ADAMS EXPRESS CO
Form N-30B-2
October 17, 2008

The Adams Express Company

Board of Directors

Enrique R. Arzac [2,4]	Roger W. Gale [1,3,5]
Phyllis O. Bonanno [1,4,5]	Thomas H. Lenagh [2,3]
Kenneth J. Dale [3,4]	Kathleen T. McGahran [1,4,5]
Daniel E. Emerson [1,3,5]	Douglas G. Ober [1]
Frederic A. Escherich [2,3]	Craig R. Smith [2,4]

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	*Chairman and Chief Executive Officer*
Joseph M. Truta	*President*
David D. Weaver	*Executive Vice President*
Lawrence L. Hooper, Jr.	*Vice President, General Counsel and Secretary*
Maureen A. Jones	*Vice President, Chief Financial Officer and Treasurer*
David R. Schiminger	*Vice President Research*
D. Cotton Swindell	*Vice President Research*
Brian S. Hook	*Assistant Treasurer*
Christine M. Sloan	*Assistant Treasurer*
Geraldine H. Paré	*Assistant Secretary*

Stock Data

Market Price (9/30/08)	$10.78
Net Asset Value (9/30/08)	$12.80
Discount:	15.8%

New York Stock Exchange ticker symbol: ADX

NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the abbreviation: AdaEx

Distributions in 2008

From Investment Income	$ 0.13
From Net Realized Gains	0.02
Total	$ 0.15

2008 Dividend Payment Dates

March 1, 2008

June 1, 2008

September 1, 2008

December 27, 2008*

*Anticipated

Letter to Stockholders

We submit herewith the financial statements of The Adams Express Company (the Company) for the nine months ended September 30, 2008. Also provided are a schedule of investments and other financial information.

Net assets of the Company at September 30, 2008 were $12.80 per share on 85,506,641 shares outstanding, compared with $15.72 per share at December 31, 2007 on 87,668,847 shares outstanding. On March 1, 2008, a distribution of $0.05 per share was paid, consisting of $0.02 from 2007 investment income, $0.01 from 2007 short-term capital gain, $0.01 from 2007 long-term capital gain, and $0.01 from 2008 investment income, all taxable in 2008. A 2008 investment income dividend of $0.05 per share was paid on June 1, 2008 and September 1, 2008.

Net investment income for the nine months ended September 30, 2008 amounted to $16,755,931, compared with $22,066,131 for the same nine month period in 2007. These earnings are equal to $0.20 and $0.26 per share in each period.

Net capital gain realized on investments for the nine months ended September 30, 2008 amounted to $29,313,281, or $0.34 per share.

For the nine months ended September 30, 2008, the total return on the net asset value (with dividends and capital gains reinvested) of the Company s shares was (17.6)%. The total return on the market value of the Company s shares for the period was (22.7)%. These compare to a (19.3)% total return for the Standard & Poor s 500 Composite Stock Index and a (19.7)% total return for the Lipper Large Cap Core Mutual Fund Average over the same time period.

For the twelve months ended September 30, 2008, the Company s total return on net asset value was (20.5)% and on market value was (22.4)%. Comparable figures for both the S&P 500 and the Lipper Large Cap Core Mutual Fund Average were (22.0)%.

The unprecedented financial turmoil of the past quarter has been reflected in the portfolio s performance as well as the net capital gain realized thus far in 2008. Despite this, as mentioned previously, the Company s total return on net asset value was better than the S&P 500 for both the nine month and twelve month periods.

While we reduced our weighting in financial stocks relative to the S&P 500 two years ago, we were not immune to the recent pressure brought to bear on the sector. As delineated in the table entitled Changes in Portfolio Securities on page 12 of this report, we sold our entire positions in American International Group, Morgan Stanley, and Wachovia during the quarter. Many of the companies in the portfolio, however, use short-term financing and are impacted to some degree by the credit crunch.

The ultimate effectiveness of the steps being taken worldwide to resolve the difficult credit issues remains to be seen. Regardless of the timing of the resolution, the current economic weakness is expected to remain through a good part of 2009, with modest recovery beginning late in the year. The portfolio is invested with this and slow economic growth thereafter in mind.

The sizable cash position in the Fund is a defensive bulwark and will enable us to take advantage of attractive opportunities as they present themselves over the course of the next year. Our long term investment horizon enables us to retain those companies in the Fund that are expected to do well over the next five years, though they may encounter headwinds in the shorter term.

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. 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.

Effective September 11, 2008, the Board of Directors elected Brian S. Hook to the position of Assistant Treasurer. Mr. Hook was formerly a vice president at T. Rowe Price Associates and a senior manager in its Investment Treasury Group.

By order of the Board of Directors,

Douglas G. Ober,

Chairman and

Chief Executive Officer

Joseph M. Truta,

President

October 3, 2008

Statement of Assets and Liabilities

September 30, 2008

(unaudited)

Assets		
Investments* at value:		
Common stocks (cost $835,850,856)	$ 925,421,646	
Non-controlled affiliate, Petroleum & Resources Corporation (cost $34,735,404)	64,553,568	
Short-term investments (cost $99,983,149)	99,983,149	
Securities lending collateral (cost $83,987,981)	83,987,981	$ 1,173,946,344
Cash		349,710
Receivables:		
Investment securities sold		1,346,442
Dividends and interest		1,107,810
Prepaid pension cost		3,255,086
Prepaid expenses and other assets		2,263,960
Total Assets		1,182,269,352
Liabilities		
Open written option contracts at value (proceeds $229,473)		221,500
Obligations to return securities lending collateral		83,987,981
Accrued expenses		3,437,854
Total Liabilities		87,647,335
Net Assets		1,094,622,017
Net Assets		
Common Stock at par value $0.001 per share, authorized 150,000,000 shares; issued and outstanding 85,506,641 shares (includes 107,926 restricted shares, 7,500 restricted stock units, and 7,042 deferred stock units) (Note 6)		$ 85,507
Additional capital surplus		939,295,245
Accumulated other comprehensive income (Note 5)		(1,332,736)
Undistributed net investment income		8,527,333
Undistributed net realized gain on investments		28,649,741
Unrealized appreciation on investments		119,396,927
Net Assets Applicable to Common Stock		$ 1,094,622,017
Net Asset Value Per Share of Common Stock		$12.80

* *See Schedule of Investments on pages 9 and 10.*

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

Statement of Operations

Nine Months Ended September 30, 2008

(unaudited)

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	$ 18,431,836
From non-controlled affiliate	743,503
Interest and other income	1,632,575
Total income	20,807,914
Expenses:	
Investment research	1,605,369
Administration and operations	885,374
Directors fees	262,347
Transfer agent, registrar and custodian	242,435
Reports and stockholder communications	226,283
Travel, training, and other office expenses	219,824
Investment data services	137,371
Occupancy	120,001
Insurance	99,492
Auditing and accounting services	96,599
Legal services	30,578
Other	126,310
Total expenses	4,051,983
Net Investment Income	16,755,931
Change in Accumulated Other Comprehensive Income (Note 5)	647,427
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	27,955,658
Net realized gain distributed by regulated investment company (non-controlled affiliate)	109,339
Net realized gain on written option contracts	1,248,284
Change in unrealized appreciation on investments	(291,058,043)
Net Loss on Investments	(261,744,762)
Change in Net Assets Resulting from Operations	$ (244,341,404)

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

Statements of Changes in Net Assets

	Nine Months Ended September 30, 2008 (unaudited)	Year Ended December 31, 2007
From Operations:		
Net investment income	$ 16,755,931	$ 25,884,799
Net realized gain on investments	29,313,281	60,426,376
Change in unrealized appreciation on investments	(291,058,043)	(8,301,286)
Change in accumulated other comprehensive income (Note 5)	647,427	(156,058)
Change in net assets resulting from operations	(244,341,404)	77,853,831
Distributions to Stockholders from:		
Net investment income	(11,262,308)	(27,409,018)
Net realized gain from investment transactions	(1,749,608)	(60,607,292)
Decrease in net assets from distributions	(13,011,916)	(88,016,310)
From Capital Share Transactions:		
Value of shares issued in payment of distributions	3,137	33,223,573
Cost of shares purchased (Note 4)	(26,947,645)	(22,516,525)
Deferred compensation (Notes 4 and 6)	440,318	516,648
Change in net assets from capital share transactions	(26,504,190)	11,223,696
Total Change in Net Assets	(283,857,510)	1,061,217
Net Assets:		
Beginning of period	1,378,479,527	1,377,418,310
End of period (including undistributed net investment income of $8,527,333 and $3,033,710, respectively)	$ 1,094,622,017	$ 1,378,479,527

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.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, which require the use of estimates made by Company management. Management believes that estimates and security valuations are appropriate; however, actual results may differ from those estimates, and the security valuations reflected in the financial statements may differ from the value the Company ultimately realizes upon sale of the securities.

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.

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 which approximates fair value. Purchased and written options are valued at the last quoted asked price.

The Company adopted Financial Accounting Standard Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), effective January 1, 2008. There was no impact on the fair value of assets individually or in aggregate upon adoption. In accordance with FAS 157, fair value is defined as the price that the Company would receive upon selling an investment in an orderly transaction to an independent buyer. FAS 157 established a three-tier hierarchy to establish classification of fair value measurements, summarized as follows:

Level 1 fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments,

Level 2 fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments,

Level 3 fair value is determined using the Company s own assumptions, developed based on the best information available in the circumstances.

The Company s investments at September 30, 2008 are classified as follows:

	Investment in securities	Written options
Level 1	$ 989,975,214	$221,500
Level 2	183,971,130*	
Level 3		
Total	$ 1,173,946,344	$ 221,500

** Consists of short-term investments and securities lending collateral.*

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 September 30, 2008 was $1,054,070,139 and net unrealized appreciation aggregated $119,876,205, of which the related gross unrealized appreciation and depreciation were $268,342,031 and $148,465,826, 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. Any income tax-related interest or penalties would be classified as income tax expense.

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 nine months ended September 30, 2008 were $160,939,479 and $192,018,312, respectively. Options may be written (sold) or purchased by the Company. When the Company writes an option, an amount equal to the premium received by the Company is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Premiums received from unexercised put/call options are treated as realized gains from investments, premiums received from exercised put options reduce the cost basis of the securities purchased, and premiums received from exercised call options are added to the proceeds from the sale of the underlying security in determining whether there is a realized gain or loss. The Company as writer of an option bears the risks of possible illiquidity of the option markets and the unfavorable change in the price of the security underlying the written option. The risk associated with purchasing an option is limited to the premium originally paid for the option. A schedule of outstanding option contracts as of September 30, 2008 can be found on page 12.

Transactions in written covered call and collateralized put options during the nine months ended September 30, 2008 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2007	1,757	$ 197,788	1,726	$ 194,530
Options written	5,350	641,628	6,150	755,054
Options terminated in closing purchase transactions	(650)	(76,199)		
Options expired	(4,664)	(545,228)	(5,400)	(658,897)
Options exercised	(743)	(92,390)	(1,476)	(186,813)
Options outstanding, September 30, 2008	1,050	$ 125,599	1,000	$ 103,874

4. Capital Stock

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

On December 27, 2007, the Company issued 2,381,872 shares of its Common Stock at a price of $13.945 per share (the average market price on December 10, 2007) to stockholders of record on

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

November 21, 2007 who elected to take stock in payment of the year-end distribution from 2007 capital gain and investment income. In addition, 597 shares were issued at a weighted average price of $14.00 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

During 2008, the Company has issued 421 shares of its Common Stock at a weighted average price of $12.92 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 2008 and 2007 were as follows:

	Shares		Amount	
	Nine months ended September 30, 2008	Year ended December 31, 2007	Nine months ended September 30, 2008	Year ended December 31, 2007
Shares issued in payment of distributions	421	2,382,469	$ 3,137	$ 33,223,573
Shares purchased (at a weighted average discount from net asset value of 13.6% and 13.2%, respectively)	(2,206,439)	(1,585,773)	(26,947,645)	(22,516,525)
Net activity under the Equity-Based Compensation Plans	43,812	33,928	440,318	516,648
Net change	(2,162,206)	830,624	$ (26,504,190)	$ 11,223,696

5. Retirement Plans

The Company s non-contributory qualified defined benefit pension plan (qualified 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 prior service costs and accumulated actuarial gains and losses 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 nine months ended September 30, 2008, the Company did not contribute to the plans. The Company does not anticipate making any contribution to the overfunded qualified plan in 2008.

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

	Nine months ended September 30, 2008	Year ended December 31, 2007
Service cost	$ 253,234	$ 487,315
Interest cost	336,841	568,495
Expected return on plan assets	(518,806)	(855,553)
Amortization of prior service cost	71,895	94,508
Amortization of net loss	89,174	162,625
Net periodic pension cost	$ 232,338	$ 457,390

The Company also sponsors a defined contribution plan that covers substantially all employees. For the nine months ended September 30, 2008, the Company expensed contributions of $127,044. 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 ten years from date of grant, if not exercised.