

ADAMS EXPRESS CO
Form N-30D
April 15, 2003

THE ADAMS EXPRESS COMPANY

Board of Directors

Enrique R. Arzac ^{2,4}	Douglas G. Ober ¹
Daniel E. Emerson ^{1,3}	Landon Peters ^{2,3}
Edward J. Kelly, III ^{1,4}	John J. Roberts ^{1,2}
Thomas H. Lenagh ^{1,4}	Susan C. Schwab ^{1,3}
W.D. MacCallan ^{3,4}	Robert J.M. Wilson ^{1,3}
W. Perry Neff ^{2,4}	

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	<i>Chairman and Chief Executive Officer</i>
Joseph M. Truta	<i>President</i>
Stephen E. Kohler	<i>Vice President Research</i>
Lawrence L. Hooper, Jr.	<i>Vice President, Secretary and General Counsel</i>
Maureen A. Jones	<i>Vice President and Chief Financial Officer</i>
Christine M. Sloan	<i>Assistant Treasurer</i>
Geraldine H. Paré	<i>Assistant Secretary</i>

Stock Data

Price (3/31/03)	\$	10.14
Net Asset Value (3/31/03)	\$	11.57
Discount:		12.4%

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 2003

From Investment Income (paid or declared)	\$	0.07
From Net Realized Gains		0.03
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Total	\$	0.10
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2003 Dividend Payment Dates

March 1, 2003

June 1, 2003

September 1, 2003*

December 27, 2003*

*Anticipated

FIRST QUARTER REPORT

March 31, 2003

LETTER TO STOCKHOLDERS

We submit herewith the financial statements for the three months ended March 31, 2003. Also provided are a schedule of investments and summary financial information.

Net assets of the Company at March 31, 2003 were \$11.57 per share on 83,693,350 shares outstanding, compared with \$12.12 per share at December 31, 2002 on 84,536,250 shares outstanding. On March 1, 2003, a distribution of \$0.05 per share was paid, consisting of \$0.03 from 2002 long-term capital gain, \$0.01 from 2002 investment income, and \$0.01 from 2003 investment income, all taxable in 2003. A regular 2003 investment income dividend of \$0.05 per share has been declared to shareholders of record May 16, 2003, payable June 1, 2003.

Net investment income for the three months ended March 31, 2003 amounted to \$3,658,419, compared with \$4,377,616 for the same period in 2002. These earnings are equal to \$0.04 and \$0.05 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the three months ended March 31, 2003 amounted to \$3,296,880, the equivalent of \$0.04 per share.

The Annual Meeting, held on March 25, 2003 in Chicago, Illinois, was well attended by shareholders. The results of the voting at the Annual Meeting are shown on page 14.

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 site is www.adamsexpress.com. Also available at the website are a brief history of the Company, historical financial information, and more general industry material. Further information regarding shareholder services is located on page 15 of this report.

Mr. Richard F. Koloski, Executive Vice President, retired from the Company on March 31, 2003. Mr. Koloski has been a member of the Investment Committee, the portfolio management team, since 1986 as well as the Company's senior energy analyst. His significant contributions to the Company over the years were recognized at the Annual Meeting of Shareholders by ourselves as well as the Board of Directors. We wish him well in his retirement; he will be missed by all.

We are pleased to announce effective March 25, 2003, the Board of Directors elected Mr. Stephen E. Kohler to Vice President Research. Mr Kohler has been a research analyst with the Company since 1999.

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The Company is an internally-managed equity fund whose investment policy is essentially 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,

Douglas G. Ober,

Chairman and

Chief Executive Officer

Joseph M. Truta,

President

April 18, 2003

STATEMENT OF ASSETS AND LIABILITIES

March 31, 2003

(unaudited)

Assets	
Investments* at value:	
Common stocks and convertible securities (cost \$764,368,690)	\$ 798,386,494
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162)	38,111,273
Short-term investments (cost \$130,995,082)	130,995,082
	\$ 967,492,849
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Cash	108,619
Securities lending collateral	76,081,176
Receivables:	
Investment securities sold	603,555
Dividends and interest	968,498
Prepaid expenses and other assets	7,163,729
	1,052,418,426
<i>Total Assets</i>	<i>1,052,418,426</i>
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Liabilities	
Investment securities purchased	3,254,797
Open written option contracts at value (proceeds \$1,371,323)	983,250
Obligations to return securities lending collateral	76,081,176
Accrued expenses	3,410,663
	83,729,886
<i>Total Liabilities</i>	<i>83,729,886</i>
	\$ 968,688,540
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Net Assets	
Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 83,693,350 shares	
	\$ 83,693,350
Additional capital surplus	829,984,018
Undistributed net investment income	6,849,025
Undistributed net realized gain on investments	3,608,159
Unrealized appreciation on investments	44,553,988
	\$ 968,688,540
Net Assets Applicable to Common Stock	\$ 968,688,540
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Net Asset Value Per Share of Common Stock	\$11.57

*See Schedule of Investments on pages 8 through 10.

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

STATEMENT OF OPERATIONS

Three Months Ended March 31, 2003

(unaudited)

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	\$ 4,344,944
From non-controlled affiliate	79,440
Interest and other income	487,507
Total income	4,911,891
Expenses:	
Investment research	445,815
Administration and operations	274,761
Directors' fees	58,500
Reports and stockholder communications	129,941
Transfer agent, registrar and custodian expenses	115,626
Auditing and accounting services	24,136
Legal services	12,308
Occupancy and other office expenses	140,973
Travel, telephone and postage	30,049
Other	21,363
Total expenses	1,253,472
Net Investment Income	3,658,419
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	3,118,140
Net realized gain distributed by regulated investment company (non-controlled affiliate)	178,740
Change in unrealized appreciation on investments	(50,033,550)
Net Loss on Investments	(46,736,670)
Change in Net Assets Resulting from Operations	\$ (43,078,251)

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

STATEMENTS OF CHANGES IN NET ASSETS

	Three Months Ended March 31, 2003	Year Ended December 31, 2002
	(unaudited)	
From Operations:		
Net investment income	\$ 3,658,419	\$ 16,738,360
Net realized gain on investments	3,296,880	44,530,335
Change in unrealized appreciation on investments	(50,033,550)	(330,406,021)
<i>Change in net assets resulting from operations</i>	(43,078,251)	(269,137,326)
Dividends to Stockholders from:		
Net investment income	(1,681,663)	(15,955,830)
Net realized gain from investment transactions	(2,522,494)	(47,121,926)
<i>Decrease in net assets from distributions</i>	(4,204,157)	(63,077,756)
From Capital Share Transactions:		
Value of shares issued in payment of exercised options and distributions		26,003,033
Cost of shares purchased (Note 4)	(8,839,144)	(37,344,175)
<i>Change in net assets from capital share transactions</i>	(8,839,144)	(11,341,142)
Total Decrease in Net Assets	(56,121,552)	(343,556,224)
Net Assets:		
Beginning of period	1,024,810,092	1,368,366,316
End of period (including undistributed net investment income of \$6,849,025 and \$4,872,269, respectively)	\$ 968,688,540	\$ 1,024,810,092

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. Significant Accounting Policies

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

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

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

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

2. Federal Income Taxes

The Company's policy is to distribute all of its taxable income to its shareholders in compliance with the requirements of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. For federal income tax purposes, the identified cost of securities, including options, at March 31, 2003 was \$923,822,933 and net unrealized appreciation aggregated \$45,041,239, of which the related gross unrealized appreciation and depreciation were \$269,431,713 and \$224,390,474, respectively.

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

3. Investment Transactions

Purchases and sales of portfolio securities, other than options and short-term investments, during the three months ended March 31, 2003 were \$37,664,892 and \$16,830,151, respectively. Options may be written (sold) or purchased by the Company. The Company, as writer of an option, bears the market risk of an unfavorable change in the price of the security underlying the written option. The risk associated with purchasing an option is limited to the premium originally paid. A schedule of outstanding option contracts as of March 31, 2003 can be found on page 11.

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Transactions in written covered call and collateralized put options during the three months ended March 31, 2003 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2002	6,047	\$ 564,056	6,195	\$ 663,944
Options written	2,200	303,980	8,450	856,624
Options terminated in closing purchase transactions	(100)	(17,354)	(350)	(44,956)
Options expired	(3,797)	(342,808)	(6,095)	(587,664)
Options exercised			(250)	(24,499)
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Options outstanding, March 31, 2003	4,350	\$ 507,874	7,950	\$ 863,449

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

4. Capital Stock

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

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

The Company may purchase shares of its Common Stock from time to time at such prices and amounts as the Board of Directors may deem advisable.

Transactions in Common Stock for 2003 and 2002 were as follows:

	Shares		Amount	
	Three months ended March 31, 2003	Year ended December 31, 2002	Three months ended March 31, 2003	Year ended December 31, 2002
Shares issued in payment of dividends		2,426,788	\$	\$ 26,003,033
Shares purchased (at a weighted average discount from net asset value of 11.9% and 10.9%, respectively)	(842,900)	(3,123,800)	(8,839,144)	(37,344,175)

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Net change	(842,900)	(697,012)	\$	(8,839,144)	\$	(11,341,142)
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On March 31, 2003, the Company held a total of 1,539,912 shares of its Common Stock at a cost of \$16,393,570. There were 697,012 shares at a cost of \$7,554,426 of its Common Stock held at December 31, 2002.