

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

ADAMS EXPRESS CO  
Form N-CSR  
February 13, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-00248  
-----

THE ADAMS EXPRESS COMPANY

-----  
(Exact name of registrant as specified in charter)

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202  
-----

(Address of principal executive offices) (Zip code)

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

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

Date of fiscal year end: December 31, 2005

Date of reporting period: December 31, 2005

Item 1. Reports to Stockholders.

2005 AT A GLANCE  
-----

The Company

- .. a closed-end equity investment company
- .. objectives: preservation of capital
  - reasonable income
  - opportunity for capital gain
- .. internally-managed
- .. low expense ratio
- .. low turnover

Stock Data (12/31/05)

NYSE Symbol..... ADX

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Market Price..... \$12.55  
 52-Week Range \$12.50 - \$13.35  
 Discount..... 14.7%  
 Shares Outstanding 86,099,607

Summary Financial Information

	Year Ended December 31	
	2005	2004
Net asset value per share	\$ 14.71	\$ 15.04
Total net assets	1,266,728,652	1,295,548,900
Unrealized appreciation	316,477,367	343,670,412
Net investment income	18,288,551	19,008,405
Total realized gain	53,817,950	54,713,903
Total return (based on market value)	2.2%	13.2%
Total return (based on net asset value)	4.5%	12.1%
Expense ratio	0.45%	0.43%

2005 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2005	\$0.01	Short-term capital gain
March 1, 2005	0.04	Investment income
June 1, 2005	0.05	Investment income
September 1, 2005	0.05	Investment income
December 27, 2005	0.55	Long-term capital gain
December 27, 2005	0.08	Short-term capital gain
December 27, 2005	0.08	Investment income
	\$0.86	

2006 Annual Meeting of Stockholders

Location: Gaylord Palms Hotel Resort & Convention Center, Orlando, Florida  
 Date: March 28, 2006  
 Time: 9:30 a.m.

PORTFOLIO REVIEW

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Ten Largest Portfolio Holdings (12/31/05)

	Market Value	% of Net Assets
Petroleum & Resources Corporation*	\$ 64,227,111	5.1
General Electric Co.	52,143,885	4.1
American International Group, Inc.	34,115,000	2.7
Microsoft Corp.	30,857,000	2.4
Pfizer Inc.	26,118,400	2.1
PepsiCo, Inc.	25,995,200	2.0
Bank of America Corp.	25,382,500	2.0
Aqua America, Inc.	23,552,611	1.9
AMBAC Financial Group, Inc.	22,732,700	1.8
Target Corp.	22,537,700	1.8
Total	\$327,662,107	25.9%

\*Non-controlled affiliate

Sector Weightings (12/31/05)

[CHART]

Consumer	Energy	Financial	Health Care	Industrials	Information Technology	Materials	Telecom Services	Utilities	Eq
17.5%	11.0%	15.7%	13.2%	13.1%	13.0%	5.2%	3.9%	5.8%	---

1

### THE ADAMS EXPRESS COMPANY

Calendar Years	Market Value of original shares	Cumulative market value of capital gains distributions taken in shares	Cumulative market value of income dividends taken in shares	Total market value	Total net asset value
1991	\$12,819	\$ 805	\$ 373	\$13,997	\$14,884
1992	13,493	1,736	731	15,960	16,343
1993	12,060	2,485	970	15,515	17,169
1994	10,542	3,140	1,246	14,928	17,182

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

1995	12,478	4,832	1,987	19,297	22,286
1996	13,325	6,450	2,675	22,450	26,939
1997	16,319	9,669	3,876	29,864	35,207
1998	17,963	12,773	4,853	35,589	43,488
1999	22,644	19,049	6,727	48,420	58,103
2000	21,252	21,262	6,710	49,224	55,600
2001	14,391	17,641	5,054	37,086	41,858
2002	10,697	14,569	4,172	29,438	33,754
2003	12,559	18,889	5,385	36,833	42,620
2004	13,277	21,908	6,484	41,669	47,767
2005	12,701	22,979	6,877	42,557	49,882

Illustration of an assumed  
15 year investment of \$10,000  
(unaudited)

Investment income dividends and capital gains distributions are taken in additional shares. This chart covers the years 1991-2005. Fees for the reinvestment of interim dividends are assumed as 2% of the amount reinvested (maximum of \$2.50) and commissions of \$0.05 per share. There is no charge for reinvestment of year-end distributions. No adjustment has been made for any income taxes payable by stockholders on income dividends or on capital gains distributions, or the sale of any shares. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.

[CHART]

	Market Value of Original Investment	Cumulative Market Value of Shares from Capital Gains Distributions	Cumulative Market Value of Shares from Income Dividends	Total Market Value	Net Asset Value of Total Shares
	----- \$10,000	----- \$	----- \$	----- \$	----- \$
1991	12,819	805	373	13,997	14,884
1992	13,493	1,736	731	15,960	16,343
1993	12,060	2,485	970	15,515	17,169
1994	10,542	3,140	1,246	14,928	17,182
1995	12,478	4,832	1,987	19,297	22,286
1996	13,325	6,450	2,675	22,450	26,939
1997	16,319	9,669	3,876	29,864	35,207
1998	17,953	12,773	4,853	35,589	43,488
1999	22,644	19,049	6,727	48,420	58,103
2000	21,252	21,262	6,710	49,224	55,600
2001	14,391	17,641	5,054	37,086	41,858
2002	10,697	14,569	4,172	29,438	33,754
2003	12,559	18,889	5,385	36,833	42,620
2004	13,277	21,908	6,484	41,669	47,767
2005	12,701	22,979	6,877	42,557	49,882

2

LETTER TO STOCKHOLDERS

---

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

### The Year in Review

We are pleased to report that the Fund's total return on net assets for the year was 4.5%, slightly below that of the S&P 500 Index at 4.9%, but significantly above the Dow Jones Industrial Average's return of 1.7%. Our broadly-diversified portfolio of stocks benefited from our emphasis on dividend-paying issues but was affected somewhat by our focus on large-capitalization, relatively low-risk stocks.

Through the first ten months of the year, the Fund outperformed the S&P 500, returning 1.5% compared to the Index's 1.1% return. The Fund's performance in December also beat that of the Index for the month. During the month of November, however, the situation was different, as the Index, led by the smallest capitalization companies and those with the highest volatility, outperformed the Fund by 1.8%. This difference in November caused the Index to beat the Fund by 0.4% for the full year.

The U.S. equity market moved very little during the year as a whole, though some sectors did significantly better than others. Energy prices were a focus of attention for much of the year, as were the actions by the Federal Reserve in increasing short-term interest rates. Investors believed that both would potentially slow domestic economic activity and perhaps cause a recession. The hurricanes that came ashore on the Gulf Coast and Florida not only caused energy prices to jump, but also dramatically slowed economic activity in those areas. Earnings estimates for many companies were reduced to reflect slower growth, causing valuations to shrink or expand only modestly. As a result, there was little inclination to bid up stocks in the U.S. Many money managers sought investments outside the United States in areas where growth was more likely to accelerate. Others, such as ourselves, focused on companies in sectors that would not be as severely impacted by slower growth and companies with large overseas operations. Examples of these include our investments in Bunge, a leading global agriproducts processor, as well as the more widely known Avon Products and Del Monte Foods. With businesses generating strong cash flows and industrial capacity utilization averaging about 80%, we also anticipated improvement in the industrial sector, investing in Automatic Data Processing and Cintas, the latter company a beneficiary of North American jobs growth reflecting its leading position in uniforms. As with all of our investments, these were made for the long term, and are expected to perform well over a time frame of several years.

Our large investments, relative to the S&P 500, in utilities, telecommunication services, and energy stocks, and our relatively small exposure to consumer discretionary stocks were positive contributors to our performance in 2005. Our holdings in consumer staples and health care stocks did well during the year, while the materials and industrial sectors lagged. Our financial and technology stocks, though underweighted compared to the Index, were negative contributors and were largely responsible for the difference between the Fund's performance and that of the S&P 500. There were significant changes in our holdings within both of these sectors which should improve their relative performance in the future.

### Investment Results

At the end of 2005 our net assets were \$1,266,728,652 or \$14.71 per share on 86,099,607 shares outstanding. This compares with \$1,295,548,900 or \$15.04 per share on 86,135,292 shares outstanding a year earlier.

Net investment income for 2005 was \$18,288,551 compared to \$19,008,405 for 2004. These earnings are equal to \$0.22 and \$0.23 per share, respectively, on the average number of shares outstanding throughout each year. The extraordinary dividend that Microsoft paid in 2004, which added \$2,400,000 or \$0.03 to our earnings that year, was not repeated in 2005. Our 0.45% expense

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

ratio (expenses to average net assets) in 2005 was once again very low compared to the fund industry in general.

Net realized gains amounted to \$53,817,950 during the year, while the unrealized appreciation on investments decreased from \$343,670,412 at December 31, 2004 to \$316,477,367 at year end.

### Dividends and Distributions

The total dividends and distributions paid in 2005 were \$0.86 per share compared to \$0.90 in 2004. As announced on November 10, 2005, a year-end distribution consisting of investment income of \$0.08 and capital gains of \$0.63 was made on December 27, 2005, both realized and taxable in 2005. On January 12, 2006, an additional distribution of \$0.05 per share was declared payable March 1, 2006, representing the balance of undistributed net investment income and capital gains earned during 2005 and an initial distribution from 2006 net investment income, all taxable to shareholders in 2006.

3

### LETTER TO STOCKHOLDERS (CONTINUED)

---

#### Outlook for 2006

Many of the factors that impacted economic growth in 2005 remain strong influences on potential growth in 2006. Principal among these are rising interest rates and high energy prices. The Federal Reserve increased short-term rates eight times in 2005 after five increases in 2004. The rate changes have so far had little impact on longer-term rates, resulting in a recent inversion of the yield curve in which the rate on ten-year Treasury bonds is lower than the rate on two-year notes. In the past, such an inversion has been a harbinger of slower growth, if not recession. Nonetheless, the Fed is expected to raise rates two to four more times in 2006 in order to avoid significant price inflation. Expectations of the Fed action are wide-ranging due to the retirement of Chairman Greenspan and the accession of Mr. Bernanke to that position. Once Mr. Bernanke takes over, it is anticipated that the direction of the Fed will become clearer.

Energy prices in this country have risen dramatically over the past two years due to increasing worldwide demand, principally in the Far East and the U.S., and very limited increases in supplies of both oil and natural gas. Further, the damage caused by hurricanes in 2005 to U.S. oil and gas production and processing facilities was extensive. After rising 33% in 2004, crude oil prices rose another 36% in 2005 to close the year at \$61.04 per barrel. While energy in the form of oil and gas constitutes a much smaller part of the economy now than in the past, the impact on industrial production and transportation costs is still sizeable. Of as much concern is the effect on consumers, who comprise two-thirds of the economy. Gasoline prices peaked above \$3 per gallon and remain well above 2004 prices, while natural gas, used for heating in much of the Northeast and Midwest, closed 93% higher in 2005 than at year-end 2004. Winter weather has been mild to date and natural gas prices have fallen, but consumers will experience heating costs some 40% above last winter on top of the higher gasoline costs. The consequence is that spending on goods and services is being redirected to energy. This, combined with slow growth in wages, has resulted in a decline in consumer spending that is likely to continue in 2006 and act as a damper on economic growth.

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

As mentioned previously, manufacturing capacity in this country is being utilized at about an 80% level, normally a point at which companies begin to add capacity in order to avoid backlogs and bottlenecks. Through 2004 and most of 2005, spending on machinery and equipment grew at a solid, though unexceptional, pace while companies accumulated cash and/or repurchased shares. With an anticipated slowdown in U.S. consumer spending and a surprisingly strong dollar inhibiting exports, the pace of industrial expansion is more likely to slow than accelerate. The one factor that may impact this projection is the ongoing effort to rebuild the areas along the Gulf Coast that were hard hit by the hurricanes. Substantial government funding and private investment are being directed at this project. With the exception of the energy industry, however, there is not a large industrial base in the area to be rebuilt; so most funds will be directed at infrastructure and residential construction, benefiting a relatively narrow segment of the economy.

With the unexciting economic outlook discussed, the likelihood of another year of single-digit returns in the stock market appears strong. S&P 500 earnings growth has been decelerating, albeit from a high level, for over two years and earnings are expected to grow by only 7% in 2006. Massive share repurchases will result in higher earnings per share growth, perhaps as much as 2%, but should not influence valuations. The principal argument for better returns hangs on the decline in valuations that has already occurred. In generating large amounts of cash and not reinvesting in the business, companies have improved the condition of their balance sheets but have not invested in a means of growth. Since cash generates modest returns for shareholders, it does not add much to the valuation of a company. Should managements decide to spend money on capacity additions or acquisitions, there would be reason to expect that valuations should rise.

We believe that the energy, utility, and industrial segments of the economy will selectively invest in operations, and that continued consolidation (by acquisition) in the financial arena is likely. With overweight positions in the first three and holdings in major banks as well as smaller regional ones, the portfolio is poised to do well in 2006. Our emphasis on large-capitalization companies with broad geographic exposure, solid long-term growth prospects, and attractive dividends should also inure to the benefit of shareholders this year.

4

### LETTER TO STOCKHOLDERS (CONTINUED)

---

#### Share Repurchase Program

On December 8, 2005, the Board of Directors authorized the repurchase by management of an additional 5% of the outstanding shares of the Company over the ensuing year. The repurchase program is subject to the same restriction as in the past, namely that shares can be repurchased when the discount of the market price of the shares from the net asset value is 10% or greater.

From the beginning of 2006 through January 25, 2006, a total of 195,800 shares have been repurchased at a total cost of \$2,528,171 and a weighted average discount from net asset value of 14.3%.

-----

#### Director Changes

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

There have been a number of changes in the composition of the Board of Directors in the past year, some of which were noted in our quarterly reports. Mr. W. David MacCallan, Chairman of the Company for twenty years before retiring in 1991, passed away in August. Mr. Landon Peters passed away earlier in the year and Mr. W. Perry Neff retired. Both had been directors for many years and their advice and guidance are missed. In October, Dr. Susan Schwab was nominated to be Deputy U.S. Trade Representative and confirmed in November, necessitating her resignation from the Board. Though a director for only five years, Dr. Schwab brought a fresh perspective and broad international experience to the Board that will be difficult to replace. To address these departures, the Board of Directors elected two new directors, Dr. Roger W. Gale and Dr. Craig R. Smith, who joined the Board effective December 1, 2005. Each has broad experience in corporate governance. In addition, Dr. Gale brings to the Board specific knowledge of the energy and utility industries, and Dr. Smith brings specific knowledge of the pharmaceutical and biotech industries. We welcome them and look forward to their participation in the Board's activities.

-----

The proxy statement for the Annual Meeting of Stockholders to be held in Orlando, Florida on March 28, 2006, is expected to be mailed on or about February 17, 2006.

By order of the Board of Directors,

/s/ Douglas G. Ober  
Douglas G. Ober,

Chairman and Chief  
Executive Officer

/s/ Joseph M. Truta  
Joseph M. Truta,

President

January 26, 2006

5

### STATEMENT OF ASSETS AND LIABILITIES

-----

December 31, 2005

#### Assets

##### Investments\* at value:

Common stocks and convertible securities (cost \$901,760,470)	\$1,181,835,303
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162)	64,227,111
Short-term investments (cost \$15,867,999)	15,867,999
Securities lending collateral (cost \$52,716,334)	52,716,334
	\$1,314,646,747

#### Cash

Dividends receivable  
Prepaid pension cost  
Prepaid expenses and other assets

-----  
Total Assets

1,314,646,747  
-----



Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Liabilities

Investment securities purchased  
 Open written option contracts at value (proceeds \$561,935)  
 Obligations to return securities lending collateral  
 Accrued expenses and other liabilities

---

Total Liabilities	
-------------------	--

---

Net Assets	\$1,2
------------	-------

---

Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares;  
 issued and outstanding 86,099,607 shares (includes 13,941 restricted shares  
 and restricted stock units for 7,500 shares) (Note 6) \$ 8  
 Additional capital surplus  
 Unearned compensation -- restricted stock awards (Note 6)  
 Undistributed net investment income  
 Undistributed net realized gain on investments  
 Unrealized appreciation on investments 3

---

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

---

Net Asset Value Per Share of Common Stock	
---	--

---

\*See schedule of investments on pages 14 through 16.

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

6

Investment Income

Income:

Dividends:

From unaffiliated issuers	\$ 21,459,106
From non-controlled affiliate	1,429,917
Interest and other income	1,077,929

---

Total income	23,966,952
--------------	------------

---

Expenses:

Investment research	2,542,262
Administration and operations	1,233,079
Directors' fees	297,094
Reports and stockholder communications	360,702
Transfer agent, registrar and custodian expenses	382,382
Auditing and accounting services	117,332
Legal services	140,303
Occupancy and other office expenses	336,488
Travel, telephone and postage	93,575
Other	175,184

---

Total expenses	5,678,401
----------------	-----------

---

Net Investment Income	18,288,551
-----------------------	------------

---

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	51,712,794
Net realized gain distributed by regulated investment company (non-controlled affiliate)	2,105,156
Change in unrealized appreciation on investments	(27,193,045)
-----	
Net Gain on Investments	26,624,905
-----	
Change in Net Assets Resulting from Operations	\$ 44,913,456
-----	

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

7

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended	
	Dec. 31, 2005	Dec. 31, 2004
-----		
From Operations:		
Net investment income	\$ 18,288,551	\$ 19,008,405
Net realized gain on investments	53,817,950	54,713,903
Change in unrealized appreciation on investments	(27,193,045)	61,557,921
-----		
Change in net assets resulting from operations	44,913,456	135,280,229
-----		
Distributions to Stockholders From:		
Net investment income	(18,634,893)	(20,157,724)
Net realized gain from investment transactions	(53,672,531)	(55,099,990)
-----		
Decrease in net assets from distributions	(72,307,424)	(75,257,714)
-----		
From Capital Share Transactions:		
Value of shares issued in payment of distributions	30,523,934	35,690,590
Cost of shares purchased (note 4)	(32,052,187)	(19,026,661)
Deferred compensation (notes 4, 6)	101,973	--
-----		
Change in net assets from capital share transactions	(1,426,280)	16,663,929
-----		
Total Change in Net Assets	(28,820,248)	76,686,444
-----		
Net Assets:		
Beginning of year	1,295,548,900	1,218,862,456
-----		
End of year (including undistributed net investment income of \$4,672,704 and \$5,038,545, respectively)	\$1,266,728,652	\$1,295,548,900
-----		

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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

8

### NOTES TO FINANCIAL STATEMENTS

---

#### 1. Significant Accounting Policies

The Adams Express Company (the Company) is registered under the Investment Company Act of 1940 as a diversified investment company. The Company's investment objectives as well as the nature and risk of its investment transactions are set forth in the Company's registration statement.

Security Valuation -- Investments in securities traded on a national security exchange are valued at the last reported sale price on the day of valuation. Over-the-counter and listed securities for which a sale price is not available are valued at the last quoted bid price. Short-term investments (excluding purchased options) are valued at amortized cost. Purchased and written options are valued at the last quoted asked price.

Affiliated Companies -- Investments in companies 5% or more of whose 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 December 31, 2005 was \$997,820,714, and net unrealized appreciation aggregated \$316,826,033, of which the related gross unrealized appreciation and depreciation were \$427,836,385 and \$111,010,352, respectively. As of December 31, 2005, the tax basis of distributable earnings was \$2,762,118 of undistributed ordinary income and \$54,856 of undistributed long-term capital gain.

Distributions paid by the Company during the year ended December 31, 2005 were classified as ordinary income of \$26,198,384, and long-term capital gain of \$46,109,040. In comparison, distributions paid by the Company during the year ended December 31, 2004 were classified as ordinary income of \$22,205,063, and long-term capital gain of \$53,052,651. The distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Accordingly, periodic 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.

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Purchases and sales of portfolio securities, other than options and short-term investments, during the year ended December 31, 2005 were \$160,621,657 and \$194,270,442, 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 December 31, 2005 can be found on page 17.

Transactions in written covered call and collateralized put options during the year ended December 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	10,175	1,097,880	8,830	1,067,897
Options terminated in closing purchase transactions	(1,511)	(173,528)	(1,425)	(201,221)
Options expired	(6,614)	(679,646)	(6,395)	(675,722)
Options exercised	(3,330)	(386,761)	(1,200)	(141,395)
Options outstanding, December 31, 2005	2,320	\$ 244,294	2,465	\$ 317,641

#### 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 November 23, 2004 who elected to take stock in payment of the distribution from 2004 capital gain and investment income.

9

#### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

On December 27, 2005, the Company issued 2,400,624 shares of its Common Stock at a price of \$12.715 per share (the average market price on December 12, 2005) to stockholders of record November 22, 2005 who elected to take stock in payment of the distribution from 2005 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:

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

	Shares		Amount	
	2005	2004	2005	2004
Shares issued in payment of distributions	2,400,624	2,745,430	\$ 30,523,934	\$ 35,690,590
Shares purchased (at a weighted average discount from net asset value of 12.6% and 13.0%, respectively)	(2,458,500)	(1,496,550)	(32,052,187)	(19,026,661)
Restricted shares/units granted under the equity incentive compensation plan	22,191	--	101,973	--
Net change	(35,685)	1,248,880	\$ (1,426,280)	\$ 16,663,929

5. Retirement Plans

The Company provides retirement benefits for its employees under a non-contributory qualified defined benefit pension plan and a non-contributory nonqualified defined benefit pension plan. The benefits are based on years of service and compensation during the last five years of employment.

The Company uses a December 31 measurement date for its plans.

	2005	2004
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 8,349,320	\$7,343,955
Service cost	359,998	307,074
Interest cost	504,330	451,715
Actuarial loss	(42,715)	508,456
Benefits paid	(219,135)	(261,880)
Benefit obligation at end of year	\$ 8,951,798	\$8,349,320
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 9,976,905	\$9,442,594
Actual return on plan assets	292,963	777,347
Employer contribution	12,563	18,844
Benefits paid	(219,135)	(261,880)
Fair value of plan assets at end of year	\$10,063,296	\$9,976,905
Funded status	\$ 1,111,498	\$1,627,585
Unrecognized net loss	1,727,768	1,542,040
Unrecognized prior service cost	456,052	503,135

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Net amount recognized \$ 3,295,318 \$3,672,760

Amounts recognized in the statement of assets and liabilities consist of:

	2005	2004
	-----	-----
Prepaid pension cost	\$ 5,453,911	\$ 5,642,052
Accrued pension cost	(2,158,593)	(1,969,292)
	-----	-----
Net amount recognized	\$ 3,295,318	\$ 3,672,760
	-----	-----

The accumulated benefit obligation for all defined benefit pension plans was \$6,947,921 and \$6,710,981 at December 31, 2005 and 2004, respectively.

	2005	2004
	-----	-----
Components of net periodic pension cost		
Service cost	\$ 359,998	\$ 307,074
Interest cost	504,330	451,715
Actual return on plan assets	(292,963)	(777,347)
Amortization of prior service cost	126,553	127,977
Amortization of net loss	188,462	113,201
Deferred asset gain	(504,070)	30,506
	-----	-----
Net periodic pension cost	\$ 382,310	\$ 253,126
	-----	-----

Assumptions used to determine benefit obligations and costs are:

	2005	2004
	-----	-----
Discount rate	5.75%	5.75%
Expected long-term return on plan assets	8.00%	8.00%
Rate of compensation increase	7.00%	7.00%

The assumption for the expected long-term return on plan assets is based on the actual long-term historical returns realized by the plan assets, weighted according to the current asset mix.

The asset allocations at December 31, 2005 and 2004, by asset category, are as follows:

2005	2004
-----	-----

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Asset Category		
Equity Securities & Equity Mutual Funds	70%	71%
Fixed Income Mutual Funds	28%	25%
Cash	2%	4%

Equity securities include The Adams Express Company Common Stock in the amount of \$616,864 (6% of total plan assets) and \$610,779 (6% of total plan assets) at December 31, 2005 and 2004, respectively.

The primary objective of the Company's pension plan is to provide capital appreciation, current income, and preservation of capital through a portfolio of stocks and fixed income securities. The equity portion of the portfolio may range from 50% to 75% of total portfolio assets. The fixed income portion of the portfolio may range from 25% to 50% of total portfolio assets and cash may range from 0% to 25% of total portfolio assets. Subject to these allocation ranges, the portfolio may be invested in any of the following securities: common stocks, preferred stocks, American Depository Receipts, foreign securities, mutual funds, convertible securities, municipal bonds, corporate bonds, U.S. government securities, and U.S. government agency securities.

10

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

-----

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. The Company anticipates making no contribution to the plans in 2006.

The following benefit payments, which reflect expected future service, are expected to be paid:

-	Pension Benefits -----
2006	\$ 303,636
2007	295,634
2008	556,056
2009	543,695
2010	614,579
Years 2011-2015	3,122,127

The Company also sponsors a defined contribution plan that covers substantially all employees. The Company expensed contributions of \$181,236 and \$147,811 for the years ended December 31, 2005 and December 31, 2004, respectively. The Company does not provide postretirement medical benefits.

#### 6. Stock-Based Compensation

The Stock Option Plan adopted in 1985 ("1985 Plan") permits the issuance of stock options and stock appreciation rights for the purchase of up to 2,610,146

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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

A summary of option activity under the 1985 Plan as of December 31, 2005, and changes during the period then ended, is presented below:

	Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
	-----	-----	-----
Outstanding at January 1, 2005	283,297	\$11.76	
Exercised	(28,531)	--	
Forfeited	--	--	
Outstanding at December 31, 2005	254,766	\$11.71	5.71
Exercisable at December 31, 2005	152,357	\$11.74	5.73

The options outstanding as of December 31, 2005 are set forth below:

Exercise price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
-----	-----	-----	-----
\$4.00-\$7.49	7,642	\$ 4.10	1.00
\$7.50-\$10.99	92,192	9.62	5.22
\$11.00-\$14.49	103,784	11.53	7.04
\$14.50-\$17.99	51,148	16.96	4.59
Outstanding at December 31, 2005	254,766	\$11.71	5.71

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 year ended December 31, 2005 was \$78,689.

The 2005 Equity Incentive Compensation Plan ("2005 Plan") permits the grant of stock options, restricted stock awards and other stock incentives to key



## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

employees and all non-employee directors. The 2005 Plan provides for the issuance of up to 3,413,131 shares of the Company's Common Stock. Restricted stock was granted to key employees on April 27, 2005 at fair market value on that date, vesting over a three year period. Restricted stock units were granted to non-employee directors on April 27, 2005 and to new directors on December 1, 2005 at fair market value on grant date and vest over a one year period from the date of grant. The total fair value of units that vested in 2005 was \$9,889 due to the death of a director, which thereby accelerated the vesting schedule. The number of shares of Common Stock which remain available for

11

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

future grants under the 2005 Plan at December 31, 2005 is 3,390,940 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 December 31, 2005, and changes during the period then ended, is presented below:

Awards	Shares/Units	Weighted Average Grant-Date Fair Value
Balance at January 1, 2005	--	--
Granted:		
Restricted stock	13,941	\$12.56
Restricted stock units	8,250	12.58
Vested	(750)	12.56
Forfeited	--	--
Balance at December 31, 2005	21,441	\$12.57

Compensation costs resulting from restricted stock and restricted stock units granted under the 2005 Plan are recognized over the requisite service period based on the fair value of the awards on grant date. Any unearned compensation is subsequently expensed as services are rendered. The fair value of restricted stock is based on the average of the high and low market price on the date an award is granted. The total compensation costs for restricted stock granted to employees for the year ended December 31, 2005 were \$39,129. The total compensation costs for restricted stock units granted to non-employee directors under the 2005 Plan for the year ended December 31, 2005 were \$62,844. As of December 31, 2005, there were total unrecognized compensation costs of \$177,421 related to nonvested share-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be recognized over a weighted average period of 1.9 years.

#### 7. Expenses

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

The aggregate remuneration paid or accrued during the year ended December 31, 2005 to officers and directors amounted to \$2,546,465, of which \$297,094 was paid as fees to directors who were not officers.

### 8. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash, 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. At December 31, 2005, the Company had securities on loan of \$51,293,357, and held collateral of \$52,716,334, 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.

12

### FINANCIAL HIGHLIGHTS

	Year Ended December 31				
	2005	2004	2003	2002	2001
<hr/>					
Per Share Operating Performance					
Net asset value, beginning of year	\$15.04	\$14.36	\$12.12	\$16.05	\$14.36
<hr/>					
Net investment income	0.22	0.23*	0.19	0.20	0.19
Net realized gains and increase (decrease) in unrealized appreciation	0.32	1.39	2.85	(3.38)	(3.38)
<hr/>					
Total from investment operations	0.54	1.62	3.04	(3.18)	(3.18)
<hr/>					
Less distributions					
Dividends from net investment income	(0.22)	(0.24)	(0.17)	(0.19)	(0.19)
Distributions from net realized gains	(0.64)	(0.66)	(0.61)	(0.57)	(0.57)
<hr/>					
Total distributions	(0.86)	(0.90)	(0.78)	(0.76)	(0.76)
<hr/>					
Capital share repurchases	0.05	0.02	0.04	0.05	0.05
Reinvestment of distributions	(0.06)	(0.06)	(0.06)	(0.04)	(0.04)
<hr/>					
Total capital share transactions	(0.01)	(0.04)	(0.02)	0.01	0.01
<hr/>					
Net asset value, end of year	\$14.71	\$15.04	\$14.36	\$12.12	\$14.36
<hr/>					
Per share market price, end of year	\$12.55	\$13.12	\$12.41	\$10.57	\$12.41
<hr/>					
Total Investment Return					
Based on market price	2.2%	13.2%	25.2%	(20.6)%	(20.6)%

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Based on net asset value	4.5%	12.1%	26.3%	(19.4)%	
<b>Ratios/Supplemental Data</b>					
Net assets, end of year (in 000's)	\$1,266,729	\$1,295,549	\$1,218,862	\$1,024,810	\$1,3
Ratio of expenses to average net assets	0.45%	0.43%	0.47%	0.34%	
Ratio of net investment income to average net assets	1.44%	1.54%	1.45%	1.42%	
Portfolio turnover	12.96%	13.43%	12.74%	17.93%	
Number of shares outstanding at end of year (in 000's)	86,100	86,135	84,886	84,536	

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

13

### SCHEDULE OF INVESTMENTS

December 31, 2005

	Shares	Value (A)
<b>Stocks and Convertible Securities -- 98.4%</b>		
<b>Consumer -- 17.5%</b>		
<b>Consumer Discretionary -- 7.1%</b>		
BJ's Wholesale Club, Inc. (B).....	500,000	\$ 14,780,000
Clear Channel Communications, Inc.....	350,000	11,007,500
Comcast Corp.....	352,500	9,150,900
Gannett Co., Inc.....	112,500	6,814,125
Newell Rubbermaid Inc. (C).....	515,000	12,246,700
Outback Steakhouse, Inc.....	315,000	13,107,150
Target Corp.....	410,000	22,537,700
		89,644,075
<b>Consumer Staples -- 10.4%</b>		
Avon Products, Inc.....	420,000	11,991,000
Bunge Ltd.....	235,000	13,303,350
Coca-Cola Co.....	200,000	8,062,000
Dean Foods Co. (B).....	450,000	16,947,000
Del Monte Foods Co. (B).....	1,115,000	11,629,450
PepsiCo, Inc.....	440,000	25,995,200
Procter & Gamble Co.....	340,000	19,679,200
Safeway Inc.....	423,000	10,008,180
Unilever plc ADR.....	345,000	13,841,400
		131,456,780
<b>Energy -- 11.0%</b>		
BP plc ADR.....	270,000	17,339,400
ConocoPhillips.....	345,000	20,072,100
Exxon Mobil Corp.....	130,000	7,302,100
Murphy Oil Corp.....	209,600	11,316,304
Petroleum & Resources Corporation (D)...	1,985,996	64,227,111

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Schlumberger Ltd.....	190,000	18,458,500
		-----
		138,715,515
		-----
Financial -- 15.7%		
Banking -- 11.2%		
Bank of America Corp.....	550,000	25,382,500
Bankatlantic Bancorp.....	430,000	6,020,000
Compass Bancshares Inc.....	300,000	14,487,000
Fifth Third Bancorp (C).....	280,000	10,561,600
Investors Financial Services Corp. (C) ..	382,500	14,087,475
North Fork Bancorporation, Inc.....	525,000	14,364,000
Wachovia Corp.....	370,000	19,558,200
Wells Fargo & Co.....	325,000	20,419,750
Wilmington Trust Corp.....	420,000	16,342,200
		-----
		141,222,725
		-----
Insurance -- 4.5%		
AMBAC Financial Group, Inc.....	295,000	22,732,700
American International Group, Inc.....	500,000	34,115,000
		-----
		56,847,700
		-----

14

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2005

	Shares	Value (A)
Health Care -- 13.2%		
Abbott Laboratories.....	350,000	\$ 13,800,500
Advanced Medical Optics, Inc.....	235,000	9,823,000
Bristol-Myers Squibb Co.....	345,000	7,928,100
Genentech, Inc. (B).....	220,000	20,350,000
HCA Inc.....	250,000	12,625,000
Johnson & Johnson.....	255,000	15,325,500
Laboratory Corp. of America Holdings (B) ..	225,000	12,116,250
MedImmune, Inc. (B).....	225,000	7,879,500
Medtronic, Inc.....	310,000	17,846,700
Pfizer Inc.....	1,120,000	26,118,400
Wyeth Co.....	325,000	14,972,750
Zimmer Holdings, Inc. (B).....	125,000	8,430,000
		-----
		167,215,700
		-----
Industrials -- 13.1%		
Cintas Corp.....	300,000	12,354,000
Curtiss-Wright Corp.....	230,000	12,558,000
Donnelley (R.R.) & Sons Co.....	260,000	8,894,600
Emerson Electric Co.....	200,000	14,940,000

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

General Electric Co.....	1,487,700	52,143,885
Illinois Tool Works Inc.....	125,000	10,998,750
Masco Corp.....	450,000	13,585,500
3M Co.....	160,000	12,400,000
United Parcel Service, Inc.....	155,000	11,648,250
United Technologies Corp.....	300,000	16,773,000
		-----
		166,295,985
		-----
Information Technology -- 13.0%		
Communication Equipment -- 2.0%		
Avaya Inc. (B).....	600,000	6,402,000
Corning Inc. (B).....	600,000	11,796,000
Lucent Technologies Inc. (B).....	2,900,000	7,714,000
		-----
		25,912,000
		-----
Computer Related -- 8.9%		
Automatic Data Processing Inc.....	300,000	13,767,000
BEA Systems, Inc. (B).....	800,000	7,520,000
Cisco Systems, Inc. (B).....	1,200,000	20,544,000
Dell Inc. (B).....	400,000	11,996,000
DiamondCluster International, Inc. (B)....	340,000	2,699,600
Microsoft Corp.....	1,180,000	30,857,000
Oracle Corp. (B).....	880,000	10,744,800
Sapient Corp.....	1,150,000	6,543,500
Siebel Systems, Inc. (B).....	800,000	8,464,000
		-----
		113,135,900
		-----
Electronics -- 2.1%		
Cree, Inc. (B) (C).....	500,000	12,620,000
Intel Corp.....	310,000	7,737,600
Solectron Corp. (B).....	1,850,000	6,771,000
		-----
		27,128,600
		-----

15

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2005

	Prin. Amt. or Shares	Value (A)
Materials -- 5.2%		
Air Products and Chemicals, Inc.....	250,000 \$	14,797,500
duPont (E.I.) de Nemours and Co.....	360,000	15,300,000
Martin Marietta Materials, Inc.....	100,000	7,672,000
Rohm & Haas Co.....	400,000	19,368,000
Smurfit-Stone Container Corp. (B).....	650,000	9,210,500
		-----
		66,348,000

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

-----		
Telecom Services -- 3.9%		
Alltel Corp.....	300,000	18,930,000
AT&T Corp.....	595,000	14,571,550
BellSouth Corp.....	200,000	5,420,000
Vodafone Group plc ADS.....	492,613	10,576,401
		-----
		49,497,951
		-----
Utilities -- 5.8%		
Aqua America, Inc.....	862,733	23,552,611
Black Hills Corp.....	245,000	8,479,450
Duke Energy Corp. (C).....	611,560	16,787,322
Keyspan Corp.....	140,000	4,996,600
MDU Resources Group, Inc.....	575,000	18,825,500
		-----
		72,641,483
		-----
Total Stocks and Convertible Securities		
(Cost \$929,723,632) (E).....		1,246,062,414
		-----
Short-Term Investments -- 1.2%		
U.S. Government Obligations -- 0.9%		
U.S. Treasury Bills, 3.91%, due 2/16/06.....	\$12,000,000	11,940,047
		-----
Time Deposit -- 0.0%		
JP Morgan Grand Cayman, 3.30%, due 1/3/06.....		429,609
		-----
Commercial Paper -- 0.3%		
General Electric Capital Corp., 4.26%, due 1/5/06.....	\$ 3,500,000	3,498,343
		-----
Total Short-Term Investments		
(Cost \$15,867,999).....		15,867,999
		-----
Securities Lending Collateral -- 4.2%		
Brown Brothers Investment Trust, 4.23%, due 1/3/06.....		52,716,334
		-----
Total Securities Lending Collateral		
(Cost \$52,716,334).....		52,716,334
		-----
Total Investments -- 103.8%		
(Cost \$998,307,965).....		1,314,646,747
Cash, receivables, prepaid expenses and other assets, less		
liabilities -- (3.8)%.....		(47,918,095)
		-----
Net Assets -- 100.0%.....		\$1,266,728,652
		-----

Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ, except restricted securities.
- (B) Presently non-dividend paying.
- (C) All or a portion of these securities 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 December 31, 2005 covering open call option contracts written was \$14,586,290. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was \$11,152,500.

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

16

SCHEDULE OF OUTSTANDING OPTION CONTRACTS

December 31, 2005

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
-----------------------------------	----------	-----------------	--------------------------------	---------------------------------

COVERED CALLS

100	AMBAC Financial Group, Inc.....	\$ 80	Jan 06	\$ 9,699
100	AMBAC Financial Group, Inc.....	80	Feb 06	(301)
100	American International Group, Inc.	70	Feb 06	(800)
250	Aqua America, Inc.....	30	Jun 06	(5,486)
150	ConocoPhillips.....	65	Feb 06	5,549
150	ConocoPhillips.....	75	May 06	8,549
150	Dean Foods Co.....	40	Mar 06	299
100	Emerson Electric Co.....	85	Jun 06	3,700
100	Genentech, Inc.....	105	Feb 06	3,200
100	HCA Inc.....	55	Feb 06	6,200
100	Illinois Tool Works, Inc.....	90	Jan 06	5,200
100	Illinois Tool Works, Inc.....	100	Jun 06	2,200
170	Martin Marietta Materials, Inc....	75	Jan 06	(37,911)
100	Schlumberger Ltd.....	100	Jan 06	(1,801)
100	Target Corp.....	60	Jan 06	9,200
250	Target Corp.....	65	Apr 06	14,248
100	United Technologies Corp.....	55	Jan 06	(5,800)
100	Zimmer Holdings, Inc.....	95	Jan 06	9,700
-----				-----
2,320				25,645
-----				-----

COLLATERALIZED PUTS

250	Advanced Medical Optics, Inc.....	40	Jan 06	20,498
20	Advanced Medical Optics, Inc.....	35	Apr 06	840
200	Advanced Medical Optics, Inc.....	40	Apr 06	(6,601)
170	Advanced Medical Optics, Inc.....	35	Jul 06	(12,061)
250	Avon Products, Inc.....	25	Jan 06	24,004
250	Bank of America Corp.....	42.50	Jan 06	29,874
125	Comcast Corp.....	30	Jan 06	(40,376)
100	Exxon Mobil Corp.....	55	Jan 06	11,199
100	Martin Marietta Materials, Inc....	65	Jan 06	11,449
150	Martin Marietta Materials, Inc....	65	Apr 06	17,918
250	Outback Steakhouse, Inc.....	40	Feb 06	2,999
100	Target Corp.....	47.50	Apr 06	5,199
100	3M Co.....	65	Jan 06	8,700
150	Zimmer Holdings, Inc.....	55	Jan 06	13,799
250	Zimmer Holdings, Inc.....	60	Jan 06	25,499
-----				-----

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

2,465  
-----

112,940  
-----  
\$138,585  
=====

17

CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended December 31, 2005  
(unaudited)

	Shares		Held Dec. 31, 2005
	Additions	Reductions	
Advanced Medical Optics, Inc.....	235,000		235,000
Aqua America, Inc.....	233,333/(1)/	270,600	862,733
Avon Products, Inc.....	420,000		420,000
Bankatlantic Bancorp.....	130,000		430,000
Bunge Ltd.....	30,000		235,000
Comcast Corp.....	2,500		352,500
Curtiss-Wright Corp.....	34,500		230,000
Fifth Third Bancorp.....	10,000		280,000
Gannett Co., Inc.....	15,000		112,500
Investors Financial Services Corp...	2,500		382,500
Masco Corp.....	450,000		450,000
Microsoft Corp.....	40,000		1,180,000
North Fork Bancorporation, Inc.....	75,000		525,000
Outback Steakhouse, Inc.....	15,000		315,000
CCE Spinco, Inc.....	43,750/(2)/	43,750	--
ConocoPhillips.....		35,000	345,000
Corning Inc.....		15,000	600,000
Dean Foods Co.....		50,000	450,000
DiamondCluster International, Inc...		157,500	340,000
Genentech, Inc.....		20,000	220,000
HCA Inc.....		60,000	250,000
Laboratory Corp. of America Holdings		10,000	225,000
Martin Marietta Materials, Inc.....		20,000	100,000
Provident Bankshares Corp.....		110,000	--
Symantec Corp.....		400,000	--
Wells Fargo & Co.....		75,000	325,000

(1) By stock split.

(2) Received one share for every eight shares of Clear Channel Communications, Inc. held.

Common Stock  
Listed on the New York Stock Exchange  
and the Pacific Exchange



## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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.

18

### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

---

To the Board of Directors and Stockholders of The Adams Express Company:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Adams Express Company (hereafter referred to as the "Company") at December 31, 2005, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2005 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland

January 13, 2006

---

### HISTORICAL FINANCIAL STATISTICS

---

	Value Of	Shares	Net Asset	Dividends	Distributions
	Net Assets	Outstanding*	Value	From Net	From Net
			Per Share*	Investment	Realized
				Income	Gains
Dec. 31				Per Share*	Per Share*

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

---

1991	\$ 661,895,779	49,121,246	\$13.47	\$.36	\$.73
1992	696,924,779	51,039,938	13.65	.31	.77
1993	840,610,252	63,746,498	13.19	.30	.79
1994	798,297,600	66,584,985	11.99	.33	.73
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
2005	1,266,728,652	86,099,607	14.71	.22	.64

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

19

### 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 also 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".

#### Annual Certification

The Company's CEO has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

#### Proxy Voting Policies and Record

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

#### Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Company's actual results are the performance of the portfolio of stocks held by the Company, the conditions in the U.S. and international financial markets, the price at which shares of the Company will trade in the public markets, and other factors discussed in the Company's periodic filings with the Securities and Exchange Commission.

### Privacy Policy

In order to conduct its business, the 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.

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.

20

## SHAREHOLDER INFORMATION AND SERVICES

---

WE ARE OFTEN ASKED --

How do I invest in Adams Express?

Adams Express Common Stock is listed on the New York Stock Exchange and the Pacific Exchange. The stock's ticker symbol is "ADX" and may be bought and sold through registered investment security dealers. Your broker will be able to assist you in this regard. In addition, stock may be purchased through our transfer agent, American Stock Transfer & Trust Company's INVESTORS CHOICE Plan (see page 22).

Where do I get information on the stock's price, trading and/or net asset value?

The daily net asset value (NAV) per share and closing market price may be obtained from our website at [www.adamsexpress.com](http://www.adamsexpress.com). The daily NAV is also available on the NASDAQ Mutual Fund Quotation System under the symbol XADEX. The week-ending NAV is published on Saturdays in various newspapers and on Mondays in The Wall Street Journal in a table titled "Closed-End Funds." The table compares the net asset value at the close of the week's last business day to the market price of the shares, and shows the amount of the discount or

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

premium.

Adams Express daily trading is shown in the stock tables of most daily newspapers, often with the abbreviated form "AdaEx." Local newspapers determine, usually by volume of traded shares, which securities to list. If your paper does not carry our listing, please telephone the Company at (800) 638-2479 or visit our website.

How do I replace a lost certificate(s) or how do I correct a spelling error on my certificate?

Your Adams Express stock certificates are valuable documents and should be kept in a safe place. For tax purposes, keep a record of each certificate, including the cost or market value of the shares it covers at the time acquired. If a certificate is lost, destroyed or stolen, notify the transfer agent immediately so a "stop transfer" order can be placed on the records to prevent an unauthorized transfer of your certificate. The necessary forms and requirements to permit the issuance of a replacement certificate will then be sent to you. A certificate can be replaced only after the receipt of an affidavit regarding the loss accompanied by an open surety bond, for which a small premium is paid by the stockholder.

In the event a certificate is issued with the holder's name incorrectly spelled, a correction can only be made if the certificate is returned to the transfer agent with instructions for correcting the error. Transferring shares to another name also requires that the certificate be forwarded to the transfer agent with the appropriate assignment forms completed and the signature of the registered owner Medallion guaranteed by a bank or member firm of The New York Stock Exchange, Inc.

Is direct deposit of my dividend checks available?

Yes, our transfer agent offers direct deposit of your interim dividend and year-end distribution checks. You can request direct deposit with American Stock Transfer either on-line or by calling them at the phone number provided on page 22.

Who do I notify of a change of address?

The transfer agent.

We go to Florida (Arizona) every winter. How do we get our mail from Adams Express?

The transfer agent can program a seasonal address into its system; simply send the temporary address and the dates you plan to be there to the transfer agent.

I want to give shares to my children, grandchildren, etc. as a gift. How do I go about it?

Giving shares of Adams Express is simple and is handled through our transfer agent. The stock transfer rules are clear and precise for most forms of transfer. They will vary slightly depending on each transfer, so write to the transfer agent stating the exact intent of your gift plans and the transfer agent will send you the instructions and forms necessary to effect your transfer.

21

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

---

### 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 (waived if sold)	\$7.50
Book to Book Transfers	Included
To transfer shares to another participant or to a new participant	

Fees are subject to change at any time.

Minimum and Maximum Cash Investments	
Initial minimum investment (non-holders)	\$500.00
Minimum optional investment (existing holders)	\$50.00
Electronic Funds Transfer (monthly minimum)	\$50.00

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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](http://www.adamsexpress.com)  
E-mail: [contact@adamsexpress.com](mailto: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](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.

22

BOARD OF DIRECTORS

-----

Number of  
portfolios  
in fund

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Personal Information	Position held with the fund	Term of office	Length of time served	Principal Occupations during the last 5 years	complex overseen by director
-----					
Independent Directors					
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 64	Director	One Year	Since 1983	Professor of Finance and Economics, formerly Vice Dean of Academic Affairs of the Graduate School of Business, Columbia University.	Two
-----					
Phyllis O. Bonanno 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 62	Director	One Year	Since 2003	President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Vice President of Warnaco Inc. (apparel).	Two
-----					
Daniel E. Emerson 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 81	Director	One Year	Since 1982	Chairman, The National YMCA Fund Inc. Retired Executive Vice President of NYNEX Corp., (communications), retired Chairman of The Board of both NYNEX Information Resources Co. and NYNEX Mobile Communications Co. Previously Executive Vice President and Director of New York Telephone Company.	Two
-----					
Roger W. Gale, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 59	Director	One Year	Since Dec. 2005	President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly member of management group, PA Consulting Group (energy consultants).	Two
-----					
Thomas H. Lenagh 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 87	Director	One Year	Since 1968	Financial Advisor, Chairman of the Board, Photonics Product Group (crystals). Formerly Chairman of the Board and CEO of Greiner Engineering Inc. (formerly Systems Planning Corp.) (consultants). Formerly Treasurer and Chief Investment Officer of the Ford Foundation (charitable foundation).	Two
-----					
Kathleen T. McGahran, Ph.D., J.D., C.P.A. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 55	Director	One Year	Since 2003	Principal & Director of Pelham Associates, Inc. (executive education). Adjunct Associate Professor, Columbia Executive Education, Graduate School of Business, Columbia University. Formerly Associate Dean and Director of Executive Education, and Associate Professor, Columbia University.	Two

BOARD OF DIRECTORS (CONTINUED)

Personal Information	Position held with the fund	Term of office	Length of time served	Principal Occupations during the last 5 years	Number of portfolios in fund complex overseen by director	Other
----------------------	-----------------------------	----------------	-----------------------	---	---	-------

Independent Directors (continued)

John J. Roberts 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 83	Director	One Year	Since 1976	Retired Senior Advisor, formerly Vice-Chairman External Affairs, American International Group, Inc. (insurance). Formerly Chairman and CEO of American International Underwriters Corporation. Previously President of American International Underwriters Corporation-U.S./ Overseas Operations.	Two	Di Re (i Ho Am Gr
--	----------	----------	------------	---	-----	----------------------------------

Craig R. Smith, M.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 59	Director	One Year	Since Dec. 2005	President, Williston Consulting LLC (consultants to pharmaceutical and biotechnology industries). Formerly Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceuticals & biotechnology).	Two	Di Re (i La Co (s
---	----------	----------	-----------------	---	-----	----------------------------------

Robert J. M. Wilson 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 85	Director	One Year	Since 1975	Retired President of the Company (since 1986) and retired President of Petroleum & Resources Corporation (since 1986).	Two	Di Re (i
--	----------	----------	------------	--	-----	----------------

Interested Director

Douglas G. Ober 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 59	Director, Chairman and CEO	One Year	Director Since 1989; Chairman of the Board Since	Chairman & CEO of the Company and Petroleum & Resources Corporation.	Two	Di Re (i
--	-------------------------------------	----------	---	--	-----	----------------



1991

24

THE ADAMS EXPRESS COMPANY

Board Of Directors

Enrique R. Arzac/(1) (3) /	Kathleen T. McGahran/(2) (4) /
Phyllis O. Bonanno/(1) (3) /	Douglas G. Ober/(1) /
Daniel E. Emerson/(2) (3) /	John J. Roberts/(1) (3) /
Roger W. Gale/(3) (4) /	Craig R. Smith/(2) (4) /
Thomas H. Lenagh/(1) (4) /	Robert J.M. Wilson/(1) (2) /

-----  
/(1)/ Member of Executive Committee  
/(2)/ Member of Audit Committee  
/(3)/ Member of Compensation Committee  
/(4)/ Member of Retirement Benefits Committee

Officers

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

Item 2. Code of Ethics.

On June 12, 2003, the Board of Directors adopted a code of ethics that applies to registrant's principal executive officer and principal financial officer. The code of ethics is available on registrant's website at:

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

www.adamsexpress.com. Since the code of ethics was adopted there have been no amendments to it nor have any waivers from any of its provisions been granted.

### Item 3. Audit Committee Financial Expert.

The board of directors has determined that at least one of the members of registrant's audit committee meets the definition of audit committee financial expert as that term is defined by the Securities and Exchange Commission. The director on the registrant's audit committee whom the board of directors has determined meets such definition is Kathleen T. McGahran, who is independent pursuant to paragraph (a)(2) of this Item.

### Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. The aggregate fees billed for professional services rendered by its independent auditors, PricewaterhouseCoopers LLP, for the audits of the Company's annual and semi-annual financial statements for 2005 and 2004 were \$76,609 and \$54,712, respectively.

(b) Audit Related Fees. There were no audit-related fees in 2005 and 2004.

(c) Tax Fees. The aggregate fees billed to registrant for professional services rendered by PricewaterhouseCoopers LLP for the review of registrant's excise tax calculations and preparations of federal, state and excise tax returns for 2005 and 2004 were \$9,396 and \$9,950, respectively.

(d) All Other Fees. The aggregate fees billed to registrant by PricewaterhouseCoopers LLP other than for the services referenced above for 2005 and 2004 were \$800 and \$0, respectively. The \$800 billed for services in 2005 were in connection with the preparation and review of the registration statement filed with the Securities and Exchange Commission relating to the 2005 Equity Incentive Compensation Plan.

(e) (1) Audit Committee Pre-Approval Policy. As of 2005, all services to be performed for registrant by PricewaterhouseCoopers LLP must be pre-approved by the audit committee. All services performed in 2005 were pre-approved by the committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees billed by PricewaterhouseCoopers LLP for non-audit professional services rendered to registrant for 2005 and 2004 were \$9,396 and \$9,950, respectively.

(h) The registrant's audit committee has considered the provision by PricewaterhouseCoopers LLP of the non-audit services described above and found that they are compatible with maintaining PricewaterhouseCoopers LLPs independence.

### Item 5. Audit Committee of Listed registrants.

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

(a) The registrant has a standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the audit committee are: Kathleen T. McGahran, chair, Daniel E. Emerson, Craig R. Smith and Robert J.M. Wilson.

(B) Not applicable.

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

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

### PROXY VOTING POLICIES & PROCEDURES

The Adams Express Company (Adams) follows long-standing general guidelines for the voting of portfolio company proxies and takes very seriously its responsibility to vote all such proxies. The portfolio company proxies are evaluated by our research staff and voted by our portfolio management team, and we annually provide the Board of Directors with a report on how proxies were voted during the previous year. We do not use an outside service to assist us in voting our proxies.

As an internally-managed investment company, Adams uses its own staff of research analysts and portfolio managers. In making the decision to invest in a company for the portfolio, among the factors the research team analyzes is the integrity and competency of the company's management. We must be satisfied that the companies we invest in are run by managers with integrity. Therefore, having evaluated this aspect of our portfolio companies' managements, we give significant weight to the recommendations of the company's management in voting on proxy issues.

We vote proxies on a case-by-case basis according to what we deem to be the best long-term interests of our shareholders. The key over-riding principle in any proxy vote is that stockholders be treated fairly and equitably by the portfolio company's management. In general, on the election of directors and on routine issues that we do not believe present the possibility of an adverse impact upon our investment, after reviewing whether applicable corporate governance requirements as to board and committee composition have been met, we will vote in accordance with the recommendations of the company's management. When we believe that the management's recommendation is not in the best interests of our stockholders, we will vote against that recommendation.

Our general guidelines for when we will vote contrary to the recommendation of the portfolio company management's recommendation are:

#### Stock Options

Our general guideline is to vote against stock option plans that we believe are unduly dilutive of our stock holdings in the company. We use a general guideline that we will vote

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

against any stock option plan that results in dilution in shares outstanding exceeding 4%. Most stock option plans are established to motivate and retain key employees and to reward them for their achievement. An analysis of a stock option plan can not be made in a vacuum but must be made in the context of the company's overall compensation scheme. In voting on stock option plans, we give consideration to whether the stock option plan is broad-based in the number of employees who are eligible to receive grants under the plan. We generally vote against plans that permit re-pricing of grants or the issuance of options with exercise prices below the grant date value of the company's stock.

### Corporate Control/ Governance Issues

Unless we conclude that the proposal is favorable to our interests as a long-term shareholder in the company, we have a long-standing policy of voting against proposals to create a staggered board of directors. Staggered boards are used to help create a roadblock to a possible takeover of a company or to entrench incumbent management and board. In conformance with that policy, we will generally vote in favor of shareholder proposals to eliminate the staggered election of directors.

Unless we conclude that the proposal is favorable to our interests as a long-term shareholder in the company, our general policy is to vote against amendments to a company's charter that can be characterized as anti-takeover provisions. For example, we generally vote in favor of stockholder proposals to rescind or require a stockholder vote on anti-takeover provisions such as poison pills and the like.

With respect to so-called golden parachutes and other severance packages, it is our general policy to vote against proposals relating to future employment contracts that provide that compensation will be paid to any director, officer or employee that is contingent upon a merger or acquisition of the company.

We generally vote for proposals to require that the majority of a board of directors consist of independent directors and vote against proposals to establish a retirement plan for non-employee directors.

We have found that most stockholder proposals relating to social issues focus on very narrow issues that either fall within the authority of the company's management, under the oversight of its board of directors, to manage the day-to-day operations of the company or concern matters that are more appropriate for global solutions rather than company-specific ones. We consider these proposals on a case-by-case basis but usually are persuaded management's position is reasonable and vote in accordance with management's recommendation on these types of proposals.

### Item 8. Portfolio Managers of Closed-End Management Investment Companies.

- (a) (1) Douglas G. Ober, Chairman and Chief Executive Officer, and Joseph M. Truta, President, comprise the 2

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

person portfolio management team for the registrant. Mr. Ober and Mr. Truta have served as portfolio managers for the registrant since 1991. This information is as of February 13, 2006. Mr. Ober is the lead member of the portfolio management team. Mr. Ober and Mr. Truta receive investment recommendations from a team of research analysts and make decisions jointly about any equity transactions in the portfolio. Concurrence of both portfolio managers is required for an investment recommendation to be approved.

(2) Mr. Ober and Mr. Truta also comprise the portfolio management team for registrant's non-controlled affiliate, Petroleum & Resources Corporation (Petroleum), a registered investment company with total net assets of \$761,913,652 as of December 31, 2005. Mr. Ober is Chairman, Chief Executive Officer and President of Petroleum and Mr. Truta is Executive Vice President. This information is as of February 13, 2006. The Petroleum fund is a non-diversified fund focusing on the energy and natural resources sectors and Adams is a diversified fund with a different focus, and there are few material conflicts of interest that may arise in connection with the portfolio managers' management of both funds. The funds do not buy or sell securities or other portfolio holdings to or from the other, and procedures and policies are in place covering the sharing of expenses and the allocation of investment opportunities, including bunched orders and investments in initial public offerings, between the funds.

(3) The portfolio managers are compensated through a three-component plan, consisting of salary, annual cash incentive compensation, and equity incentive compensation. The value of each component in any year is determined by the Compensation Committee, comprised solely of independent director members of the Board of Directors. Salaries are determined by using appropriate industry surveys and information about the local market as well as general inflation statistics. Cash incentive compensation is based on a combination of absolute and relative fund performance over one and three year periods as well as individual success at meeting goals and objectives set by the Board of Directors at the beginning of each year. Target incentives are set based on 80% of salary for the Chief Executive Officer and 60% of salary for the President. Two-thirds of each individual's annual cash incentive is based on fund performance and one third on individual success. The portion based on performance is determined using a scale in which the target can be earned by absolute fund pre-tax performance of 10%. The scale ranges from zero to 125% of target. The result is then modified by an average of the one and three year performance relative to the S&P 500, whereby each one percent outperformance or underperformance by the fund adds or deducts 5% from the percentage of target earned based on the scale. The maximum percentage of target which may be earned is 200% and the minimum is zero. Equity incentive compensation, based on a plan approved by shareholders in 2005, can

## Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

take several forms. Following approval of the plan, grants of restricted stock were made to the portfolio managers in April 2005, with vesting in equal proportions over a three year period. The size of the grants was determined by the Compensation Committee with the assistance of an outside compensation consultant. The basis for the portfolio managers' cash incentive compensation determinations for Petroleum is the same as for Adams, except that the portion of the incentive based upon fund performance uses the Dow Jones Oil and Gas Index and the S&P 500 Index as the benchmarks in a 70%/30% ratio, over a one and three year period. All of the above information is as of December 31, 2005.

(4) Using a valuation date of December 31, 2005, Mr. Ober beneficially owns equity securities in registrant of over \$1,000,000. Mr. Truta beneficially owns equity securities in registrant of over \$1,000,000.

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

Period(2)	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Jul. 2005	273,500	\$ 13.18	273,500	2,644,353
Aug. 2005	289,000	\$ 13.24	289,000	2,355,353
Sep. 2005	307,700	\$ 13.23	307,700	2,047,653
Oct. 2005	158,900	\$ 12.92	158,900	1,888,753
Nov 2005	76,900	\$ 13.15	76,900	1,811,853
Dec 2005	157,100	\$ 12.72	157,100	4,035,629
Total	1,263,100(1)	\$ 13.11	1,263,100(2)	4,035,629(2)

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

(2.a) The Plan was announced on December 9, 2004 and was reapproved on December 8, 2005.

(2.b) The share amount approved in 2004 was 5% of outstanding shares, or approximately 4,172,453 shares, and in 2005 was 5% of outstanding shares, or approximately 4,192,729 shares.

(2.c) The Plan will expire on or about December 8, 2006.

(2.d) None.

(2.e) None.

### Item 10. Submission of Matters to a Vote of Security Holders.

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors made or implemented after the registrant last provided disclosure in response to the requirements of

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Item 7(d) (2) (ii) (G) of Schedule 14A (17 CFR 240.14a-101), or this Item.

Item 11. Controls and Procedures.

Conclusions of principal officers concerning controls and procedures.

(a) As of February 13, 2006, an evaluation was performed under the supervision and with the participation of the officers of registrant, including the principal executive officer (PEO) and principal financial officer (PFO), of the effectiveness of registrant's disclosure controls and procedures. Based on that evaluation, the registrant's officers, including the PEO and PFO, concluded that, as of February 13, 2006, the registrant's disclosure controls and procedures were reasonably designed so as to ensure that material information relating to the registrant is made known to the PEO and PFO.

(b) There have been no significant changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

(1) Not applicable. See registrant's response to Item 2, above.

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

Signatures:

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

THE ADAMS EXPRESS COMPANY

BY: /s/ Douglas G. Ober  
-----  
Douglas G. Ober  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 13, 2006

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

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

indicated.

BY: /s/ Douglas G. Ober

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

Date: February 13, 2006

BY: /s/ Maureen A. Jones

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

Date: February 13, 2006