801 | 82,292 | 80,842 | 77,000 |

 * Prior year data 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

 September 30, 2001
 (unaudited)

Prin. Amt.

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| | or Shares | Value (A) |
|----------------------------------------------------------------------------------|--------------|--------------|
| | ----- | ----- |
| Stocks And Convertible Securities -- 97.3% | | |
| Basic Materials -- 1.8% | | |
| Engelhard Corp. | 530,000 | \$12,243,000 |
| Mead Corp. | 400,000 | 11,072,000 |
| | | ----- |
| | | 23,315,000 |
| | | ----- |
| Capital Goods -- 10.1% | | |
| 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 |
| | | ----- |
| | | 133,288,000 |
| | | ----- |
| Communication Services -- 8.1% | | |
| Telecommunications -- | | |
| Cellular and Wireless -- 1.9% | | |
| 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 |
| | | ----- |
| | | 24,561,693 |
| | | ----- |
| Telephone -- 6.2% | | |
| 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 |
| | | ----- |
| | | 82,021,125 |
| | | ----- |
| | Prin. Amt. | |
| | or Shares | Value (A) |
| | ----- | ----- |
| Consumer -- 6.7% | | |
| 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 |

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| | | |
|--------------------------------|-----------|-------------|
| 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 |
| | | ----- |
| | | 88,836,800 |
| | | ----- |
| Energy -- 8.3% | | |
| 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 |
| | | ----- |
| | | 109,336,328 |
| | | ----- |
| Financial -- 20.4% | | |
| Banking -- 12.3% | | |
| 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 |
| | | ----- |
| | | 162,244,060 |
| | | ----- |
| Insurance -- 8.1% | | |
| 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 |
| | | ----- |
| | | 107,358,125 |
| | | ----- |

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Schedule of Investments (continued)

September 30, 2001
(unaudited)

Prin. Amt

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| | or Shares | Value (A) |
|-------------------------------------------|-----------|---------------|
| | ----- | ----- |
| Health Care -- 18.1% | | |
| 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 |
| | | ----- |
| Technology -- 12.4% | | |
| Communication Equipment -- 4.3% | | |
| 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 |
| | | ----- |
| Computer Related -- 5.3% | | |
| 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 |
| | | ----- |
| Electronics -- 2.8% | | |
| Intel Corp. | 690,000 | 14,069,100 |
| Solelectron Corp. (D) | 2,000,000 | 23,300,000 |
| | | ----- |
| | | 37,369,100 |
| | | ----- |

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| | Prin. Amt. or Shares | Value (A) |
|---------------------------------------------------------------------|-------------------------|---------------|
| | ----- | ----- |
| Transportation -- 2.1% | | |
| 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 |
| | | ----- |
| Utilities -- 9.3% | | |
| 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 |
| | | ----- |
| Total Stocks and Convertible Securities (Cost \$953,514,513) (F) | | 1,284,956,451 |
| | | ----- |

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Schedule of Investments (continued)

September 30, 2001
(unaudited)

| | Prin. Amt. | Value (A) |
|---------------------------------------------|-------------|--------------|
| | ----- | ----- |
| Short-Term Investments -- 1.9% | | |
| U.S. Government Obligations -- 0.4% | | |
| U.S. Treasury Bills, 3.33%, due 11/23/01 | \$5,000,000 | \$ 4,975,488 |
| | | ----- |
| Commercial Paper -- 1.5% | | |
| Chevron USA, 2.90%, due 10/02/01 | 4,125,000 | 4,124,668 |

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| | | |
|-----------------------------------------------------------|-----------|------------------------------|
| 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 |
| | | ----- 19,380,372 ----- |

Value (A)

| | | |
|---------------------------------------------------------|--|--------------------------|
| Total Short-Term Investments (Cost \$24,355,860) | | \$ 24,355,860 ----- |
| Total Investments (Cost \$977,870,373) | | 1,309,312,311 |
| Cash, receivables and other assets, less liabilities | | 11,367,721 ----- |
| Net Assets -- 100.0% | | \$1,320,680,032 ===== |

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.

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Principal Changes in Portfolio Securities

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

| | | |
|-----------|------------|----------------------------|
| Shares | | |
| ----- | | |
| Additions | Reductions | Held September 30, 2001 |

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| | | |
|--------------------------------------------------|---------------|-----------|
| 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 (/1/) | 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 (/2/) | 492,614 |
| Wachovia Corp. | 190,000 (/1/) | 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 (/2/) | -- |
| Nortel Networks Corp. | 600,000 | -- |
| Pall Corp. | 600,000 | -- |
| SBC Communications Inc. | 87,960 | 700,000 |
| Schlumberger Ltd. | 88,400 | -- |
| WorldCom, Inc. | 550,000 | -- |

(/1/)By stock split.

(/2/)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.

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Historical Financial Statistics

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

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

 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.

BuyDIRECTSM*

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.

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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 Transfer Agent |
| The Adams Express Company | The Bank of New York Shareholder Relations Dept.-8W |
| Lawrence L. Hooper, Jr., Vice President, Secretary and General Counsel | P.O. Box 11258 Church Street Station New York, NY 10286 (877) 260-8188 Website: |
| Seven St. Paul | http://stock.bankofny.com |

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Street, E-mail:
Suite 1140 Shareowner-svcs@ bankofny.com
Baltimore, MD
21202
(800) 638-2479
Website:
www.adamsexpress.com
E-mail:
contact@adamsexpress.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 is-
sued shares of common stock in which event there would be no fees or commis-
sions in connection with this dividend and capital gain distribution.

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THE ADAMS EXPRESS COMPANY

Board of Directors

Enrique R. Arzac/2,4/ Douglas G. Ober/1/
Daniel E. Emerson/1,4/ Landon Peters/3,4/
Edward J. Kelly, III* John J. Roberts/2,4/
Thomas H. Lenagh/2,3/ Susan C. Schwab/1,3/
W.D. MacCallan/1,4/ 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
* Effective October 1, 2001

Officers

Douglas G. Ober Chairman and
Chief Executive Officer
Joseph M. Truta President
Richard F. Koloski Executive Vice President
Richard B. Tumolo Vice President--Research
Lawrence L. Hooper, Jr. Vice President,
Secretary and
General Counsel
Maureen A. Jones Vice President and
Treasurer
Christine M. Sloan Assistant Treasurer
Geraldine H. Stegner Assistant Secretary

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

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Newspaper stock listings are generally under the abbreviation: AdaEx

Distributions in 2001

| | |
|-------------------------|--------|
| From Investment Income | \$0.20 |
| From Net Realized Gains | 0.04 |
| | ----- |
| Total | \$0.24 |
| | ===== |

2001 Dividend Payment Dates

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

*Anticipated

[GRAPHIC]

[LOGO] ADAMS EXPRESS COMPANY

Third Quarter Report

September 30, 2001