

ADAMS EXPRESS CO  
Form N-CSRS  
July 28, 2003

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: 811-02624

Name of Registrant: THE ADAMS EXPRESS COMPANY

Address of Registrant: 7 St. Paul Street, Suite 1140  
Baltimore, MD 21202

Name and address of agent for service: Lawrence L. Hooper, Jr., Esq.  
7 St. Paul Street, Suite 1140  
Baltimore, MD 21202

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

Date of fiscal year end: December 31

Date of reporting period: January 1, 2003 - June 30, 2003

Item 1: Reports to Shareholders

[LOGO] Adams Express Company

[LOGO] ADAMS  
EXPRESS  
COMPANY (R)

SEMI-ANNUAL REPORT

-----  
June 30, 2003

LETTER TO STOCKHOLDERS

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We submit herewith the audited financial statements of the Company for the six months ended June 30, 2003. Also provided are the report of independent auditors, a schedule of investments and summary financial information.

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Net assets of the Company at June 30, 2003 were \$13.06 per share on 82,909,150 shares outstanding, compared with \$12.12 per share at December 31, 2002 on 84,536,250 shares outstanding. On March 1, 2003, a distribution of \$0.05 per share was paid, consisting of \$0.03 from 2002 long-term capital gain, \$0.01 from 2002 investment income, and \$0.01 from 2003 investment income, all taxable in 2003. A 2003 investment income dividend of \$0.05 per share was paid on June 1, 2003 and another \$0.05 investment income dividend has been declared to shareholders of record August 15, 2003, payable September 1, 2003.

Net investment income for the six months ended June 30, 2003 amounted to \$7,115,861, compared with \$8,398,640 for the same period in 2002. These earnings are equal to \$0.09 and \$0.10 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the six months ended June 30, 2003 amounted to \$8,263,047, the equivalent of \$0.10 per share.

Current and potential shareholders can find information about the Company, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its site on the Internet. The address for the website is [www.adamsexpress.com](http://www.adamsexpress.com). Also available at the website are a brief history of the Company, historical financial information, and more general industry material. Further information regarding shareholder services is located on page 15 of this report.

The Company is an internally-managed equity fund whose investment policy is based on the primary objectives of preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

By order of the Board of Directors,  
/s/ DOUGLAS G. OBER  
Douglas G. Ober,  
Chairman and  
Chief Executive Officer  
/s/ JOSEPH M. TRUTA  
Joseph M. Truta,  
President

July 18, 2003

### STATEMENT OF ASSETS AND LIABILITIES

-----  
June 30, 2003

#### Assets

##### Investments\* at value:

Common stocks and convertible securities (cost \$773,592,739)	\$923,393,949
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162)	40,911,528
Short-term investments (cost \$113,219,000)	113,219,000
Securities lending collateral (cost \$166,977,546)	166,977,546
	\$1,244,502

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Cash

Receivables:

133

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Investment securities sold	1,641
Dividends and interest	795
Prepaid expenses and other assets	6,901
-----	
Total Assets	1,253,973
-----	
Liabilities	
Investment securities purchased	597
Open written option contracts at value (proceeds \$1,465,033)	1,325
Obligations to return securities lending collateral	166,977
Accrued expenses	2,667
-----	
Total Liabilities	171,568
-----	
Net Assets	\$1,082,405
-----	
Net Assets	
Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 82,909,150 shares	\$ 82,909
Additional capital surplus	821,894
Undistributed net investment income	6,138
Undistributed net realized gain on investments	8,574
Unrealized appreciation on investments	162,888
-----	
Net Assets Applicable to Common Stock	\$1,082,405
-----	
Net Asset Value Per Share of Common Stock	\$1
-----	

\*See Schedule of Investments on pages 8 through 10.

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

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STATEMENT OF OPERATIONS

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Six Months Ended June 30, 2003

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	\$ 8,500
From non-controlled affiliate	33
Interest and other income	97
-----	
Total income	9,820
-----	
Expenses:	
Investment research	1,110
Administration and operations	65
Directors' fees	10
Reports and stockholder communications	22
Transfer agent, registrar and custodian expenses	20

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Auditing and accounting services	4
Legal services	2
Occupancy and other office expenses	20
Travel, telephone and postage	5
Other	6
-----	
Total expenses	2,70
-----	
Net Investment Income	7,11
-----	
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	8,08
Net realized gain distributed by regulated investment company (non-controlled affiliate)	17
Change in unrealized appreciation on investments	68,30
-----	
Net Gain on Investments	76,56
-----	
Change in Net Assets Resulting from Operations	\$83,68
-----	

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

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STATEMENTS OF CHANGES IN NET ASSETS

	Six Months Ended June 30, 2003	Ye Decem
	-----	-----
From Operations:		
Net investment income	\$ 7,115,861	\$
Net realized gain on investments	8,263,047	
Change in unrealized appreciation on investments	68,301,321	(3
-----		
Change in net assets resulting from operations	83,680,229	(2
-----		
Dividends to Stockholders from:		
Net investment income	(5,849,654)	(
Net realized gain from investment transactions	(2,522,494)	(
-----		
Decrease in net assets from distributions	(8,372,148)	(
-----		
From Capital Share Transactions:		
Value of shares issued in payment of exercised options and distributions	--	(
Cost of shares purchased (Note 4)	(17,712,471)	(
-----		
Change in net assets from capital share transactions	(17,712,471)	(
-----		
Total Increase (Decrease) in Net Assets	57,595,610	(3
-----		
Net Assets:		

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Beginning of period	1,024,810,092	1,3
End of period (including undistributed net investment income of \$6,138,476 and \$4,872,269, respectively)	\$1,082,405,702	\$1,0

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

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### 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, including options, at June 30, 2003 was \$1,082,590,946 and net unrealized appreciation aggregated \$163,376,110, of which the related gross unrealized appreciation and depreciation were \$336,955,027 and \$173,578,917, respectively.

Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Accordingly, annual reclassifications are made within the Company's capital accounts to reflect income and gains available for distribution under income tax regulations.

#### 3. Investment Transactions

Purchases and sales of portfolio securities, other than options and short-term

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investments, during the six months ended June 30, 2003 were \$74,002,120 and \$48,338,622, respectively. Options may be written (sold) or purchased by the Company. The Company, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. The risk associated with purchasing an option is limited to the premium originally paid. A schedule of outstanding option contracts as of June 30, 2003 can be found on pages 11 and 12.

Transactions in written covered call and collateralized put options during the six months ended June 30, 2003 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2002	6,047	\$ 564,056	6,195	\$ 663,944
Options written	5,300	711,310	12,150	1,306,501
Options terminated in closing purchase transactions	(2,100)	(208,348)	(750)	(88,454)
Options expired	(4,097)	(390,956)	(9,265)	(924,898)
Options exercised	(700)	(103,220)	(580)	(64,902)
Options outstanding, June 30, 2003	4,450	\$ 572,842	7,750	\$ 892,191

All investment decisions are made by a committee, and no one person is primarily responsible for making recommendations to that committee.

#### 4. Capital Stock

The Company has 10,000,000 authorized and unissued preferred shares without par value.

On December 27, 2002, the Company issued 2,426,788 shares of its Common Stock at a price of \$10.715 per share (the average market price on December 9, 2002) to stockholders of record November 25, 2002 who elected to take stock in payment of the distribution from 2002 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 2003 and 2002 were as follows:

	Shares		Amount	
	Six months ended June 30, 2003	Year ended December 31, 2002	Six months ended June 30, 2003	Year ended December 31, 2002
Shares issued in payment of dividends	--	2,426,788	\$ --	\$ 26,003,033

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Shares purchased (at a weighted average discount from net asset value of 11.1% and 10.9%, respectively)	(1,627,100)	(3,123,800)	(17,712,471)	(37,344,175)
<hr style="border-top: 1px dashed black;"/>				
Net change	(1,627,100)	(697,012)	\$(17,712,471)	\$(11,341,142)
<hr style="border-top: 1px dashed black;"/>				

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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On June 30, 2003, the Company held a total of 2,324,112 shares of its Common Stock at a cost of \$25,266,897. The Company held 697,012 shares of its Common Stock at a cost of \$7,554,426 on December 31, 2002.

The Company has an employee incentive stock option and stock appreciation rights plan which provides for the issuance of options and stock appreciation rights for the purchase of up to 2,610,146 shares of the Company's Common Stock at 100% of the fair market value at date of grant. Options are exercisable beginning not less than one year after the date of grant and extend and vest over ten years from the date of grant. Stock appreciation rights are exercisable beginning not less than two years after the date of grant and extend over the period during which the option is exercisable. The stock appreciation rights allow the holders to surrender their rights to exercise their options and receive cash or shares in an amount equal to the difference between the option price and the fair market value of the Common Stock at the date of surrender.

Under the plan, the exercise price of the options and related stock appreciation rights is reduced by the per share amount of capital gain paid by the Company during subsequent years. At the beginning of 2003, 259,023 options were outstanding, with a weighted average exercise price of \$11.1902 per share. During the six months ended June 30, 2003, the Company granted options including stock appreciation rights for 57,398 shares of Common Stock with a weighted average exercise price of \$10.975. During the six months ended June 30, 2003, stock appreciation rights relating to 33,838 stock option shares were exercised at a weighted average market price of \$11.6328 per share and the stock options relating to these rights with a weighted average exercise price of \$3.1327 per share were cancelled. Stock options and stock appreciation rights relating to 43,619 shares, and with a weighted average exercise price of \$11.1632, were cancelled. At June 30, 2003, there were outstanding exercisable options to purchase 86,711 common shares at \$2.6042-\$19.0100 per share (weighted average price of \$13.6111), and unexercisable options to purchase 152,253 common shares at \$4.3883-\$19.0100 per share (weighted average price of \$11.4735). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 6.6987 years and 6.9680 years, respectively. Total compensation expense recognized for the six months ended June 30, 2003 related to the stock options and stock appreciation rights plan was \$(64,348). At June 30, 2003, there were 1,242,752 shares available for future option grants.

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### 5. Retirement Plans

The Company provides retirement benefits for its employees under a non-contributory qualified defined benefit pension plan. The benefits are based on years of service and compensation during the last 5 years of employment. The Company's current funding policy is to contribute annually to the plan only those amounts that can be deducted for federal income tax purposes. As of June 30, 2003, the plan assets, consisting of investments in individual stocks, bonds and mutual funds were \$9,538,724. In determining the actuarial present value of the projected benefit obligation, the interest rate used for the weighted average discount rate was 6.75%, the expected rate of annual salary increases was 7.0%, and the long-term expected rate of return on plan assets was 8.0%. The projected benefit obligation as of June 30, 2003 was \$6,145,677. Prepaid pension cost included in other assets at June 30, 2003 was \$5,847,452.

In addition, the Company has a nonqualified benefit plan which provides employees with defined retirement benefits to supplement the qualified plan. The Company does not provide postretirement medical benefits.

### 6. Expenses

The cumulative amount of accrued expenses at June 30, 2003 for employees and former employees of the Company was \$2,326,390. Aggregate remuneration paid or accrued during the six months ended June 30, 2003 to key employees and directors amounted to \$787,784.

### 7. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured at all times by collateral of at least 102% of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Company. At June 30, 2003, the Company had securities on loan of \$160,654,047 and held collateral of \$166,977,546, consisting of repurchase agreements and a certificate of deposit.

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## FINANCIAL HIGHLIGHTS

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	Six Months Ended		Year Ended		
	June 30, 2003	June 30, 2002	2002	2001	2000
Per Share Operating Performance*					
Net asset value, beginning of period	\$12.12	\$16.05	\$16.05	\$23.72	



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Net investment income	0.09	0.10	0.20	0.26	
Net realized gains and change in unrealized appreciation and other changes	0.92	(2.10)	(3.38)	(6.21)	
Total from investment operations	1.01	(2.00)	(3.18)	(5.95)	
Less distributions					
Dividends from net investment income	(0.07)	(0.10)	(0.19)	(0.26)	
Distributions from net realized gains	(0.03)	(0.06)	(0.57)	(1.39)	
Total distributions	(0.10)	(0.16)	(0.76)	(1.65)	
Capital share repurchases	0.03	0.02	0.05	0.04	
Reinvestment of distributions	--	--	(0.04)	(0.11)	
Total capital share transactions	0.03	0.02	0.01	(0.07)	
Net asset value, end of period	\$13.06	\$13.91	\$12.12	\$16.05	
Per share market price, end of period	\$11.81	\$12.26	\$10.57	\$14.22	
Total Investment Return					
Based on market price	12.8%	(12.8)%	(20.6)%	(24.7)%	
Based on net asset value	8.7%	(12.3)%	(19.4)%	(24.7)%	
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$1,082,406	\$1,170,807	\$1,024,810	\$1,368,366	\$1,9
Ratio of expenses to average net assets	0.53%+	0.33%+	0.34%	0.19%	
Ratio of net investment income to average net assets	1.39%+	1.30%+	1.42%	1.33%	
Portfolio turnover	10.91%+	18.16%+	17.93%	19.15%	
Number of shares outstanding at end of period (in 000's)*	82,909	84,187	84,536	85,233	

\* Prior years have been adjusted to reflect the 3-for-2 stock split effected in October 2000. Certain prior year amounts have been reclassified to conform to current year presentation.

+ Ratios presented on an annualized basis.

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SCHEDULE OF INVESTMENTS

June 30, 2003

	Prin. Amt. or Shares	Value (A)
-----	-----	-----
-		
Stocks and Convertible Securities -- 89.1%		
Consumer -- 12.8%		
Consumer Discretionary -- 5.8%		
BJ's Wholesale Club, Inc. (B) (D)	500,000	\$ 7,530,000
Black & Decker Corp. (D)	300,000	13,035,000
Brinker International Inc. (B) (D)	515,000	18,550,300
Gannett Co., Inc.	87,500	6,720,875
Target Corp.	460,000	17,406,400
		-----
		63,242,575
		-----
Consumer Staples -- 7.0%		
Coca-Cola Co.	200,000	9,282,000
Dean Foods Co. (B) (D)	562,500	17,718,750
Hershey Foods Corp.	70,000	4,876,200
PepsiCo, Inc.	440,000	19,580,000
Procter & Gamble Co.	170,000	15,160,600
Safeway, Inc. (B) (D)	423,000	8,654,580
		-----
		75,272,130
		-----
Energy -- 6.6%		
BP plc ADR (D)	270,000	11,345,401
ConocoPhillips	200,000	10,960,000
Exxon Mobil Corp.	130,000	4,668,300
Petroleum & Resources Corporation (C)	1,985,996	40,911,528
Schlumberger Ltd. (D)	70,000	3,329,900
		-----
		71,215,129
		-----
Financials -- 16.0%		
Banking -- 9.7%		
BankNorth Group, Inc.	474,000	12,096,480
Compass Bancshares Inc.	210,000	7,335,300
Federal Home Loan Mortgage Corp.	160,000	8,123,200
Fifth Third Bancorp	100,000	5,734,000
Investors Financial Services Corp. (D)	520,000	15,085,200
Provident Bankshares Corp.	335,021	8,512,895
Wachovia Corp.	380,000	15,184,800
Wells Fargo & Co.	400,000	20,160,000

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Wilmington Trust Corp.	420,000	12,327,000
		-----
		104,558,875
		-----
Insurance -- 6.3%		
AMBAC Financial Group, Inc.	400,000	26,500,000
American International Group, Inc.	763,675	42,139,587
		-----
		68,639,587
		-----
	Prin. Amt. or Shares	Value (A)
	-----	-----
Health Care -- 13.7%		
Abbott Laboratories	350,000	\$ 15,316,000
Affymetrix Inc. (B) (D)	210,000	4,139,100
Bristol-Myers Squibb Co.	345,000	9,366,750
Enzon Pharmaceuticals, Inc. (B) (D)	100,000	1,252,000
Genentech, Inc. (B) (D)	225,000	16,227,000
GlaxoSmithKline plc ADR	175,000	7,094,500
HCA Inc. (D)	450,000	14,418,000
Johnson & Johnson Laboratory Corp. of America Holdings (B) (D)	335,000	10,100,250
Lilly (Eli) & Co. (D)	60,000	4,138,200
Pfizer Inc.	1,000,960	34,182,785
Wyeth Co.	300,000	13,665,000
		-----
		148,511,585
		-----
Industrials -- 11.7%		
Boeing Co.	300,000	10,296,000
Canadian National Railway Co.	170,000	8,204,200
General Electric Co.	1,177,500	33,770,700
Ingersoll-Rand Co. Ltd.	250,000	11,830,000
R.R. Donnelley & Sons Co.	500,000	13,070,000
3M Co. (D)	135,000	17,412,300
United Parcel Service, Inc. (D)	80,000	5,096,000
United Technologies Corp. (D)	380,000	26,915,400
		-----
		126,594,600
		-----

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SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2003

	Prin. Amt. or Shares	Value (A)
	-----	-----
Information Technology -- 12.5%		
Communication Equipment -- 1.8%		
Corning Inc. (B) (D)	1,170,000	\$ 8,646,300
Lucent Technologies Inc. (B) (D)	400,000	812,000
Nokia Corp. ADR (D)	640,000	10,515,200
		-----
		19,973,500
		-----
Computer Related -- 9.0%		
BEA Systems Inc. (B) (D)	740,000	8,036,400
BMC Software Inc. (B) (D)	310,000	5,062,300
Cisco Systems, Inc. (B) (D)	1,755,000	29,115,450
DiamondCluster International Inc. (B) (D)	497,500	1,845,725
Microsoft Corp.	785,000	20,103,850
Oracle Corp. (B)	880,000	10,577,600
Sapient Corp. (B)	1,150,000	3,185,500
Siebel Systems Inc. (B) (D)	770,000	7,345,800
Sun Microsystems Inc. (B)	515,000	2,369,000
Symantec Corp. 3.00% Conv. Sub. Notes due 2006 (E)	\$500,000	705,938
Symantec Corp. (B) (D)	200,000	8,772,000
		-----
		97,119,563
		-----
Electronics -- 1.7%		
Intel Corp.	510,000	10,599,840
Solectron Corp. (B) (D)	2,000,000	7,480,000
		-----
		18,079,840
		-----
	Prin. Amt. or Shares	Value (A)
	-----	-----
Materials -- 1.7%		
Albemarle Corp. (D)	225,400	\$ 6,304,438
Rohm & Haas Co.	400,000	12,412,000

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		-----	18,716,438
		-----	
Telecom Services -- 4.9%			
Alltel Corp.	350,000		16,877,000
BellSouth Corp.	415,000		11,051,450
SBC Communications Inc.	595,000		15,202,250
Vodafone Group plc			
ADS (D)	492,614		9,679,855
		-----	52,810,555
		-----	
Utilities -- 9.2%			
Black Hills Corp.	374,500		11,497,150
CINergy Corp. (D)	440,000		16,187,600
Duke Energy Corp. 8.25% Conv.			
Pfd. due 2004 (D)	400,000		6,344,000
Duke Energy Corp. (D)	355,000		7,082,250
Keyspan Corp.	400,000		14,180,000
MDU Resources Group, Inc.	450,000		15,070,500
Northwestern Corp. (B)	41,800		83,600
Philadelphia Suburban Corp.	875,000		21,332,500
TECO Energy, Inc. (D)	650,000		7,793,500
		-----	99,571,100
		-----	
Total Stocks and Convertible Securities			
(Cost \$801,555,901) (F)			964,305,477
		-----	

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SCHEDULE OF INVESTMENTS (CONTINUED)

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June 30, 2003

	Prin. Amt.	Value (A)
	-----	-----
Short-Term Investments -- 10.5%		
U.S. Government Obligations -- 3.2%		
U.S. Treasury Bills,		
0.94%, due 8/21/03	\$35,000,000	\$ 34,953,392
		-----
Certificates of Deposit -- 1.4%		
Mercantile-Safe Deposit &		
Trust Co., 1.00%, due		

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7/22/03-7/25/03	15,000,000	15,000,000	-----
Commercial Paper -- 5.9%			
AIG Funding, Inc., 0.92%, due 7/15/03	2,365,000	2,364,154	
American General Finance Corp., 1.22%, due 7/3/03	12,600,000	12,599,146	
Chevron UK, 1.21%, due 7/15/03	15,000,000	14,992,942	
GMAC New Center Asset Trust, 1.03%, due 7/17/03	7,375,000	7,371,624	
General Electric Capital Corp., 0.99-1.24%, due 7/8/03-8/5/03	14,695,000	14,688,381	
Toyota Motor Credit Corp., 1.18%, due 7/17/03	6,550,000	6,548,321	
Wells Fargo & Co., 1.01%, due 7/31/03	4,705,000	4,701,040	-----
		63,265,608	
		-----	
Total Short-Term Investments (Cost \$113,219,000)		113,219,000	-----
	Prin. Amt.	Value (A)	-----
	-----	-----	
Investments of Proceeds from Security Lending -- 15.4%			
Credit Industrial ET Commerical NY, Certificate of Deposit, 1.06%, due 7/28/03		\$ 7,000,824	
CS First Boston, repurchase agreement, 1.38%, due 7/1/03		47,444,819	
Daiwa Securities America Inc., repurchase agreement, 1.40%, due 7/1/03		64,574,005	
Goldman Sachs & Co. repurchase agreement, 1.43%, due 7/1/03		47,957,898	-----
Total Investments of Proceeds from Security Lending (Cost \$166,977,546)		166,977,546	-----
Total Investments -- 115.0% (Cost \$1,081,752,447)		1,244,502,023	
Cash, receivables and other assets, less liabilities -- (15.0)%		(162,096,321)	-----
Net Assets -- 100.0%		\$1,082,405,702	=====

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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) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (D) Some or all of these securities are on loan. See note 7 to financial statements.
- (E) Restricted security (Symantec Corp. 3.00% Conv. Sub. Notes due 2006 acquired 10/18/01, cost \$500,000).
- (F) The aggregate market value of stocks held in escrow at June 30, 2003 covering open call option contracts written was \$27,771,950. In addition, the aggregate market value of securities segregated by the custodian required to collateralize open put option contracts written was \$28,993,750.

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

June 30, 2003

Contracts (100 shares each)	Security	Contract Strike Price	Expiration Date	Appreciation/ (Depreciation)
COVERED CALLS				
250	Affymetrix Inc.	\$ 35	Aug 03	\$ 23,124
250	American International Group, Inc.	60	Aug 03	11,379
150	American International Group, Inc.	65	Aug 03	12,149
250	American International Group, Inc.	100	Jan 04	26,249
250	Federal Home Loan Mortgage Corp.	60	Oct 03	2,623
100	Federal Home Loan Mortgage Corp.	65	Oct 03	7,300
350	Genentech, Inc.	60	Jul 03	(410,901)
250	Genentech, Inc.	60	Sep 03	(318,502)
250	GlaxoSmithKline, plc ADR	42.50	Aug 03	3,874
100	Hershey Foods Corp.	75	Aug 03	6,549
250	Johnson & Johnson	65	Oct 03	26,498
250	Nokia Corp.	20	Jan 04	9,374
100	Procter & Gamble Co.	90	Jul 03	1,600
100	Procter & Gamble Co.	95	Jul 03	9,000
100	Procter & Gamble Co.	100	Oct 03	7,000
100	Symantec Corp.	50	Jul 03	14,499
100	Symantec Corp.	55	Jul 03	16,099
200	Symantec Corp.	55	Oct 03	21,098
100	3M Co.	135	Jul 03	6,600
250	3M Co.	150	Jul 03	26,384
100	3M Co.	150	Oct 03	9,999
250	United Technologies Corp.	75	Aug 03	17,499
100	United Technologies Corp.	75	Jan 04	(2,501)
150	United Technologies Corp.	90	Jan 04	(1,501)
100	Wachovia Corp.	42.50	Oct 03	600

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4,450  
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(473,908)  
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COLLATERALIZED PUTS

100	Albemarle Corp.	22.50	Dec	03	5,100
250	Alltel Corp.	35	Jul	03	30,249
250	Alltel Corp.	40	Jul	03	37,699
250	BEA Systems Inc.	10	Jul	03	17,749
350	BEA Systems Inc.	7.50	Sep	03	26,424
150	Boeing Co.	22.50	Aug	03	12,150
250	Canadian National Railway Co.	35	Jul	03	17,624
250	ConocoPhillips	47.50	Aug	03	18,999
150	ConocoPhillips	50	Aug	03	10,574
250	ConocoPhillips	45	Nov	03	17,749
100	ConocoPhillips	50	Nov	03	(1)
100	Fifth Third Bancorp	50	Jul	03	8,100
150	Fifth Third Bancorp	45	Aug	03	23,249
200	Fifth Third Bancorp	40	Nov	03	13,449
150	Fifth Third Bancorp	45	Jan	04	2,324
100	Fifth Third Bancorp	50	Jan	04	4,074
200	Federal Home Loan Mortgage Corp.	45	Jul	03	24,725
250	Gannett Co., Inc.	60	Jul	03	32,499
150	Gannett Co., Inc.	70	Jul	03	12,749
250	Gannett Co., Inc.	55	Oct	03	22,499
100	Gannett Co., Inc.	60	Oct	03	15,599
100	Gannett Co., Inc.	65	Oct	03	9,349
100	Gannett Co., Inc.	70	Oct	03	6,999
250	Gannett Co., Inc.	65	Jan	04	(4,751)
100	Hershey Foods Corp.	55	Aug	03	8,100
250	Investors Financial Services Corp.	22.50	Jul	03	25,099
250	Investors Financial Services Corp.	20	Oct	03	14,474
250	Laboratory Corp. of America Holdings	25	Aug	03	16,374
500	Microsoft Corp.	17.50	Jul	03	27,624
250	Microsoft Corp.	23.75	Jul	03	21,499

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS (CONTINUED)

June 30, 2003

COLLATERALIZED PUTS (Continued)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
150	Microsoft Corp.	\$ 25	Jul 03	\$ 8,399
250	Microsoft Corp.	22.50	Oct 03	14,999
250	Procter & Gamble Co.	65	Jul 03	27,499
100	Rohm & Haas Co.	25	Jul 03	7,099
100	Rohm & Haas Co.	30	Jul 03	5,099
100	Schlumberger Ltd.	45	Aug 03	999
250	Target Corp.	22.50	Jul 03	21,499
250	United Parcel Service, Inc.	50	Jul 03	31,249
100	United Parcel Service, Inc.	45	Oct 03	10,500



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150	Wyeth Co.	35	Oct	03	7,499
-----					-----
7,750					613,191
-----					-----
					\$ 139,283
					=====

CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended June 30, 2003  
(unaudited)

	Shares		
	Additions	Reductions	Held June 30, 2003
BEA Systems Inc.....	305,000		740,000
Compass Bancshares Inc.....	35,000		210,000
ConocoPhillips.....	200,000		200,000
Dean Foods Co.....	212,500/(1)/	127,400	562,500
Fifth Third Bancorp.....	100,000		100,000
Investors Financial Services Corp...	25,000		520,000
Laboratory Corp. of America Holdings	10,000		335,000
Microsoft Corp.....	470,000		785,000
Pfizer Inc.....	516,460/(2)/		1,000,960
Safeway, Inc.....	8,000		423,000
Schlumberger Ltd.....	70,000		70,000
Genentech, Inc.....		75,000	225,000
General Electric Co.....		5,000	1,177,500
GlaxoSmithKline plc ADR.....		75,360	175,000
Lilly (Eli) & Co.....		130,000	60,000
Nokia Corp. ADR.....		410,000	640,000
Northwestern Corp.....		458,200	41,800
Pharmacia Corp.....		368,900/(2)/	--
3M Co.....		10,000	135,000
Vertex Pharmaceuticals Inc.....		70,000	--

/(1)/ By stock split.

/(2)/ By merger, received 1.4 shares of Pfizer Inc. common stock for each share of Pharmacia Corp. common stock held.

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REPORT OF INDEPENDENT AUDITORS

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

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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 June 30, 2003, and the results of its operations, the changes in its net assets and the financial highlights for each of the fiscal periods presented, 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 auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 June 30, 2003, by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
 Baltimore, Maryland  
 July 10, 2003

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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 market 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.

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### HISTORICAL FINANCIAL STATISTICS

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December 31	Value of Net Assets	Shares Outstanding*	Net Asset Value per Share*	Dividends from Net Investment Income per Share*	Distributions from Net Realized Gains per Share*
-----	-----	-----	-----	-----	-----
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

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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
June 30, 2003	1,082,405,702	82,909,150	13.06	.12+	.03

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

+ Paid or declared.

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

The Adams Express Company  
Seven St. Paul Street, Suite 1140, Baltimore, MD 21202  
(410) 752-5900 or (800) 638-2479  
Website: www.adamsexpress.com  
E-mail: contact@adamsexpress.com  
Counsel: Chadbourne & Parke L.L.P.

Independent Auditors: PricewaterhouseCoopers LLP  
Transfer Agent, Registrar & Custodian of Securities: The Bank of New York

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## SHAREHOLDER INFORMATION AND SERVICES

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### 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.

BuyDIRECT/SM/\*

BuyDIRECT is a direct purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, The Bank of New York. 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	\$7.50
A one-time fee for new accounts who are not currently	

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registered holders.

Optional Cash Investments		
Service Fee		\$2.50 per investment
Brokerage Commission		\$0.05 per share
Reinvestment of Dividends**		
Service Fee	10% 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	Included
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
Maximum per transaction		\$25,000.00
Maximum per year		NONE

A brochure which further details the benefits and features of BuyDIRECT as well as an enrollment form may be obtained by contacting The Bank of New York.

### For Non-Registered Shareholders

For shareholders whose stock is held by a broker in "street" name, The Bank of New York's Dividend Reinvestment 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 the Plan or contact The Bank of New York about the BuyDIRECT Plan.

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The Company  
The Adams Express Company  
Lawrence L. Hooper, Jr.  
Vice President, Secretary and General Counsel  
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  
The Bank of New York  
Address Shareholder Inquiries to:  
Shareholder Relations Department  
P.O. Box 11258 Church Street Station

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New York, NY 10286  
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Send Certificates for Transfer  
and Address Changes to:  
Receive and Deliver Department  
P.O. Box 11002 Church Street Station  
New York, NY 10286

\*BuyDIRECT is a service mark of The Bank of New York.

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

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