

ADAMS EXPRESS CO  
Form N-30B-2  
April 24, 2007

THE ADAMS EXPRESS COMPANY

**Board of Directors**

Enrique R. Arzac <sup>1,4,5</sup>	Thomas H. Lenagh <sup>2,3</sup>
Phyllis O. Bonanno <sup>1,4,5</sup>	Kathleen T. McGahran <sup>2,4</sup>
Daniel E. Emerson <sup>1,3,5</sup>	Douglas G. Ober <sup>1</sup>
Frederic A. Escherich <sup>2,3</sup>	Craig R. Smith <sup>2,4</sup>
Roger W. Gale <sup>1,3,5</sup>	

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee
5. Member of Nominating and Governance 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>
David R. Schiminger	<i>Vice President Research</i>
D. Cotton Swindell	<i>Vice President Research</i>
David D. Weaver	<i>Vice President Research</i>
Christine M. Sloan	<i>Assistant Treasurer</i>
Geraldine H. Paré	<i>Assistant Secretary</i>

**Stock Data**

Market Price (3/31/07)	\$ 14.02
Net Asset Value (3/31/07)	\$ 16.10
Discount:	12.9%

New York Stock Exchange ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the abbreviation: AdaEx

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

**Distributions in 2007**

---

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

---

**2007 Dividend Payment Dates**

---

March 1, 2007

June 1, 2007

September 1, 2007\*

December 27, 2007\*

\*Anticipated

---

LETTER TO STOCKHOLDERS

---

We submit herewith the financial statements of the Company for the three months ended March 31, 2007. Also provided are a schedule of investments and other summary financial information.

Net assets of the Company at March 31, 2007 were \$16.10 per share on 86,079,089 shares outstanding, compared with \$15.86 per share at December 31, 2006 on 86,838,223 shares outstanding. On March 1, 2007, a distribution of \$0.05 per share was paid, consisting of \$0.03 from 2006 investment income, \$0.01 from 2006 short-term capital gain, and \$0.01 from 2007 investment income, all taxable in 2007. On April 12, 2007 an investment income dividend of \$0.05 per share was declared to stockholders of record May 17, 2007, payable June 1, 2007.

Net investment income for the three months ended March 31, 2007 amounted to \$5,658,809, compared with \$3,995,963 for the same period in 2006. These earnings are equal to \$0.07 and \$0.05 per share.

Net capital gain realized on investments for the three months ended March 31, 2007 amounted to \$13,403,733, or \$0.16 per share.

The total return on the market value (with dividends and capital gains reinvested) of the Company's shares was 1.5% for the three months ended March 31, 2007. The total return on the net asset value of the Company's shares in the period was 1.9%. These compare to a 0.6% total return for the Standard & Poor's 500 Composite Stock Index and a 0.5% total return for the Lipper Large Cap Core Mutual Fund Average over the same time period.

For the twelve months ended March 31, 2007, the Company's total return on market value was 12.4% and on net asset value was 10.9%, as the discount narrowed during the period. Comparable figures for the S&P 500 and the Lipper Large Cap Core Mutual Fund Average were 11.8% and 9.9%, respectively.

The Annual Meeting was held on March 27, 2007 in Baltimore, Maryland. The results of the voting at the Annual Meeting are shown on page 14.

Current and potential stockholders 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, on our website at [www.adamsexpress.com](http://www.adamsexpress.com). Also available on the website are a history of the Company, historical financial information, and other useful content. Further information regarding stockholder services is located on page 15 of this report.

## Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

After serving 31 years on the Company's Board of Directors, Mr. John J. Roberts retired in March 2007. During Mr. Robert's tenure on the Board, the Fund's net assets grew by 600 percent. His extensive international business experience was a major contributor to the Company's growth. We thank him for his deep commitment to the Company and wish him well in his retirement.

By order of the Board of Directors,

Douglas G. Ober,

*Chairman and*

*Chief Executive Officer*

Joseph M. Truta,

*President*

April 13, 2007

## STATEMENT OF ASSETS AND LIABILITIES

March 31, 2007

(unaudited)

<b>Assets</b>		
Investments* at value:		
Common stocks and convertible securities (cost \$878,795,199)	\$ 1,261,931,044	
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$34,735,404)	75,727,984	
Short-term investments (cost \$46,197,227)	46,197,227	
Securities lending collateral (cost \$28,643,337)	28,643,337	\$ 1,412,499,592
Cash		382,806
Dividends and interest receivable		1,347,751
Prepaid pension cost		3,378,884
Prepaid expenses and other assets		2,375,756
<b>Total Assets</b>		<b>1,419,984,789</b>
<b>Liabilities</b>		
Investment securities purchased		647,916
Open written option contracts at value (proceeds \$595,314)		939,650
Obligations to return securities lending collateral		28,643,337
Accrued expenses		3,461,708
<b>Total Liabilities</b>		<b>33,692,611</b>
<b>Net Assets</b>		<b>\$ 1,386,292,178</b>
<b>Net Assets</b>		
Common Stock at par value \$0.001 per share, authorized 150,000,000 shares; issued and outstanding 86,079,089 shares (includes 91,514 restricted shares, 6,000 restricted stock units, and 3,634 deferred stock units) (Note 6)		\$ 86,079
Additional capital surplus		943,557,562
Accumulated other comprehensive income (Note 5)		(1,763,035)
Undistributed net investment income		6,825,485
Undistributed net realized gain on investments		13,801,998
Unrealized appreciation on investments		423,784,089
<b>Net Assets Applicable to Common Stock</b>		<b>\$ 1,386,292,178</b>
<b>Net Asset Value Per Share of Common Stock</b>		<b>\$16.10</b>

\*See Schedule of Investments on pages 8 and 9.

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

## STATEMENT OF OPERATIONS

Three Months Ended March 31, 2007

(unaudited)

<b>Investment Income</b>	
Income:	
Dividends:	
From unaffiliated issuers	\$ 6,497,518
From non-controlled affiliate	131,206
Interest and other income	728,224
<i>Total income</i>	7,356,948
Expenses:	
Investment research	756,112
Administration and operations	367,333
Directors' fees	100,773
Reports and stockholder communications	87,479
Transfer agent, registrar and custodian expenses	84,491
Auditing and accounting services	30,330
Legal services	32,696
Occupancy and other office expenses	170,254
Travel, telephone and postage	25,326
Other	43,345
<i>Total expenses</i>	1,698,139
<b>Net Investment Income</b>	<b>5,658,809</b>
<b>Realized Gain and Change in Unrealized Appreciation on Investments</b>	
Net realized gain on security transactions	13,250,659
Net realized gain distributed by regulated investment company (non-controlled affiliate)	153,074
Change in unrealized appreciation on investments	5,027,833
<b>Net Gain on Investments</b>	<b>18,431,566</b>
<b>Change in Net Assets Resulting from Operations</b>	<b>\$ 24,090,375</b>

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

## STATEMENTS OF CHANGES IN NET ASSETS

	Three Months Ended March 31, 2007 (unaudited)	Year Ended December 31, 2006
<b>From Operations:</b>		
Net investment income	\$ 5,658,809	\$ 19,691,488
Net realized gain on investments	13,403,733	56,553,881
Change in unrealized appreciation on investments	5,027,833	102,278,889
Change in accumulated other comprehensive income (note 5)	61,070	(1,824,105)
<i>Change in net assets resulting from operations</i>	24,151,445	176,700,153
<b>Distributions to Stockholders from:</b>		
Net investment income	(3,465,912)	(19,554,259)
Net realized gain from investment transactions	(868,719)	(56,771,240)
<i>Decrease in net assets from distributions</i>	(4,334,631)	(76,325,499)
<b>From Capital Share Transactions:</b>		
Value of shares issued in payment of distributions	3,556	31,661,698
Cost of shares purchased (Note 4)	(11,165,881)	(21,770,315)
Deferred compensation (Notes 4,6)	219,379	423,621
<i>Change in net assets from capital share transactions</i>	(10,942,946)	10,315,004
<b>Total Change in Net Assets</b>	<b>8,873,868</b>	<b>110,689,658</b>
<b>Net Assets:</b>		
Beginning of period	1,377,418,310	1,266,728,652
End of period (including undistributed net investment income of \$6,825,485 and \$4,632,588, respectively)	\$ 1,386,292,178	\$ 1,377,418,310

*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 is an internally-managed fund whose investment objectives are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

**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 stockholders 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 stockholders 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, 2007 was \$987,883,916 and net unrealized appreciation aggregated \$424,615,676, of which the related gross unrealized appreciation and depreciation were \$485,201,590 and \$60,585,914, 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 three months ended March 31, 2007 were \$33,286,614 and \$34,857,407, respectively. Options may be written (sold) or purchased by the Company. The Company, as writer of an option, bears the risks of possible illiquidity



## Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

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, 2007 can be found on page 11.

Transactions in written covered call and collateralized put options during the three months ended March 31, 2007 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2006	3,745	\$ 497,618	2,103	\$ 220,313
Options written	2,425	309,613	1,635	185,739
Options terminated in closing purchase transactions	(450)	(63,898)		
Options expired	(1,850)	(215,587)	(1,903)	(181,664)
Options exercised	(1,100)	(156,820)		
Options outstanding, March 31, 2007	2,770	\$ 370,926	1,835	\$ 224,388

#### 4. Capital Stock

The Company has 10,000,000 authorized and unissued preferred shares, \$0.001 par value.

On December 27, 2006, the Company issued 2,301,959 shares of its Common Stock at a price of \$13.75 per share (the average market price on December 11, 2006) to stockholders of record on November 21, 2006 who elected to take stock in payment of the year-end distribution from 2006 capital gain and investment income. In addition, 722 shares were issued at a weighted average price of \$13.43 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

During 2007, the Company has issued 253 shares of its Common Stock at a weighted average price of \$13.97 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

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 2007 and 2006 were as follows:

	Shares		Amount	
	Three months ended March 31, 2007	Year ended December 31, 2006	Three months ended March 31, 2007	Year ended December 31, 2006
Shares issued in payment of distributions	253	2,302,681	\$ 3,556	\$ 31,661,698
Shares purchased (at a weighted average discount from net asset value of 13.3% and 13.9%, respectively)	(804,174)	(1,623,542)	(11,165,881)	(21,770,315)
Net activity under the Equity Based Compensation Plans	44,787	59,477	219,379	423,621
Net change	(759,134)	738,616	\$ (10,942,946)	\$ 10,315,004



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**5. Retirement Plans**

The Company's non-contributory qualified defined benefit pension plan covers all employees with at least one year of service. In addition, the Company has a non-contributory 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 funded status of the plans is recognized as an asset (overfunded plan) or a liability (underfunded plan) in the Statement of Assets and Liabilities. Changes in the funded status are recognized as accumulated other comprehensive income, a component of net assets, in the year in which the changes occur.

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, 2007, the Company did not contribute to the plans. The Company does not anticipate making any contribution to the overfunded plan in 2007.

The following table aggregates the components of the plans' net periodic pension cost:

	Three months ended March 31, 2007	Year ended December 31, 2006
Service cost	\$ 121,829	\$ 460,969
Interest cost	142,124	518,015
Expected return on plan assets	(213,888)	(922,155)
Amortization of prior service cost	23,627	119,776
Amortization of net (gain)/loss	40,656	180,764
Deferred asset gain		128,119
Net periodic pension cost	\$ 114,348	\$ 485,488

The Company also sponsors a defined contribution plan that covers substantially all employees. For the three months ended March 31, 2007, the Company expensed contributions of \$47,654. The Company does not provide postretirement medical benefits.

**6. Equity-Based Compensation**

Although the Stock Option Plan of 1985 ( 1985 Plan ) has been discontinued and no further grants will be made under this plan, unexercised grants of stock options and stock appreciation rights granted in 2004 and prior years remain outstanding. The exercise price of the unexercised options and related stock appreciation rights is the fair market value on date of grant, reduced by the per share amount of capital gains paid by the Company during subsequent years. All options and related stock appreciation rights terminate 10 years from date of grant, if not exercised.

## Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

A summary of option activity under the 1985 Plan as of March 31, 2007, and changes during the three month period then ended, is presented below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)
Outstanding at December 31, 2006	201,990	\$ 11.81	4.79
Exercised	(43,910)	10.33	
Outstanding at March 31, 2007	158,080	\$ 12.21	4.15
Exercisable at March 31, 2007	91,558	\$ 12.58	3.47

The options outstanding as of March 31, 2007 are set forth below:

Exercise Price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
\$8.25-\$10.49	48,517	\$ 9.33	3.63
\$10.50-\$12.74	58,415	11.03	5.29
\$12.75-\$14.99			
\$15.00-\$17.25	51,148	16.28	3.34
Outstanding at March 31, 2007	158,080	\$ 12.21	4.15

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 three months ended March 31, 2007 was \$41,441.

The 2005 Equity Incentive Compensation Plan (2005 Plan), adopted at the 2005 Annual Meeting, 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, including both performance and nonperformance-based restricted stock. Performance-based restricted stock awards vest at the end of a specified three year period, with the ultimate number of awards earned contingent on achievement of certain performance targets. If performance targets are not achieved, all or a portion of the performance-based awards are forfeited and become available for future grants. Nonperformance-based restricted stock awards vest ratably over a three year period and nonperformance-based restricted stock units (granted to non-employee directors) vest over a one year period. It is the current intention that employee grants will be performance-based. The 2005 Plan provides for accelerated vesting in the event of death or retirement. Non-employee directors also may elect to defer a portion of their cash compensation, with such deferred amount to be paid by delivery of deferred stock units. Outstanding awards are granted at fair market value on grant date. The number of shares of Common Stock which remains available for future grants under the 2005 Plan at March 31, 2007 is 3,289,816 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 under the 2005 Plan as of March 31, 2007, and changes during the three month period then ended, is presented below:

Awards	Shares/ Units	Weighted Average Grant-Date Fair Value

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

Balance at December 31, 2006	70,493	\$	12.92
Granted:			
Restricted stock	32,720		13.73
Restricted stock units	6,000		14.07
Deferred stock units	485		13.79
Vested	(8,550)		13.24
Forfeited			
Balance at March 31, 2007 (includes 82,220 performance-based awards and 18,928 nonperformance-based awards)	101,148	\$	13.17

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Compensation costs resulting from awards granted under the 2005 Plan are based on the fair value of the award on grant date (determined by the average of the high and low price on grant date) and recognized on a straight-line basis over the requisite service period. For those awards with performance conditions, compensation costs are based on the most probable outcome and, if such goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The total compensation costs for restricted stock granted to employees for the period ending March 31, 2007 were \$104,398. The total compensation costs for restricted stock units granted to non-employee directors for the period ended March 31, 2007 were \$29,523. As of March 31, 2007, there were total unrecognized compensation costs of \$927,551, a component of additional capital surplus, related to nonvested equity-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be recognized over a weighted average period of 2.08 years.

**7. Expenses**

The aggregate remuneration paid during the three months ended March 31, 2007 to officers and directors amounted to \$1,513,383, of which \$135,041 was paid as fees and compensation to directors who were not officers. These amounts represent the taxable income to the Company's officers and directors and therefore differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with generally accepted accounting principles.

**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 March 31, 2007, the Company had securities on loan of \$28,050,440 and held collateral of \$28,643,337, consisting of an investment trust fund which may invest in money market instruments, commercial paper, repurchase agreements, U.S. Treasury Bills, and U.S. agency obligations.

## FINANCIAL HIGHLIGHTS

	Three Months Ended (unaudited)		Year Ended December 31				
	March 31, 2007	March 31, 2006	2006	2005	2004	2003	2002
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$15.86	\$14.71	\$14.71	\$15.04	\$14.36	\$12.12	\$16.05
Net investment income	0.07	0.05	0.23	0.22	0.23*	0.19	0.20
Net realized gains and increase (decrease) in unrealized appreciation	0.20	0.75	1.86	0.32	1.39	2.85	(3.38)

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

Change in accumulated other comprehensive income (note 5)			(0.02)				
Total from investment operations	0.27	0.80	2.07	0.54	1.62	3.04	(3.18)
<b>Less distributions</b>							
Dividends from net investment income	(0.04)	(0.03)	(0.23)	(0.22)	(0.24)	(0.17)	(0.19)
Distributions from net realized gains	(0.01)	(0.02)	(0.67)	(0.64)	(0.66)	(0.61)	(0.57)
Total distributions	(0.05)	(0.05)	(0.90)	(0.86)	(0.90)	(0.78)	(0.76)
Capital share repurchases	0.02	0.02	0.04	0.05	0.02	0.04	0.05
Reinvestment of distributions			(0.06)	(0.06)	(0.06)	(0.06)	(0.04)
Total capital share transactions	0.02	0.02	(0.02)	(0.01)	(0.04)	(0.02)	0.01
<b>Net asset value, end of period</b>	\$16.10	\$15.48	\$15.86	\$14.71	\$15.04	\$14.36	\$12.12
Per share market price, end of period	\$14.02	\$13.30	\$13.87	\$12.55	\$13.12	\$12.41	\$10.57
<b>Total Investment Return</b>							
Based on market price	1.5%	6.4%	17.9%	2.2%	13.2%	25.2%	(20.6)%
Based on net asset value	1.9%	5.6%	15.0%	4.5%	12.1%	26.3%	(19.4)%
<b>Ratios/Supplemental Data</b>							
Net assets, end of period (in 000 s)	\$1,386,292	\$1,320,511	\$1,377,418	\$1,266,729	\$1,295,549	\$1,218,862	\$1,024,810
Ratio of expenses to average net assets	0.49%	0.53%	0.50%	0.45%	0.43%	0.47%	0.34%
Ratio of net investment income to average net assets	1.64%	1.23%	1.50%	1.44%	1.54%	1.45%	1.42%
Portfolio turnover	10.04%	11.31%	10.87%	12.96%	13.43%	12.74%	17.93%
Number of shares outstanding at end of period (in 000 s)	86,079	85,309	86,838	86,100	86,135	84,886	84,536

\* In 2004 the Company 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, 2007

(unaudited)

	Shares	Value (A)
<b>Stocks and Convertible Securities 96.5%</b>		
<b>Consumer 17.6%</b>		
<b>Consumer Discretionary 7.0%</b>		
BJ's Wholesale Club, Inc. (B)	500,000	\$ 16,915,000
Clear Channel Communications, Inc.	175,000	6,132,000
Comcast Corp. (B)	525,000	13,623,750
Gannett Co., Inc.	112,500	6,332,625
Harley-Davidson, Inc.	120,000	7,050,000
Newell Rubbermaid Inc.	400,000	12,436,000
OSI Restaurant Partners, Inc.	315,000	12,442,500
Ryland Group Inc. (C)	135,000	5,695,650
Target Corp.	290,000	17,185,400
		97,812,925
<b>Consumer Staples 10.6%</b>		
Avon Products, Inc.	430,000	16,021,800
Bunge Ltd.	180,000	14,799,600
Coca-Cola Co.	200,000	9,600,000
Dean Foods Co. (B)	340,000	15,891,600
Del Monte Foods Co.	1,115,000	12,800,200
PepsiCo, Inc.	400,000	25,424,000
Procter & Gamble Co.	340,000	21,474,400
Safeway Inc.	390,000	14,289,600
Unilever plc ADR	550,000	16,538,500
		146,839,700
<b>Energy 12.1%</b>		
ConocoPhillips	345,000	23,580,750
ENSCO International, Inc.	209,150	11,377,760
Exxon Mobil Corp.	215,000	16,221,750
Marathon Oil Co.	120,000	11,859,600
Murphy Oil Corp.	38,500	2,055,900
Petroleum & Resources Corporation (D)	2,186,774	75,727,984
Schlumberger Ltd.	380,000	26,258,000
		167,081,744
<b>Financials 18.7%</b>		
<b>Banking 15.0%</b>		
BankAtlantic Bancorp, Inc.	880,000	9,644,800
Bank of America Corp.	610,000	31,122,200
Bank of New York Co., Inc. (The)	375,000	15,206,250
Compass Bancshares Inc.	300,000	20,640,000
Fifth Third Bancorp (C)	280,000	10,833,200



Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

Investors Financial Services Corp.	382,500	22,242,375
Morgan Stanley	170,000	13,389,200
PNC Financial Services Group Inc.	200,000	14,394,000
Prosperity Bancshares, Inc.	200,000	6,948,000
Wachovia Corp.	470,000	25,873,500
Wells Fargo & Co.	650,000	22,379,500
Wilmington Trust Corp.	363,000	15,307,710
		207,980,735

	Shares	Value (A)
<b>Insurance 3.7%</b>		
AMBAC Financial Group, Inc.	200,000	\$ 17,278,000
American International Group, Inc.	500,000	33,610,000
		50,888,000

<b>Health Care 12.5%</b>		
Abbott Laboratories	320,000	17,856,000
Advanced Medical Optics, Inc. (B)	325,000	12,090,000
Bristol-Myers Squibb Co.	345,000	9,577,200
CVS/Caremark Corp.	208,750	7,126,725
Genentech, Inc. (B)	220,000	18,066,400
Johnson & Johnson	255,000	15,366,300
MedImmune, Inc. (B)	225,000	8,187,750
Medtronic, Inc.	310,000	15,208,600
Pfizer Inc.	1,120,000	28,291,200
Teva Pharmaceutical Industries Ltd. ADR	385,000	14,410,550
Wyeth Co.	325,000	16,259,750
Zimmer Holdings, Inc. (B)	125,000	10,676,250
		173,116,725

<b>Industrials 13.0%</b>		
Cintas Corp. (C)	300,000	10,830,000
Curtiss-Wright Corp.	460,000	17,728,400
Emerson Electric Co.	400,000	17,236,000
General Electric Co.	1,487,700	52,605,072
Illinois Tool Works Inc.	250,000	12,900,000
Masco Corp. (C)	450,000	12,330,000
Oshkosh Truck Corp.	270,000	14,310,000
3M Co.	160,000	12,228,800
United Parcel Service, Inc.	155,000	10,865,500
United Technologies Corp.	300,000	19,500,000
		180,533,772

<b>Information Technology 11.0%</b>		
<b>Communication Equipment 1.3%</b>		
Avaya Inc. (B)	600,000	7,086,000
Corning Inc. (B)	500,000	11,370,000
		18,456,000

<b>Computer Related 8.1%</b>		
Automatic Data Processing Inc.	300,000	14,520,000
BEA Systems, Inc. (B)	800,000	9,272,000
Cisco Systems, Inc. (B)	850,000	21,700,500
Dell Inc. (B)	585,000	13,577,850
Microsoft Corp.	1,180,000	32,886,600
Oracle Corp. (B)	1,100,000	19,943,000
		111,899,950

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

*Electronics 1.6%*

Cree, Inc. (B)(C)	375,000	6,172,500
Intel Corp.	800,000	15,304,000
		21,476,500

## SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2007

(unaudited)

	Shares	Value (A)
<b>Materials 5.2%</b>		
Air Products and Chemicals, Inc.	250,000	\$ 18,472,500
du Pont (E.I.) de Nemours and Co.	360,000	17,794,800
Florida Rock Industries Inc.	200,000	13,458,000
Martin Marietta Materials, Inc.	14,600	1,973,920
Rohm & Haas Co.	400,000	20,688,000
		72,387,220
<b>Telecom Services 2.8%</b>		
Alltel Corp.	300,000	18,600,000
AT&T Corp.	400,000	15,772,000
Windstream Corp.	310,178	4,556,515
		38,928,515
<b>Utilities 3.6%</b>		
Aqua America, Inc.	608,000	13,649,600
Duke Energy Corp.	611,560	12,408,552
MDU Resources Group, Inc.	562,500	16,166,250
Spectra Energy Corp.	305,780	8,032,840
		50,257,242
<b>Total Stocks and Convertible Securities</b>		
(Cost \$913,530,603) (E)		\$ 1,337,659,028
	<b>Prin. Amt.</b>	<b>Value (A)</b>
<b>Short-Term Investments 3.3%</b>		
<b>U.S. Government Obligations 1.2%</b>		
U.S. Treasury Bills, 5.00%, due 5/17/07	\$ 16,500,000	\$ 16,394,583
<b>Time Deposit 0.0%</b>		
Citibank, N.A., 4.69%, due 4/2/07		348,083
<b>Commercial Paper 2.1%</b>		
American General Finance, Inc., 5.20 - 5.25%, due 4/3/07-4/5/07	10,800,000	10,795,392
Chevron Funding Corp., 5.21%, due 4/19/07	5,900,000	5,884,630
General Electric Capital Corp., 5.22 - 5.23%, due 4/5/07-4/26/07	9,500,000	9,479,802
Toyota Motor Credit Corp., 5.22%, due 4/12/07	3,300,000	3,294,737
		29,454,561
<b>Total Short-Term Investments</b>		
(Cost \$46,197,227)		46,197,227

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

<b>Total Securities Lending Collateral</b>	<b>2.1%</b>	
(Cost \$28,643,337)		
Brown Brothers Investment Trust, 5.26%, due 4/2/07		28,643,337
<b>Total Investments</b>	<b>101.9%</b>	
(Cost \$988,371,167)		
Cash, receivables, prepaid pension cost, prepaid expenses and other assets, less liabilities	(1.9)%	1,412,499,592
		(26,207,414)
<b>Net Assets</b>	<b>100%</b>	\$ 1,386,292,178

---

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) Some of the shares of this company are on loan. See note 8 to financial statements.
- (D) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (E) The aggregate market value of stocks held in escrow at March 31, 2007 covering open call option contracts written was \$17,688,210. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$9,290,000.

---

**PORTFOLIO SUMMARY**


---

March 31, 2007

(unaudited)

**Ten Largest Portfolio Holdings**

	<i>Market Value</i>	<i>% of Net Assets</i>
Petroleum & Resources Corporation*	\$ 75,727,984	5.5
General Electric Co.	52,605,072	3.8
American International Group, Inc.	33,610,000	2.4
Microsoft Corp.	32,886,600	2.4
Bank of America Corp.	31,122,200	2.2
Pfizer Inc.	28,291,200	2.0
Schlumberger Ltd.	26,258,000	1.9
Wachovia Corp.	25,873,500	1.9
PepsiCo, Inc.	25,424,000	1.8
ConocoPhillips	23,580,750	1.7
<b>Total</b>	<b>\$ 355,379,306</b>	<b>25.6%</b>

\*Non-controlled affiliate

**Sector Weightings**

## SCHEDULE OF OUTSTANDING OPTION CONTRACTS

March 31, 2007

(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
<b>COVERED CALLS</b>				
200	Air Products and Chemicals, Inc.	\$ 80	Jun 07	\$ 5,399
100	Bunge Ltd.	70	Apr 07	(116,125)
150	Bunge Ltd.	75	Apr 07	(95,701)
100	Bunge Ltd.	80	Apr 07	(21,300)
100	Bunge Ltd.	90	Jul 07	(15,800)
375	Comcast Corp.	33	Jul 07	24,874
100	Harley-Davidson, Inc.	80	May 07	10,499
250	Investors Financial Services Corp.	50	Apr 07	(180,126)
100	Marathon Oil Co.	105	Apr 07	14,724
100	Martin Marietta Materials, Inc.	130	Apr 07	(51,528)
100	Morgan Stanley	75	Apr 07	(19,301)
100	Morgan Stanley	80	Apr 07	(2,800)
100	Morgan Stanley	85	Jul 07	(6,800)
200	Ryland Group Inc.	65	Jul 07	39,398
250	Safeway Inc.	40	Sep 07	(8,376)
100	Target Corp.	65	Apr 07	12,200
100	Target Corp.	70	Jul 07	9,950
45	3M Co.	85	Apr 07	5,490
100	United Technologies Corp.	75	May 07	12,200
100	Zimmer Holdings, Inc.	85	Jun 07	(19,301)
2,770				(402,424)
<b>COLLATERALIZED PUTS</b>				
150	Advanced Medical Optics, Inc.	35	Apr 07	18,298
250	ENSCO International, Inc.	40	Jun 07	37,998
100	Exxon Mobil Corp.	65	Jul 07	6,100
150	Florida Rock Industries Inc.	40	Jun 07	8,549
250	Oshkosh Truck Corp.	45	July 07	4,249
150	Oshkosh Truck Corp.	50	Jul 07	(10,950)
100	PNC Financial Services Group, Inc.	72.50	May 07	(11,800)
100	PNC Financial Services Group, Inc.	70	Aug 07	(12,300)
100	Ryland Group Inc.	40	Apr 07	2,750
100	Ryland Group Inc.	42.50	Apr 07	(4,800)
35	Ryland Group Inc.	40	Jul 07	(6,405)
250	3M Co.	70	Jul 07	15,499
100	Wachovia Corp.	50	Apr 07	10,900
1,835				58,088
				\$ (344,336)



---

**CHANGES IN PORTFOLIO SECURITIES**


---

*During the Three Months Ended March 31, 2007*

*(unaudited)*

	Shares		Held
	Additions	Reductions	March 31, 2007
CVS/Caremark Corp.	208,750 <sup>(1)</sup>		208,750
Oshkosh Truck Corp.	270,000		270,000
PNC Financial Services Group, Inc.	200,000		200,000
Ryland Group Inc.	85,000		135,000
Spectra Energy Corp.	305,780 <sup>(2)</sup>		305,780
Comcast Corp.	175,000 <sup>(3)</sup>	15,000	525,000
Bunge Ltd.		20,000	180,000
Caremark Rx Inc.		245,000 <sup>(1)</sup>	
Clear Channel Communications, Inc.		175,000	175,000
Donnelley (R.R.) & Sons Co.		100,000	
Essex Corp.		174,800 <sup>(4)</sup>	
Harley-Davidson, Inc.		45,000	120,000
Martin Marietta Materials, Inc.		68,400	14,600
Morgan Stanley		30,000	170,000
Safeway Inc.		33,000	390,000
Target Corp.		10,000	290,000

<sup>(1)</sup>Received 208,750 shares of CVS/Caremark Corp. for 125,000 shares of Caremark Rx Inc. surrendered. Sold 120,000 shares of Caremark Rx Inc. prior to the merger.

<sup>(2)</sup>Received .50 share of Spectra Energy Corp. for each share of Duke Energy Corp. held.

<sup>(3)</sup>By stock split.

<sup>(4)</sup>Received \$24.00 for each share of Essex Corp. surrendered as a result of merger with Northrop Grumman Corp.

---

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**


---

(unaudited)

<b>Dec. 31</b>	<b>Value Of Net Assets</b>	<b>Shares Outstanding*</b>	<b>Net Asset Value Per Share*</b>	<b>Market Value Per Share*</b>	<b>Dividends From Investment Income Per Share*</b>	<b>Distributions From Net Realized Gains Per Share*</b>	<b>Total Dividends and Distributions Per Share*</b>	<b>Annual Rate of Distribution**</b>
1997	\$ 1,424,170,425	74,923,859	\$ 19.01	\$ 16.13	\$ .29	\$ 1.01	\$ 1.30	8.65%
1998	1,688,080,336	77,814,977	21.69	17.75	.30	1.10	1.40	8.17
1999	2,170,801,875	80,842,241	26.85	22.38	.26	1.37	1.63	8.53
2000	1,951,562,978	82,292,262	23.72	21.00	.22	1.63	1.85	7.76
2001	1,368,366,316	85,233,262	16.05	14.22	.26	1.39	1.65	9.44
2002	1,024,810,092	84,536,250	12.12	10.57	.19	.57	.76	6.14
2003	1,218,862,456	84,886,412	14.36	12.41	.17	.61	.78	6.80
2004	1,295,548,900	86,135,292	15.04	13.12	.24	.66	.90	7.05
2005	1,266,728,652	86,099,607	14.71	12.55	.22	.64	.86	6.65
2006	1,377,418,310	86,838,223	15.86	13.87	.23	.67	.90	6.80
March 31, 2007	1,386,292,178	86,079,089	16.10	14.02	.09	.01	.10	

\* Adjusted to reflect the 3-for-2 stock split effected in October 2000.

\*\* The annual rate of distribution is the total dividends and capital gain distributions during the year divided by the average daily market price of the Company's Common Stock.  
Paid or declared.

---

**Common Stock**

Listed on the New York Stock 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.



---

ANNUAL MEETING OF STOCKHOLDERS

---

The Annual Meeting of Stockholders was held on March 27, 2007. For those directors nominated, the following votes were cast:

	<b>votes for</b>	<b>votes withheld</b>
Enrique R. Arzac:	70,583,552	3,419,242
Phyllis O. Bonanno:	70,467,549	3,535,245
Daniel E. Emerson:	70,174,177	3,828,617
Frederic A. Escherich:	70,559,411	3,443,383
Roger W. Gale:	70,574,820	3,427,973
Thomas H. Lenagh:	69,997,823	4,004,971
Kathleen T. McGahran:	70,567,991	3,434,803
Douglas G. Ober:	70,551,661	3,451,133
Craig R. Smith:	70,492,681	3,510,113

A proposal to approve and ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2007 was approved with 72,756,592 votes for, 758,889 votes against, and 487,304 shares abstaining.

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 stockholders, 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, 2006 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, through its transfer agent, currently American Stock Transfer & Trust 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.

---

**STOCKHOLDER INFORMATION AND SERVICES**


---

**DIVIDEND PAYMENT SCHEDULE**

The Company presently pays dividends four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1, and (b) a year-end distribution, payable in late December, consisting of the estimated balance of the net investment income for the year and the net realized capital gain earned through October 31. Stockholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all **stockholders of record** are sent a dividend announcement notice and an election card in mid-November.

**Stockholders holding shares in street or brokerage accounts may make their election by notifying their brokerage house representative.**

**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**

## Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

Initial minimum investment (non-holders)	\$500.00
Minimum optional investment (existing holders)	\$50.00
Electronic Funds Transfer (monthly minimum)	\$50.00
Maximum per transaction	\$25,000.00
Maximum per year	NONE

A brochure which further details the benefits and features of INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

### **For Non-Registered Stockholders**

For stockholders 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](http://www.adamsexpress.com)

**E-mail:** [contact@adamsexpress.com](mailto:contact@adamsexpress.com)

### **The Transfer Agent**

#### **American Stock Transfer & Trust Company**

**Address Stockholder Inquiries to:**

Stockholder Relations Department

59 Maiden Lane

New York, NY 10038

(877) 260-8188

Edgar Filing: ADAMS EXPRESS CO - Form N-30B-2

**Website:** [www.amstock.com](http://www.amstock.com)

**E-mail:** [info@amstock.com](mailto:info@amstock.com)

***Investors Choice Mailing Address:***

Attention: Dividend Reinvestment

P.O. Box 922

Wall Street Station

New York, NY 10269-0560

**Website:** [www.amstock.com](http://www.amstock.com)

**E-mail:** [info@amstock.com](mailto:info@amstock.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.