INVESTOR EXPRESS

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INSIDE THIS ISSUE

Adams Express Outperforms the S&P 500 Again in 2000

Dot-coms may have rallied and retreated. Interest rates may spike. Corporate earnings may surprise. Markets may rise and fall. But for the investment team managing $1.7 billion in assets for The Adams Express Company, investment fundamentals remain unchanged. Adhering to a long-term perspective and core investment principles helped Adams Express weather the volatile markets late last year.

When all the numbers were in on the difficult year, the rate of return on the net assets of Adams Express was (4.3)%, nearly five percentage points better than the S & P 500 Index's return of (9.0%). Reflecting the narrowing of the fund's discount, Adams' total return, based on market value, was 1.7%. The income portion of the portfolio served as an offset to stocks that underperformed in the portfolio.

Joe Truta, President of Adams Express, says that sticking to many of the same investment tenets the investment team has followed for years served them well in 2000. Focus on the long term, not the short-term. Keep the portfolio fully invested. Maintain proper portfolio diversification. Participate in growth sectors in the economy. And pay close attention to valuation. "We don't change our strategy just because of short-term market moves," said Mr. Truta. "We live through periods of downward cycles. We tend to stay fully invested and not to leap into or out of sectors or groups in response to short-term market moves."

Management believes that shareholders are investing with the expectation of broad exposure to equities—not to bonds or cash. Little surprise, then, that at year end 1998, 1999 and 2000, the fund was consistently 98% invested in the market. By staying fully invested, equity investors participate in those surprising periods of appreciation that over time more than offset the disappointing periods of decline.

Diversification helped to shield Adams shareholders from much of the rough ride experienced by technology investors. While the technology and communications sectors were off sharply, the utilities, financial and health care holdings posted impressive returns for the year. These sectors, representing some 36% of the portfolio, helped to cushion the effects of the downdrafts in the technology and communications stocks.

Maintaining a proper perspective about stock valuations was the most challenging principle to follow during the dizzying climb of the NASDAQ last year. "Seasoned investment professionals were reminded that even good stocks can get over-valued and investors must stay focused on determining when stocks reach their full valuation levels," Mr. Truta observed. What will the strategy be for the year ahead? Count on Adams management to continue to stay the course.

Adams vs. S&P 500 Average Annual Return

	Year ended 2000	*3 years 1998-2000*	*5 years 1996-2000*
Adams Express (based on NAV)	-4.3%	16.5%	19.5%
Adams Express (based on market price)	1.7%	18.2%	20.7%
S & P 500	-9.0%	12.3%	18.3%

Average return figures are pre-tax, and no adjustment has been made for any income taxes payable on income dividends or on capital gains distributions.

The Adams Portfolio 2000 Performance by Industry Sector

	2000 Return
Utilities	96.1%
Finance	60.9%
Health Care	47.0%
Energy	16.6%
Basic Materials	10.2%
Capital Goods	-11.4%
Consumer Staples	-6.0%
Transportation	-18.4%
Consumer Cyclicals	-27.3%
Communications Services	-33.9%
Technology	-40.5%
Total	-4.3%

Some of the sector weightings in the well-diversified Adams portfolio were up sharply in 2000. In particular, the utilities, financial, health care stocks performed well above average for the year, offsetting others that suffered steep declines.

ADAMS EXPRESS COMPANY®

Petroleum & Resources Corporation®

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Introducing the managers…

JOSEPH M. TRUTA
President
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Joseph M. Truta is President of The Adams Express Company and Executive Vice President of Petroleum & Resources Corporation. He, along with Doug Ober and Richard Koloski, make up the team of portfolio managers for the two funds.

Mr. Truta has been at Adams Express for 32 years. He joined Adams Express in 1969 and was elevated to President in 1986. A native of Queens, New York, he recalls moving his family to Baltimore with the Company in 1976, a move that will reach the 25 year-mark in August.

Mr. Truta began his business career as a credit analyst with Dun & Bradstreet in the mid-1960s, and became a securities analyst with McDonnell & Company in 1967.

A Chartered Financial Analyst, Mr. Truta earned a B.S. in Economics from Fordham University. He served six years in the U.S. Marine Corps Reserves.

Petroleum & Resources Benefits From the High Demand for Power

National attention has been focused on the power crisis in California and the potential risks for other states. Rolling blackouts are occurring and large utilities in that state are unable to pay creditors. We asked Nancy J. F. Prue, Vice President-Research for Petroleum & Resources Corporation and an analyst for the fund since 1982, to provide a summary of how the crisis occurred and how the Petroleum & Resources portfolio is positioned to benefit from surging power demand.

Ms. Prue said that the short answer is that demand for power in California increased approximately 25% over the past 10 years while utilities did not build any new power generation facilities. In 1996 California deregulated the power industry, freeing prices for wholesale electricity while freezing retail prices. Since that time, demand for power from the digital revolution, weather and population increases has grown significantly. With retail prices fixed, customers did not experience price increases and the incentive to conserve was nonexistent. Environmental concerns and the long regulatory approval process inhibited building of additional power plants. The potential for a catastrophe has existed for some time and the weather conditions in California this year provided the catalyst. Californians are now dealing with financially crippled utilities and rolling blackouts. While the deregulation process that exacerbated California's problems are not duplicated in other states, the gap between power demand and supply is occurring in other areas as well.

Petroleum & Resources owns several companies that are well positioned in the Power Industry. Calpine Corporation, Dynegy, Inc., Duke Energy Corporation, Orion Power Holdings and Mirant Corporation (formerly Southern Energy) are power generators and have benefited from the rising demand for electricity. Other portfolio names such as Enron Corporation and Williams Companies Inc. participate through marketing and trading of power. Oil, natural gas and coal producers represented in the fund provide fuel to the independent power companies.

Petroleum & Resources' holdings in the power sector significantly contributed to the fund's total market return of 36.1% in 2000. Leading the way during the year were Enron, up 87%, Dynegy, up 104%, and Calpine, which advanced 182%.

Ms. Prue cautions that the power situation is very volatile, with weather, economic factors and conservation influencing demand. Rising wholesale power prices and a rush to add new generating capacity could result in an overbuilt industry in some regions of the country over the next several years. And new technologies such as fuel cells and microturbines may significantly change the delivery of power to consumers over the longer term. The fund's portfolio management team constantly monitors these and other developments to opportunistically position the portfolio to generate the best return to our shareholders.

Frequently Asked Questions:

I have been reading about the importance of continuity of fund management. For how many years have the Investment Managers been managing our funds?
The three portfolio managers—Doug Ober, Joe Truta, and Dick Koloski—have worked together for 16 years managing the funds. They each brought several years of industry experience before joining the funds, so it is safe to say that there have been steady hands on the controls for many years.

Who can I talk to, aside from the transfer agent, about the funds and their holdings?
We welcome calls from all of our shareholders. For our registered shareholders, please call us if you have any questions or concerns either about the way your account is being handled by our transfer agent or with the information you receive from the transfer agent in response to your inquiries. Shareholders can call our toll-free Investor Relations line at (800) 638-2479 or e-mail us at: contact@adamsexpress.com.