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ADAMS EXPRESS CO  
Form N-CSRS  
August 03, 2004

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  
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THE ADAMS EXPRESS COMPANY

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

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202  
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(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, 2004

Date of reporting period: June 30, 2004

[GRAPHIC APPEARS HERE]

THE ADAMS EXPRESS COMPANY  
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Board of Directors

Enrique R. Arzac /1/,/2/	W. Perry Neff /2/,/4/
Phyllis O. Bonanno /1/,/3/	Douglas G. Ober /1/
Daniel E. Emerson /1/,/3/	Landon Peters /2/,/3/
Thomas H. Lenagh /1/,/4/	John J. Roberts /1/
W.D. MacCallan /3/,/4/	Susan C. Schwab /2/,/4/
Kathleen T. McGahran /2/,/4/	Robert J.M. Wilson /1/,/3/

1. Member of Executive Committee
2. Member of Audit Committee
3. Member of Compensation Committee
4. Member of Retirement Benefits Committee

Officers

Douglas G. Ober

Chairman and Chief Executive Officer

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

### ----- Stock Data -----

Market Price (6/30/04)	\$	12.72
Net Asset Value (6/30/04)	\$	14.79
Discount:		14.0%

New York Stock Exchange and Pacific Exchange ticker symbol: ADX  
 NASDAQ Mutual Fund Quotation Symbol: XADEX  
 Newspaper stock listings are generally under the abbreviation: AdaEx

### ----- Distributions in 2004 -----

From Investment Income (paid or declared)	\$	0.13
From Net Realized Gains		0.02
		-----
Total	\$	0.15
		=====

### ----- 2004 Dividend Payment Dates -----

March 1, 2004  
 June 1, 2004  
 September 1, 2004  
 December 27, 2004\*

\*Anticipated

### LETTER TO STOCKHOLDERS

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We submit herewith the audited financial statements of the Company for the six months ended June 30, 2004. Also provided are the report of the independent registered public accounting firm, a schedule of investments and summary financial information.

Net assets of the Company at June 30, 2004 were \$14.79 per share on 84,408,612 shares outstanding, compared with \$14.36 per share at December 31, 2003 on 84,886,412 shares outstanding. On March 1, 2004, a distribution of \$0.05 per share was paid, consisting of \$0.01 from 2003 long-term capital gain, \$0.01 from 2003 short-term capital gain, and \$0.03 from 2003 investment income, all taxable in 2004. A 2004 investment income dividend of \$0.05 per share was paid on June 1, 2004 and another \$0.05 investment income dividend has been declared to shareholders of record August 17, 2004, payable on September 1, 2004.

Net investment income for the six months ended June 30, 2004 amounted to \$7,719,995, compared with \$7,115,861 for the same period in 2003. These earnings

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are equal to \$0.09 per share on the average number of shares outstanding during each period.

Net capital gain realized on investments for the six months ended June 30, 2004 amounted to \$22,800,007, the equivalent of \$0.27 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 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 23, 2004

### STATEMENT OF ASSETS AND LIABILITIES

June 30, 2004

#### Assets

##### Investments\* at value:

Common stocks and convertible securities (cost \$896,435,558)	\$ 1,172,484,319	
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162)	47,286,577	
Short-term investments (cost \$23,485,648)	23,485,648	
Securities lending collateral (cost \$70,493,153)	70,493,153	\$ 1,3

#### Cash

#### Receivables:

Investment securities sold  
Dividends and interest

#### Prepaid expenses and other assets

Total Assets

1,3

#### Liabilities

Investment securities purchased  
Open written option contracts at value (proceeds \$671,104)  
Obligations to return securities lending collateral  
Accrued expenses

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## Total Liabilities

Net Assets	\$ 1,2
Net Assets	
Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 84,408,612 shares	\$
Additional capital surplus	8
Undistributed net investment income	
Undistributed net realized gain on investments	
Unrealized appreciation on investments	2
Net Assets Applicable to Common Stock	\$ 1,2
Net Asset Value Per Share of Common Stock	\$

\*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

Six Months Ended June 30, 2004

### Investment Income

#### Income:

#### Dividends:

From unaffiliated issuers

From non-controlled affiliate

Interest and other income

Total income

#### Expenses:

Investment research

Administration and operations

Directors' fees

Reports and stockholder communications

Transfer agent, registrar and custodian expenses

Auditing and accounting services

Legal services

Occupancy and other office expenses

Travel, telephone and postage

Other

Total expenses

Net Investment Income

### Realized Gain and Change in Unrealized Appreciation On Investments

Net realized gain on security transactions

Net realized gain distributed by regulated investment company (non-controlled affiliate)

Change in unrealized appreciation on investments

Net Gain on Investments

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Change in Net Assets Resulting from Operations \$

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, 2004	Year December
From Operations:		
Net investment income	\$ 7,719,995	\$
Net realized gain on investments	22,800,007	
Change in unrealized appreciation on investments	13,574,864	1
Change in net assets resulting from operations	44,094,866	2
Distributions to Stockholders from:		
Net investment income	(6,770,361)	(
Net realized gain from investment transactions	(1,692,590)	(
Decrease in net assets from distributions	(8,462,951)	(
From Capital Share Transactions:		
Value of shares issued in payment of distributions	--	
Cost of shares purchased (Note 4)	(6,064,388)	(
Change in net assets from capital share transactions	(6,064,388)	
Total Increase in Net Assets	29,567,527	1
Net Assets:		
Beginning of period	1,218,862,456	1,0
End of period (including undistributed net investment income of \$7,336,095 and \$6,386,461, respectively)	\$ 1,248,429,983	\$ 1,2

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.

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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, 2004 was \$1,018,246,195 and net unrealized appreciation aggregated \$296,174,606, of which the related gross unrealized appreciation and depreciation were \$428,062,720 and \$131,888,114, respectively.

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

### 3. Investment Transactions

The Company's investment decisions are made by a committee, 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 six months ended June 30, 2004 were \$93,347,907 and \$78,599,807, 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 June 30, 2004 can be found on page 11.

Transactions in written covered call and collateralized put options during the six months ended June 30, 2004 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2003	1,850	\$ 229,289	3,100	\$ 385,022
Options written	4,015	435,752	5,110	568,151
Options terminated in closing purchase transactions	(900)	(93,746)	(650)	(81,026)

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Options expired	(1,100)	(113,958)	(3,750)	(456,809)
Options exercised	(1,350)	(174,917)	(250)	(26,654)
-----				
Options outstanding, June 30, 2004	2,515	\$ 282,420	3,560	\$ 388,684
=====				

## 4. Capital Stock

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

On December 27, 2003, the Company issued 2,702,062 shares of its Common Stock at a price of \$12.09 per share (the average market price on December 8, 2003) to stockholders of record on November 24, 2003 who elected to take stock in payment of the distribution from 2003 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 2004 and 2003 were as follows:

	Shares		Amount	
	Six months ended June 30, 2004	Year ended December 31, 2003	Six months ended June 30, 2004	Year ended December 31, 2003
-----				
Shares issued in payment of dividends	--	2,702,062	\$ --	\$ 32,667,930
Shares purchased (at a weighted average discount from net asset value of 13.1% and 11.2%, respectively)	(477,800)	(2,351,900)	(6,064,388)	(26,545,949)
-----				
Net change	(477,800)	350,162	\$ (6,064,388)	\$ 6,121,981
=====				

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On June 30, 2004, the Company held a total of 824,650 shares of its Common Stock at a cost of \$10,351,626. The Company held 346,850 shares of its Common Stock at a cost of \$4,287,238 on December 31, 2003.

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

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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 2004, 229,364 options were outstanding, with a weighted average exercise price of \$12.07 per share. During the six months ended June 30, 2004, the Company granted options including stock appreciation rights for 62,067 shares of Common Stock at an original weighted average exercise price of \$12.57. At June 30, 2004, there were outstanding exercisable options to purchase 127,417 common shares at \$3.79-\$18.41 per share (weighted average price of \$12.43), and unexercisable options to purchase 164,014 common shares at \$5.38-\$18.41 per share (weighted average price of \$11.95). The weighted average remaining contractual life of outstanding exercisable and unexercisable options is 6.18 years and 7.32 years, respectively. Total compensation expense recognized for the six months ended June 30, 2004 related to the stock options and stock appreciation rights plan was \$58,994. At June 30, 2004, there were 1,180,685 shares available for future option grants.

### 5. Retirement Plans

The Company's non-contributory qualified defined benefit pension plan covers all full-time employees with at least one year of service. Benefits are based on length of service and compensation during the last five years of employment. The Company's policy is to contribute annually to the plan those amounts that can be deducted for federal income tax purposes, plus additional amounts as the Company deems appropriate in order to provide assets sufficient to meet benefits to be paid to plan participants. During the six months ended June 30, 2004, no contributions to the plan have been made. The Company presently does not anticipate making any contributions to the plan in 2004.

In addition, the Company has a nonqualified defined benefit plan which provides eligible employees with retirement benefits to supplement the qualified plan.

The following table aggregates the components of the plans' net periodic pension cost for the six months ended June 30:

	June 30, 2004
	-----
Service cost	\$ 153,537
Interest cost	225,858
Expected return on plan assets	(373,421)
Amortization of prior service cost	63,989
Amortization of net loss	56,601
	-----
Net periodic pension cost	\$ 126,564
	=====

The Company also sponsors a defined contribution plan that covers substantially all employees. For the six months ended June 30, 2004, the Company expensed contributions of \$75,303. The Company does not provide postretirement medical benefits.

### 6. Expenses

The cumulative amount of accrued expenses at June 30, 2004 for employees and former employees of the Company was \$2,548,982. Aggregate remuneration paid or accrued during the six months ended June 30, 2004 to directors and key employees amounted to \$1,173,116.

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## 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 approximately 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, 2004, the Company had securities on loan of \$69,157,669 and held collateral of \$70,493,153, consisting of repurchase agreements, time deposits and commercial paper.

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## FINANCIAL HIGHLIGHTS

	Six Months Ended		Year Ended		
	June 30, 2004	June 30, 2003	2003	2002	2001
Per Share Operating Performance*					
Net asset value, beginning of period	\$ 14.36	\$ 12.12	\$ 12.12	\$ 16.05	\$ 18.00
Net investment income	0.09	0.09	0.19	0.20	0.20
Net realized gains and change in unrealized appreciation	0.43	0.92	2.85	(3.38)	(1.00)
Total from investment operations	0.52	1.01	3.04	(3.18)	(0.80)
Less distributions					
Dividends from net investment income	(0.08)	(0.07)	(0.17)	(0.19)	(0.19)
Distributions from net realized gains	(0.02)	(0.03)	(0.61)	(0.57)	(0.57)
Total distributions	(0.10)	(0.10)	(0.78)	(0.76)	(0.76)
Capital share repurchases	0.01	0.03	0.04	0.05	0.05
Reinvestment of distributions	--	--	(0.06)	(0.04)	(0.04)
Total capital share transactions	0.01	0.03	(0.02)	0.01	0.01
Net asset value, end of period	\$ 14.79	\$ 13.06	\$ 14.36	\$ 12.12	\$ 11.20
Per share market price, end of period					
	\$ 12.72	\$ 11.81	\$ 12.41	\$ 10.57	\$ 9.50
Total Investment Return					
Based on market price	3.3%	12.8%	25.2%	(20.6)%	(10.0)%
Based on net asset value	3.8%	8.7%	26.3%	(19.4)%	(10.0)%
Ratios/Supplemental Data					
Net assets, end of period (in 000's)	\$ 1,248,430	\$ 1,082,406	\$ 1,218,862	\$ 1,024,810	\$ 1,300,000

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Ratio of expenses to average net assets	0.43%+	0.53%+	0.47%	0.34%
Ratio of net investment income to average net assets	1.25%+	1.39%+	1.45%	1.42%
Portfolio turnover	13.10%+	10.91%+	12.74%	17.93%
Number of shares outstanding at end of period (in 000's)*	84,409	82,909	84,886	84,536

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 \* 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, 2004

	Prin. Amt. or Shares	Value (A)
-----	-----	-----
Stocks and Convertible Securities -- 97.7%		
Consumer -- 13.3%		
Consumer Discretionary -- 6.1%		
BJ's Wholesale Club, Inc. (B) (C)	500,000	\$ 12,500,000
Brinker International Inc. (B)	400,000	13,648,000
Gannett Co., Inc.	87,500	7,424,375
Mattel, Inc.	575,000	10,493,750
Newell Rubbermaid Inc.	515,000	12,102,500
Target Corp.	460,000	19,536,200
		-----
		75,704,825
		-----
Consumer Staples -- 7.2%		
Coca-Cola Co.	200,000	10,096,000
Dean Foods Co. (B)	562,500	20,986,875
Hershey Foods Corp.	140,000	6,477,800
PepsiCo, Inc.	440,000	23,707,200
Procter & Gamble Co.	340,000	18,509,600
Safeway, Inc. (B)	423,000	10,718,820
		-----
		90,496,295
		-----
Energy -- 7.6%		
BP plc ADR (C)	270,000	14,463,901
ConocoPhillips	200,000	15,258,000
Exxon Mobil Corp.	130,000	5,773,300
Petroleum & Resources Corporation (D)	1,985,996	47,286,577
Schlumberger Ltd.	190,000	12,066,900
		-----
		94,848,678
		-----
Financials -- 17.7%		
Banking -- 11.1%		
Bank of America Corp.	220,000	18,616,400
BankNorth Group, Inc.	400,000	12,992,000

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Compass Bancshares Inc.	300,000	12,900,000
Fifth Third Bancorp	200,000	10,756,000
Investors Financial Services Corp. (C)	435,000	18,957,300
Provident Bankshares Corp.	335,021	9,662,019
Wachovia Corp. (C)	370,000	16,465,000
Wells Fargo & Co.	400,000	22,892,000
Wilmington Trust Corp.	420,000	15,632,400
		-----
		138,873,119
		-----
Insurance -- 6.6%		
AMBAC Financial Group, Inc.	400,000	29,376,000
American International Group, Inc.	738,675	52,652,755
		-----
		82,028,755
		-----
Health Care -- 13.5%		
Abbott Laboratories	350,000	\$ 14,266,000
Bristol-Myers Squibb Co.	345,000	8,452,500
Enzon Pharmaceuticals, Inc. (B) (C)	100,000	1,276,000
Genentech, Inc. (B)	250,000	14,050,000
HCA Inc.	450,000	18,715,500
Hospira Inc. (B)	35,000	966,000
Johnson & Johnson	335,000	18,659,500
Laboratory Corp. of America Holdings (B) (C)	360,000	14,292,000
MedImmune, Inc. (B)	225,000	5,265,000
Medtronic Inc.	310,000	15,103,200
Pfizer Inc.	1,100,000	37,708,000
Wyeth Co.	325,000	11,752,000
Zimmer Holdings Inc. (B)	90,000	7,938,000
		-----
		168,443,700
		-----
Industrials -- 14.9%		
Black & Decker Corp.	250,000	15,532,500
Canadian National Railway Co. (C)	255,000	11,115,450
Donnelley (R.R.) & Sons Co. (C)	375,000	12,382,500
Emerson Electric Co.	200,000	12,710,000
General Electric Co.	1,487,700	48,201,480
Illinois Tool Works Inc.	135,000	12,945,150
Ingersoll-Rand Co. Ltd. (C)	196,000	13,388,760
Parker-Hannifin Corp.	225,000	13,378,500
3M Co.	165,000	14,851,650
United Parcel Service, Inc.	80,000	6,013,600
United Technologies Corp.	275,000	25,157,000
		-----
		185,676,590
		-----

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## SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2004

	Prin. Amt. or Shares	Value (A)
	-----	-----
Information Technology -- 15.0%		
Communication Equipment -- 2.7%		
Avaya Inc. (B)	575,000	\$ 9,079,250

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Corning Inc. (B)	1,170,000	15,280,200
Lucent Technologies Inc. (B) (C)	2,540,000	9,601,200
		-----
		33,960,650
		-----
Computer Related -- 9.7%		
BEA Systems Inc. (B)	800,000	6,576,000
BMC Software Inc. (B)	310,000	5,735,000
Cisco Systems, Inc. (B)	1,200,000	28,440,000
Dell Inc. (B)	400,000	14,328,000
DiamondCluster International Inc. (B)	497,500	4,323,275
Microsoft Corp.	800,000	22,848,000
Oracle Corp. (B)	880,000	10,498,400
Sapient Corp. (B)	1,150,000	6,911,500
Siebel Systems Inc. (B)	800,000	8,544,000
Sun Microsystems Inc. (B)	515,000	2,235,100
Symantec Corp. 3.00% Conv. Sub.		
Notes due 2006 (E)	\$ 500,000	1,287,188
Symantec Corp. (B) (C)	215,000	9,412,700
		-----
		121,139,163
		-----
Electronics -- 2.6%		
Cree, Inc. (B) (C)	500,000	11,640,000
Intel Corp.	310,000	8,556,000
Solelectron Corp. (B)	1,850,000	11,969,500
		-----
		32,165,500
		-----
Materials -- 4.9%		
Air Products and Chemicals, Inc.	250,000	\$ 13,112,500
Albemarle Corp. (C)	52,850	1,672,703
du Pont (E.I.) de Nemours and Co.	400,000	17,768,000
Rohm & Haas Co.	400,000	16,632,000
Smurfit-Stone Container Corp. (B) (C)	601,350	11,996,933
		-----
		61,182,136
		-----
Telecom Services -- 4.3%		
Alltel Corp.	350,000	17,717,000
BellSouth Corp.	415,000	10,881,300
SBC Communications Inc.	595,000	14,428,750
Vodafone Group plc		
ADS (C)	492,613	10,886,758
		-----
		53,913,808
		-----
Utilities -- 6.5%		
Aqua America, Inc.	927,500	18,596,375
Black Hills Corp. (C)	255,000	8,032,500
CINergy Corp. (C)	300,000	11,400,000
Duke Energy Corp. (C)	611,560	12,408,552
Keyspan Corp.	400,000	14,680,000
MDU Resources Group, Inc.	675,000	16,220,250
		-----
		81,337,677
		-----
Total Stocks and Convertible Securities		
(Cost \$924,398,720) (F)		\$ 1,219,770,896
		-----

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## SCHEDULE OF INVESTMENTS (CONTINUED)

June 30, 2004

	Prin. Amt.	Value (A)
Short-Term Investments -- 1.9%		
U.S. Government Obligations -- 1.4%		
U.S. Treasury Bills,		
0.96%, due 8/19/04	\$ 18,000,000	\$ 17,976,480
Commercial Paper -- 0.5%		
American General Finance Corp.,		
0.95 - 1.26%, due 7/6/04	5,510,000	5,509,168
Total Short-Term Investments		
(Cost \$23,485,648)		23,485,648
Securities Lending Collateral -- 5.6%		
Repurchase Agreements		
Daiwa Securities America Inc.,		
1.65%, due 7/1/04		52,504,003
Time Deposits		
Nordeutsche Landesbanken		
GIR Hanover, 1.07%, due 7/8/04		3,508,738
Commercial Paper		
Citi Corp., 1.38%, due 8/3/04		2,996,088
Giro Balanced Funding Corp.,		
1.29%, due 7/15/04		2,998,167
Holland Ltd,		
1.08%, due 7/12/04		\$ 2,998,557
Jupiter Securitization Corp.,		
1.34%, due 8/2/04		1,997,468
Surrey Funding Corp.,		
1.07 - 1.51%, due 7/12/04-9/24/04		3,490,132
Total Securities Lending Collateral		
(Cost \$70,493,153)		70,493,153
Total Investments -- 105.2%		
(Cost \$1,018,377,521)		1,313,749,697
Cash, receivables and other		
assets, less liabilities-- (5.2)%		(65,319,714)
Net Assets-- 100.0%		\$ 1,248,429,983

### 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) Some or all of these securities are on loan. See note 7 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) 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, 2004

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covering open call option contracts written was \$15,571,240. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$13,571,875.

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### SCHEDULE OF OUTSTANDING OPTION CONTRACTS

June 30, 2004

Contracts (100 Shares Each)	Security	Strike Price	Contract Expiration Date	App (De
<hr/>				
COVERED CALLS				
350	American International Group, Inc.	\$ 80	Aug 04	\$
200	Black & Decker Corp.	65	Aug 04	
200	Brinker International Inc.	40	Jan 05	
150	Brinker International Inc.	40	Jul 04	
100	ConocoPhillips	80	Aug 04	
100	Illinois Tool Works Inc.	100	Sep 04	
150	Ingersoll-Rand Co. Ltd.	70	Jul 04	
100	Ingersoll-Rand Co. Ltd.	80	Sep 04	
150	Investors Financial Services Corp.	50	Jul 04	
150	Laboratory Corp. of America Holdings	45	Aug 04	
65	Parker-Hannifin Corp.	65	Aug 04	
200	Procter & Gamble Co.	60	Oct 04	
100	Symantec Corp.	55	Jul 04	
100	Symantec Corp.	55	Oct 04	
150	United Technologies Corp.	100	Aug 04	
100	United Technologies Corp.	105	Nov 04	
150	Zimmer Holdings Inc.	95	Sep 04	
<hr/>				
2,515				
<hr/>				
COLLATERALIZED PUTS				
250	Avaya Inc.	15	Sep 04	
250	Avaya Inc.	12.50	Dec 04	
200	Bank of America Corp.	75	Aug 04	
100	Bank of America Corp.	70.00	Nov 04	
150	Canadian National Railway Co.	36.63	Jul 04	
60	Canadian National Railway Co.	35	Oct 04	
250	du Pont (E.I.) de Nemours and Co.	37.50	Oct 04	
100	Emerson Electric Co.	55	Sep 04	
250	Fifth Third Bancorp	50	Aug 04	
100	Gannett Co., Inc.	75	Oct 04	
250	Microsoft Corp.	22.50	Oct 04	
200	Murphy Oil Corp.	55	Jul 04	
100	Murphy Oil Corp.	50	Oct 04	
250	Smurfit-Stone Container Corp.	15	Aug 04	
200	Target Corp.	40	Aug 04	
200	Target Corp.	40	Oct 04	
100	Target Corp.	35	Jan 05	
250	Wachovia Corp.	40	Jan 05	
100	Wyeth Co.	30	Jul 04	
100	Wyeth Co.	30	Oct 04	

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100	Wyeth Co.	35	Oct	04	---
-----					---
3,560					---
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					\$

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## CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended June 30, 2004  
(unaudited)

	Shares		
	Additions	Reductions	Ju
	-----	-----	---
Avaya Inc.	575,000		
Bank of America Corp.	20,000		
Cree, Inc.	256,100		
Duke Energy Corp.	256,560 (1)		
du Pont (E.I.) de Nemours and Co.	400,000		
Fifth Third Bancorp	45,000		
Genentech, Inc.	125,000 (2)	10,000	
Hershey Foods Corp.	70,000 (2)		
Hospira Inc.	35,000 (3)		
Lucent Technologies Inc.	440,000		
Procter & Gamble Co.	170,000 (2)		
Smurfit-Stone Container Corp.	162,850		
Wyeth Co.	25,000		
Affymetrix Inc.		110,000	
Albemarle Corp.		172,550	
Aqua America, Inc.		22,500	
BankNorth Group, Inc.		74,000	
Black & Decker Corp.		50,000	
Black Hills Corp.		15,000	
CINergy Corp.		140,000	
Donnelley (R.R.) & Sons Co.		25,000	
Duke Energy Corp. 8.25% Conv. Pfd. due 2004		400,000 (1)	
Ingersoll-Rand Co. Ltd.		9,000	
Johnson & Johnson		25,000	
Laboratory Corp. of America Holdings		60,000	
Nokia Corp. ADR		400,000	
Parker-Hannifin Corp.		50,000	
Symantec Corp.		20,000	
TECO Energy, Inc.		650,000	

- 
- (1) By conversion.  
(2) By stock split.  
(3) Received 1 share for 10 shares of Abbott Laboratories held.
-

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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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### REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Adams Express Company (hereafter referred to as the "Company") at June 30, 2004, 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 the standards of the Public Company Accounting Oversight Board (United States), 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, 2004, by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
July 8, 2004

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### HISTORICAL FINANCIAL STATISTICS

December 31	Value of Net Assets	Shares Outstanding*	Net Asset Value per Share*	Dividends from Net Investment Income per Share*	Di
-----	-----	-----	-----	-----	-----
1994	\$ 798,297,600	66,584,985	\$ 11.99	\$ .33	\$
1995	986,230,914	69,248,276	14.24	.35	
1996	1,138,760,396	72,054,792	15.80	.35	
1997	1,424,170,425	74,923,859	19.01	.29	

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1998	1,688,080,336	77,814,977	21.69	.30
1999	2,170,801,875	80,842,241	26.85	.26
2000	1,951,562,978	82,292,262	23.72	.22
2001	1,368,366,316	85,233,262	16.05	.26
2002	1,024,810,092	84,536,250	12.12	.19
2003	1,218,862,456	84,886,412	14.36	.17
June 30, 2004	1,248,429,983	84,408,612	14.79	.13+

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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](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: The Bank of New York

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### SHAREHOLDER INFORMATION AND SERVICES

#### DIVIDEND PAYMENT SCHEDULE

The Corporation 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

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Optional Cash Investments	
Service Fee	\$2.50 per investment
Brokerage Commission	\$0.05 per share
Reinvestment of Dividends*	
Service Fee	2% of amount invested
	(maximum of \$2.50 per investment)
Brokerage Commission	\$0.05 per share
Sale of Shares	
Service Fee	\$10.00
Brokerage Commission	\$0.05 per share
Deposit of Certificates for safekeeping	\$7.50
Book to Book Transfers	Included
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 INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

### For Non-Registered Shareholders

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

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

The Transfer Agent  
American Stock Transfer & Trust Company  
Address Shareholder Inquiries to:  
Shareholder Relations Department  
59 Maiden Lane  
New York, NY 10038  
(877) 260-8188  
Website: [www.amstock.com](http://www.amstock.com)  
E-mail: [info@amstock.com](mailto:info@amstock.com)

Investors Choice Mailing Address:  
Attention: Dividend Reinvestment  
P.O. Box 922  
Wall Street Station  
New York, NY 10269  
Website: [www.InvestPower.com](http://www.InvestPower.com)  
E-mail: [info@InvestPower.com](mailto:info@InvestPower.com)

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

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Item 2: Code(s) of Ethics for senior financial officers - Item not applicable to semi-annual report.

Item 3: Audit Committee Financial Expert - Item not applicable to semi-annual report.

Item 4: Principal Accountant Fees and Services - Item not applicable to semi-annual report.

Item 5: Audit Committee of Listed Registrants - Item not applicable to semi-annual report.

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 - Item not applicable to semi-annual report.

Item 8: 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. 2004	175,900	\$ 12.72	175,900	3,936,747
Feb. 2004	81,000	\$ 12.96	81,000	3,855,747
Mar. 2004	0	--	0	3,855,747
Apr. 2004	0	--	0	3,855,747
May 2004	25,800	\$ 12.34	25,800	3,829,947
June 2004	195,100	\$ 12.60	195,100	3,634,847
Total	477,800 (1)	\$ 12.69	477,800 (2)	3,634,847 (2)

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

(2.a) The Plan was announced on December 11, 2003.

(2.b) The share amount approved was 5% of outstanding shares, or approximately 4,112,647 shares.

(2.c) The Plan will expire on or about December 9, 2004.

(2.d) None.

(2.e) None.

Item 9: Submission of Matters to a Vote of Security Holders - There were no

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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 10: Controls and Procedures.

(a) The registrant's Principal Executive Officer and Principal Financial Officer have evaluated the registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the registrant in this Form N-CSR was recorded, processed, summarized, and reported timely.

(b) Internal Controls. There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

### Item 11: Exhibits attached hereto. (Attach certifications as exhibits)

(1) Not required at this time.

(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.

A certification by the registrant's principal executive officer and principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, is attached.

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

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

Date: August 2, 2004

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

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

Date: August 2, 2004

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BY: /s/ Maureen A. Jones

-----

Maureen A. Jones

Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: August 2, 2004