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ADAMS EXPRESS CO  
Form N-CSRS  
July 28, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-00248  
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THE ADAMS EXPRESS COMPANY

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(Exact name of registrant as specified in charter)

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202  
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(Address of principal executive offices) (Zip code)

Lawrence L. Hooper, Jr.  
The Adams Express Company  
7 Saint Paul Street  
Suite 1140  
Baltimore, Maryland 21202

Registrant's telephone number, including area code: 410-752-5900

Date of fiscal year end: December 31, 2005

Date of reporting period: June 30, 2005

Item 1: Reports to Stockholders.

THE ADAMS EXPRESS COMPANY

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Board of Directors

Enrique R. Arzac/ 1,3/      Kathleen T. McGahran /2,4/  
Phyllis O. Bonanno /1,3/      Douglas G. Ober/ 1/  
Daniel E. Emerson/ 3,4 /      John J. Roberts/ 1,4 /  
Thomas H. Lenagh/ 1,4/      Susan C. Schwab/ 2,4 /  
W.D. MacCallan/ 2,3/      Robert J.M. Wilson/ 1,2 /

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee

Officers

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|                         |   |
|-------------------------|---|
| Douglas G. Ober         | Chairman and<br>Chief Executive Officer                     |
| Joseph M. Truta         | President   |
| Lawrence L. Hooper, Jr. | Vice President, General<br>Counsel and Secretary            |
| Maureen A. Jones        | Vice President,<br>Chief Financial Officer<br>and Treasurer |
| Stephen E. Kohler       | Vice President--Research                                    |
| David R. Schiminger     | Vice President--Research                                    |
| D. Cotton Swindell      | Vice President--Research                                    |
| Christine M. Sloan      | Assistant Treasurer   |
| Geraldine H. Pare       | Assistant Secretary   |

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Stock Data  
-----

|                           |         |
|---------------------------|---------|
| Market Price (6/30/05)    | \$12.87 |
| Net Asset Value (6/30/05) | \$15.06 |
| Discount:                 | 14.5%   |

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 2005  
-----

|   |        |
|---|--------|
| From Investment Income (paid or declared) | \$0.14 |
| From Net Realized Gains                   | 0.01   |
|   | -----  |
| Total                                     | \$0.15 |
|   | =====  |

-----  
2005 Dividend Payment Dates  
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March 1, 2005  
June 1, 2005  
September 1, 2005  
December 27, 2005\*

\*Anticipated

Semi-Annual Report  
June 30, 2005

[GRAPHIC]

[GRAPHIC]

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## LETTER TO STOCKHOLDERS

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We submit herewith the audited financial statements of the Company for the six months ended June 30, 2005. Also provided are the report of the independent registered public accounting firm, a schedule of investments and other summary financial information.

Net assets of the Company at June 30, 2005 were \$15.06 per share on 84,960,583 shares outstanding, compared with \$15.04 per share at December 31, 2004 on 86,135,292 shares outstanding. On March 1, 2005, a distribution of \$0.05 per share was paid, consisting of \$0.03 from 2004 investment income, \$0.01 from 2004 short-term capital gain, and \$0.01 from 2005 investment income, all taxable in 2005. A 2005 investment income dividend of \$0.05 per share was paid on June 1, 2005 and another \$0.05 investment income dividend has been declared to shareholders of record August 16, 2005, payable on September 1, 2005.

Net investment income for the six months ended June 30, 2005 amounted to \$8,701,535, compared with \$7,719,995 for the same period in 2004. These earnings are equal to \$0.10 and \$0.09 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, 2005 amounted to \$17,716,584, the equivalent of \$0.21 per share.

The Annual Meeting, held on April 27, 2005 in Baltimore, was well attended. The results of the voting at the Annual Meeting are shown on page 17.

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 website ([www.adamsexpress.com](http://www.adamsexpress.com)). Also available at the website are a history of the Company, historical financial information, and other useful information. Further information regarding shareholder services is located on page 18 of this report.

Mr. W. Perry Neff retired from the Board of Directors in April 2005. Mr. Neff was elected to the Board in 1987 and generously shared his extensive financial knowledge acquired from his long and successful career in the banking industry. We wish him well in his retirement and thank him for his eighteen years of distinguished service as a director.

We are pleased to announce effective April 27, 2005, the Board of Directors elected Mr. David R. Schiminger to Vice President--Research. Mr. Schiminger has been with the Company since 2002 as a research analyst covering the healthcare and consumer staples sectors.

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The Company is an internally-managed equity fund whose investment policy is based on the primary objectives of preservation of capital, the attainment of reasonable income from investments, and 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

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Joseph M. Truta,  
President

July 20, 2005

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2005

Assets

Investments\* at value:

|  |                 |
|--|-----------------|
| Common stocks and convertible securities<br>(cost \$890,690,578)                   | \$1,184,235,477 |
| Non-controlled affiliate, Petroleum & Resources Corporation<br>(cost \$27,963,162) | 59,579,880      |
| Short-term investments (cost \$30,767,784)   | 30,767,784      |

Cash

Receivables:

|                                   |     |
|-----------------------------------|-----|
| Investment securities sold        | 1,4 |
| Dividends and interest            | 1,4 |
| Prepaid pension cost              | 5,5 |
| Prepaid expenses and other assets | 1,5 |

Total Assets 1,283,4

Liabilities

|   |     |
|---|-----|
| Investment securities purchased                             | 2   |
| Open written option contracts at value (proceeds \$765,056) | 9   |
| Accrued expenses  | 3,0 |

Total Liabilities 4,2

Net Assets \$1,279,2

Net Assets

|  |         |
|--|---------|
| Common Stock at par value \$1.00 per share, authorized 150,000,000 shares;<br>issued and outstanding 84,960,583 shares (includes 13,941 restricted<br>shares and restricted stock units for 6,750 shares) (Note 6) | \$ 84,9 |
| Additional capital surplus   | 845,3   |
| Undistributed net investment income  | 5,8     |
| Undistributed net realized gain on investments   | 18,1    |
| Unrealized appreciation on investments   | 324,9   |

Net Assets Applicable to Common Stock \$1,279,2

Net Asset Value Per Share of Common Stock

\*See Schedule of Investments on pages 9 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, 2005

|  |         |
|--|---------|
| Investment Income  |         |
| Income:  |         |
| Dividends:   |         |
| From unaffiliated issuers  | \$ 10,7 |
| From non-controlled affiliate  | 3       |
| Interest and other income  | 3       |
| <hr/>  |         |
| Total Income   | 11,4    |
| <hr/>  |         |
| Expenses:  |         |
| Investment research  | 1,2     |
| Administration and operations  | 5       |
| Directors' fees  | 1       |
| Reports and stockholder communications   | 1       |
| Transfer agent, registrar and custodian expenses   | 1       |
| Auditing and accounting services   | 1       |
| Legal services   | 1       |
| Occupancy and other office expenses  | 2       |
| Travel, telephone and postage  | 1       |
| Other  | 1       |
| <hr/>  |         |
| Total Expenses   | 2,7     |
| <hr/>  |         |
| Net Investment Income  | 8,7     |
| <hr/>  |         |
| Realized Gain and Change in Unrealized Appreciation on Investments                       |         |
| Net realized gain on security transactions   | 17,5    |
| Net realized gain distributed by regulated investment company (non-controlled affiliate) | 1       |
| Change in unrealized appreciation on investments   | (18,6)  |
| <hr/>  |         |
| Net Gain(Loss) on Investments  | (9)     |
| <hr/>  |         |
| Change in Net Assets Resulting from Operations   | \$ 7,7  |
| <hr/>  |         |

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

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STATEMENTS OF CHANGES IN NET ASSETS

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|  | Six Months Ended<br>June 30, 2005 | Year Ended<br>December 31, 2004 |
|--|-----------------------------------|---------------------------------|
| From Operations:   |                                   |                                 |
| Net investment income  | \$ 8,701,535                      | \$ 19,008,405                   |
| Net realized gain on investments   | 17,716,584                        | 54,713,903                      |
| Change in unrealized appreciation on investments   | (18,690,489)                      | 61,557,921                      |
| -----  |                                   |                                 |
| Change in net assets resulting from operations   | 7,727,630                         | 135,280,229                     |
| -----  |                                   |                                 |
| Distributions to Stockholders from:  |                                   |                                 |
| Net investment income  | (7,689,212)                       | (20,157,724)                    |
| Net realized gain from investment transactions   | (856,720)                         | (55,099,990)                    |
| -----  |                                   |                                 |
| Decrease in net assets from distributions  | (8,545,932)                       | (75,257,714)                    |
| -----  |                                   |                                 |
| From Capital Share Transactions:   |                                   |                                 |
| Value of shares issued in payment of distributions   | --                                | 35,690,590                      |
| Cost of shares purchased (Note 4)  | (15,489,364)                      | (19,026,661)                    |
| Deferred compensation (Notes 4, 6)   | 23,858                            | --                              |
| -----  |                                   |                                 |
| Change in net assets from capital share transactions   | (15,465,506)                      | 16,663,929                      |
| -----  |                                   |                                 |
| Total Change in Net Assets   | (16,283,808)                      | 76,686,444                      |
| -----  |                                   |                                 |
| Net Assets:  |                                   |                                 |
| Beginning of period  | 1,295,548,900                     | 1,218,862,456                   |
| -----  |                                   |                                 |
| End of period (including undistributed net investment income of \$5,814,847 and \$5,038,545, respectively) | \$1,279,265,092                   | \$1,295,548,900                 |
| -----  |                                   |                                 |

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

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NOTES TO FINANCIAL STATEMENTS

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

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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 at June 30, 2005 was \$948,934,273 and net unrealized appreciation aggregated \$325,648,868, of which the related gross unrealized appreciation and depreciation were \$432,136,900 and \$106,488,032, 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

The Company's investment decisions are made by a committee of management, and recommendations to that committee are made by the research staff.

Purchases and sales of portfolio securities, other than options and short-term investments, during the six months ended June 30, 2005 were \$91,383,757 and \$102,728,044, respectively. Options may be written (sold) or purchased by the Company. The Company, as writer of an option, bears the risks of possible illiquidity of the option markets and from movements in security values. The risk associated with purchasing an option is limited to the premium originally paid. A schedule of outstanding option contracts as of June 30, 2005 can be found on page 12.

Transactions in written covered call and collateralized put options during the six months ended June 30, 2005 were as follows:

|  | Covered Calls |            | Collateralized Puts |            |
|--|---------------|------------|---------------------|------------|
|  | Contracts     | Premiums   | Contracts           | Premiums   |
| Options outstanding,<br>December 31, 2004              | 3,600         | \$ 386,349 | 2,655               | \$ 268,082 |
| Options written  | 6,430         | 721,641    | 4,140               | 475,563    |
| Options terminated in closing<br>purchase transactions | (936)         | (98,506)   | --                  | --         |
| Options expired  | (3,034)       | (339,834)  | (3,485)             | (361,698)  |
| Options exercised                                      | (1,780)       | (207,743)  | (650)               | (78,798)   |
|  |               |            |                     |            |
| Options outstanding,<br>June 30, 2005                  | 4,280         | \$ 461,907 | 2,660               | \$ 303,149 |
|  |               |            |                     |            |

### 4. Capital Stock

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

On December 27, 2004, the Company issued 2,745,430 shares of its Common Stock at a price of \$13.00 per share (the average market price on December 13, 2004) to stockholders of record on November 23, 2004 who elected to take stock in payment of the year-end distribution from 2004 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 2005 and 2004 were as follows:

|   | Shares                                  |                                    | Amount                                  |                                    |
|---|---|------------------------------------|---|------------------------------------|
|   | Six months<br>ended<br>June 30,<br>2005 | Year ended<br>December 31,<br>2004 | Six months<br>ended<br>June 30,<br>2005 | Year ended<br>December 31,<br>2004 |
| Shares issued in<br>payment of dividends  | --                                      | 2,745,430                          | \$ --                                   | \$ 35,690,590                      |
| Shares purchased<br>(at a weighted<br>average discount<br>from net asset<br>value of 12.6%<br>and 13.0%,<br>respectively) | (1,195,400)                             | (1,496,550)                        | (15,489,364)                            | (19,026,661)                       |
| Nonvested shares/units<br>granted under the<br>Equity Incentive<br>Compensation Plan                                      | 20,691                                  | --                                 | 23,858                                  | --                                 |
| Net change  | (1,174,709)                             | 1,248,880                          | \$(15,465,506)                          | \$ 16,663,929                      |

### 5. Retirement Plans

The Company's qualified defined benefit pension plan covers all employees with at least one year of service. In addition, the Company has a nonqualified defined benefit plan which provides eligible employees with retirement benefits to supplement the qualified plan. Benefits are based on length of service

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

and compensation during the last five years of employment. The Company's policy is to contribute annually to the plans those amounts that can be deducted for federal income tax purposes, plus additional amounts as the Company deems



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appropriate in order to provide assets sufficient to meet benefits to be paid to plan participants. During the six months ended June 30, 2005, the Company contributed \$9,422 to the plans. The Company anticipates contributing an additional \$9,422 to the plans in 2005.

The following table aggregates the components of the plans' net periodic pension cost for the six months ended June 30, 2005:

|                                    |            |
|------------------------------------|------------|
| Service cost                       | \$ 179,999 |
| Interest cost                      | 252,165    |
| Expected return on plan assets     | (394,669)  |
| Amortization of prior service cost | 63,277     |
| Amortization of net loss           | 94,231     |
|                                    |            |
| Net periodic pension cost          | \$ 195,003 |
|                                    |            |

The Company also sponsors a defined contribution plan that covers substantially all employees. For the six months ended June 30, 2005, the Company expensed contributions of \$88,304. The Company does not provide postretirement medical benefits.

### 6. Stock-Based Compensation

The Stock Option Plan adopted in 1985 ("1985 Plan") permits the issuance of stock options and stock appreciation rights for the purchase of up to 2,610,146 shares of the Company's Common Stock at the fair market value on the date of grant. The exercise price of the options and related stock appreciation rights is reduced by the per share amount of capital gains paid by the Company during subsequent years. Options are exercisable beginning not less than one year after the date of grant and stock appreciation rights are exercisable beginning not less than two years after the date of grant. The stock appreciation rights allow the holders to surrender their rights to exercise their options and receive cash in an amount equal to the difference between the option exercise price and the fair market value of the Common Stock at the date of surrender. All options terminate 10 years from the date of grant if not exercised. With the adoption of the 2005 Equity Incentive Compensation Plan ("2005 Plan") at the 2005 Annual Meeting, no further grants will be made under the 1985 Plan, although unexercised awards granted in 2004 and prior years remain outstanding.

A summary of option activity under the 1985 Plan as of June 30, 2005, and changes during the period then ended is presented below:

|                                | Options | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Life (Years) |
|--------------------------------|---------|---|---|
|                                |         |   |   |
| Outstanding at January 1, 2005 | 283,297 | \$11.76                                   |   |
| Exercised                      | --      | --  |   |
| Forfeited                      | --      | --  |   |
|                                |         |   |   |
| Outstanding at June 30, 2005   | 283,297 | \$11.75                                   | 5.97  |
|                                |         |   |   |
| Exercisable at June 30, 2005   | 180,888 | \$11.44                                   | 5.86  |
|                                |         |   |   |

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The options outstanding as of June 30, 2005 are set forth below:

| Exercise Price<br>-----      | Options<br>Outstanding<br>----- | Weighted<br>Average<br>Exercise<br>Price<br>----- | Weighted<br>Average<br>Remaining<br>Life (Years)<br>----- |
|------------------------------|---------------------------------|---|---|
| \$3.00-\$6.74                | 23,418                          | \$ 4.18   | 1.15  |
| \$6.75-\$10.49               | 72,764                          | 9.67  | 6.44  |
| \$10.50-\$14.24              | 135,967                         | 10.85   | 6.88  |
| \$14.25-\$18.00              | 51,148                          | 17.59   | 5.09  |
| -----                        |                                 |   |   |
| Outstanding at June 30, 2005 | 283,297                         |   |   |
| -----                        |                                 |   |   |

Compensation cost resulting from stock options and stock appreciation rights granted under the 1985 Plan is based on the intrinsic value of the award, recognized over the award's vesting period, and remeasured at each reporting date through the date of settlement. The total compensation cost recognized for the six months ended June 30, 2005 was (\$8,205).

The 2005 Plan permits the grant of stock options, restricted stock awards and other stock incentives to key employees and all non-employee directors. The 2005 Plan provides for the issuance of up to 3,413,131 shares of the Company's Common Stock. Restricted stock was granted to key employees on April 27, 2005 at fair market value on that date, vesting over a three year period. Restricted stock units were granted to non-employee directors on April 27, 2005 at fair market value on that date and vest over a one year period. The number of shares of Common Stock which remain available for future grants under the Plan at June 30, 2005 is 3,392,440 shares. The Company pays dividends and dividend equivalents on outstanding awards, which are charged to net assets when paid. Dividends and dividend equivalents paid on restricted awards that are later forfeited are reclassified to compensation expense.

A summary of the status of the Company's awards granted as of June 30, 2005, and changes during the period then ended is presented below:

| Awards<br>-----            | Shares/Units<br>----- | Grant-Date Fair<br>Value<br>----- |
|----------------------------|-----------------------|-----------------------------------|
| Balance at January 1, 2005 | --                    | --                                |
| Granted:                   |                       |                                   |
| Restricted stock           | 13,941                | \$12.56                           |
| Restricted stock units     | 6,750                 | 12.56                             |
| Vested                     | --                    | --                                |
| Forfeited                  | --                    | --                                |
| -----                      |                       |                                   |
| Nonvested at June 30, 2005 | 20,691                | \$12.56                           |
| -----                      |                       |                                   |

Compensation costs resulting from restricted stock and restricted stock units granted under the 2005 Plan are recognized over the relevant service period

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based on the fair value of the awards granted. Any unearned compensation is included in "Undistributed net investment income" and is subsequently expensed as services are rendered. The fair value of restricted stock is based on the average of the high and low market price on the date an award is granted. The total compensation costs for restricted stock granted to employees for the six months ended June 30, 2005 was \$9,728. The total compensation costs for restricted stock units granted to non-employee directors

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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under the 2005 Plan for the six months ended June 30, 2005 was \$14,130. As of June 30, 2005, there was \$236,021 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the 2005 Plan. That cost is expected to be recognized over a weighted average period of 2.2 years.

#### 7. Expenses

The aggregate remuneration paid or accrued during the six months ended June 30, 2005 to officers and directors amounted to \$1,518,593, of which \$147,463 was paid or accrued as fees to directors who were not officers.

#### 8. 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 at all times by collateral of at least 102% 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 June 30, 2005, the Company had no securities on loan.

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### FINANCIAL HIGHLIGHTS

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| Six Months Ended |                  | Year Ended December |      |      |
|------------------|------------------|---------------------|------|------|
| June 30,<br>2005 | June 30,<br>2004 | 2004                | 2003 | 2002 |
|                  |                  |                     |      |      |

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Per Share Operating Performance

|  |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|
| Net asset value, beginning of period                                 | \$15.04     | \$14.36     | \$14.36     | \$12.12     | \$16.05     |
| Net investment income  | 0.10        | 0.09        | 0.23*       | 0.19        | 0.20        |
| Net realized gains and increase(decrease) in unrealized appreciation | (0.01)      | 0.43        | 1.39        | 2.85        | (3.38)      |
| Total from investment operations                                     | 0.09        | 0.52        | 1.62        | 3.04        | (3.18)      |
| Less distributions   |             |             |             |             |             |
| Dividends from net investment income                                 | (0.09)      | (0.08)      | (0.24)      | (0.17)      | (0.19)      |
| Distributions from net realized gains                                | (0.01)      | (0.02)      | (0.66)      | (0.61)      | (0.57)      |
| Total distributions  | (0.10)      | (0.10)      | (0.90)      | (0.78)      | (0.76)      |
| Capital share repurchases  | 0.03        | 0.01        | 0.02        | 0.04        | 0.05        |
| Reinvestment of distributions  | --          | --          | (0.06)      | (0.06)      | (0.04)      |
| Total capital share transactions                                     | 0.03        | 0.01        | (0.04)      | (0.02)      | 0.01        |
| Net asset value, end of period                                       | \$15.06     | \$14.79     | \$15.04     | \$14.36     | \$12.12     |
| Per share market price, end of period                                | \$12.87     | \$12.72     | \$13.12     | \$12.41     | \$10.57     |
| Total Investment Return  |             |             |             |             |             |
| Based on market price  | (1.2)%      | 3.3%        | 13.2%       | 25.2%       | (20.6)%     |
| Based on net asset value   | 0.9%        | 3.8%        | 12.1%       | 26.3%       | (19.4)%     |
| Ratios/Supplemental Data   |             |             |             |             |             |
| Net assets, end of period (in 000's)                                 | \$1,279,265 | \$1,248,430 | \$1,295,549 | \$1,218,862 | \$1,024,810 |
| Ratio of expenses to average net assets                              | 0.44%+      | 0.43%+      | 0.43%       | 0.47%       | 0.34%       |
| Ratio of net investment income to average net assets                 | 1.37%+      | 1.25%+      | 1.54%       | 1.45%       | 1.42%       |
| Portfolio turnover   | 14.82%+     | 13.10%+     | 13.43%      | 12.74%      | 17.93%      |
| Number of shares outstanding at                                      |             |             |             |             |             |

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end of period (in 000's) 84,961 84,409 86,135 84,886 84,536

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 \* In 2004 the Fund received \$2,400,000, or \$0.03 per share, in an extraordinary dividend from Microsoft Corp.  
 + Ratios presented on an annualized basis.

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SCHEDULE OF INVESTMENTS

-----  
 June 30, 2005

|  | Shares    | Value (A)    |
|--|-----------|--------------|
| -----                                      | -----     | -----        |
| Stocks and Convertible Securities -- 97.2% |           |              |
| Consumer -- 17.0%                          |           |              |
| Consumer Discretionary -- 6.4%             |           |              |
| Brinker International Inc. (B)             | 190,000   | \$ 7,609,500 |
| Clear Channel Communications Inc.          | 350,000   | 10,825,500   |
| Comcast Corp. (B)                          | 325,000   | 9,977,500    |
| Gannett Co., Inc.                          | 87,500    | 6,223,875    |
| Newell Rubbermaid Inc.                     | 515,000   | 12,277,600   |
| Outback Steakhouse, Inc.                   | 225,000   | 10,179,000   |
| Target Corp.                               | 460,000   | 25,028,600   |
|  |           | -----        |
|  |           | 82,121,575   |
|  |           | -----        |
| Consumer Staples -- 10.6%                  |           |              |
| BJ's Wholesale Club, Inc. (B)              | 500,000   | 16,245,000   |
| Bunge Ltd.                                 | 205,000   | 12,997,000   |
| Coca-Cola Co.                              | 200,000   | 8,350,000    |
| Dean Foods Co. (B)                         | 500,000   | 17,620,000   |
| Del Monte Foods Co. (B)                    | 1,115,000 | 12,008,550   |
| PepsiCo, Inc.                              | 440,000   | 23,729,200   |
| Procter & Gamble Co.                       | 340,000   | 17,935,000   |
| Safeway, Inc.                              | 423,000   | 9,555,570    |
| Treehouse Foods Inc. (B)                   | 100,000   | 2,851,000    |
| Unilever plc ADR                           | 345,000   | 13,403,250   |
|  |           | -----        |
|  |           | 134,694,570  |
|  |           | -----        |
| Energy -- 10.3%                            |           |              |
| BP plc ADR                                 | 270,000   | 16,842,600   |
| ConocoPhillips                             | 380,000   | 21,846,200   |
| Exxon Mobil Corp.                          | 130,000   | 7,471,100    |
| Murphy Oil Corp.                           | 229,600   | 11,992,008   |
| Petroleum & Resources Corporation (C)      | 1,985,996 | 59,579,880   |
| Schlumberger Ltd.                          | 190,000   | 14,428,600   |
|  |           | -----        |
|  |           | 132,160,388  |

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|  | Shares    | Value (A)     |
|--|-----------|---------------|
| -----                                    |           |               |
| Financials -- 15.6%                      |           |               |
| Banking -- 11.5%                         |           |               |
| Bank of America Corp.                    | 550,000   | 25,085,500    |
| BankAtlantic Bancorp Inc.                | 300,000   | 5,685,000     |
| Compass Bancshares Inc.                  | 300,000   | 13,500,000    |
| Fifth Third Bancorp                      | 270,000   | 11,126,700    |
| Investors Financial Services Corp.       | 380,000   | 14,371,600    |
| North Fork Bancorporation, Inc.          | 450,000   | 12,640,500    |
| Provident Bankshares Corp.               | 200,000   | 6,382,000     |
| Wachovia Corp.                           | 370,000   | 18,352,000    |
| Wells Fargo & Co.                        | 400,000   | 24,632,000    |
| Wilmington Trust Corp.                   | 420,000   | 15,124,200    |
|  |           | -----         |
|  |           | 146,899,500   |
|  |           | -----         |
| Insurance -- 4.1%                        |           |               |
| AMBAC Financial Group, Inc.              | 295,000   | 20,579,200    |
| American International Group, Inc.       | 550,000   | 31,955,000    |
|  |           | -----         |
|  |           | 52,534,200    |
|  |           | -----         |
|  |           |               |
|  | -----     | -----         |
|  | Shares    | Value (A)     |
|  | -----     | -----         |
|  |           |               |
| Health Care -- 13.2%                     |           |               |
| Abbott Laboratories                      | 350,000   | \$ 17,153,500 |
| Bristol-Myers Squibb Co.                 | 345,000   | 8,618,100     |
| Genentech, Inc. (B)                      | 250,000   | 20,070,000    |
| HCA Inc.                                 | 325,000   | 18,417,750    |
| Johnson & Johnson                        | 255,000   | 16,575,000    |
| Laboratory Corp. of America Holdings (B) | 235,000   | 11,726,500    |
| MedImmune, Inc. (B)                      | 225,000   | 6,012,000     |
| Medtronic Inc.                           | 310,000   | 16,054,900    |
| Pfizer Inc.                              | 1,120,000 | 30,889,600    |
| Wyeth Co.                                | 325,000   | 14,462,500    |
| Zimmer Holdings Inc. (B)                 | 125,000   | 9,521,250     |
|  |           | -----         |
|  |           | 169,501,100   |
|  |           | -----         |
| Industrials -- 10.7%                     |           |               |
| Canadian National Railway Co.            | 67,000    | 3,862,550     |
| Cintas Corp.                             | 300,000   | 11,580,000    |
| Donnelley (R.R.) & Sons Co.              | 300,000   | 10,353,000    |
| Emerson Electric Co.                     | 200,000   | 12,526,000    |
| General Electric Co.                     | 1,487,700 | 51,548,805    |
| Illinois Tool Works Inc.                 | 125,000   | 9,960,000     |
| 3M Co.                                   | 160,000   | 11,568,000    |
| United Parcel Service, Inc.              | 155,000   | 10,719,800    |
| United Technologies Corp.                | 300,000   | 15,405,000    |
|  |           | -----         |
|  |           | 137,523,155   |
|  |           | -----         |
| Information Technology -- 13.9%          |           |               |

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|                                 |           |             |
|---------------------------------|-----------|-------------|
| Communication Equipment -- 2.3% |           |             |
| Avaya Inc. (B)                  | 600,000   | 4,992,000   |
| Corning Inc. (B)                | 1,000,000 | 16,620,000  |
| Lucent Technologies Inc. (B)    | 2,900,000 | 8,439,000   |
|                                 |           | -----       |
|                                 |           | 30,051,000  |
|                                 |           | -----       |
| Computer Related -- 9.4%        |           |             |
| Automatic Data Processing       |           |             |
| Inc.                            | 300,000   | 12,591,000  |
| BEA Systems Inc. (B)            | 800,000   | 7,024,000   |
| Cisco Systems, Inc. (B)         | 1,200,000 | 22,932,000  |
| Dell Inc. (B)                   | 400,000   | 15,804,000  |
| DiamondCluster                  |           |             |
| International Inc. (B)          | 497,500   | 5,621,750   |
| Microsoft Corp.                 | 800,000   | 19,872,000  |
| Oracle Corp. (B)                | 880,000   | 11,616,000  |
| Sapient Corp. (B)               | 1,150,000 | 9,119,500   |
| Siebel Systems Inc.             | 800,000   | 7,120,000   |
| Sun Microsystems Inc. (B)       | 95,000    | 354,350     |
| Symantec Corp. (B)              | 400,000   | 8,696,000   |
|                                 |           | -----       |
|                                 |           | 120,750,600 |
|                                 |           | -----       |
| Electronics -- 2.2%             |           |             |
| Cree, Inc. (B)                  | 500,000   | 12,735,000  |
| Intel Corp.                     | 310,000   | 8,078,600   |
| Solectron Corp. (B)             | 1,850,000 | 7,011,500   |
|                                 |           | -----       |
|                                 |           | 27,825,100  |
|                                 |           | -----       |

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### SCHEDULE OF INVESTMENTS (CONTINUED)

-----

June 30, 2005

|                                  | Shares  | Value (A)     |
|----------------------------------|---------|---------------|
|                                  | -----   | -----         |
| Materials -- 5.3%                |         |               |
| Air Products and Chemicals, Inc. | 250,000 | \$ 15,075,000 |
| du Pont (E.I.) de Nemours and    |         |               |
| Co.                              | 400,000 | 17,204,000    |
| Martin Marietta Materials, Inc.  | 141,600 | 9,787,392     |
| Rohm & Haas Co.                  | 400,000 | 18,536,000    |
| Smurfit-Stone Container          |         |               |
| Corp. (B)                        | 650,000 | 6,610,500     |
|                                  |         | -----         |
|                                  |         | 67,212,892    |
|                                  |         | -----         |
| Telecom Services -- 4.2%         |         |               |
| Alltel Corp.                     | 350,000 | 21,798,000    |

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|   |         |                 |
|---|---------|-----------------|
| BellSouth Corp.                         | 200,000 | 5,314,000       |
| SBC Communications Inc.                 | 595,000 | 14,131,250      |
| Vodafone Group plc                      |         |                 |
| ADS                                     | 492,613 | 11,980,348      |
|   |         | -----           |
|   |         | 53,223,598      |
|   |         | -----           |
| Utilities -- 7.0%                       |         |                 |
| Aqua America, Inc.                      | 900,000 | 26,766,000      |
| Black Hills Corp.                       | 245,000 | 9,028,250       |
| CINergy Corp.                           | 300,000 | 13,446,000      |
| Duke Energy Corp.                       | 611,560 | 18,181,679      |
| Keyspan Corp.                           | 140,000 | 5,698,000       |
| MDU Resources Group, Inc.               | 575,000 | 16,197,750      |
|   |         | -----           |
|   |         | 89,317,679      |
|   |         | -----           |
| Total Stocks and Convertible Securities |         |                 |
| (Cost \$918,653,740) (D)                |         | \$1,243,815,357 |
|   |         | -----           |

|                                     | Prin. Amt.   | Value (A)       |
|-------------------------------------|--------------|-----------------|
|                                     | -----        | -----           |
| Short-Term Investments -- 2.4%      |              |                 |
| U.S. Government Obligations -- 1.4% |              |                 |
| U.S. Treasury Bills,                |              |                 |
| 2.77%, due 8/18/05                  | \$17,500,000 | \$ 17,434,666   |
|                                     |              | -----           |
| Time Deposit -- 0.0%                |              |                 |
| Citibank N.A.,                      |              |                 |
| 2.70%, due 7/1/05                   |              | 101,346         |
|                                     |              | -----           |
| Commercial Paper -- 1.0%            |              |                 |
| AIG Funding Inc.,                   |              |                 |
| 3.21%, due 7/12/05                  | 1,275,000    | 1,273,749       |
| General Electric Capital Corp.,     |              |                 |
| 2.99-3.25%,                         |              |                 |
| due 7/7/05-7/19/05                  | 5,500,000    | 5,493,316       |
| Toyota Motor Credit Corp.,          |              |                 |
| 3.19-3.24%,                         |              |                 |
| due 7/14/05-7/21/05                 | 6,475,000    | 6,464,707       |
|                                     |              | -----           |
|                                     |              | 13,231,772      |
|                                     |              | -----           |
| Total Short-Term Investments        |              |                 |
| (Cost \$30,767,784)                 |              | 30,767,784      |
|                                     |              | -----           |
| Total Investments -- 99.6%          |              |                 |
| (Cost \$949,421,524)                |              | 1,274,583,141   |
| Cash, receivables and other         |              |                 |
| assets, less liabilities -- 0.4%    |              | 4,681,951       |
|                                     |              | -----           |
| Net Assets -- 100%                  |              | \$1,279,265,092 |
|                                     |              | =====           |

Notes:

(A) See note 1 to financial statements. Securities are listed on the New York



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- Stock Exchange, the American Stock Exchange or the NASDAQ.
- (B) Presently non-dividend paying.
- (C) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (D) The aggregate market value of stocks held in escrow at June 30, 2005 covering open call option contracts written was \$23,284,850. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$12,912,500.

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### PORTFOLIO SUMMARY

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#### Ten Largest Portfolio Holdings (6/30/05)

|                                    | Market Value  | % of Net Assets |
|------------------------------------|---------------|-----------------|
|                                    |               |                 |
| Petroleum & Resources Corporation* | \$ 59,579,880 | 4.7             |
| General Electric Co.               | 51,548,805    | 4.0             |
| American International Group, Inc. | 31,955,000    | 2.5             |
| Pfizer Inc.                        | 30,889,600    | 2.4             |
| Aqua America, Inc.                 | 26,766,000    | 2.1             |
| Bank of America Corp.              | 25,085,500    | 2.0             |
| Target Corp.                       | 25,028,600    | 2.0             |
| Wells Fargo & Co.                  | 24,632,000    | 1.9             |
| PepsiCo, Inc.                      | 23,729,200    | 1.8             |
| Cisco Systems, Inc.                | 22,932,000    | 1.8             |
|                                    |               |                 |
| Total                              | \$322,146,585 | 25.2%           |

\*Non-controlled affiliate  
Sector Weightings (6/30/05)

[CHART]

|                        |      |
|------------------------|------|
| Consumer               | 17.0 |
| Energy                 | 10.3 |
| Financial              | 15.6 |
| Health Care            | 13.2 |
| Industrials            | 10.7 |
| Information Technology | 13.9 |
| Materials              | 5.3  |
| Telecom Services       | 4.2  |
| Utilities              | 7.0  |
| Cash & Equivalent      | 2.4  |

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### SCHEDULE OF OUTSTANDING OPTION CONTRACTS

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June 30, 2005

| Contracts<br>(100<br>shares<br>each) | Security                             | Strike<br>Price | Contract<br>Expiration<br>Date | Appreciation/<br>(Depreciation) |
|--------------------------------------|--------------------------------------|-----------------|--------------------------------|---------------------------------|
| COVERED CALLS                        |                                      |                 |                                |                                 |
| 200                                  | Air Products & Chemicals, Inc.       | \$ 65           | Sep 05                         | \$ 5,399                        |
| 100                                  | AMBAC Financial Group, Inc.          | 75              | Jul 05                         | 11,699                          |
| 100                                  | AMBAC Financial Group, Inc.          | 75              | Aug 05                         | 7,199                           |
| 100                                  | AMBAC Financial Group, Inc.          | 85              | Aug 05                         | 10,699                          |
| 100                                  | AMBAC Financial Group, Inc.          | 90              | Aug 05                         | 12,544                          |
| 100                                  | AMBAC Financial Group, Inc.          | 85              | Nov 05                         | 18,574                          |
| 500                                  | American International Group, Inc.   | 60              | Aug 05                         | 20,997                          |
| 150                                  | Brinker International, Inc.          | 40              | Jul 05                         | 7,049                           |
| 100                                  | Brinker International, Inc.          | 40              | Oct 05                         | (6,801)                         |
| 30                                   | Canadian National Railway Co.        | 65              | Jul 05                         | 2,210                           |
| 200                                  | ConocoPhillips                       | 65              | Aug 05                         | 1,750                           |
| 150                                  | HCA Inc.                             | 47.50           | Aug 05                         | (127,201)                       |
| 250                                  | HCA Inc.                             | 50              | Aug 05                         | (150,626)                       |
| 100                                  | HCA Inc.                             | 60              | Aug 05                         | 4,200                           |
| 100                                  | Illinois Tool Works Inc.             | 105             | Sep 05                         | (40,300)                        |
| 100                                  | Illinois Tool Works Inc.             | 90              | Dec 05                         | (5,301)                         |
| 100                                  | Investors Financial Services Corp.   | 55              | Jul 05                         | 14,850                          |
| 100                                  | Investors Financial Services Corp.   | 60              | Jul 05                         | 10,700                          |
| 150                                  | Laboratory Corp. of America Holdings | 55              | Aug 05                         | 11,549                          |
| 200                                  | Martin Marietta Materials, Inc.      | 70              | Oct 05                         | (33,601)                        |
| 200                                  | Murphy Oil Corp.                     | 50              | Jul 05                         | (46,300)                        |
| 200                                  | Murphy Oil Corp.                     | 60              | Oct 05                         | (12,300)                        |
| 150                                  | Target Corp.                         | 60              | Oct 05                         | (4,800)                         |
| 100                                  | Target Corp.                         | 60              | Jan 06                         | 5,399                           |
| 100                                  | 3M Co.                               | 90              | Jul 05                         | 9,200                           |
| 200                                  | United Technologies Corp.            | 55              | Jul 05                         | 10,699                          |
| 200                                  | United Technologies Corp.            | 55              | Aug 05                         | 7,950                           |
| 200                                  | United Technologies Corp.            | 57.50           | Aug 05                         | 7,470                           |
| 4,280                                |                                      |                 |                                | (247,093)                       |
| COLLATERALIZED PUTS                  |                                      |                 |                                |                                 |
| 250                                  | Automatic Data Processing Inc.       | 40              | Aug 05                         | 14,249                          |
| 100                                  | Bank of America Corp.                | 45              | Aug 05                         | 8,199                           |
| 250                                  | Bunge Ltd.                           | 45              | Jul 05                         | 16,749                          |
| 150                                  | Bunge Ltd.                           | 50              | Jul 05                         | 23,549                          |
| 150                                  | Cintas Corp.                         | 35              | Nov 05                         | 6,299                           |
| 100                                  | Exxon Mobil Corp.                    | 55              | Jul 05                         | 6,200                           |
| 100                                  | Exxon Mobil Corp.                    | 50              | Oct 05                         | 6,699                           |
| 250                                  | Fifth Third Bancorp                  | 40              | Aug 05                         | 14,249                          |
| 100                                  | Fifth Third Bancorp                  | 40              | Nov 05                         | (2,801)                         |
| 100                                  | Gannett Co., Inc.                    | 75              | Jul 05                         | (26,300)                        |
| 150                                  | Gannett Co., Inc.                    | 70              | Oct 05                         | (16,201)                        |
| 150                                  | Investors Financial Services Corp.   | 37.50           | Oct 05                         | (13,951)                        |
| 200                                  | Martin Marietta Materials, Inc.      | 45              | Jul 05                         | 16,772                          |
| 10                                   | Martin Marietta Materials, Inc.      | 50              | Jul 05                         | 970                             |
| 200                                  | Murphy Oil Co.                       | 35              | Jul 05                         | 10,417                          |
| 100                                  | 3M Co.                               | 65              | Oct 05                         | 2,200                           |
| 100                                  | United Parcel Service, Inc.          | 70              | Jul 05                         | (2,300)                         |
| 100                                  | United Parcel Service, Inc.          | 60              | Oct 05                         | 2,700                           |

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|       |                             |    |     |    |              |
|-------|-----------------------------|----|-----|----|--------------|
| 100   | United Parcel Service, Inc. | 65 | Oct | 05 | (2,300)      |
| ----- |                             |    |     |    | -----        |
| 2,660 |                             |    |     |    | 65,399       |
| ----- |                             |    |     |    | -----        |
|       |                             |    |     |    | \$ (181,694) |
|       |                             |    |     |    | =====        |

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CHANGES IN PORTFOLIO SECURITIES

-----  
 During the Three Months Ended June 30, 2005  
 (unaudited)

|                                      | Shares       |            |                       |
|--------------------------------------|--------------|------------|-----------------------|
|                                      | Additions    | Reductions | Held<br>June 30, 2005 |
|                                      | -----        | -----      | -----                 |
| Automatic Data Processing Inc.....   | 75,000       |            | 300,000               |
| Bank of America Corp.....            | 50,000       |            | 550,000               |
| Bank Atlantic Bancorp Inc.....       | 80,000       |            | 300,000               |
| Bunge Ltd.....                       | 35,000       |            | 205,000               |
| Clear Channel Communications Inc.... | 25,000       |            | 350,000               |
| ConocoPhillips.....                  | 190,000/(1)/ |            | 380,000               |
| Del Monte Foods Co.....              | 80,000       |            | 1,115,000             |
| Fifth Third Bancorp.....             | 70,000       |            | 270,000               |
| Murphy Oil Corp.....                 | 144,800/(1)/ | 75,500     | 229,600               |
| Outback Steakhouse, Inc.....         | 225,000      |            | 225,000               |
| Treehouse Foods Inc.....             | 100,000/(2)/ |            | 100,000               |
| United Parcel Service, Inc.....      | 10,000       |            | 155,000               |
| United Technologies Corp.....        | 150,000/(1)/ | 5,000      | 300,000               |
| AMBAC Financial Group, Inc.....      |              | 85,000     | 295,000               |
| Brinker International Inc.....       |              | 210,000    | 190,000               |
| Canadian National Railway Co.....    |              | 68,000     | 67,000                |
| Corning Inc.....                     |              | 170,000    | 1,000,000             |
| Dean Foods Co.....                   |              | 6,600      | 500,000               |
| Enzon Pharmaceuticals, Inc.....      |              | 67,088     | --                    |
| HCA Inc.....                         |              | 20,000     | 325,000               |
| Johnson & Johnson.....               |              | 10,000     | 255,000               |
| Laboratory Corp. of America Holdings |              | 5,000      | 235,000               |
| Provident Bankshares Corp.....       |              | 135,021    | 200,000               |
| Ryland Group Inc.....                |              | 20,000     | --                    |
| Sun Microsystems Inc.....            |              | 315,000    | 95,000                |

-----  
 /(1)/ By Stock Split.

/(2)/ Received 1 share of Treehouse Foods Inc. for 5 shares of Dean Foods Co. held.

-----  
 This report, including the financial statements herein, is transmitted to the stockholders of The Adams Express Company for their information. It is not a

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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 principal 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<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* |
|---------------|------------------------|------------------------|-------------------------------------|---|--|
| 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   |
| 2002.....     | 1,024,810,092          | 84,536,250             | 12.12                               | .19   | .57  |
| 2003.....     | 1,218,862,456          | 84,886,412             | 14.36                               | .17   | .61  |
| 2004.....     | 1,295,548,900          | 86,135,292             | 15.04                               | .24   | .66  |
| June 30, 2005 | 1,279,265,092          | 84,960,583             | 15.06                               | .14+  | .01+   |

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

+ Paid or declared.

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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2005, 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

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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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2005, by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
July 13, 2005

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### OTHER INFORMATION

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#### Statement on Quarterly Filing of Complete Portfolio Schedule

In addition to publishing its complete schedule of portfolio holdings in the First and Third Quarter Reports to shareholders, the Company files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Company's Forms N-Q are available on the Commission's website at [www.sec.gov](http://www.sec.gov). The Company's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room, and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Company also posts its Forms N-Q on its website at [www.adamsexpress.com](http://www.adamsexpress.com) under the heading "Financial Reports".

#### Proxy Voting Policies and Record

A description of the policies and procedures that the Company uses to determine how to vote proxies relating to portfolio securities owned by the Company and information as to how the Company voted proxies relating to portfolio securities during the 12 month period ended June 30, 2005 are available (i) without charge, upon request, by calling the Company's toll free number at (800) 638-2479; (ii) on the Company's website by clicking on "Corporate Information" heading on the website; and (iii) on the Securities and Exchange Commission's website at <http://www.sec.gov>.

#### Privacy Policy

In order to conduct its business, The Adams Express Company collects and maintains certain nonpublic personal information about our stockholders of record with respect to their transactions in shares of our securities. This information includes the stockholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about stockholders whose shares of our securities are held in "street name" by a financial institution such as a bank or broker.

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We do not disclose any nonpublic personal information about you, our other stockholders or our former stockholders to third parties unless necessary to process a transaction, service an account or as otherwise permitted by law.

To protect your personal information internally, we restrict access to nonpublic personal information about our stockholders to those employees who need to know that information to provide services to our stockholders. We also maintain certain other safeguards to protect your nonpublic personal information.

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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  
(410) 752-5900 or (800) 638-2479  
Website: www.adamsexpress.com  
E-mail: contact@adamsexpress.com  
Counsel: Chadbourne & Parke L.L.P.

Independent Registered Public Accounting Firm: PricewaterhouseCoopers LLP  
Transfer Agent & Registrar: American Stock Transfer & Trust Co.  
Custodian of Securities: Brown Brothers Harriman & Co.

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### ANNUAL MEETING OF STOCKHOLDERS

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The Annual Meeting of Stockholders was held on April 27, 2005. For those nominated, the following votes were cast for directors:

|                           | votes for  | votes withheld |
|---------------------------|------------|----------------|
| -                         | -----      | -----          |
| (A) Enrique R. Arzac:     | 71,167,716 | 1,391,281      |
| (B) Phyllis O. Bonanno:   | 70,885,091 | 1,673,906      |
| (C) Daniel E. Emerson:    | 70,654,340 | 1,904,657      |
| (D) Thomas H. Lenagh:     | 70,394,630 | 2,164,367      |
| (E) W.D. MacCallan:       | 70,805,684 | 1,753,313      |
| (F) Kathleen T. McGahran: | 71,041,299 | 1,517,698      |
| (G) Douglas G. Ober:      | 71,093,555 | 1,465,442      |
| (H) John J. Roberts:      | 70,676,777 | 1,882,220      |
| (I) Susan C. Schwab:      | 71,042,734 | 1,516,263      |

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(J) Robert J.M. Wilson: 70,650,502 1,908,495

A proposal to approve and ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2005 was approved with 71,392,716 votes for, 617,879 votes against, and 548,402 shares abstaining.

A proposal to approve The Adams Express Company 2005 Equity Incentive Compensation Plan was approved with 36,347,317 votes for, 7,978,412 votes against, 2,199,191 shares abstaining, and 26,034,078 shares unvoted.

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### SHAREHOLDER INFORMATION AND SERVICES

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#### DIVIDEND PAYMENT SCHEDULE

The Corporation 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.

#### INVESTORS CHOICE

INVESTORS CHOICE is a direct stock purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, American Stock Transfer & Trust Company (AST). 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 and<br>Optional Cash Investments |   |
| Service Fee   | \$2.50 per investment                                       |
| Brokerage Commission                                | \$0.05 per share  |
| Reinvestment of Dividends*                          |   |
| Service Fee   | 2% 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             | \$7.50..  |





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Item 2: Code(s) of Ethics for senior financial officers - Item not applicable to semi-annual report.

Item 3: Audit Committee Financial Expert - Item not applicable to semi-annual report.

Item 4: Principal Accountant Fees and Services - Item not applicable to semi-annual report.

Item 5: Audit Committee of Listed Registrants - Item not applicable to semi-annual report.

Item 6: Schedule of Investments - This schedule is included as part of the report to shareholders filed under Item 1 of this form.

Item 7: Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Item not applicable to semi-annual report.

Item 8: Portfolio Managers of Closed-End Management Investment Companies - Item not applicable to semi-annual report.

Item 9: Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

| Period(2) | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|-----------|---|--|---|---|
| Jan. 2005 | 330,800                                     | \$ 12.91                               | 330,800   | 3,782,453   |
| Feb. 2005 | 266,100                                     | \$ 13.04                               | 266,100   | 3,516,353   |
| Mar. 2005 | 195,800                                     | \$ 12.93                               | 195,800   | 3,320,553   |
| Apr. 2005 | 14,300                                      | \$ 12.79                               | 14,300  | 3,306,253   |
| May 2005  | 156,700                                     | \$ 12.81                               | 156,700   | 3,149,553   |
| June 2005 | 231,700                                     | \$ 13.05                               | 231,700   | 2,917,853   |
| Total     | 1,195,400(1)                                | \$ 12.96                               | 1,195,400(2)  | 2,917,853(2)  |

(1) There were no shares purchased other than through a publicly announced plan or program.

(2.a) The Plan was announced on December 9, 2004.

(2.b) The share amount approved was 5% of outstanding shares, or approximately 4,172,453 shares.

(2.c) The Plan will expire on or about December 8, 2005.

(2.d) None.

(2.e) None.

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Item 10: Submission of Matters to a Vote of Security Holders  
- There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors made or implemented after the registrant last provided disclosure in response to the requirements of Item 7(d)(2)(ii)(G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

Item 11: Controls and Procedures.

(a) The registrant's Principal Executive Officer and Principal Financial Officer have evaluated the registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

(b) Internal Controls. Effective April 25, 2005, the Company changed custodian from The Bank of New York to Brown Brothers Harriman & Co. There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 12: Exhibits attached hereto. (Attach certifications as exhibits)

(1) Not required at this time.

(2) Separate certifications by the registrant's principal executive officer and principal financial officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and required by Rule 30a-2 under the Investment Company Act of 1940, are attached.

A certification by the registrant's principal executive officer and principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached.

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE ADAMS EXPRESS COMPANY

BY: /s/ Douglas G. Ober

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Douglas G. Ober  
Chief Executive Officer  
(Principal Executive Officer)

Date: July 28, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates

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indicated.

BY: /s/ Douglas G. Ober

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Douglas G. Ober  
Chief Executive Officer  
(Principal Executive Officer)

Date: July 28, 2005

BY: /s/ Maureen A. Jones

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Maureen A. Jones  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: July 28, 2005