

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

ADAMS EXPRESS CO  
Form N-CSR  
February 28, 2008

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, 2007

Date of reporting period: December 31, 2007

Item 1. Reports to Stockholders.

Generation after generation -

[Graphic]

we grow with you.TM

INVEST PROTECT GROW

The Adams Express Company  
Annual Report 2007

2007 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 (12/31/07)

NYSE Symbol..... ADX  
 Market Price..... \$14.12  
 52-Week Range. \$13.01-\$15.38  
 Discount..... 10.2%  
 Shares Outstanding 87,668,847

Summary Financial Information

	Year Ended December 31	
	2007	2006
Net asset value per share	\$ 15.72	\$ 15.86
Total net assets	1,378,479,527	1,377,418,310
Unrealized appreciation	410,454,970	418,756,256
Net investment income	25,884,799	19,691,488
Total realized gain	60,426,376	56,553,881
Total return (based on market value)	9.4%	17.9%
Total return (based on net asset value)	6.5%	15.0%
Expense ratio	0.44%	0.50%

---

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

### 2007 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2007	\$0.01	Short-term capital gain
March 1, 2007	0.04	Investment income
June 1, 2007	0.05	Investment income
September 1, 2007	0.05	Investment income
December 27, 2007	0.63	Long-term capital gain
December 27, 2007	0.07	Short-term capital gain
December 27, 2007	0.18	Investment income
-----		
	\$1.03	
-----		

### 2008 Annual Meeting of Stockholders

Location: The Tremont Grand, Baltimore, Maryland  
 Date: March 13, 2008  
 Time: 9:00 a.m.

### PORTFOLIO REVIEW

(unaudited)

#### Ten Largest Portfolio Holdings (12/31/07)

	Market Value	% of Net Assets
Petroleum & Resources Corporation*	\$ 84,540,683	6.1
General Electric Co.	51,453,160	3.7
Microsoft Corp.	42,008,000	3.1
Schlumberger Ltd.	37,380,600	2.7
PepsiCo, Inc.	30,360,000	2.2
Bank of America Corp.	30,119,800	2.2
American International Group, Inc.	29,150,000	2.1
State Street Corp.	26,300,274	1.9
ConocoPhillips	26,048,500	1.9
Pfizer Inc.	25,457,600	1.9
	-----	-----
Total	\$382,818,617	27.8%
-----		

\*Non-controlled affiliate

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

Sector Weightings (12/31/07)

[CHART]

Consumer	17.4%
Energy	14.2%
Financial	14.1%
Health Care	10.7%
Industrials	14.9%
Information Technology	11.4%
Materials	5.2%
Telecom Services	1.5%
Utilities	3.8%
Short-Term Investments	6.6%

1

## THE ADAMS EXPRESS COMPANY

---

Calendar year end	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
1993	\$ 8,902	\$ 589	\$ 197	\$ 9,688	\$10,720
1994	7,781	1,113	422	9,316	10,723
1995	9,211	2,014	824	12,049	13,916
1996	9,836	2,957	1,225	14,018	16,820
1997	12,046	4,721	1,877	18,644	21,979
1998	13,259	6,535	2,428	22,222	27,155
1999	16,714	10,077	3,433	30,224	36,270
2000	15,687	11,572	3,478	30,737	34,718
2001	10,623	9,860	2,669	23,152	26,131
2002	7,896	8,233	2,242	18,371	21,064
2003	9,270	10,776	2,940	22,986	26,598
2004	9,801	12,602	3,599	26,002	29,806
2005	9,375	13,319	3,860	26,554	31,124
2006	10,361	16,123	4,810	31,294	35,783
2007	10,548	18,052	5,611	34,211	38,087

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 1993-2007. 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

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

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]

2

### LETTER TO STOCKHOLDERS

---

#### The Year in Review

We are pleased to report that the Fund generated a 6.5% total return on net assets in 2007 despite a challenging investment climate. This return outperformed the 5.5% return of the S&P 500 Index and the 5.8% return of the Lipper Large Cap Core Mutual Fund Average for the year.

Our holdings in energy, consumer staples, telecom services and technology were the principal contributors to the Fund's return in 2007. Overweight positions (a higher percentage of assets than the S&P 500 Index) in energy and consumer staples and underweightings in financials and consumer discretionary stocks augmented our returns relative to the benchmark. The health care, industrial, and materials holdings in the portfolio did not perform as well as their corresponding sectors of the index.

The Fund's total return on market price was 9.4%. A portion of this return resulted from trading late in the day on December 31. Without the effect of these trades, the total market return would have been approximately 1.7% lower. It should be noted that we were not in the market buying back any of our shares during the final six business days of the year.

At the beginning of the year, we expected that returns would reflect a generally improved earnings outlook, but the credit crisis in the U.S. financial system that surfaced in the summer dramatically impacted those expectations. The Federal Reserve cut short-term interest rates by 1/2% in September and by the end of the year cut them another 1/2%. Massive amounts of liquidity have been injected into U.S. and overseas money markets and billions of dollars worth of collateralized debt obligation investments have been written down by banks, hedge funds, and other investors. So far, most of the problems have related to low quality "subprime" home mortgages, but banks have indicated that credit quality is also deteriorating in home equity, auto, and credit card loans.

The trauma in credit markets spilled over into the equity markets in the fourth quarter of the year, as the huge write-offs at homebuilders and financial institutions threw assumptions about the strength of the rest of the economy into question. Steadily rising gasoline and food prices finally began to take their toll on consumers, and what had been relatively tame inflation figures started to worsen. The holiday retail selling season was the worst since 2003 as consumers tightened their belts and spent only modestly and principally at the sale counters. The stock market reflected investor disappointment with these conditions and other areas of weakness with the S&P 500 Index returning -3.3% in the final quarter. We were pleased that the Fund's return for the year as a whole remained a full percentage point above that of the index.

#### Investment Results

At the end of 2007, our net assets were \$1,378,479,527 or \$15.72 per share on 87,668,847 shares outstanding. This compares with \$1,377,418,310 or \$15.86 per

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

share on 86,838,223 shares outstanding a year earlier.

Net investment income for 2007 was \$25,884,799 compared to \$19,691,488 for 2006. These earnings are equal to \$0.30 and \$0.23 per share, respectively, on the average number of shares outstanding throughout each year. Our 0.44% expense ratio (expenses to average net assets) in 2007 was once again very low compared to the fund industry in general.

Net realized gains amounted to \$60,426,376 during the year, while the unrealized appreciation on investments decreased from \$418,756,256 at December 31, 2006 to \$410,454,970 at year end.

### Dividends and Distributions

The total dividends and distributions paid in 2007 were \$1.03 per share compared to \$0.90 in 2006. The table on page 19 shows the history of our dividends and distributions over the past fifteen years, including the annual rate of distribution as a percentage of the average daily market price of the Company's Common Stock. In 2007, the annual rate of distribution was 7.15% compared to 6.80% in 2006. As announced on November 8, 2007, a year-end distribution consisting of investment income of \$0.18 per share and capital gains of \$0.70 per share was made on December 27, 2007, both realized and taxable in 2007. On January 10, 2008, an additional distribution of \$0.05 per

[PHOTO]

Douglas G. Ober,  
Chairman and Chief  
Executive Officer

3

### LETTER TO STOCKHOLDERS

---

share was declared to shareholders of record on February 14, 2008, payable March 1, 2008, representing the balance of undistributed net investment income and capital gains earned during 2007 and an initial distribution from 2008 net investment income, all taxable to shareholders in 2008.

### Outlook for 2008

The long-anticipated slowing in U.S. economic growth appears to have begun as a result of the turmoil in the housing and credit markets, combined with higher energy and food costs. Real gross domestic product (GDP) growth swung from 2.1% in the final quarter of 2006 to 0.6% in the first quarter of 2007 to 4.9% in the third quarter and is likely to show 0.6% growth or less for the fourth quarter. A recession, defined as two consecutive quarters of negative growth in GDP, is certainly a possibility in 2008, though if one occurred, we would not expect it to be long or deep. The Federal Reserve reduced interest rates and is expected to continue to do so, while keeping a close eye on inflation. The level of so-called "core" inflation, excluding food and energy, has been within the range with which the Fed is comfortable. At some point, however, overall inflation and its impact on consumers must be considered.

One of the other effects of lower interest rates is generally a weaker dollar relative to other currencies. The dollar has been declining for some time now and is expected to continue while interest rates are being brought down. This should result in improved exports as U.S. goods become more competitive overseas. While the economies of our trading partners are likely to weaken somewhat in response to a slower economy here, they are still expected to

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

experience better growth than the U.S. The combination of lower interest rates, a weaker dollar, and stronger economies overseas should result in a fairly rapid recovery from the expected period of little or no growth. The recovery could be derailed, however, by the development of a full-fledged banking crisis out of the current "subprime" and collateralized debt problem.

If the economy recovers late in 2008, the stock market should follow suit. Analysts are now beginning to lower earnings estimates for many companies and their stock prices are already reacting strongly. Investor concern about financial conditions is resulting in knee-jerk reactions to bad news. While this can present some interesting opportunities, we believe there will be equally attractive ones when there is less question as to the severity of the decline. Our current portfolio is broadly diversified across industries with an emphasis on companies with large exposures to economies worldwide. We have also added several foreign companies to the portfolio to take further advantage of economic strength overseas. With declining domestic growth in the near term, the Fund is invested primarily in large, financially-strong companies with leading market shares in their industries. As the recovery takes shape, we expect to add companies with smaller capitalizations which are more highly leveraged to economic growth, while maintaining the low risk profile of the portfolio as a whole.

### Share Repurchase Program

On December 13, 2007, the Board of Directors authorized the repurchase by management of up to 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 2008 through January 25, 2008, a total of 129,376 shares have been repurchased at a total cost of \$1,633,325 and a weighted average discount from net asset value of 13.2%.

4

## LETTER TO STOCKHOLDERS

---

We are pleased to announce that Mr. Kenneth J. Dale was appointed to the Board of Directors of the Company, effective January 10, 2008. Mr. Dale is Senior Vice President and Chief Financial Officer of The Associated Press. Prior to joining the AP he was an investment banker for J. P. Morgan & Company, Inc., advising clients on capital structure, equity offerings, debt issuances, and mergers and acquisitions activity. His extensive investment background combined with his global perspective make him a valuable addition to the Board of Directors.

-----

This Annual Report, along with the proxy statement for the Annual Meeting of Stockholders to be held in Baltimore on March 13, 2008, are expected to be mailed on or about February 19, 2008.

By order of the Board of Directors,

/s/ Douglas G. Ober      /s/ Joseph M. Truta

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Douglas G. Ober,                      Joseph M. Truta,  
 Chairman and Chief                  President  
 Executive Officer

January 30, 2008

5

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2007

Assets

Investments\* at value:

Common stocks and convertible securities (cost \$839,581,870)	\$1,200,243,088
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$34,735,404)	84,540,683
Short-term investments (cost \$91,540,289)	91,540,289
Securities lending collateral (cost \$37,702,913)	37,702,913

Cash

Dividends receivable  
 Prepaid pension cost  
 Prepaid expenses and other assets

Total Assets

Liabilities

Investment securities purchased  
 Open written option contracts at value (proceeds \$392,318)  
 Obligations to return securities lending collateral  
 Accrued expenses and other liabilities

Total Liabilities

Net Assets

Net Assets

Common Stock at par value \$0.001 per share, authorized 150,000,000 shares; issued and outstanding 87,668,847 shares (includes 76,164 restricted shares, 6,000 restricted stock units, and 5,307 deferred stock units) (Note 6)	\$
Additional capital surplus	
Accumulated other comprehensive income (Note 5)	
Undistributed net investment income	
Undistributed net realized gain on investments	
Unrealized appreciation on investments	

Net Assets Applicable to Common Stock

Net Asset Value Per Share of Common Stock



Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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

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

6

STATEMENT OF OPERATIONS

Year Ended December 31, 2007

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	\$26,953,331
From non-controlled affiliate	1,158,990
Interest and other income	4,013,456
	-----
Total income	32,125,777
	-----
Expenses:	
Investment research	2,768,507
Administration and operations	1,585,714
Directors' fees	320,778
Reports and stockholder communications	324,841
Transfer agent, registrar and custodian expenses	310,662
Auditing and accounting services	170,826
Legal services	52,553
Occupancy and other office expenses	345,059
Travel, telephone and postage	89,104
Other	272,934
	-----
Total expenses	6,240,978
	-----
Net Investment Income	25,884,799
	-----
Other Comprehensive Income (Note 5)	(156,058)
	-----
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	52,160,370
Net realized gain distributed by regulated investment company (non-controlled affiliate)	8,266,006
Change in unrealized appreciation on investments	(8,301,286)
	-----
Net Gain on Investments	52,125,090
	-----
Change in Net Assets Resulting from Operations	\$77,853,831
	-----

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

7

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended	
	Dec. 31, 2007	Dec. 31, 2006
From Operations:		
Net investment income	\$ 25,884,799	\$ 19,691,488
Net realized gain on investments	60,426,376	56,553,881
Change in unrealized appreciation on investments	(8,301,286)	102,278,889
Change in accumulated other comprehensive income (Note 5)	(156,058)	(1,824,105)
Change in net assets resulting from operations	77,853,831	176,700,153
Distributions to Stockholders From:		
Net investment income	(27,409,018)	(19,554,259)
Net realized gain from investment transactions	(60,607,292)	(56,771,240)
Decrease in net assets from distributions	(88,016,310)	(76,325,499)
From Capital Share Transactions:		
Value of shares issued in payment of distributions	33,223,573	31,661,698
Cost of shares purchased (Note 4)	(22,516,525)	(21,770,315)
Deferred compensation (Notes 4, 6)	516,648	423,621
Change in net assets from capital share transactions	11,223,696	10,315,004
Total Increase in Net Assets	1,061,217	110,689,658
Net Assets:		
Beginning of year	1,377,418,310	1,266,728,652
End of year (including undistributed net investment income of \$3,033,710 and \$4,632,588, respectively)	\$1,378,479,527	\$1,377,418,310

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 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.

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

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, 2007 was \$1,003,073,225, and net unrealized appreciation aggregated \$410,953,748, of which the related gross unrealized appreciation and depreciation were \$495,432,734 and \$84,478,986, respectively. As of December 31, 2007, the tax basis of distributable earnings was \$1,962,008 of undistributed ordinary income and \$436,837 of undistributed long-term capital gain.

Distributions paid by the Company during the year ended December 31, 2007 were classified as ordinary income of \$34,249,231, and long-term capital gain of \$53,767,079. In comparison, distributions paid by the Company during the year ended December 31, 2006 were classified as ordinary income of \$22,964,152, and long-term capital gain of \$53,361,347. 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. Any income tax-related interest or penalties would be classified as income tax expense.

Effective June 29, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes, a clarification of FASB Statement No. 109, Accounting for Income Taxes. FIN 48 establishes financial reporting rules regarding recognition and measurement of tax positions taken or expected to be taken on a tax return. The adoption of FIN 48 had no impact on the Company's net assets or results of operations.

### 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 year ended December 31, 2007 were \$141,227,739 and \$222,574,654, 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, 2007 can be found on page 17.

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

Transactions in written covered call and collateralized put options during the year ended December 31, 2007 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2006	3,745	\$ 497,618	2,103	\$ 220,313
Options written	6,547	790,853	7,535	867,718
Options terminated in closing purchase transactions	(1,630)	(207,295)	(750)	(120,248)
Options expired	(4,735)	(565,660)	(5,453)	(596,738)
Options exercised	(2,170)	(317,728)	(1,709)	(176,515)
Options outstanding, December 31, 2007	1,757	197,788	1,726	194,530

9

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

#### 4. Capital Stock

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

On December 27, 2006, the Company issued 2,301,959 shares of its Common Stock at a price of \$13.75 per share (the average market price on December 12, 2006) to stockholders of record November 21, 2006 who elected to take stock in payment of the distribution from 2006 capital gain and investment income. In addition, 722 shares were issued at a weighted average price of \$13.43 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

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 November 21, 2007 who elected to take stock in payment of the 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.

The Company may purchase shares of its Common Stock from time to time at such prices and amounts as the Board of Directors may deem advisable. Transactions in Common Stock for 2007 and 2006 were as follows:

Shares	Amount
--------	--------

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

	2007	2006	2007	2006
	-----	-----	-----	-----
Shares issued in payment of distributions	2,382,469	2,302,681	\$ 33,223,573	\$ 31,661,698
Shares purchased (at a weighted average discount from net asset value of 13.2% and 13.9%, respectively)	(1,585,773)	(1,623,542)	(22,516,525)	(21,770,315)
Net activity under the 2005 Equity Incentive Compensation Plan	33,928	59,477	516,648	423,621
Net change	830,624	738,616	\$ 11,223,696	\$ 10,315,004

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 uses a December 31 measurement date for its plans.

	2007	2006
	-----	-----
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 9,850,091	\$ 8,951,798
Service cost	487,315	460,969
Interest cost	568,495	518,015
Actuarial (gain)/loss	(124,121)	70,276
Benefits paid	(150,967)	(150,967)
Benefit obligation at end of year	\$10,630,813	\$ 9,850,091
Change in plan assets		
Fair value of plan assets at beginning of year	\$10,834,484	\$10,063,296
Actual return on plan assets	319,574	922,155
Employer contribution	--	--
Benefits paid	(150,967)	(150,967)
Fair value of plan assets at end of year	\$11,003,091	10,834,484
Funded status	\$ 372,278	\$ 984,393

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Items not yet recognized as a component of net periodic pension cost:

	2007	2006
	-----	-----
Prior service cost	\$ 241,768	\$ 336,276
Net (gain)/loss	1,738,395	1,487,829
	-----	-----
Total recognized as a charge to net assets	\$1,980,163	\$1,824,105
	-----	-----

The accumulated benefit obligation for all defined benefit pension plans was \$9,086,788 and \$8,137,314 at December 31, 2007 and 2006, respectively.

	2007	2006
	-----	-----
Components of net periodic pension cost		
Service cost	\$ 487,315	\$ 460,969
Interest cost	568,495	518,015
Expected return on plan assets	(855,553)	(794,036)
Amortization of prior service cost	94,508	119,776
Amortization of net loss	162,625	180,764
	-----	-----
Net periodic pension cost	\$ 457,390	\$ 485,488
	-----	-----

In 2008, the Company estimates that \$95,860 of prior service cost and \$185,439 of net losses, for a total of \$281,299, will be amortized from accumulated other comprehensive income into net periodic pension cost.

10

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Assumptions used to determine benefit obligations are:

	2007	2006
	-----	-----
Discount rate	6.00%	5.75%
Rate of compensation increase	7.00%	7.00%

The assumptions used to determine net periodic pension cost are:

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

	2007	2006
	-----	-----
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, 2007 and 2006, by asset category, are as follows:

	2007	2006
	-----	-----
Asset Category		
Equity Securities & Equity Mutual Funds	43%	68%
Fixed Income Mutual Funds	57%	27%
Cash	--	5%

Equity Mutual Funds include Common Stock of the Company in the amount of \$778,577 (7% of total plan assets) and \$718,924 (6% of total plan assets) at December 31, 2007 and 2006, respectively.

The primary objective of the Company's pension plan is to provide capital appreciation, current income, and preservation of capital through a diversified portfolio of stocks and fixed income securities.

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 2008.

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

	Pension Benefits
	-----
2008	\$ 596,548
2009	585,762
2010	653,661
2011	637,801
2012	620,836
Years 2013-2017	3,644,319

The Company also sponsors a defined contribution plan that covers substantially all employees. The Company expensed contributions to this plan of \$187,345 and \$182,985 for the years ended December 31, 2007 and December 31, 2006, respectively. The Company does not provide postretirement medical benefits.

### 6. Equity-Based Compensation

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

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

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

	Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
	-----	-----	-----
Outstanding at December 31, 2006	201,990	\$11.81	4.79
Exercised	(55,186)	10.38	
Forfeited	--	--	
-----			
Outstanding at December 31, 2007	146,804	\$11.63	3.47
-----			
Exercisable at December 31, 2007	80,282	\$12.16	2.75
-----			

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

Exercise price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
-----	-----	-----	-----
\$7.00-\$9.24	21,768	\$ 7.67	4.19
\$9.25-\$11.49	73,888	10.07	3.87
\$11.50-\$13.74	--	--	--
\$13.75-\$16.00	51,148	15.58	2.59
-----			
Outstanding at December 31, 2007	146,804	\$11.63	3.47
-----			

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, 2007 was \$129,680.

The 2005 Equity Incentive Compensation Plan ("2005 Plan"), adopted at the 2005 Annual Meeting, permits the grant of stock options, restricted stock awards and other stock incentives to key employees and all non-employee directors. The 2005 Plan provides for the issuance of up to 3,413,131 shares of the Company's Common Stock, including both performance and nonperformance-based restricted stock. Performance-based restricted stock awards vest at the end of a specified



Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

three year period, with the ultimate number of shares earned contingent on

11

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

achieving certain performance targets. If performance targets are not achieved, all or a portion of the performance-based restricted shares are forfeited and become available for future grants. Nonperformance-based restricted stock awards vest ratably over a three year period and nonperformance-based restricted stock units (granted to non-employee directors) vest over a one year period. It is the current intention that employee grants will be performance-based. The 2005 Plan provides for accelerated vesting in the event of death or retirement. Non-employee directors also may elect to defer a portion of their cash compensation, with such deferred amount to be paid by delivery of deferred stock units. Outstanding awards are granted at fair market value on grant date. The number of shares of Common Stock which remains available for future grants under the 2005 Plan at December 31, 2007 is 3,298,845 shares.

A summary of the status of the Company's awards granted under the 2005 Plan as of December 31, 2007, and changes during the period then ended, is presented below:

Awards	Shares/Units	Weighted Average Grant-Date Fair Value
-----	-----	-----
Balance at December 31, 2006	70,493	\$12.92
Granted:		
Restricted stock	32,720	13.73
Restricted stock units	6,000	14.07
Deferred stock units	2,158	14.37
Vested	(13,197)	12.99
Forfeited	(10,703)	13.24
-----		
Balance at December 31, 2007		
(includes 72,048 performance-		
based awards and 15,423		
nonperformance-based awards)	87,471	\$ 13.29
-----		

Compensation costs resulting from awards granted under the 2005 Plan are based on the fair value of the award on grant date (determined by the average of the high and low price on grant date) and recognized on a straight-line basis over the requisite service period. For those awards with performance conditions, compensation costs are based on the most probable outcome and, if such goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The total compensation costs for restricted stock granted to employees for the year ended December 31, 2007 were \$346,937. The total compensation costs for restricted stock units granted to non-employee directors for the year ended December 31, 2007 were \$86,528. As of December 31, 2007, there were total unrecognized compensation costs of \$486,346, a component of additional capital surplus, related to nonvested equity-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be

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

recognized over a weighted average period of 1.48 years. The total fair value of shares vested during the years ended December 31, 2007 and 2006 was \$187,396 and \$168,230, respectively.

### 7. Officer and Director Compensation

The aggregate remuneration paid during the year ended December 31, 2007 to officers and directors amounted to \$2,959,345, of which \$278,541 was paid to directors who were not officers. These amounts represent the taxable income to the Company's officers and directors and therefore differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with generally accepted accounting principles.

### 8. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash, 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, 2007, the Company had securities on loan of \$36,873,580, and held collateral of \$37,702,913, 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.

### 9. New Accounting Pronouncements

In September 2006, the FASB released Statement of Financial Accounting Standard No. 157, Fair Value Measurement ("FAS 157"), which provides enhanced guidance for using fair value to measure assets and liabilities. The standard requires companies to provide expanded information about the assets and liabilities measured at fair value and the potential effect of these fair valuations on an entity's financial performance. The standard does not expand the use of fair value in any new circumstances, but provides clarification on acceptable fair valuation methods and applications. Adoption of FAS 157 is required for fiscal years beginning after November 15, 2007. Application of the standard is not expected to materially impact the Company's financial statements.

12

## FINANCIAL HIGHLIGHTS

	Year Ended December 31			
	2007	2006	2005	2004
<hr/>				
Per Share Operating Performance				
Net asset value, beginning of year	\$15.86	\$14.71	\$15.04	\$14.36
<hr/>				
Net investment income	0.30*	0.23	0.22	0.23**
Net realized gains and increase (decrease) in unrealized appreciation	0.61	1.86	0.32	1.39
Change in accumulated				

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

other comprehensive income	0.00	(0.02)	--	--
Total from investment operations	0.91	2.07	0.54	1.62
Less distributions				
Dividends from net investment income	(0.32)	(0.23)	(0.22)	(0.24)
Distributions from net realized gains	(0.71)	(0.67)	(0.64)	(0.66)
Total distributions	(1.03)	(0.90)	(0.86)	(0.90)
Capital share repurchases	0.04	0.04	0.05	0.02
Reinvestment of distributions	(0.06)	(0.06)	(0.06)	(0.06)
Total capital share transactions	(0.02)	(0.02)	(0.01)	(0.04)
Net asset value, end of year	\$15.72	\$15.86	\$14.71	\$15.04
Per share market price, end of year	\$14.12	\$13.87	\$12.55	\$13.12
Total Investment Return				
Based on market price	9.4%	17.9%	2.2%	13.2%
Based on net asset value	6.5%	15.0%	4.5%	12.1%
Ratios/Supplemental Data				
Net assets, end of year (in 000's)	\$1,378,480	\$1,377,418	\$1,266,729	\$1,295,549
Ratio of expenses to average net assets	0.44%	0.50%	0.45%	0.43%
Ratio of net investment income to average net assets	1.82%	1.50%	1.44%	1.54%
Portfolio turnover	10.46%	10.87%	12.96%	13.43%
Number of shares outstanding at end of year (in 000's)	87,669	86,838	86,100	86,135

\* In April 2007 the Company received \$5,100,000 in a special cash dividend from Dean Foods Co., of which \$2,295,000, or \$0.03 per share, is considered a taxable dividend.

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

13

SCHEDULE OF INVESTMENTS

December 31, 2007

	Shares	Value (A)
Stocks and Convertible Securities -- 93.2%		
Consumer -- 17.4%		
Consumer Discretionary -- 4.9%		
Comcast Corp. (B).....	525,000	\$ 9,586,500
Gannett Co., Inc.....	112,500	4,387,500
Harley-Davidson, Inc.....	130,000	6,072,300
Lowe's Companies, Inc.....	600,000	13,572,000

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

Newell Rubbermaid Inc.....	400,000	10,352,000
Ryland Group Inc. (C).....	343,500	9,463,425
Target Corp.....	290,000	14,500,000
		-----
		67,933,725
		-----
Consumer Staples -- 12.5%		
Avon Products, Inc.....	402,400	15,906,872
BJ's Wholesale Club, Inc. (B) (C).....	400,000	13,532,000
Bunge Ltd.....	100,000	11,641,000
Coca-Cola Co.....	200,000	12,274,000
CVS/Caremark Corp.....	208,750	8,297,813
Dean Foods Co.....	340,000	8,792,400
Del Monte Foods Co.....	1,300,000	12,298,000
PepsiCo, Inc.....	400,000	30,360,000
Procter & Gamble Co.....	340,000	24,962,800
Safeway, Inc.....	390,000	13,341,900
Unilever plc ADR.....	550,000	20,581,000
		-----
		171,987,785
		-----
Energy -- 14.2%		
ConocoPhillips.....	295,000	26,048,500
ENSCO International, Inc.....	209,150	12,469,523
Exxon Mobil Corp.....	215,000	20,143,350
Marathon Oil Co.....	240,000	14,606,400
Petroleum & Resources Corporation (D) ..	2,186,774	84,540,683
Schlumberger Ltd.....	380,000	37,380,600
		-----
		195,189,056
		-----
Financial -- 14.1%		
Banking -- 12.0%		
Bank of America Corp.....	730,000	30,119,800
Bank of New York Mellon Corp.....	403,775	19,688,068
Fifth Third Bancorp.....	280,000	7,036,400
Morgan Stanley.....	190,000	10,090,900
PNC Financial Services Group Inc.....	200,000	13,130,000
Prosperity Bancshares, Inc.....	200,000	5,878,000
State Street Corp.....	323,895	26,300,274
Wachovia Corp.....	545,000	20,726,350
Wells Fargo & Co.....	650,000	19,623,500
Wilmington Trust Corp.....	363,000	12,777,600
		-----
		165,370,892
		-----
Insurance -- 2.1%		
American International Group, Inc.....	500,000	29,150,000
		-----

14

-----

SCHEDULE OF INVESTMENTS (CONTINUED)

-----

December 31, 2007

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

	Shares	Value (A)
-----		
Health Care -- 10.7%		
Abbott Laboratories.....	320,000	\$ 17,968,000
Bristol-Myers Squibb Co.....	345,000	9,149,400
Genentech, Inc. (B).....	220,000	14,755,400
Johnson & Johnson.....	255,000	17,008,500
Medtronic, Inc.....	310,000	15,583,700
Pfizer Inc.....	1,120,000	25,457,600
Senomyx, Inc. (B) (C).....	984,400	7,373,155
Teva Pharmaceutical Industries Ltd. ADR..	370,000	17,197,600
Wyeth Co.....	325,000	14,361,750
Zimmer Holdings, Inc. (B).....	132,400	8,758,260
		-----
		147,613,365
		-----
Industrials -- 14.9%		
Cintas Corp.....	300,000	10,086,000
Curtiss-Wright Corp.....	360,000	18,072,000
Emerson Electric Co.....	400,000	22,664,000
General Electric Co.....	1,388,000	51,453,160
Illinois Tool Works Inc. (C).....	250,000	13,385,000
Masco Corp. (C).....	450,000	9,724,500
Oshkosh Truck Corp.....	280,000	13,232,800
Spirit AeroSystems Holdings, Inc. (B)....	425,000	14,662,500
Tata Motors Ltd. ADR.....	285,000	5,375,100
3M Co.....	160,000	13,491,200
United Parcel Services, Inc.....	155,000	10,961,600
United Technologies Corp.....	300,000	22,962,000
		-----
		206,069,860
		-----
Information Technology -- 11.4%		
Communication Equipment -- 0.9%		
Corning Inc.....	500,000	11,995,000
		-----
Computer Related -- 8.5%		
Automatic Data Processing Inc.....	300,000	13,359,000
Cisco Systems, Inc. (B).....	850,000	23,009,500
Dell Inc. (B).....	585,000	14,338,350
Microsoft Corp.....	1,180,000	42,008,000
Oracle Corp. (B).....	1,100,000	24,838,000
		-----
		117,552,850
		-----
Electronics -- 2.0%		
Broadcom Corp. (B).....	400,000	10,456,000
Intel Corp.....	640,000	17,062,400
		-----
		27,518,400
		-----
Materials -- 5.2%		
Air Products and Chemicals, Inc.....	230,000	22,684,900
du Pont (E.I.) de Nemours and Co.....	360,000	15,872,400
Lubrizol Corp.....	220,000	11,915,200
Rohm & Haas Co.....	390,000	20,697,300
		-----
		71,169,800
		-----

## SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2007

	Prin. Amt. or Shares	Value (A)
-----		
Telecom Services -- 1.5%		
AT&T Corp.....	400,000 \$	16,624,000
Windstream Corp.....	310,178	4,038,518
		-----
		20,662,518
		-----
Utilities -- 3.8%		
Aqua America, Inc. (C).....	499,000	10,578,800
Duke Energy Corp.....	611,560	12,335,165
MDU Resources Group, Inc.....	562,500	15,530,625
Northeast Utilities.....	199,000	6,230,690
Spectra Energy Corp.....	305,780	7,895,240
		-----
		52,570,520
		-----
Total Stocks and Convertible Securities (Cost \$874,317,274) (E).....		1,284,783,771
		-----
Short-Term Investments -- 6.6%		
U.S. Government Obligations -- 1.4%		
U.S. Treasury Bills, 3.40%, due 2/14/08.....	\$20,000,000	19,916,889
		-----
Time Deposit -- 0.0%		
Wells Fargo Bank, 2.53%, due 1/2/08.....		255,748
		-----
Commercial Paper -- 5.2%		
American Express Credit Corp., 4.10-4.28%, due 1/3/08-1/22/08....	\$14,700,000	14,666,022
American General Finance, Inc., 4.65%, due 1/8/08.....	\$ 2,000,000	1,998,192
Chevron Funding Co., 4.22%, due 1/10/08.....	\$ 1,500,000	1,498,417
Coca-Cola Enterprises, 4.33%, due 1/15/08.....	\$ 8,000,000	7,986,528
General Electric Capital Corp., 4.24-4.25%, due 1/24/08-1/29/08..	\$ 9,000,000	8,971,563
Nestle Capital Co., 4.22%, due 1/17/08.....	\$10,600,000	10,580,119
Prudential Funding, LLC, 4.15%, due 1/10/08.....	\$ 6,000,000	5,993,775
Toyota Motor Credit Corp., 4.18-4.29%, due 1/3/08-1/22/08.....	\$10,000,000	9,991,100
United Parcel Service of America, Inc., 4.19%, due 1/17/08.....	\$ 9,700,000	9,681,936
		-----
Total Commercial Paper.....		71,367,652
		-----
Total Short-Term Investments (Cost \$91,540,289).....		91,540,289
		-----
Total Securities Lending Collateral -- 2.7% (Cost \$37,702,913)		
Brown Brothers Investment Trust, 5.19%, due 1/2/08.....		37,702,913
		-----
Total Investments -- 102.5% (Cost \$1,003,560,476).....		1,414,026,973

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Cash, receivables, prepaid expenses and other assets, less liabilities -- (2.5)%.....	(35,547,446)
Net Assets -- 100.0%.....	\$1,378,479,527

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, 2007 covering open call option contracts written was \$10,060,247. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was \$8,257,500.

16

SCHEDULE OF OUTSTANDING OPTION CONTRACTS

December 31, 2007

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ Depreciation)
COVERED CALLS				
200	Air Products and Chemicals, Inc...	\$ 110	Jan 08	\$ 14,399
250	Broadcom Corp.....	45	Jan 08	23,000
100	ConocoPhillips.....	100	Jan 08	13,361
150	Curtiss-Wright Corp.....	65	Mar 08	7,800
200	Lubrizol Corp.....	75	Mar 08	18,612
100	Marathon Oil Co.....	70	Jan 08	10,199
250	Medtronic, Inc.....	55	Jan 08	24,250
200	Rohm & Haas Co.....	60	Apr 08	5,400
57	Safeway Inc.....	40	Mar 08	2,633
150	Target Corp.....	80	Jan 08	14,749
100	3M Corp.....	100	Jan 08	14,700
-----				-----
1,757				149,103
-----				-----
COLLATERALIZED PUTS				
150	American International Group, Inc.	45	Jan 08	13,849
200	Exxon Mobil Corp.....	65	Jan 08	19,400
100	Morgan Stanley.....	55	Jan 08	(21,801)
150	Oshkosh Truck Corp.....	45	Jan 08	4,800
100	Oshkosh Truck Corp.....	35	Apr 08	4,844
100	Oshkosh Truck Corp.....	40	Apr 08	8,700
100	State Street Corp.....	50	Jan 08	9,249
200	Target Corp.....	40	Apr 08	(12,226)

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

250	Wachovia Corp.....	45	Jan 08	(149,899)
150	Wells Fargo & Co.....	27.50	Jan 08	7,049
150	Zimmer Holdings, Inc.....	60	Jan 08	13,900
76	Zimmer Holdings, Inc.....	75	Jan 08	(58,495)
-----				-----
1,726				(160,630)
-----				-----
				\$ (11,527)

-----  
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 (the "Company") at December 31, 2007, 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, 2007 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland  
February 13, 2008

17

-----  
CHANGES IN PORTFOLIO SECURITIES  
-----

During the Three Months Ended December 31, 2007  
(unaudited)

Shares

-----  
Held  
Additions Reductions Dec. 31, 2007  
-----



Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Bank of America Corp.....	20,000	730,000
Harley-Davidson, Inc.....	10,000	130,000
Lowe's Companies, Inc.....	25,000	600,000
Lubrizol Corp.....	20,000	220,000
Morgan Stanley.....	10,000	190,000
Northeast Utilities.....	19,000	199,000
Oshkosh Truck Corp.....	10,000	280,000
Senomyx, Inc.....	424,400	984,400
Spirit AeroSystems Holdings, Inc.....	25,000	425,000
Tata Motors Ltd. ADR.....	285,000	285,000
Wachovia Corp.....	25,000	545,000
Zimmer Holdings, Inc.....	7,400	132,400
Advanced Medical Optics, Inc.....	325,000	--
Alltel Corp.....	40,000	--
AMBAC Financial Group, Inc.....	200,000	--
Avon Products, Inc.....	16,000	402,400
BankAtlantic Bancorp, Inc.....	880,000	--
BEA Systems, Inc.....	800,000	--
BJ's Wholesale Club, Inc.....	15,000	400,000
Bunge Ltd.....	33,000	100,000
ConocoPhillips.....	50,000	295,000
General Electric Co.....	33,000	1,388,000
Intel Corp.....	160,000	640,000
Murphy Oil Corp.....	38,500	--
Rohm & Haas Co.....	10,000	390,000
Teva Pharmaceutical Industries Ltd. ADR	15,000	370,000

-----

This report, including the financial statements herein, is transmitted to the stockholders of The Adams Express Company for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Company or of any securities mentioned in the report. The rates of return will vary and the principal value of an investment will fluctuate. Shares, if sold, may be worth more or less than their original cost. Past performance is not indicative of future investment results.

18

HISTORICAL FINANCIAL STATISTICS

-----

(unaudited)

Dec. 31	Value Of Net Assets	Shares Outstanding*	Net Asset Value Per Share*	Market Value Per Share*	Dividends From Investment Income Per Share*	Distributions From Net Realized Gains Per Share*	Total Dividends and Distributions Per Share*
1993	\$ 840,610,252	63,746,495	\$13.19	\$11.92	\$.30	\$ .79	\$1.09
1994	798,297,600	66,584,985	11.99	10.42	.33	.73	1.06
1995	986,230,914	69,248,276	14.24	12.33	.35	.76	1.11
1996	1,138,760,396	72,054,792	15.80	13.17	.35	.80	1.15
1997	1,424,170,425	74,923,859	19.01	16.13	.29	1.01	1.30

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

1998	1,688,080,336	77,814,977	21.69	17.75	.30	1.10	1.40
1999	2,170,801,875	80,842,241	26.85	22.38	.26	1.37	1.63
2000	1,951,562,978	82,292,262	23.72	21.00	.22	1.63	1.85
2001	1,368,366,316	85,233,262	16.05	14.22	.26	1.39	1.65
2002	1,024,810,092	84,536,250	12.12	10.57	.19	.57	.76
2003	1,218,862,456	84,886,412	14.36	12.41	.17	.61	.78
2004	1,295,548,900	86,135,292	15.04	13.12	.24	.66	.90
2005	1,266,728,652	86,099,607	14.71	12.55	.22	.64	.86
2006	1,377,418,310	86,838,223	15.86	13.87	.23	.67	.90
2007	1,378,479,527	87,668,847	15.72	14.12	.32	.71	1.03

-----

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

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

-----  
Common Stock  
Listed on the New York Stock Exchange

The Adams Express Company  
Seven St. Paul Street, Suite 1140, Baltimore, MD 21202  
(410) 752-5900 or (800) 638-2479

Website: [www.adamsexpress.com](http://www.adamsexpress.com)

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

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, 2007 are available (i)

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

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 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, through its transfer agent, currently American Stock Transfer & Trust Company, collects and maintains certain nonpublic personal information about our stockholders of record with respect to their transactions in shares of our securities. This information includes the stockholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about stockholders whose shares of our securities are held in "street name" by a financial institution such as a bank or broker.

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

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

20

## STOCKHOLDER 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. 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.

Adams Express daily trading is shown in the stock tables of many daily

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

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.

How do I transfer shares held at American Stock Transfer (AST)?

There are many circumstances that require the transfer of shares to new registrations, e.g., marriage, death, a child reaching the age of maturity, or giving shares as a gift. Each situation requires different forms of documentation to support the transfer. You may obtain transfer instructions and download the necessary forms from our transfer agent's website: [www.amstock.com](http://www.amstock.com). Click on Shareholder Services, then General Shareholder

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

Information and Transfer Instructions.

21

### STOCKHOLDER INFORMATION AND SERVICES (CONTINUED)

---

#### 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.

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

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
Maximum per transaction	\$25,000.00
Maximum per year	NONE

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

For Non-registered Stockholders

For stockholders whose stock is held by a broker in "street" name, the AST INVESTORS CHOICE Direct Stock Purchase and Sale Plan remains available through many registered investment security dealers. If your shares are currently held in a "street" name or brokerage account, please contact your broker for details about how you can participate in AST's Plan or contact AST.

-----

The Company  
The Adams Express Company  
Lawrence L. Hooper, Jr.  
Vice President, General Counsel and Secretary  
Seven St. Paul Street, Suite 1140, Baltimore, MD 21202  
(800) 638-2479  
Website: [www.adamsexpress.com](http://www.adamsexpress.com)  
E-mail: [contact@adamsexpress.com](mailto:contact@adamsexpress.com)

The Transfer Agent  
American Stock Transfer & Trust Company  
Address Stockholder Inquiries to:  
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  
-----

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	Number of portfolios in fund complex overseen by director
<b>Independent Directors</b>					
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 66	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 64	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 83	Director	One Year	Since 1982	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
Frederic A. Escherich 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 55	Director	One Year	Since 2006	Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with J.P. Morgan.	Two
Roger W. Gale, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 61	Director	One Year	Since 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 89	Director	One Year	Since 1968	Financial Advisor. 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

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Kathleen T. McGahran, Ph.D., J.D., C.P.A. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 57	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	D R (
---	----------	-------------	---------------	---	-----	-------------

23

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	
----------------------	-----------------------------	----------------	-----------------------	---	---	--

Independent Directors (continued)

Craig R. Smith, M.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 61	Director	One Year	Since 2005	President, Williston Consulting LLC (consultants to pharmaceutical and biotechnology industries), and Chief Operating Officer and Director of Algenol Biofuels Inc. (ethanol manufacturing). Formerly, Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceuticals & biotechnology).	Two	D R ( L C (
---	----------	-------------	---------------	---	-----	----------------------------

Interested Director

Douglas G. Ober 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 61	Director, Chairman and CEO	One Year	Director Since 1989; Chairman of the Board Since 1991	Chairman & CEO of the Company and Petroleum & Resources Corporation.	Two	D R (
--	-------------------------------------	-------------	--	--	-----	-------------

24



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

## THE ADAMS EXPRESS COMPANY

---

### Board Of Directors

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

-----  
/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
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
David D. Weaver	Vice President -- Research
Christine M. Sloan	Assistant Treasurer
Geraldine H. Pare	Assistant Secretary

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

Graphic

THE ADAMS EXPRESS COMPANY  
SEVEN ST. PAUL STREET  
SUITE 1140  
BALTIMORE, MD 21202  
(410) 752-5900 OR (800) 638-2479  
www.adamsexpress.com

## 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: [www.adamsexpress.com](http://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 for professional services rendered by its independent auditors, PricewaterhouseCoopers LLP, for the audits of the Company's annual and semi-annual financial statements for 2007 and 2006 were \$76,630 and \$77,405 respectively.

(b) Audit Related Fees. There were no audit-related fees in 2007 and 2006.

(c) Tax Fees. The aggregate fees 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 2007 and 2006 were \$12,070 and \$11,278, respectively.

(d) All Other Fees. The aggregate fees to Registrant by PricewaterhouseCoopers LLP other than for the services referenced above for 2007 and 2006 were \$5,766 and \$10,044, respectively, which related to the review of the Company's

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

procedures for calculating the amounts to be paid or granted to the Company's officers in accordance with the Company's cash incentive plan and the 2005 Equity Incentive Compensation Plan, review of the Company's calculations related to those plans, and preparation of a report to the Company's Compensation Committee.

(e) (1) Audit Committee Pre-Approval Policy. As of 2007, all services to be performed for Registrant by PricewaterhouseCoopers LLP must be pre-approved by the audit committee. All services performed in 2007 were pre-approved by the committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees by PricewaterhouseCoopers LLP for non-audit professional services rendered to Registrant for 2007 and 2006 were \$17,836 and \$21,322, 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 LLP's independence.

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

(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, Frederic A. Escherich, and Craig R. Smith.

(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 GUIDELINES

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 analyses 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

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

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 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. 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 blatant anti-takeover provisions.

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.

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

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 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 19, 2008. 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 comprised in 2007 the portfolio management team for Registrant's non-controlled affiliate, Petroleum & Resources Corporation (Petroleum), a registered investment company with total net assets of \$978,919,829 as of December 31, 2007. Robert E. Sullivan was added to Petroleum's portfolio management team effective January 1, 2008. Mr. Ober is Chairman, Chief Executive Officer and President of Petroleum, Mr. Truta is Executive Vice President, and, effective January 1, 2008, Mr. Sullivan is Executive Vice President. This information is as of February 19, 2008. 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

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

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 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. Grants of restricted stock were also made on January 11, 2007, and January 12, 2006, each of which will vest at the end of three years thereafter, but only upon the achievement of specified performance criteria. For the 2007 grants, the target number of restricted shares will vest on January 11, 2010, if, on January 1, 2010, the Company's total three year net asset value ("NAV") return meets or exceeds the three year total NAV return of a hypothetical portfolio comprised of a 50/50 blend of the S&P 500 Index and the Lipper Large Cap Core Mutual Fund Average ("Hypothetical Portfolio"), with a lesser percentage or no shares being earned if the Company's total NAV return trails that of the Hypothetical Portfolio, depending on the level of underperformance on that date. In addition, if, on January 1, 2010, the Company's three year total NAV return exceeds that of the Hypothetical Portfolio, an additional number of shares will be earned and vest, depending on the level of outperformance. For the 2006 grants, the target number of restricted shares will vest at the end of three years, with certain percentages of shares being deemed to have been earned based on achieving performance goals over specified intervening time periods. The first-one sixth of the target number of shares were earned on January 1, 2007, because the Company's one year total NAV return exceeded that of the Hypothetical Portfolio on that date. The next one-third of the target number of shares were earned on January 1, 2008, because the Company's two year total NAV return exceeded that of the Hypothetical Portfolio

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

on that date. The remaining 50% of the target number of shares will be deemed to have been earned if, on January 1, 2009, the Company's three year total NAV return meets or exceeds that of the Hypothetical Portfolio, with a lesser percentage or no shares being earned if the Company's total NAV return trails that of the Hypothetical Portfolio, depending on the level of underperformance. In addition, as with the 2007 grants, additional shares will be earned and vest if the Company's three year total NAV return exceeds that of the Hypothetical Portfolio, depending on the level of outperformance on that date. Dividends and capital gains paid on the Company's shares of Common Stock ("dividends") will be paid on all of the target number of shares of restricted stock, when such dividends are paid on the Common Stock, except that no dividends or capital gains will be paid on any shares that are forfeited due to the failure to achieve the performance criteria described above. The basis for the portfolio managers' cash incentive and equity incentive compensation determinations for Petroleum is the same as for Adams, except that the portion of the cash incentive based upon fund performance uses the Dow Jones Oil and Gas Index and the S&P 500 Index as the benchmarks in a 80/20 ratio, over a one and three year period, and the benchmarks used to measure fund performance for equity incentive compensation is a hypothetical portfolio comprised of a 80/20 blend of the Dow Jones Oil and Gas Index and the S&P 500 Index. All of the above information is as of December 31, 2007, except as noted.

(4) Using a valuation date of December 31, 2007, 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
Jan. 2007	158,900	\$ 13.83	158,900	3,927,692
Feb. 2007	236,055	\$ 14.03	236,055	3,691,637
Mar. 2007	409,219	\$ 13.82	409,219	3,282,418
Apr. 2007	117,050	\$ 14.17	117,050	3,165,368
May 2007	0	\$ 0	0	3,165,368
June 2007	67,900	\$ 15.01	67,900	3,097,468
Jul. 2007	98,557	\$ 14.96	98,557	2,998,911
Aug. 2007	175,850	\$ 14.35	175,850	2,823,061
Sep. 2007	128,400	\$ 14.74	128,400	2,694,661
Oct. 2007	111,742	\$ 14.93	111,742	2,582,919

Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

Nov. 2007	0	\$ 0	0	2,582,919
Dec. 2007	82,100	\$ 13.56	82,100	4,186,336
-----	-----	-----	-----	-----
Total	1,585,773 (1)	\$ 14.20	1,585,773 (2)	4,186,336 (2)

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

(2.a) The Plan was reapproved on December 13, 2007.

(2.b) The share amount approved in 2007 was 5% of outstanding shares, or approximately 4,268,436 shares.

(2.c) Unless reapproved, the Plan will expire on or about December 11, 2008.

(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 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 28, 2008, 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 28, 2008, 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.



Edgar Filing: ADAMS EXPRESS CO - Form N-CSR

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 28, 2008

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 indicated.

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

Date: February 28, 2008

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

Date: February 28, 2008