

ADAMS EXPRESS CO
Form N-30B-2
April 18, 2005

THE ADAMS EXPRESS COMPANY

Board of Directors

| | |
|-------------------------------------|-----------------------------------|
| Enrique R. Arzac ^{1,2} | W. Perry Neff ^{2,4} |
| Phyllis O. Bonanno ^{1,3} | Douglas G. Ober ¹ |
| Daniel E. Emerson ^{1,3} | Landon Peters ^{2,3} |
| Thomas H. Lenagh ^{1,4} | John J. Roberts ¹ |
| W.D. MacCallan ^{3,4} | Susan C. Schwab ^{2,4} |
| Kathleen T. McGahran ^{2,4} | Robert J.M. Wilson ^{1,3} |

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

Officers

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

Stock Data

| | |
|---------------------------|----------|
| Market Price (3/31/05) | \$ 12.87 |
| Net Asset Value (3/31/05) | \$ 14.72 |
| Discount: | 12.6% |

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

Distributions in 2005

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| | |
|---|---------|
| From Investment Income (paid or declared) | \$ 0.09 |
| From Net Realized Gains | 0.01 |
| | <hr/> |
| Total | \$ 0.10 |
| | <hr/> |

2005 Dividend Payment Dates

March 1, 2005

June 1, 2005

September 1, 2005*

December 27, 2005*

*Anticipated

LETTER TO STOCKHOLDERS

We submit herewith the financial statements of the Company for the three months ended March 31, 2005. Also provided are a schedule of investments and other summary financial information.

Net assets of the Company at March 31, 2005 were \$14.72 per share on 85,342,592 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. On April 14, 2005, an investment income dividend of \$0.05 per share was declared to shareholders of record May 19, 2005, payable June 1, 2005.

Net investment income for the three months ended March 31, 2005 amounted to \$4,007,315, compared with \$3,798,426 for the same period in 2004. These earnings are equal to \$0.05 and \$0.04 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the three months ended March 31, 2005 amounted to \$17,291,641, the equivalent of \$0.20 per share.

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 website is 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 15 of this report.

We are sad to report that our long-time director, Landon Peters, passed away on April 9. Mr. Peters had been a director of the Company since 1974 and had made great contributions to the Board of Directors' deliberations over the years. Our deepest sympathies go out to Mrs. Peters and the rest of the family.

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,

Douglas G. Ober,

Chairman and

Chief Executive Officer

Joseph M. Truta,

President

April 15, 2005

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2005

(unaudited)

| | | |
|--|------------------|------------------|
| Assets | | |
| Investments* at value: | | |
| Common stocks and convertible securities (cost \$901,811,988) | \$ 1,170,564,739 | |
| Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162) | 57,256,265 | |
| Short-term investments (cost \$21,964,977) | 21,964,977 | \$ 1,249,785,981 |
| Cash | | 317,057 |
| Receivables: | | |
| Investment securities sold | | 6,928,624 |
| Dividends and interest | | 1,143,857 |
| Prepaid pension cost | | 5,594,729 |
| Prepaid expenses and other assets | | 1,606,845 |
| <i>Total Assets</i> | | 1,265,377,093 |
| Liabilities | | |
| Investment securities purchased | | 4,841,602 |
| Open written option contracts at value (proceeds \$757,432) | | 1,000,825 |
| Accrued expenses | | 3,113,336 |
| <i>Total Liabilities</i> | | 8,955,763 |
| Net Assets | | \$ 1,256,421,330 |
| Net Assets | | |
| Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 85,342,592 shares | | \$ 85,342,592 |
| Additional capital surplus | | 849,883,452 |
| Undistributed net investment income | | 5,618,980 |
| Undistributed net realized gain on investments | | 17,773,845 |
| Unrealized appreciation on investments | | 297,802,461 |
| Net Assets Applicable to Common Stock | | \$ 1,256,421,330 |
| Net Asset Value Per Share of Common Stock | | \$14.72 |

*See Schedule of Investments on pages 8 through 10.

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

STATEMENT OF OPERATIONS

Three Months Ended March 31, 2005

(unaudited)

| | |
|--|-----------------|
| Investment Income | |
| Income: | |
| Dividends: | |
| From unaffiliated issuers | \$ 5,117,929 |
| From non-controlled affiliate | 139,020 |
| Interest and other income | 159,401 |
| <i>Total income</i> | 5,416,350 |
| Expenses: | |
| Investment research | 645,305 |
| Administration and operations | 285,680 |
| Directors' fees | 66,375 |
| Reports and stockholder communications | 63,544 |
| Transfer agent, registrar and custodian expenses | 105,044 |
| Auditing and accounting services | 29,615 |
| Legal services | 16,672 |
| Occupancy and other office expenses | 149,062 |
| Travel, telephone and postage | 26,743 |
| Other | 20,995 |
| <i>Total expenses</i> | 1,409,035 |
| Net Investment Income | 4,007,315 |
| Realized Gain and Change in Unrealized Appreciation on Investments | |
| Net realized gain on security transactions | 17,172,481 |
| Net realized gain distributed by regulated investment company (non-controlled affiliate) | 119,160 |
| Change in unrealized appreciation on investments | (45,867,951) |
| Net Gain/(Loss) on Investments | (28,576,310) |
| Change in Net Assets Resulting from Operations | \$ (24,568,995) |

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

STATEMENTS OF CHANGES IN NET ASSETS

| | Three Months Ended March 31, 2005 | Year Ended December 31, 2004 |
|--|--------------------------------------|---------------------------------|
| | (unaudited) | |
| From Operations: | | |
| Net investment income | \$ 4,007,315 | \$ 19,008,405 |
| Net realized gain on investments | 17,291,641 | 54,713,903 |
| Change in unrealized appreciation on investments | (45,867,951) | 61,557,921 |
| <i>Change in net assets resulting from operations</i> | (24,568,995) | 135,280,229 |
| Distributions to Stockholders from: | | |
| Net investment income | (3,426,880) | (20,157,724) |
| Net realized gain from investment transactions | (856,720) | (55,099,990) |
| <i>Decrease in net assets from distributions</i> | (4,283,600) | (75,257,714) |
| From Capital Share Transactions: | | |
| Value of shares issued in payment of distributions | | 35,690,590 |
| Cost of shares purchased (Note 4) | (10,274,975) | (19,026,661) |
| <i>Change in net assets from capital share transactions</i> | (10,274,975) | 16,663,929 |
| Total Change in Net Assets | (39,127,570) | 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 \$5,618,980 and \$5,038,545, respectively) | \$ 1,256,421,330 | \$ 1,295,548,900 |

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

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 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 at March 31, 2005 was \$951,252,876 and net unrealized appreciation aggregated \$298,533,105, of which the related gross unrealized appreciation and depreciation were \$420,261,480 and \$121,728,375, 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, and recommendations to that committee are made by the research staff.

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Purchases and sales of portfolio securities, other than options and short-term investments, during the three months ended March 31, 2005 were \$67,269,812 and \$67,362,099, 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 March 31, 2005 can be found on page 11.

Transactions in written covered call and collateralized put options during the three months ended March 31, 2005 were as follows:

| | Covered Calls | | Collateralized Puts | |
|---|---------------|------------|---------------------|------------|
| | Contracts | Premiums | Contracts | Premiums |
| Options outstanding, December 31, 2004 | 3,600 | \$ 386,349 | 2,655 | \$ 268,082 |
| Options written | 3,080 | 380,358 | 3,090 | 352,669 |
| Options terminated in closing purchase transactions | (836) | (87,806) | | |
| Options expired | (1,800) | (199,905) | (2,500) | (248,397) |
| Options exercised | (514) | (74,869) | (150) | (19,049) |
| Options outstanding, March 31, 2005 | 3,530 | \$ 404,127 | 3,095 | \$ 353,305 |

4. Capital Stock

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 | |
|---|--|------------------------------------|--|------------------------------------|
| | Three months ended March 31, 2005 | Year ended December 31, 2004 | Three months ended March 31, 2005 | Year ended December 31, 2004 |
| Shares issued in payment of dividends | | 2,745,430 | \$ | \$ 35,690,590 |
| Shares purchased (at a weighted average discount from net asset value of 12.2% and 13.0%, respectively) | (792,700) | (1,496,550) | (10,274,975) | (19,026,661) |
| Net change | (792,700) | 1,248,880 | \$ (10,274,975) | \$ 16,663,929 |

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The Company has an employee 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. 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 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 exercise price and the fair market value of the Common Stock at the date of surrender.

At the beginning of 2005, 283,297 options were outstanding, with a weighted average exercise price of \$11.76 per share. The Company did not grant any options under the plan in 2005. At March 31, 2005, there were outstanding exercisable options to purchase 180,888 common shares at \$3.14-\$17.76 per share (weighted average price of \$11.44), and unexercisable options to purchase 102,409 common shares at \$9.58-\$17.76 per share (weighted average price of \$12.29). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 6.11 years and 6.42 years, respectively. At March 31, 2005, there were 1,180,685 shares available for future option grants.

The Company currently accounts for the plan under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations. Accordingly, compensation cost 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 expense for stock options and stock appreciation rights recognized for the three months ended March 31, 2005 was \$(20,488).

In 2004, the Financial Accounting Standards Board revised the Statement of Financial Accounting Standards No. 123, *Share-Based Payment*, which establishes standards for accounting for all share-based payment transactions. The revised FAS 123 is effective for the Company as of January 1, 2006 and applies only to awards granted, repurchased, or cancelled after the required effective date. The revised FAS also requires recognition of compensation cost based on the fair value of the award at grant date versus the intrinsic value. At this time, the Company does not expect the impact to be material to its operations or financial statements.

5. Retirement Plans

The Company's qualified defined benefit pension plan covers all full-time 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 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 appropriate in order to provide assets sufficient to meet benefits to be paid to plan participants. During the three months ended March 31, 2005, the Company contributed \$4,711 to the plans. The Company anticipates contributing an additional \$14,133 to the plans in 2005.

The following table aggregates the components of the plans' net periodic pension cost for the three months ended March 31:

| | March 31, 2005 |
|--------------|----------------|
| Service cost | \$ 90,000 |

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| | |
|------------------------------------|-----------|
| Interest cost | 126,081 |
| Expected return on plan assets | (197,334) |
| Amortization of prior service cost | 31,638 |
| Amortization of net loss | 47,116 |
| Net periodic pension cost | \$ 97,501 |

The Company also sponsors a defined contribution plan that covers substantially all employees. For the three months ended March 31, 2005, the Company expensed contributions of \$44,152. The Company does not provide postretirement medical benefits.

6. Expenses

The aggregate remuneration paid during the three months ended March 31, 2005 to officers and directors amounted to \$924,228, of which \$66,375 was paid as fees to directors who were not officers.

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 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 March 31, 2005, the Company had no securities on loan.

FINANCIAL HIGHLIGHTS

| | Three Months Ended | | Year Ended December 31 | | | | |
|--|--------------------|-------------------|------------------------|-------------|-------------|-------------|-------------|
| | (unaudited) | | | | | | |
| | March 31, 2005 | March 31, 2004 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Per Share Operating Performance | | | | | | | |
| Net asset value, beginning of period | \$15.04 | \$14.36 | \$14.36 | \$12.12 | \$16.05 | \$23.72 | \$26.85 |
| Net investment income | 0.05 | 0.04 | 0.23* | 0.19 | 0.20 | 0.26 | 0.26 |
| Net realized gains and change in unrealized appreciation | (0.34) | 0.20 | 1.39 | 2.85 | (3.38) | (6.21) | (1.51) |
| Total from investment operations | (0.29) | 0.24 | 1.62 | 3.04 | (3.18) | (5.95) | (1.25) |
| Less distributions | | | | | | | |
| Dividends from net investment income | (0.04) | (0.03) | (0.24) | (0.17) | (0.19) | (0.26) | (0.22) |
| Distributions from net realized gains | (0.01) | (0.02) | (0.66) | (0.61) | (0.57) | (1.39) | (1.63) |
| Total distributions | (0.05) | (0.05) | (0.90) | (0.78) | (0.76) | (1.65) | (1.85) |
| Capital share repurchases | 0.02 | 0.01 | 0.02 | 0.04 | 0.05 | 0.04 | 0.10 |
| Reinvestment of distributions | | | (0.06) | (0.06) | (0.04) | (0.11) | (0.13) |
| Total capital share transactions | 0.02 | 0.01 | (0.04) | (0.02) | 0.01 | (0.07) | (0.03) |
| Net asset value, end of period | \$14.72 | \$14.56 | \$15.04 | \$14.36 | \$12.12 | \$16.05 | \$23.72 |
| Per share market price, end of period | \$12.87 | \$12.68 | \$13.12 | \$12.41 | \$10.57 | \$14.22 | \$21.00 |
| Total Investment Return | | | | | | | |
| Based on market price | (1.5)% | 2.6% | 13.2% | 25.2% | (20.6)% | (24.7)% | 1.7% |
| Based on net asset value | (1.8)% | 1.8% | 12.1% | 26.3% | (19.4)% | (24.7)% | (4.3)% |
| Ratios/Supplemental Data | | | | | | | |
| Net assets, end of period (in 000 s) | \$1,256,421 | \$1,232,357 | \$1,295,549 | \$1,218,862 | \$1,024,810 | \$1,368,366 | \$1,951,563 |
| Ratio of expenses to average net assets | 0.44% | 0.46% | 0.43% | 0.47% | 0.34% | 0.19% | 0.24% |
| Ratio of net investment income to average net assets | 1.26% | 1.23% | 1.54% | 1.45% | 1.42% | 1.33% | 0.97% |
| Portfolio turnover | 21.79% | 11.33% | 13.43% | 12.74% | 17.93% | 19.15% | 12.74% |
| Number of shares outstanding at end of period (in 000 s) | 85,343 | 84,630 | 86,135 | 84,886 | 84,536 | 85,233 | 82,292 |

* 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.

SCHEDULE OF INVESTMENTS

March 31, 2005

(unaudited)

| | Prin. Amt. or Shares | Value (A) |
|--|---------------------------------|--------------------|
| Stocks and Convertible Securities 97.7% | | |
| Consumer 16.2% | | |
| Consumer Discretionary 7.5% | | |
| BJ's Wholesale Club, Inc. (B) | 500,000 | \$ 15,530,000 |
| Brinker International Inc. (B) | 400,000 | 14,488,000 |
| Clear Channel Communications Inc. | 325,000 | 11,202,750 |
| Comcast Corp. (B) | 325,000 | 10,978,500 |
| Gannett Co., Inc. | 87,500 | 6,919,500 |
| Newell Rubbermaid Inc. | 515,000 | 11,299,100 |
| Ryland Group Inc. | 20,000 | 1,240,400 |
| Target Corp. | 460,000 | 23,009,200 |
| | | <u>94,667,450</u> |
| Consumer Staples 8.7% | | |
| Bunge Ltd. | 170,000 | 9,159,600 |
| Coca-Cola Co. | 200,000 | 8,334,000 |
| Dean Foods Co. (B) | 506,600 | 17,376,380 |
| Del Monte Foods Co. (B) | 1,035,000 | 11,229,750 |
| PepsiCo, Inc. | 440,000 | 23,333,200 |
| Procter & Gamble Co. | 340,000 | 18,020,000 |
| Safeway, Inc. (B) | 423,000 | 7,838,190 |
| Unilever plc ADR | 345,000 | 13,800,000 |
| | | <u>109,091,120</u> |
| Energy 10.5% | | |
| BP plc ADR | 270,000 | 16,848,000 |
| ConocoPhillips | 190,000 | 20,489,600 |
| Exxon Mobil Corp. | 130,000 | 7,748,000 |
| Murphy Oil Corp. | 160,300 | 15,826,419 |
| Petroleum & Resources Corporation (D) | 1,985,996 | 57,256,265 |
| Schlumberger Ltd. (C) | 190,000 | 13,391,200 |
| | | <u>131,559,484</u> |
| Financials 16.4% | | |
| Banking 11.7% | | |
| Bank of America Corp. | 500,000 | 22,050,000 |
| BankAtlantic Bancorp Inc. | 220,000 | 3,828,000 |
| Compass Bancshares Inc. | 300,000 | 13,620,000 |
| Fifth Third Bancorp | 200,000 | 8,596,000 |

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| Investors Financial Services Corp. | 380,000 | 18,585,800 |
| North Fork Bancorporation, Inc. | 450,000 | 12,483,000 |
| Provident Bankshares Corp. | 335,021 | 11,042,292 |
| Wachovia Corp. | 370,000 | 18,836,700 |
| Wells Fargo & Co. | 400,000 | 23,920,000 |
| Wilmington Trust Corp. | 420,000 | 14,742,000 |

147,703,792

Insurance 4.7%

| | | |
|------------------------------------|---------|------------|
| AMBAC Financial Group, Inc. | 380,000 | 28,405,000 |
| American International Group, Inc. | 550,000 | 30,475,500 |

58,880,500

**Prin. Amt.
or Shares**

Value (A)

Health Care 12.9%

| | | |
|--|-----------|---------------|
| Abbott Laboratories | 350,000 | \$ 16,317,000 |
| Bristol-Myers Squibb Co. | 345,000 | 8,783,700 |
| Enzon Pharmaceuticals, Inc. (B) | 67,088 | 683,627 |
| Genentech, Inc. (B) | 250,000 | 14,152,500 |
| HCA Inc. | 345,000 | 18,481,650 |
| Johnson & Johnson | 265,000 | 17,797,400 |
| Laboratory Corp. of America Holdings (B) | 240,000 | 11,568,000 |
| MedImmune, Inc. (B) | 225,000 | 5,357,250 |
| Medtronic Inc. | 310,000 | 15,794,500 |
| Pfizer Inc. | 1,120,000 | 29,422,400 |
| Wyeth Co. | 325,000 | 13,708,500 |
| Zimmer Holdings Inc. (B) | 125,000 | 9,726,250 |

161,792,777

Industrials 11.8%

| | | |
|-------------------------------|-----------|------------|
| Canadian National Railway Co. | 135,000 | 8,546,850 |
| Cintas Corp. | 300,000 | 12,393,000 |
| Donnelley (R.R.) & Sons Co. | 300,000 | 9,486,000 |
| Emerson Electric Co. | 200,000 | 12,986,000 |
| General Electric Co. | 1,487,700 | 53,646,462 |
| Illinois Tool Works Inc. | 125,000 | 11,191,250 |
| 3M Co. | 160,000 | 13,710,400 |
| United Parcel Service, Inc. | 145,000 | 10,547,300 |
| United Technologies Corp. | 155,000 | 15,757,300 |

148,264,562

SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2005

(unaudited)

| | <u>Prin. Amt. or Shares</u> | <u>Value (A)</u> |
|---------------------------------------|---------------------------------|--------------------|
| Information Technology 13.5% | | |
| Communication Equipment 2.2% | | |
| Avaya Inc. (B) | 600,000 | \$ 7,008,000 |
| Corning Inc. (B) | 1,170,000 | 13,022,100 |
| Lucent Technologies Inc. (B) | 2,900,000 | 7,975,000 |
| | | <u>28,005,100</u> |
| Computer Related 9.4% | | |
| Automatic Data Processing Inc. | 225,000 | 10,113,750 |
| BEA Systems Inc. (B) | 800,000 | 6,376,000 |
| Cisco Systems, Inc. (B) | 1,200,000 | 21,468,000 |
| Dell Inc. (B) | 400,000 | 15,368,000 |
| DiamondCluster International Inc. (B) | 497,500 | 8,009,750 |
| Microsoft Corp. | 800,000 | 19,336,000 |
| Oracle Corp. (B) | 880,000 | 10,982,400 |
| Sapient Corp. (B) | 1,150,000 | 8,446,750 |
| Siebel Systems Inc. (B) | 800,000 | 7,304,000 |
| Sun Microsystems Inc. (B) | 410,000 | 1,656,400 |
| Symantec Corp. (B) | 400,000 | 8,532,000 |
| | | <u>117,593,050</u> |
| Electronics 1.9% | | |
| Cree, Inc. (B) | 500,000 | 10,875,000 |
| Intel Corp. | 310,000 | 7,201,300 |
| Solelectron Corp. (B) | 1,850,000 | 6,419,500 |
| | | <u>24,495,800</u> |
| | <u>Prin. Amt. or Shares</u> | <u>Value (A)</u> |
| Materials 5.9% | | |
| Air Products and Chemicals, Inc. | 250,000 | \$ 15,822,500 |
| du Pont (E.I.) de Nemours and Co. | 400,000 | 20,496,000 |
| Martin Marietta Materials, Inc. | 141,600 | 7,918,272 |
| Rohm & Haas Co. | 400,000 | 19,200,000 |
| Smurfit-Stone Container Corp. (B) | 650,000 | 10,055,500 |
| | | <u>73,492,272</u> |
| Telecom Services 4.1% | | |

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| | | |
|--|---------|------------------|
| Alltel Corp. | 350,000 | 19,197,500 |
| BellSouth Corp. | 200,000 | 5,258,000 |
| SBC Communications Inc. | 595,000 | 14,095,550 |
| Vodafone Group plc | | |
| ADS | 492,613 | 13,083,801 |
| | | <hr/> |
| | | 51,634,851 |
| | | <hr/> |
| Utilities 6.4% | | |
| Aqua America, Inc. | 900,000 | 21,915,000 |
| Black Hills Corp. | 245,000 | 8,102,150 |
| CINergy Corp. | 300,000 | 12,156,000 |
| Duke Energy Corp. | 611,560 | 17,129,796 |
| Keyspan Corp. | 140,000 | 5,455,800 |
| MDU Resources Group, Inc. | 575,000 | 15,881,500 |
| | | <hr/> |
| | | 80,640,246 |
| | | <hr/> |
| Total Stocks and Convertible Securities | | |
| (Cost \$929,775,150) (D) | | \$ 1,227,821,004 |
| | | <hr/> |

SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2005

(unaudited)

| | Prin. Amt. | Value (A) |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Short-Term Investments 1.8% | | |
| U.S. Government Obligations 1.4% | | |
| U.S. Treasury Bills, 2.50%, due 5/19/05 | \$ 17,500,000 | \$ 17,441,667 |
| | | <u> </u> |
| Commercial Paper 0.4% | | |
| AIG Funding Inc., 2.77%, due 4/7/05 | 2,000,000 | 1,999,076 |
| General Electric Capital Corp., 2.73%, due 4/5/05 | 2,525,000 | 2,524,234 |
| | | <u> </u> |
| | | 4,523,310 |
| | | <u> </u> |
| Total Short-Term Investments (Cost \$21,964,977) | | \$ 21,964,977 |
| | | <u> </u> |
| | | Value (A) |
| | | <u> </u> |
| Total Investments 99.5% (Cost \$951,740,127) | | \$ 1,249,785,981 |
| Cash, receivables and other assets, less liabilities 0.5% | | 6,635,349 |
| | | <u> </u> |
| Net Assets 100.0% | | \$ 1,256,421,330 |
| | | <u> </u> |

Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York 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 March 31, 2005 covering open call option contracts written was \$21,492,530. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$15,845,000.

SCHEDULE OF OUTSTANDING OPTION CONTRACTS

March 31, 2005

(unaudited)

Contracts
(100

| shares each) | Security | Strike Price | Contract Expiration Date | Appreciation/ (Depreciation) |
|----------------------------|--------------------------------------|-----------------|--------------------------------|---------------------------------|
| COVERED CALLS | | | | |
| 100 | AMBAC Financial Group, Inc. | \$ 90 | May 05 | \$ 7,325 |
| 100 | AMBAC Financial Group, Inc. | 85 | Aug 05 | 3,200 |
| 100 | AMBAC Financial Group, Inc. | 90 | Aug 05 | 10,045 |
| 200 | American International Group, Inc. | 70 | May 05 | 23,199 |
| 150 | Brinker International Inc. | 40 | Jul 05 | 7,049 |
| 100 | Brinker International Inc. | 40 | Oct 05 | 3,699 |
| 100 | Canadian National Railway Co. | 60 | Apr 05 | (27,050) |
| 30 | Canadian National Railway Co. | 85 | Jul 05 | (3,190) |
| 100 | ConocoPhillips | 130 | Aug 05 | (1,250) |
| 100 | Genentech, Inc. | 70 | Sep 05 | (3,801) |
| 100 | HCA Inc. | 47.5 | May 05 | (55,655) |
| 100 | HCA Inc. | 50 | May 05 | (35,300) |
| 150 | HCA Inc. | 47.5 | Aug 05 | (97,201) |
| 250 | HCA Inc. | 50 | Aug 05 | (108,126) |
| 100 | Illinois Tool Works Inc. | 100 | Jun 05 | 9,199 |
| 100 | Illinois Tool Works Inc. | 105 | Sep 05 | 4,200 |
| 100 | Investors Financial Services Corp. | 55 | Jul 05 | 1,350 |
| 100 | Investors Financial Services Corp. | 60 | Jul 05 | 6,200 |
| 100 | Johnson & Johnson | 65 | Apr 05 | (14,800) |
| 150 | Laboratory Corp. of America Holdings | 55 | Aug 05 | 7,799 |
| 100 | Ryland Group Inc. | 60 | Apr 05 | (12,301) |
| 300 | Symantec Corp. | 32.5 | Apr 05 | 15,919 |
| 250 | Target Corp. | 55 | Apr 05 | 30,249 |
| 150 | Target Corp. | 60 | Oct 05 | 8,399 |
| 100 | 3M Co. | 90 | Jul 05 | (5,300) |
| 100 | United Technologies Corp. | 110 | May 05 | 9,700 |
| 100 | United Technologies Corp. | 110 | Aug 05 | (6,051) |
| 100 | United Technologies Corp. | 115 | Aug 05 | 1,970 |
| 3,530 | | | | (220,523) |
| COLLATERALIZED PUTS | | | | |
| 150 | Automatic Data Processing Inc. | 42.5 | Apr 05 | 10,050 |
| 250 | Automatic Data Processing Inc. | 40 | Aug 05 | 10,499 |
| 100 | Bank of America Corp. | 45 | Aug 05 | (8,301) |
| 250 | Bunge Ltd. | 50 | Apr 05 | 19,249 |
| 250 | Bunge Ltd. | 45 | Jul 05 | 5,499 |
| 150 | Bunge Ltd. | 50 | Jul 05 | 3,299 |
| 250 | Cintas Corp. | 40 | May 05 | 6,009 |
| 200 | Cree, Inc. | 25 | Jun 05 | (61,851) |
| 100 | Exxon Mobil Corp. | 55 | Jul 05 | (2,800) |
| 250 | Fifth Third Bancorp | 45 | May 05 | (27,001) |
| 100 | Gannett Co., Inc. | 75 | Jul 05 | 200 |
| 150 | Gannett Co., Inc. | 70 | Oct 05 | (1,951) |
| 85 | Martin Marietta Materials, Inc. | 45 | Apr 05 | 6,120 |
| 200 | Martin Marietta Materials, Inc. | 45 | Jul 05 | 14,772 |
| 10 | Martin Marietta Materials, Inc. | 50 | Jul 05 | 420 |

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| | | | | | |
|-------|-----------------------------|----|-----|----|--------------|
| 100 | Murphy Oil Corp. | 70 | Jul | 05 | 10,418 |
| 100 | United Parcel Service, Inc. | 70 | May | 05 | (800) |
| 100 | United Parcel Service, Inc. | 70 | Jul | 05 | (4,800) |
| 100 | United Parcel Service, Inc. | 65 | Oct | 05 | (1,300) |
| 200 | Zimmer Holdings Inc. | 70 | Jun | 05 | (601) |
| <hr/> | | | | | |
| 3,095 | | | | | (22,870) |
| <hr/> | | | | | |
| | | | | | \$ (243,393) |
| | | | | | <hr/> |

CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended March 31, 2005

(unaudited)

| | Shares | | |
|--------------------------------------|-----------|------------|------------------------|
| | Additions | Reductions | Held March 31, 2005 |
| Automatic Data Processing Inc. | 225,000 | | 225,000 |
| Bank of America Corp. | 60,000 | | 500,000 |
| BankAtlantic Bancorp Inc. | 220,000 | | 220,000 |
| Bunge Ltd. | 170,000 | | 170,000 |
| Cintas Corp. | 300,000 | | 300,000 |
| Clear Channel Communications Inc. | 25,000 | | 325,000 |
| Comcast Corp. | 325,000 | | 325,000 |
| Del Monte Foods Co. | 1,035,000 | | 1,035,000 |
| Lucent Technologies Inc. | 80,000 | | 2,900,000 |
| Martin Marietta Materials, Inc. | 8,000 | | 141,600 |
| Murphy Oil Corp. | 5,000 | | 160,300 |
| United Parcel Service, Inc. | 65,000 | | 145,000 |
| American International Group Inc. | | 188,675 | 550,000 |
| BMC Software Inc. | | 70,000 | |
| Canadian National Railway Co. | | 120,000 | 135,000 |
| ConocoPhillips | | 10,000 | 190,000 |
| HCA Inc. | | 105,000 | 345,000 |
| Investors Financial Services Corp. | | 20,000 | 380,000 |
| Keyspan Corp. | | 196,100 | 140,000 |
| Laboratory Corp. of America Holdings | | 10,000 | 240,000 |
| Mattel, Inc. | | 575,000 | |
| Parker-Hannifin Corp. | | 55,000 | |
| Ryland Group Inc. | | 200,000 | 20,000 |
| Sun Microsystems Inc. | | 105,000 | 410,000 |
| United Technologies Corp. | | 45,000 | 155,000 |

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 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.

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* |
|----------------------------|--------------------------------|--------------------------------|---|--|---|
| 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 |
| March 31, 2005 (unaudited) | 1,256,421,330 | 85,342,592 | 14.72 | .09 | .01 |

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

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: The Bank of New York

OTHER INFORMATION

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. 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 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, 2004 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.

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.

SHAREHOLDER INFORMATION AND SERVICES

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 Optional Cash Investments | |
| Service Fee | \$2.50 per investment |
| Brokerage Commission | \$0.05 per share |
| Reinvestment of Dividends* | |
| Service Fee | 2% 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 \$7.50 | |
| Book to Book Transfers | Included |
| <i>To transfer shares to another participant or to a new participant</i> | |

Fees are subject to change at any time.

Minimum and Maximum Cash Investments

| | |
|--|----------|
| Initial minimum investment (non-holders) | \$500.00 |
|--|----------|

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| | |
|--|-------------|
| 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 INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

For Non-Registered Shareholders

For shareholders whose stock is held by a broker in street name, the AST INVESTORS CHOICE Direct Stock Purchase and Sale 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 AST's Plan or contact AST.

The Company

The Adams Express Company

Lawrence L. Hooper, Jr.

Vice President, General Counsel and Secretary

Seven St. Paul Street, Suite 1140, Baltimore, MD 21202

(800) 638-2479

Website: www.adamsexpress.com

E-mail: contact@adamsexpress.com

The Transfer Agent

American Stock Transfer & Trust Company

Address Shareholder Inquiries to:

Shareholder Relations Department

59 Maiden Lane

New York, NY 10038

(877) 260-8188

Website: www.amstock.com

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E-mail: info@amstock.com

Investors Choice Mailing Address:

Attention: Dividend Reinvestment

P.O. Box 922

Wall Street Station

New York, NY 10269

Website: www.InvestPower.com

E-mail: info@InvestPower.com

*The year-end dividend and capital gain distribution will usually be made in newly issued shares of common stock. There are no fees or commissions in connection with this dividend and capital gain distribution when made in newly issued shares.