ADAMS EXPRESS CO
Form N-CSR
February 11, 2005

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, 2004

Date of reporting period: December 31, 2004

Item 1. Reports to Stockholders.

2004 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 (12/31/04)

NYSE Symbol	ADX
Market Price	$13.12
52-Week Range	$12.06 - $13.91
Discount	12.8%
Shares Outstanding	86,135,292

Summary Financial Information

	Year Ended December 31 2004	2003
Net asset value per share	$ 15.04	$ 14.36
Total net assets	1,295,548,900	1,218,862,456
Unrealized appreciation	343,670,412	282,112,491
Net investment income	19,008,405	15,613,355
Total realized gain	54,713,903	49,120,443
Total return (based on market value)	13.2%	25.2%
Total return (based on net asset value)	12.1%	26.3%
Expense ratio	0.43%	0.47%

2004 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2004	$0.01	Long-term capital gain
March 1, 2004	0.01	Short-term capital gain
March 1, 2004	0.03	Investment income
June 1, 2004	0.05	Investment income
September 1, 2004	0.05	Investment income
December 27, 2004	0.63	Long-term capital gain
December 27, 2004	0.01	Short-term capital gain
December 27, 2004	0.11	Investment income
	$0.90	

2005 Annual Meeting of Stockholders

Location: The Radisson Hotel at Cross Keys, Baltimore, Maryland
Date: April 27, 2005
Time: 9:30 a.m.

PORTFOLIO REVIEW

Ten Largest Portfolio Holdings (12/31/04)

	Market Value	% of Net Assets
General Electric Co.	$ 54,301,050	4.2
Petroleum & Resources Corporation*	51,198,990	4.0
American International Group, Inc.	48,508,788	3.8
AMBAC Financial Group, Inc.	31,209,400	2.4
Pfizer Inc.	30,116,800	2.3
Wells Fargo & Co.	24,860,000	1.9
Target Corp.	23,887,800	1.8
Cisco Systems, Inc.	23,160,000	1.8
PepsiCo, Inc.	22,968,000	1.8
Aqua America, Inc.	22,131,000	1.7
Total	$332,341,828	25.7%

*Non-controlled affiliate

Sector Weightings (12/31/04)

[CHART]

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THE ADAMS EXPRESS COMPANY

Calendar Years	Market Value of original shares	Cumulative market value of capital gains distributions taken in shares	Cumulative market value of income dividends taken in shares	Total market value	Total net asset value
1990	$ 9,391	$ 682	$ 399	$10,472	$11,942
1991	12,097	1,719	916	14,732	15,666
1992	12,733	2,738	1,329	16,800	17,203
1993	11,380	3,439	1,518	16,337	18,079
1994	9,948	4,018	1,753	15,719	18,093
1995	11,775	5,927	2,617	20,319	23,468
1996	12,574	7,688	3,386	23,648	28,377
1997	15,399	11,271	4,773	31,443	37,070
1998	16,951	14,674	5,862	37,487	45,809
1999	21,368	21,596	8,006	50,970	61,164
2000	20,055	23,850	7,944	51,849	58,565
2001	13,580	19,570	5,912	39,062	44,089
2002	10,094	16,076	4,832	31,002	35,548
2003	11,852	20,749	6,193	38,794	44,889
2004	12,530	23,985	7,372	43,887	50,309

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 1990-2004. Fees for the reinvestment of interim dividends are assumed as 2% of the amount reinvested (maximum of $2.50) and commissions of $0.05 per share. There is no charge for reinvestment of year-end distributions. No adjustment has been made for any income taxes payable by stockholders on income dividends or on capital gains distributions, or the sale of any shares. These results should not be considered representative of the dividend income or capital gain or loss which may be realized in the future.

[CHART]

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LETTER TO STOCKHOLDERS

Each year at this time we share with you our perspective on the past year. In addition, we discuss what the new year might hold for the economy, equity markets in general, and your Fund.

The Year in Review

We are pleased to report that the Fund had a total return on net asset value of 12.1% for the year, compared to the 10.9% return of the Standard & Poor's 500 Index and the 5.3% return of the Dow Jones Industrial Average. In what proved to be a difficult year for equities, the broad diversification of the Fund and its emphasis on relatively low risk, dividend-paying stocks was responsible for the index-beating performance.

The equity markets were quite volatile during the year, as they were strongly influenced by a number of factors. As a result, by the end of the third quarter the indices were approximately where they started the year. One of the largest factors impacting the markets was the price of oil, which spiked several times and reached a high of $55.17 in October. Investor concern over the effect of energy prices on economic growth resulted in heavy selling and a market decline each time the oil price rose sharply.

A second factor influencing the markets was the action taken by the Federal Reserve in the second half of the year. Concerned about the absolute level of interest rates and some early signs of inflationary pressures, the Fed raised the Fed Funds rate five times, taking it from 1%, the lowest it had been in over 40 years, to 2.25%. The Fed further indicated that it would continue to raise the rate until there was evidence of a balance between monetary stimulus and inflation. The markets initially reacted negatively as expectations of higher rates were incorporated in valuations. As the second half progressed, inflation remained tame and the economy continued to grow at a solid pace, so investors began to view the rate moves as healthy. By raising rates during a period of good growth and modest inflation, the Fed was giving itself room to lower rates should the economy show signs of weakening.

Other factors weighing on the markets included the apparent deterioration of the situation in Iraq and the U.S. Presidential election. The cost of supporting the Iraqi interim government in dollars and lives mounted steadily, with no end in sight, as the year wore on. The strongly opposing views of the Presidential candidates insured a tough election battle and a close race. Fortunately, there was a clear winner in the end, rather than the predicament that occurred in 2000. The pro-business views of the eventual winner, Mr. Bush, were reflected in the market rally in the final two months of the year.

After ten months of volatility but essentially no upward movement, the 9% increase in the S&P 500 Index in November and December was indicative of investor confidence in the outlook. The full year return on the Index of 10.9% was less than half that of the prior year, but more in line with long-term averages. As might be expected, energy stocks were the best performers, with a return of 31.5%, and utilities and telecommunications services companies also turned in strong performances, providing returns of 20% or better. After stellar returns in 2003, technology stocks were poor performers in 2004 with a 2.6% return, while health care stocks were the weakest with a 1.7% return.

Our sector results were mixed in 2004. We maintained an overweight position relative to the S&P 500 Index in energy, industrial, health care, and utility stocks, and we outperformed the Index sector in health care and were even in the industrials. Our reductions in holdings of large pharmaceutical companies in 2003 in favor of health care equipment and services companies worked well for the Fund in 2004 as the drug companies endured a lot of adverse publicity. Our portfolio did not have sufficient exposure to oil service stocks to beat the Index in energy and we have avoided nuclear utilities, which were the best-performing names in the utility sector. We were underweighted in consumer, financial, and technology stocks, in part due to early sales, and outperformed the Index in all of them. This combination enabled the Fund to generate a 12.1% return and beat the Index by 120 basis points or 11.0%.

Within the Index, the stocks of smaller to medium capitalization (less than $14 billion) companies performed better than those of the largest capitalization (greater than $25 billion) companies. This was also the case in 2003, as investors gravitated to the stocks of companies with the greatest leverage to economic growth. Part of the outperformance of the Adams Express portfolio relative to the S&P 500 Index is explained by the fact that only 44% of the Fund falls in the largest capitalization group whereas 66% of the value of the Index is in that group. It should be noted, though, that only 70% of our portfolio is represented in the Index at all and several of our holdings not included in the Index would fall in the largest capitalization group.

Interestingly, the stocks with the highest beta, or volatility relative to the market, did far worse than lower-beta stocks. While investors wanted better returns, they appeared unwilling to take added risks to obtain them. Consequently, our focus on lower-risk stocks, characterized by low betas, boosted our returns in 2004. The relative performance of higher- and lower-yielding stocks also showed investors' tendency to avoid risk, as stocks with higher yields had returns almost twice

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LETTER TO STOCKHOLDERS (CONTINUED)

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those with lower yields. With our emphasis on the generation of income, we benefited from the better performance of higher-dividend-paying stocks during the year. The opposite was the case in 2003, despite the favorable change in tax laws enacted that year related to dividends.

Investment Results

At the end of 2004 our net assets were $1,295,548,900 or $15.04 per share on 86,135,292 shares outstanding. This compares with $1,218,862,456 or $14.36 per share on 84,886,412 shares outstanding a year earlier.

Net investment income for 2004 was $19,008,405 compared to $15,613,355 for 2003. These earnings are equal to $0.23 and $0.19 per share, respectively, on the average number of shares outstanding throughout each year. It should be noted that in 2004 we received $2,400,000, or 3 cents per share, in an extraordinary dividend from Microsoft Corp. This accounted for a significant portion of the increase in income from a year ago. As Microsoft is not expected to repeat such a payment in 2005, shareholders should not expect to see a similar increase in earnings per share in 2005. In 2004, our 0.43% expense ratio (expenses to average net assets) was once again at a very low level compared to the industry. This ratio was not impacted by the Microsoft dividend.

Net realized gains amounted to $54,713,903 during the year, while the unrealized appreciation on investments increased from $282,112,491 at December 31, 2003 to $343,670,412 at year end.

Dividends and Distributions

The total dividends and distributions paid in 2004 were $0.90 per share compared to $0.78 in 2003. As announced on November 11, 2004, a year-end distribution consisting of investment income of $0.11 and capital gains of $0.64 was made on December 27, 2004, both realized and taxable in 2004. On January 13, 2005, an additional distribution of $0.05 per share was declared payable March 1, 2005, representing the balance of undistributed net investment income and capital gains earned during 2004 and an initial distribution from 2005 net investment income, all taxable to shareholders in 2005.

Outlook for 2005

With a relatively lackluster holiday selling season on the consumer side and no year-end surge in capital spending in the industrial sector, it appears that the final quarter of 2004 will show annualized U.S. real economic growth of about 3.5% over the third quarter and real GDP for the year of about 3.6%. Most economists agree that this represents a level of growth that should be sustainable for an extended period of time, barring exogenous factors. We believe, however, that there are a number of factors which are likely to dampen growth in 2005 from this level.

First among these factors is the probable continued high cost of energy for consumers and businesses. Early indications are that OPEC members are generally in favor of crude oil prices of $35 per barrel or more. As the only producers with any spare capacity, these nations will be able to control supply to international markets. Worldwide demand for oil, having grown over 3% in 2004 as a result of strong economies, particularly in China and India, is unlikely to slow much in 2005. We can therefore expect that prices will average between $35 and $40 per barrel, with probable spikes to higher levels.

The second factor that may impede growth is likely to be periodic increases in short-term interest rates. The Federal Reserve has made it relatively clear that it will continue to take action to drive up interest rates in 2005. With the Federal Funds rate currently 2.25% and an apparent Fed target of 3-4%, we can expect four or five increases to occur during the year. This would serve to dampen the financing of receivables and inventory at businesses. The spread between short and long-term interest rates is quite wide at this point, so we do not expect much increase in longer rates as the spread is allowed to narrow to a more normal range. Therefore, capital spending should not be impacted significantly by the rise in short-term rates. With capacity utilization in manufacturing industries running between 77% and 80%, one would expect companies to be planning and purchasing equipment for expansion in 2005 unless they anticipate a dramatic slowing in economic growth. While companies do not appear to anticipate this, purchasing managers did not choose to take advantage of the beneficial depreciation rules which expired in 2004, so they may not be expecting capacity to tighten further this year.

The amount of U.S. government spending during the year will also have an effect on the growth of the economy. After a budget deficit of nearly $500 billion in fiscal 2004, the Bush administration has been working to reduce the size of the deficit for 2005 and beyond by cutting the budget where possible. This is likely to cut into spending for defense, highways, and agriculture, among others. While not a large part of the economy, government spending tends to have multiplier effects across numerous industries.

The strength of the dollar and the U.S. trade deficit also have a bearing on economic growth. The dollar has been declining since early 2002 and the government does not seem inclined to take measures to halt the slide. Despite the decline, the deficit in trade has not diminished significantly, as U.S. consumers continue to buy foreign goods at higher and higher prices. Nor has it enabled U.S. companies to raise their prices

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on similar goods. To date the trade deficit has been funded through the purchase of U.S. debt by the counterparty countries, notably China, but they may discontinue this should the dollar continue to fall. Any such slowdown in a willingness to accept dollars would first impact government debt markets, but would reverberate throughout all financial markets.

These and other factors will exert varying levels of influence on the performance of the economy in 2005, in turn impacting corporate earnings and the equity markets. Our belief is that the growth of the economy will moderate further from 2004's 3.6% level, to about 3% in 2005. The operating earnings of companies in the S&P 500, after experiencing an increase of 18% in 2003 and likely growth of about 19% in 2004, will probably only be up in single digits in 2005. On a fundamental basis, slower growth in earnings would translate into a more modest rise in stock prices, especially if there is any downward movement in the price/earnings ratio, which often happens in the later stages of an economic cycle. Thus, we are not looking for returns to exceed those of 2004.

With the Adams Express portfolio broadly diversified across industry sectors, as noted in the chart on page 1, we would expect to generate reasonable returns in 2005. The stock market has generated double-digit returns, well above long-term averages, for the last two years. We expect that returns in 2005 will not be as great, given the current stage of the economic cycle. As previously discussed, we have been emphasizing lower-risk, dividend-paying stocks for some time. Investors in general are expected to continue to reduce the relative risk in their portfolios and focus more on income generation, the result being that those stocks and our portfolio should perform better than the market. We have taken steps to reduce the investments in the portfolio which perform best in the early part of an economic cycle, chiefly industrials, and those which are most sensitive to rising interest rates, especially smaller banks. The long-term outlook reflected in our investment portfolio does not dictate that we make wholesale changes in order to anticipate normal economic fluctuations. The amount of cash and short-term investments stood at 2.6% of net assets at year end, compared to 3.9% one year ago.

Share Repurchase Program

On December 9, 2004, the Board of Directors authorized the repurchase by management of an additional 5% of the outstanding shares of the Company over the ensuing year. The repurchase program is subject to the same restriction as in the past, namely that shares can be repurchased when the discount of the market price of the shares from the net asset value is 10% or greater.

From the beginning of 2005 through January 20, 2005, a total of 257,500 shares have been repurchased at a total cost of $3,333,750 and a weighted average discount from net asset value of 11.9%.

The proxy statement for the Annual Meeting of Stockholders to be held in Baltimore, Maryland on April 27, 2005, is expected to be mailed on or about March 15, 2005.

By order of the Board of Directors,

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

January 21, 2005

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2004

Assets		
Investments* at value:		
Common stocks and convertible securities (cost $885,230,183)	$1,205,833,311	
Non-controlled affiliate, Petroleum & Resources Corporation (cost $27,963,162)	51,198,990	
Short-term investments (cost $33,913,453)	33,913,453	
Securities lending collateral (cost $60,243,741)	60,243,741	$1,351,1
Cash		2
Dividends and interest receivable		1,3
Prepaid pension cost		5,6
Prepaid expenses and other assets		1,5
Total Assets		1,359,9
Liabilities		
Open written option contracts at value (proceeds $654,431)		8
Obligations to return securities lending collateral		60,2
Accrued expenses and other liabilities		3,3
Total Liabilities		64,3
Net Assets		$1,295,5
Net Assets		
Common Stock at par value $1.00 per share, authorized 150,000,000 shares; issued and outstanding 86,135,292 shares		$ 86,1
Additional capital surplus		859,3
Undistributed net investment income		5,0

Undistributed net realized gain on investments	1,3
Unrealized appreciation on investments	343,6
Net Assets Applicable to Common Stock	$1,295,5
Net Asset Value Per Share of Common Stock	

*See schedule of investments on pages 13 through 16.

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

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Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	$ 22,751,240
From non-controlled affiliate	913,558
Interest and other income	678,988
Total income	24,343,786
Expenses:	
Investment research	2,342,204
Administration and operations	1,138,258
Directors' fees	273,875
Reports and stockholder communications	328,839
Transfer agent, registrar and custodian expenses	346,468
Auditing and accounting services	112,015
Legal services	146,161
Occupancy and other office expenses	320,770
Travel, telephone and postage	100,049
Other	226,742
Total expenses	5,335,381
Net Investment Income	19,008,405
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	53,005,946
Net realized gain distributed by regulated investment company (non-controlled affiliate)	1,707,957
Change in unrealized appreciation on investments	61,557,921
Net Gain on Investments	116,271,824
Change in Net Assets Resulting from Operations	$135,280,229

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

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STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended Dec. 31, 2004	For the Year Ended Dec. 31, 2003
From Operations:		
Net investment income	$ 19,008,405	$ 15,613,355
Net realized gain on investments	54,713,903	49,120,443
Change in unrealized appreciation on investments	61,557,921	187,524,953
Change in net assets resulting from operations	135,280,229	252,258,751
Distributions to Stockholders From:		
Net investment income	(20,157,724)	(14,099,163
Net realized gain from investment transactions	(55,099,990)	(50,229,205
Decrease in net assets from distributions	(75,257,714)	(64,328,368
From Capital Share Transactions:		
Value of shares issued in payment of distributions	35,690,590	32,667,930
Cost of shares purchased (note 4)	(19,026,661)	(26,545,949
Change in net assets from capital share transactions	16,663,929	6,121,981
Total Increase in Net Assets	76,686,444	194,052,364
Net Assets:		
Beginning of year	1,218,862,456	1,024,810,092
End of year (including undistributed net investment income of $5,038,545 and $6,386,461, respectively)	$1,295,548,900	$1,218,862,456

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

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

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

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

Affiliated Companies -- Investments in companies 5% or more of whose outstanding voting securities are held by the Company are defined as "Affiliated Companies" in Section 2(a)(3) of the Investment Company Act of 1940.

Security Transactions and Investment Income -- Investment transactions are accounted for on the trade date. Gain or loss on sales of securities and options is determined on the basis of identified cost. Dividend income and distributions to shareholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

2. Federal Income Taxes

The Company's policy is to distribute all of its taxable income to its shareholders in compliance with the requirements of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. For federal income tax purposes, the identified cost of securities at December 31, 2004 was $1,006,863,288, and net unrealized appreciation aggregated $344,326,207, of which the related gross unrealized appreciation and depreciation were $460,886,167 and $116,559,960, respectively. As of December 31, 2004, the tax basis of distributable earnings was $2,660,113 of undistributed ordinary income and $0 of undistributed long-term capital gain.

Distributions paid by the Company during the year ended December 31, 2004 were classified as ordinary income of $22,205,063, and long-term capital gain of $53,052,651. In comparison, distributions paid by the Company during the year ended December 31, 2003 were classified as ordinary income of $17,389,281, and long-term capital gain of $46,939,087. The distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles. Accordingly, periodic reclassifications are made within the Company's capital accounts to reflect income and gains available for distribution under income tax regulations.

3. Investment Transactions

The Company's investment decisions are made by a committee, 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, 2004 were $161,361,633 and $187,414,341, 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, 2004 can be found on page 17.

Transactions in written covered call and collateralized put options during the year ended December 31, 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	8,815	954,922	10,015	1,114,010
Options purchased			1,500	176,595
Options terminated in closing purchase transactions	(1,300)	(143,465)	(3,107)	(364,867)

Options expired	(4,115)	(439,777)	(8,403)	(996,125)
Options exercised	(1,650)	(214,620)	(450)	(46,553)
Options outstanding, December 31, 2004	3,600	$ 386,349	2,655	$ 268,082

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 November 24, 2003 who elected to take stock in payment of the distribution from 2003 capital gain and investment income.

On December 27, 2004, the Company issued 2,745,430 shares of its Common Stock at a price of $13.00 per share (the average market price on December 13, 2004) to stockholders of record November 23, 2004 who elected to take stock in payment of the distribution from 2004 capital gain and investment income.

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	
	2004	2003	2004	2003
Shares issued in payment of distributions	2,745,430	2,702,062	$ 35,690,590	$ 32,667,930
Shares purchased (at a weighted average discount from net asset value of 13.0% and 11.2%, respectively)	(1,496,550)	(2,351,900)	(19,026,661)	(26,545,949)
Net change	1,248,880	350,162	$ 16,663,929	$ 6,121,981

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 optionees 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, there were 229,364 options outstanding with a weighted average exercise price of $12.07 per share. During 2004, the Company granted options, including stock appreciation rights, for 62,067 shares of Common Stock with an original weighted average exercise price of $12.57 per share. During the year, stock appreciation rights relating to 8,134 stock option shares were exercised at a weighted average market price of $13.05 per share and the stock options relating to these rights which had a weighted average exercise price of $3.79 per share were cancelled. At December 31, 2004, there were outstanding exercisable options to purchase 119,283 common shares at $3.15-$17.77 per share (weighted average price of $12.38), and unexercisable options to purchase 164,014 common shares at $4.74-$17.77 per share (weighted average price of $11.31). The weighted average remaining contractual life of outstanding exercisable and unexercisable options was 6.00 years and 6.82 years, respectively. Total compensation expense recognized in 2004 related to the stock option and stock appreciation rights plan was $275,601. At December 31, 2004, there were 1,180,685 shares available for future option grants.

In December 2004, the Financial Accounting Standards Board revised the Statement of Financial Accounting Standards No. 123, Share-Based Payment which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. Currently, the Company recognizes compensation cost for a stock option award over the award's vesting period. The revised FAS 123 is effective as of the beginning of the first interim or annual reporting period that begins after June 15, 2005. The Company is currently evaluating the impact it will have on its operations and financial statements.

5. Retirement Plans

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

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

	2004	2003
Change in benefit obligation		
Benefit obligation at beginning of year	$7,343,955	$ 7,599,183
Service cost	307,074	245,148
Interest cost	451,715	476,892
Actuarial loss	508,456	524,055
Benefits paid	(261,880)	(1,501,323)
Benefit obligation at end of year	$8,349,320	$ 7,343,955

Change in plan assets		
Fair value of plan assets at beginning of year	$9,442,594	$ 9,649,491
Actual return on plan assets	777,347	1,275,582
Employer contribution	18,844	18,844
Benefits paid	(261,880)	(1,501,323)
Fair value of plan assets at end of year	$9,976,905	$ 9,442,594
Funded status	$1,627,585	$ 2,098,639
Unrecognized net loss	1,542,040	1,177,291
Unrecognized prior service cost	503,135	631,112
Net amount recognized	$3,672,760	$ 3,907,042

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

	2004	2003
Prepaid pension cost	$ 5,642,052	$ 5,757,045
Accrued pension cost	(1,969,292)	(1,850,003)
Net amount recognized	$ 3,672,760	$ 3,907,042

The accumulated benefit obligation for all defined benefit pension plans was $6,710,981 and $5,810,411 at December 31, 2004 and 2003, respectively.

	2004	2003
Components of net periodic pension cost		
Service cost	$ 307,074	$ 245,148
Interest cost	451,715	476,892
Actual return on plan assets	(777,347)	(1,275,582)
Amortization of prior service cost	127,977	169,524
Amortization of net loss	113,201	162,272
Deferred asset gain	30,506	555,370
Net periodic pension cost	$ 253,126	$ 333,624

Assumptions used to determine benefit obligations and costs are:

	2004	2003
Discount rate	5.75%	6.25%
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, 2004 and 2003, by asset category are as follows:

	2004	2003
Asset Category		
Equity Securities & Equity Mutual Funds	71%	72%
Fixed Income Mutual Funds	25%	27%
Cash	4%	1%

Equity securities include The Adams Express Company Common Stock in the amount of $610,779 (6% of total plan assets) and $546,226 (6% of total plan assets) at December 31, 2004, and 2003, respectively.

The primary objective of the Company's pension plan is to provide capital appreciation, current income, and preservation of capital through a portfolio of stocks and fixed income securities. The equity portion of the portfolio may range from 50% to 75% of total portfolio assets. The fixed income portion of the portfolio may range from 25% to 50% of total portfolio assets and cash may range from 0% to 25% of total portfolio assets. Subject to these allocation ranges, the portfolio may be invested in any of the following securities: common stocks, preferred stocks, American Depository Receipts, foreign securities, mutual funds, convertible securities, municipal bonds, corporate bonds, US government securities, and US government agency 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 contributions in the amount of $18,844 to the plans in 2005.

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

-	Pension Benefits
2005	$ 221,384
2006	359,677
2007	346,954
2008	574,213
2009	559,173
Years 2010-2014	3,024,691

The Company also sponsors a defined contribution plan that covers substantially all employees. The Company expensed contributions of $147,811 and $147,466 for the years ended December 31, 2004 and December 31, 2003, respectively. The Company does not provide postretirement medical benefits.

6. Expenses

The amount of accrued expenses at December 31, 2004 for employees and former employees of the Company was $3,231,380. Aggregate remuneration paid or accrued during the year ended December 31, 2004 to key employees and directors amounted to $2,653,834.

7. 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 by collateral of at least 102%, at all times, of the fair value of the securities loaned plus accrued interest. At December 31, 2004, the Company had securities on loan of $66,820,080, and held collateral of $69,026,966, consisting of noncash collateral of $8,783,225 in U.S. treasury obligations and cash collateral of $60,243,741 invested in a money market fund, certificates of deposit, and commercial paper.

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FINANCIAL HIGHLIGHTS

	Year Ended December 31				
	2004	2003	2002	2001	2000
Per Share Operating Performance					
Net asset value, beginning of year	$14.36	$12.12	$16.05	$23.72	$26.8
Net investment income	0.23*	0.19	0.20	0.26	0.2
Net realized gains and change in unrealized appreciation	1.39	2.85	(3.38)	(6.21)	(1.51
Total from investment operations	1.62	3.04	(3.18)	(5.95)	(1.25
Less distributions					
Dividends from net investment income	(0.24)	(0.17)	(0.19)	(0.26)	(0.22
Distributions from net realized gains	(0.66)	(0.61)	(0.57)	(1.39)	(1.63
Total distributions	(0.90)	(0.78)	(0.76)	(1.65)	(1.85
Capital share repurchases	0.02	0.04	0.05	0.04	0.1
Reinvestment of distributions	(0.06)	(0.06)	(0.04)	(0.11)	(0.13
Total capital share transactions	(0.04)	(0.02)	0.01	(0.07)	(0.03

Net asset value, end of year	$15.04	$14.36	$12.12	$16.05	$23.7
Per share market price, end of year	$13.12	$12.41	$10.57	$14.22	$21.0
Total Investment Return					
Based on market price	13.2%	25.2%	(20.6)%	(24.7)%	1.7
Based on net asset value	12.1%	26.3%	(19.4)%	(24.7)%	(4.3)
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	$1,295,549	$1,218,862	$1,024,810	$1,368,366	$1,951,56
Ratio of expenses to average net assets	0.43%	0.47%	0.34%	0.19%	0.24
Ratio of net investment income to average net assets	1.54%	1.45%	1.42%	1.33%	0.97
Portfolio turnover	13.43%	12.74%	17.93%	19.15%	12.74
Number of shares outstanding at end of year (in 000's)	86,135	84,886	84,536	85,233	82,29

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

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SCHEDULE OF INVESTMENTS

December 31, 2004

	Shares	Value (A)
Stocks and Convertible Securities -- 97.0%		
Consumer -- 15.0%		
Consumer Discretionary -- 8.2%		
BJ's Wholesale Club, Inc. (B)...........	500,000	$ 14,565,000
Brinker International Inc. (B)..........	400,000	14,028,000
Clear Channel Communications Inc........	300,000	10,047,000
Gannett Co., Inc........................	87,500	7,148,750
Mattel, Inc.............................	575,000	11,206,750
Newell Rubbermaid Inc. (C)..............	515,000	12,457,850
Ryland Group Inc........................	220,000	12,658,800
Target Corp.............................	460,000	23,887,800
		105,999,950
Consumer Staples -- 6.8%		
Coca-Cola Co............................	200,000	8,326,000
Dean Foods Co. (B)......................	506,600	16,692,470
PepsiCo, Inc............................	440,000	22,968,000
Procter & Gamble Co.....................	340,000	18,727,200
Safeway, Inc. (B).......................	423,000	8,350,020
Unilever plc ADR (C)....................	345,000	13,634,400
		88,698,090
Energy -- 9.0%		
BP plc ADR..............................	270,000	15,768,001

ConocoPhillips	200,000	17,366,000
Exxon Mobil Corp	130,000	6,663,800
Murphy Oil Corp	155,300	12,493,885
Petroleum & Resources Corporation (D)	1,985,996	51,198,990
Schlumberger Ltd. (C)	190,000	12,720,500
		116,211,176
Financial -- 17.7%		
Banking -- 11.5%		
Bank of America Corp	440,000	20,675,600
Compass Bancshares Inc	300,000	14,601,000
Fifth Third Bancorp	200,000	9,456,000
Investors Financial Services Corp. (C)	400,000	19,992,000
North Fork Bancorporation, Inc	450,000	12,982,500
Provident Bankshares Corp	335,021	12,184,731
Wachovia Corp	370,000	19,462,000
Wells Fargo & Co	400,000	24,860,000
Wilmington Trust Corp. (C)	420,000	15,183,000
		149,396,831
Insurance -- 6.2%		
AMBAC Financial Group, Inc	380,000	31,209,400
American International Group, Inc	738,675	48,508,788
		79,718,188

SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2004

	Shares	Value (A)
Health Care -- 12.5%		
Abbott Laboratories	350,000	$ 16,327,500
Bristol-Myers Squibb Co	345,000	8,838,900
Enzon Pharmaceuticals, Inc. (B) (C)	67,088	920,447
Genentech, Inc. (B) (C)	250,000	13,610,000
HCA Inc. (C)	450,000	17,982,000
Johnson & Johnson	265,000	16,806,300
Laboratory Corp. of America Holdings (B)	250,000	12,455,000
MedImmune, Inc. (C)	225,000	6,099,750
Medtronic Inc	310,000	15,397,700
Pfizer Inc	1,120,000	30,116,800
Wyeth Co	325,000	13,841,750
Zimmer Holdings Inc. (B)	125,000	10,015,000
		162,411,147
Industrials -- 11.6%		
Canadian National Railway Co	255,000	15,618,750
Donnelley (R.R.) & Sons Co	300,000	10,587,000

Emerson Electric Co.	200,000	14,020,000
General Electric Co.	1,487,700	54,301,050
Illinois Tool Works Inc.	125,000	11,585,000
Parker-Hannifin Corp.	55,000	4,165,700
3M Co.	160,000	13,131,200
United Parcel Service, Inc.	80,000	6,836,800
United Technologies Corp.	200,000	20,670,000
		150,915,500
Information Technology -- 14.8%		
Communication Equipment -- 2.7%		
Avaya Inc. (B)	600,000	10,320,000
Corning Inc. (B)	1,170,000	13,770,900
Lucent Technologies Inc. (B) (C)	2,820,000	10,603,200
		34,694,100
Computer Related -- 9.2%		
BEA Systems Inc. (B)	800,000	7,088,000
BMC Software Inc. (B)	70,000	1,302,000
Cisco Systems, Inc. (B)	1,200,000	23,160,000
Dell Inc. (B)	400,000	16,856,000
Diamondcluster International Inc. (B)	497,500	7,129,175
Microsoft Corp.	800,000	21,368,000
Oracle Corp. (B)	880,000	12,073,600
Sapient Corp. (B)	1,150,000	9,096,500
Siebel Systems Inc. (B)	800,000	8,400,000
Sun Microsystems, Inc. (B)	515,000	2,770,700
Symantec Corp. (B)	400,000	10,304,000
		119,547,975
Electronics -- 2.9%		
Cree, Inc. (B) (C)	500,000	20,040,000
Intel Corp.	310,000	7,250,900
Solectron Corp. (B)	1,850,000	9,860,500
		37,151,400

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SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2004

	Shares	Value (A)
Materials -- 5.5%		
Air Products and Chemicals, Inc.	250,000	$ 14,492,500
duPont (E.I.) de Nemours and Co.	400,000	19,620,000
Martin Marietta Materials, Inc.	133,600	7,168,976
Rohm & Haas Co. (C)	400,000	17,692,000
Smurfit-Stone Container Corp. (B) (C)	650,000	12,142,000
		71,115,476

Telecom Services -- 4.2%		
Alltel Corp.	350,000	20,566,000
BellSouth Corp.	200,000	5,558,000
SBC Communications Inc.	595,000	15,333,150
Vodafone Group plc ADS	492,613	13,487,758
		54,944,908
Utilities -- 6.7%		
Aqua America, Inc. (C)	900,000	22,131,000
Black Hills Corp.	245,000	7,516,600
CINergy Corp. (C)	300,000	12,489,000
Duke Energy Corp.	611,560	15,490,815
Keyspan Corp.	336,100	13,259,145
MDU Resources Group, Inc.	575,000	15,341,000
		86,227,560
Total Stocks and Convertible Securities (Cost $913,193,345) (E)		$1,257,032,301

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SCHEDULE OF INVESTMENTS (CONTINUED)

December 31, 2004

	Prin. Amt.	Value (A)
Short-Term Investments -- 2.6%		
U.S. Government Obligations -- 1.5%		
U.S. Treasury Bills, 2.00%, due 2/17/05	$20,000,000	$ 19,947,7
Commercial Paper -- 1.1%		
AIG Funding Inc., 2.23%, due 1/11/05	1,970,000	1,968,7
American General Finance, Inc., 2.27%, due 1/4/05	5,000,000	4,999,0
Toyota Motor Credit Corp., 2.22%, due 1/6/05	7,000,000	6,997,8
		13,965,6
Total Short-Term Investments (Cost $33,913,453)		33,913,4
Securities Lending Collateral -- 4.7%		
Money Market Fund		
BNY Institutional Cash Reserves Fund, 2.35%, due 1/3/05		29,041,8
Certificates of Deposit		
Wells Fargo Bank, 2.35%, due 1/28/05		1,500,3
Commercial Paper		
Amsterdam Funding, 2.36%, due 1/25/05		2,994,6
Bank of Ireland, 2.35%, due 1/12/05		2,248,3

Clipper Receivables Corp., 2.36%, due 1/28/05......................	2,994,0
Corp. Asset SEC Australia, 2.39%, due 1/18/05......................	1,997,4
Fairway Finance Corp., 2.36%, due 1/20/05..........................	2,995,6
Ivory Funding Corp., 2.36%, due 1/25/05............................	1,497,3
Kitty Hawk Funding Corp., 2.35%, due 1/21/05.......................	1,497,7
Liberty Street Funding Corp., 2.36%, due 1/28/05...................	1,247,5
Mane Funding Corp., 2.36%, due 1/20/05.............................	2,995,7
Nieuw Amsterdam, 2.37%, due 2/1/05.................................	2,494,3
Surrey Funding Corp., 2.35%, due 1/26/05...........................	1,247,6
Three Pillars Funding Inc., 2.35%, due 1/26/05.....................	998,1
Tulip Funding, 2.35%, due 1/20/05..................................	1,497,8
Windmill Funding Corp., 2.36%, due 1/24/05.........................	2,994,8
	29,701,4
Total Securities Lending Collateral (Cost $60,243,741)..	60,243,7
Total Investments -- 104.3% (Cost $1,007,350,539)...	1,351,189,4
Cash, receivables and other assets, less liabilities -- (4.3)%....	(55,640,5
Net Assets -- 100.0%...	$1,295,548,9

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 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) The aggregate market value of stocks held in escrow at December 31, 2004 covering open call option contracts written was $21,206,350. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was $11,858,438.

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

December 31, 2004

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
	COVERED CALLS			
150	AMBAC Financial Group, Inc..........	$ 80	Jan 05	$ (31,950)
250	AMBAC Financial Group, Inc..........	85	Feb 05	(7,841)
200	American International Group Inc....	70	Feb 05	9,399
250	American International Group Inc....	80	Feb 05	24,399

200	American International Group Inc....	70	May	05	(12,801)
200	Brinker International Inc...........	40	Jan	05	17,299
100	ConocoPhillips......................	80	Jan	05	(56,300)
200	Cree, Inc...........................	45	Mar	05	(18,801)
100	Illinois Tool Works Inc.............	105	Mar	05	6,600
150	Investors Financial Services Corp...	50	Jan	05	8,549
200	Keyspan Corp........................	40	Feb	05	8,954
100	Laboratory Corp. of America Holdings	45	Jan	05	(41,675)
200	Parker-Hannifin Corp................	65	Feb	05	(211,350)
200	Ryland Group Inc....................	52.50	Jan	05	(89,801)
200	Symantec Corp.......................	27.50	Jan	05	4,700
300	Symantec Corp.......................	32.50	Apr	05	(581)
250	Target Corp.........................	55	Apr	05	1,499
150	3M Co...............................	90	Jan	05	16,650
100	United Technologies Corp............	110	Feb	05	3,700
100	Zimmer Holdings Inc.................	90	Mar	05	3,700
-----					---------
3,600					$(365,651)
-----					---------
	COLLATERALIZED PUTS				
250	Bunge Ltd...........................	50	Apr	05	5,499
250	Investors Financial Services Corp...	30	Jan	05	23,099
120	Martin Marietta Materials, Inc......	45	Jul	05	390
85	Martin Marietta Materials, Inc......	45	Apr	05	4,420
150	Medtronic Inc.......................	45	Feb	05	9,300
200	Murphy Oil Corp.....................	60	Jan	05	22,199
175	Murphy Oil Corp.....................	65	Jan	05	17,003
375	North Fork Bancorporation, Inc......	26.63	Feb	05	11,800
200	Ryland Group Inc....................	30	Jan	05	18,700
150	Schlumberger Ltd....................	50	Jan	05	14,550
100	Target Corp.........................	35	Jan	05	9,200
100	United Parcel Service, Inc..........	65	Jan	05	10,700
150	United Parcel Service, Inc..........	65	Jan	05	13,050
250	Wachovia Corp.......................	40	Jan	05	19,500
100	Zimmer Holdings Inc.................	60	Mar	05	17,700
-----					---------
2,655					197,107
-----					---------
					$(168,544)
					=========

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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 December 31, 2004, 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, 2004 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland
January 13, 2005

HISTORICAL FINANCIAL STATISTICS

Dec. 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*
1990	$ 529,482,769	47,219,010	$11.21	$.44	$ .71
1991	661,895,779	49,121,246	13.47	.36	.73
1992	696,924,779	51,039,938	13.65	.31	.77
1993	840,610,252	63,746,498	13.19	.30	.79
1994	798,297,600	66,584,985	11.99	.33	.73
1995	986,230,914	69,248,276	14.24	.35	.76
1996	1,138,760,396	72,054,792	15.80	.35	.80
1997	1,424,170,425	74,923,859	19.01	.29	1.01
1998	1,688,080,336	77,814,977	21.69	.30	1.10
1999	2,170,801,875	80,842,241	26.85	.26	1.37
2000	1,951,562,978	82,292,262	23.72	.22	1.63
2001	1,368,366,316	85,233,262	16.05	.26	1.39
2002	1,024,810,092	84,536,250	12.12	.19	.57
2003	1,218,862,456	84,886,412	14.36	.17	.61
2004	1,295,548,900	86,135,292	15.04	.24	.66

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

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CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended December 31, 2004
(unaudited)

	Principal Amount or Shares		
	Additions	Reductions	Held Dec. 31, 2004
Clear Channel Communications Inc.	95,000		300,000
Martin Marietta Materials, Inc.	133,600		133,600
Murphy Oil Corp.	155,300		155,300
North Fork Bancorporation, Inc.	450,000/(1)/		450,000
Pfizer Inc.	20,000		1,120,000
Ryland Group Inc.	155,000/(2)/		220,000
Symantec Corp.	229,291/(3)/	44,291	400,000
Unilever plc ADR	45,000		345,000
Zimmer Holdings Inc.	15,000		125,000
AMBAC Financial Group, Inc.		10,000	380,000
BellSouth Corp.		115,000	200,000
BMC Software Inc.		240,000	70,000
Donnelley (R.R.) & Sons Co.		55,000	300,000
Enzon Pharmaceuticals, Inc.		32,912	67,088
Hershey Foods Corp.		140,000	--
Illinois Tool Works Inc.		10,000	125,000
Investors Financial Services Corp.		30,000	400,000
Keyspan Corp.		63,900	336,100
Laboratory Corp. of America Holdings		50,000	250,000
Parker-Hannifin Corp.		170,000	55,000
Symantec Corp. 3.00% Conv. Sub. Notes due 2006		$500,000/(3)/	--
3M Co.		5,000	160,000
United Technologies Corp.		65,000	200,000

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(1) Received 125,100 shares by stock split.
(2) Received 110,000 shares by stock split.
(3) Converted Symantec Corp. 3.00% Conv. Sub. Notes due 2006 into 29,291 common shares of Symantec Corp. Received 200,000 shares by stock split.

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 Registered Public Accounting Firm: PricewaterhouseCoopers LLP
Transfer Agent & Registrar: American Stock Transfer & Trust Co.
Custodian of Securities: The Bank of New York

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. 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. 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, 2004 are available (i) without charge, upon request, by calling the Company's toll free number at (800) 638-2479; (ii) on the Company's website by clicking on "Corporate Information" heading on the website; and (iii) on the Securities and Exchange Commission's website at 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 Adams Express Company collects and maintains certain nonpublic personal information about our stockholders of record with respect to their transactions in shares of our securities. This information includes the stockholder's address, tax identification or Social Security number, share balances, and dividend elections. We do not collect or maintain personal information about stockholders whose shares of our securities are held in "street name" by a financial institution such as a bank or broker.

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

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

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

SHAREHOLDER INFORMATION AND SERVICES

WE ARE OFTEN ASKED --

How do I invest in Adams Express?

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

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

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

Adams Express daily trading is shown in the stock tables of most daily newspapers, usually 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 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. At this time, AST does not offer direct deposit of your year-end distribution checks. We have been advised by AST that it will be able to offer this service for the 2005 year-end distribution.

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.

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SHAREHOLDER 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	$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.

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
E-mail: 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
E-mail: 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
E-mail: info@InvestPower.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.

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BOARD OF DIRECTORS

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					
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 63	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 61	Director	One Year	Since Nov. 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 80	Director	One Year	Since 1982	Chairman, The National YMCA Fund Inc. Retired Executive Vice President of NYNEX Corp., (communications), Retired Chairman of The Board of both NYNEX Information Resources Co. and NYNEX Mobile Communications Co. Previously Executive Vice President and Director of New York Telephone Company.	Two
Thomas H. Lenagh 7 St. Paul Street,	Director	One Year	Since 1968	Financial Advisor, Chairman of the Board, Photonics Product	Two

Suite 1140 Baltimore, MD 21202 Age 86				Group (crystals). Formerly Chairman of the Board and CEO of Greiner Engineering Inc. (formerly Systems Planning Corp.) (consultants). Formerly Treasurer and Chief Investment Officer of the Ford Foundation (charitable foundation).	
W. D. MacCallan 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 77	Director	One Year	Since 1971	Retired Chairman of the Board and CEO of the Company (since 1991) and Petroleum & Resources Corporation (since 1991). Formerly consultant to the Company and Petroleum & Resources Corporation.	Two
Kathleen T. McGahran, Ph.D., J.D., C.P.A. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 54	Director	One Year	Since Nov. 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
W. Perry Neff, J.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 77	Director	One Year	Since 1987	Private Financial Consultant. Retired Executive Vice President of Chemical Bank.	Two

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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	O d
Independent Directors (continued)						
Landon Peters 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 74	Director	One Year	Since 1974	Private Investor. Former Investment Manager, YMCA Retirement Fund. Formerly Executive Vice President and Treasurer and prior thereto Senior Vice President and Treasurer of The Bank of New York.	Two	D R (

John J. Roberts 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 82	Director	One Year	Since 1976	Senior Advisor, formerly Vice-Chairman External Affairs, American International Group, Inc. (insurance). Formerly Chairman and CEO of American International Underwriters Corporation. Previously President of American International Underwriters Corporation-U.S./ Overseas Operations.	Two	D R (H A G
Susan C. Schwab, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 49	Director	One Year	Since 2000	President/CEO, University System of Maryland Foundation. Former Dean, School of Public Policy at the University of Maryland, College Park. Previously Director of Corporate Business Development at Motorola, Inc. (electronics).	Two	D R (C
Robert J. M. Wilson 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 84	Director	One Year	Since 1975	Retired President of the Company (since 1986) and retired President of Petroleum & Resources Corporation (since 1986).	Two	D R (
Interested Director						
Douglas G. Ober 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 58	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 (

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THE ADAMS EXPRESS COMPANY

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
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

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. 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 two directors on the registrant's audit committee whom the board of directors has determined meet such definition are Enrique R. Arzac and Kathleen T. McGahran, both of whom are independent pursuant to paragraph (a)(2) of this Item.

Item 4. Principal Accountant Fees and Services.

(a) Audit Fees. The aggregate fees billed for professional services rendered by its independent auditors, PricewaterhouseCoopers LLP, for the audits of the Companys annual and semi-annual financial statements for 2004 and 2003 were $54,712 and $54,007, respectively.

(b) Audit Related Fees. There were no audit-related fees in 2004 and 2003.

(c) Tax Fees. The aggregate fees billed to registrant for professional services rendered by PricewaterhouseCoopers LLP for the review of registrant's excise tax calculations and preparations of federal, state and excise tax returns for 2004 and 2003 were $9,950 and $8,255, respectively.

(d) All Other Fees. The aggregate fees billed to registrant by PricewaterhouseCoopers LLP other than for the services referenced above for 2004 and 2003 was $0.

(e) (1) Audit Committee Pre-Approval Policy. As of 2004, all services to be performed for registrant by PricewaterhouseCoopers LLP must be pre-approved by the audit committee. All services performed in 2004 were pre-approved by the committee.

(2) Not applicable.

(f) Not applicable.

(g) The aggregate fees billed by PricewaterhouseCoopers LLP for non-audit professional services rendered to registrant for 2004 and 2003 were $9,950 and $8,255, respectively.

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

Item 5. Audit Committee of Listed registrant's.

(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: Enrique R. Arzac, chairman, Kathleen T. McGahran, W. Perry Neff, Landon Peters and Susan C. Schwab.

(B) Not applicable.

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

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

PROXY VOTING POLICIES & PROCEDURES

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

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

Corporate Control/ Governance Issues

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

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

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

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

We have found that most stockholder proposals relating to social issues focus on very narrow issues that either fall within the authority of the companys 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 managements position is reasonable and vote in accordance with managements recommendation on these types of proposals.

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

This disclosure requirement, which is effective for annual reports for fiscal years ending on or after December 31, 2005, is not applicable to Registrant at this time.

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

Period(2)	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Jul. 2004	166,000	$ 12.45	166,000	3,468,847
Aug. 2004	261,800	$ 12.33	261,800	3,207,047
Sep. 2004	249,150	$ 12.76	249,150	2,957,897
Oct. 2004	239,500	$ 12.95	239,500	2,718,397
Nov 2004	43,100	$ 13.34	43,100	2,675,297
Dec 2004	59,200	$ 13.05	59,200	4,113,253
Total	1,018,750(1)	$ 12.69	1,018,750(2)	4,113,253(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 and was reapproved on December 9, 2004.
(2.b) The share amount approved in 2003 was 5% of

outstanding shares, or approximately 4,112,647 shares, and in 2004 was 5% of outstanding shares, or approximately 4,172,453 shares.
(2.c) The Plan will expire on or about December 9, 2005.
(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 11, 2005, 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 11, 2005, the registrant's disclosure controls and procedures were reasonably designed so as to ensure that material information relating to the registrant is made known to the PEO and PFO.

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

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

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

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

Signatures:

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

THE ADAMS EXPRESS COMPANY

BY: /s/ Douglas G. Ober

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

Date: February 11, 2005

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 11, 2005

BY: /s/ Maureen A. Jones

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

Date: February 11, 2005