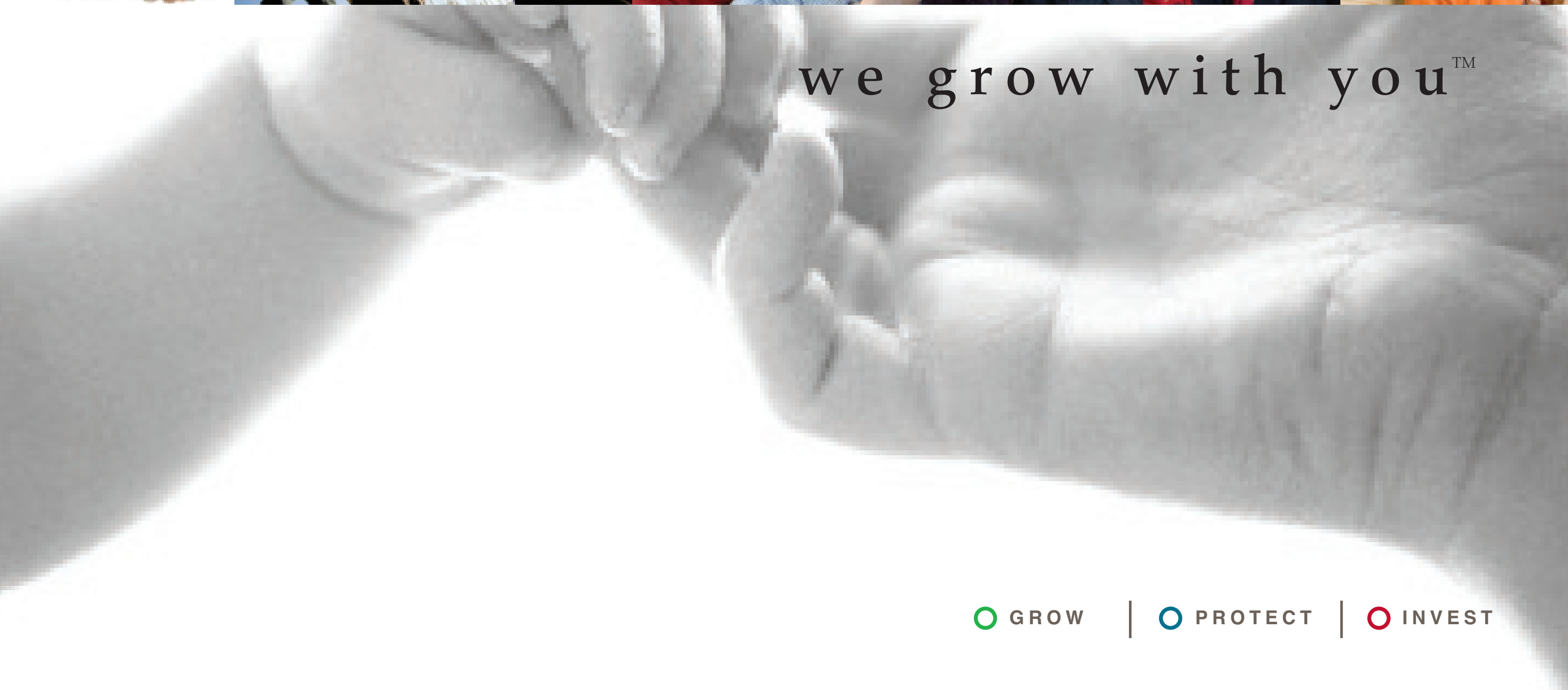
The Adams Express Company

Annual Report 2006

Generation after generation



we grow with you™

GROW | PROTECT | INVEST

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 (12/31/06)

NYSE Symbol . . . . ADX
Market Price $13.87
52-Week Range . . . . $12.37 – $14.37
Discount 12.5%
Shares Outstanding 86,838,223

Summary Financial Information

	Year Ended December 31 2006	2005
Net asset value per share	$ 15.86	$ 14.71
Total net assets	1,377,418,310	1,266,728,652
Unrealized appreciation	418,756,256	316,477,367
Net investment income	19,691,488	18,288,551
Total realized gain	56,553,881	53,817,950
Total return (based on market value)	17.9%	2.2%
Total return (based on net asset value)	15.0%	4.5%
Expense ratio	0.50%	0.45%

2006 Dividends and Distributions

Paid	Amount (per share)	Type
March 1, 2006	$0.02	Short-term capital gain
March 1, 2006	0.03	Investment income
June 1, 2006	0.05	Investment income
September 1, 2006	0.05	Investment income
December 27, 2006	0.63	Long-term capital gain
December 27, 2006	0.02	Short-term capital gain
December 27, 2006	0.10	Investment income
	$0.90	

2007 Annual Meeting of Stockholders

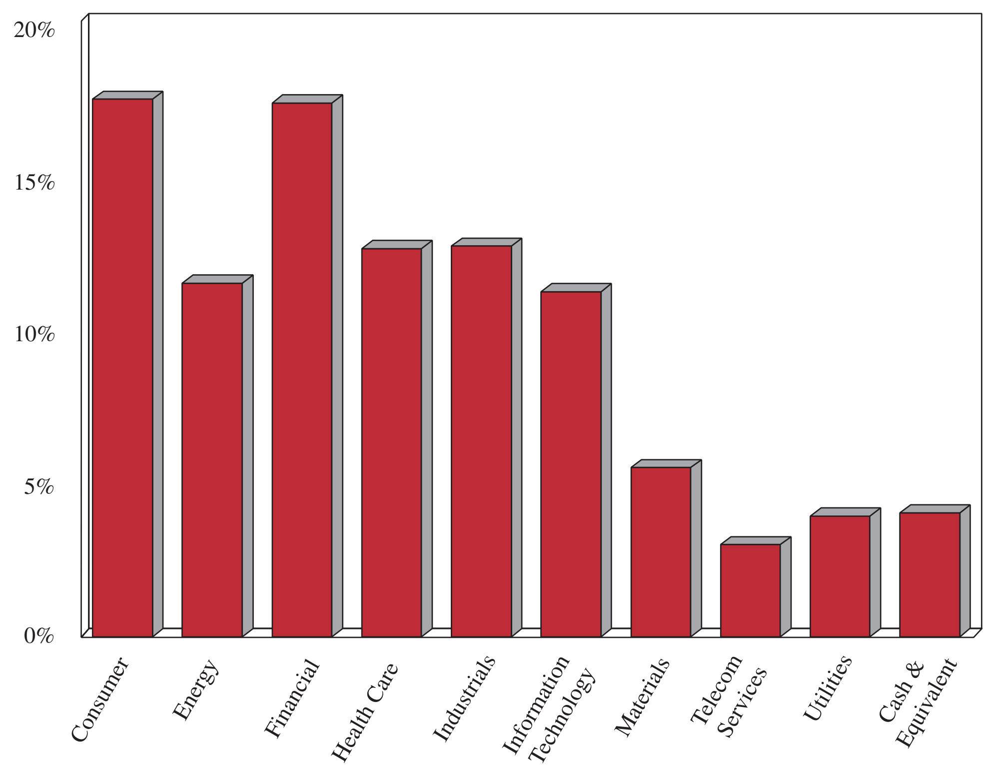
Location: The Maryland Club, Baltimore, Maryland
Date: March 27, 2007
Time: 9:30 a.m.

Ten Largest Portfolio Holdings (12/31/06)

	Market Value	*% of Net Assets*
Petroleum & Resources Corporation*	$ 73,169,458	5.3
General Electric Co.	55,357,317	4.0
American International Group, Inc.	35,830,000	2.6
Microsoft Corp.	35,234,800	2.6
Bank of America Corp.	32,567,900	2.4
Pfizer Inc.	29,008,000	2.1
Wachovia Corp.	26,766,500	1.9
PepsiCo, Inc.	25,020,000	1.8
ConocoPhillips	24,822,750	1.8
Schlumberger Ltd.	24,000,800	1.7
Total	$361,777,525	26.2%

*Non-controlled affiliate

Sector Weightings (12/31/06)

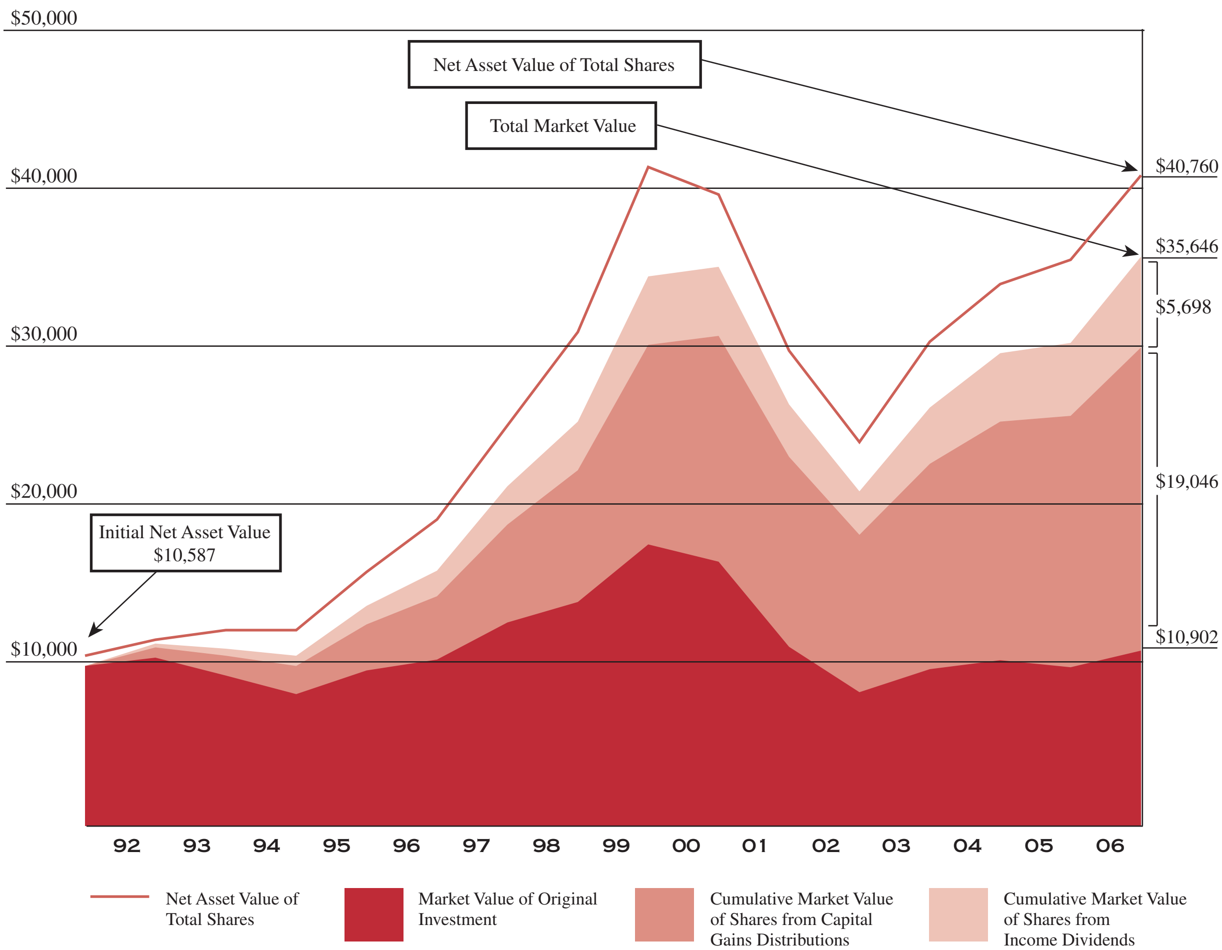


Calendar Years	Market Value of original shares	Cumulative market value of capital gains distributions taken in shares	Cumulative market value of income dividends taken in shares	Total market value	Total net asset value
1992	$10,480	$ 629	$ 237	$11,346	$11,619
1993	9,367	1,232	437	11,036	12,211
1994	8,188	1,766	661	10,615	12,218
1995	9,691	2,881	1,151	13,723	15,849
1996	10,349	3,994	1,615	15,958	19,150
1997	12,674	6,145	2,417	21,236	25,036
1998	13,952	8,292	3,068	25,312	30,930
1999	17,587	12,533	4,293	34,413	41,295
2000	16,506	14,186	4,315	35,007	39,541
2001	11,177	11,902	3,285	26,364	29,757
2002	8,308	9,888	2,733	20,929	23,998
2003	9,754	12,876	3,555	26,185	30,300
2004	10,312	14,989	4,311	29,612	33,945
2005	9,864	15,786	4,595	30,245	35,451
2006	10,902	19,046	5,698	35,646	40,760

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 1992–2006. 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.



The Year in Review

Douglas G. Ober,
Chairman and Chief Executive Officer

We are pleased to report a strong 15.0% total return on net assets for the Fund in 2006. This compares well with the S&P 500 Index's return of 15.8%, and is well ahead of the Lipper Large Cap Core Mutual Fund Average return of 13.5%. We entered 2006 expecting a year of modest returns based on decelerating earnings growth, but these were surpassed in the latter part of the year. Profit margins were maintained or increased by many corporations due to strong cost-cutting measures and earnings per share were further boosted by large share-repurchase programs. When all the numbers are in, operating earnings per share growth of the companies in the S&P 500 will most likely have been over 10% for an unprecedented fourth year in a row, contributing to the higher return.

The short-term interest rate increases begun by the Federal Reserve Board (the Fed) in 2004 were continued through the first six months of 2006. These actions cast a pall over equity markets, resulting in a low 2.7% return for the S&P 500 through June 30. The yield curve (the variation of interest rates with time) had become inverted, with short-term rates running higher than long-term rates, in 2005 and remained so through 2006. Such an inversion has historically preceded slower economic growth or an outright recession. When the Fed took no action to raise short-term rates further in the latter half of the year, investors became more optimistic, analysts ceased lowering corporate earnings estimates, and the equity markets headed up.

In addition to the above, there was a general increase in private equity transactions, in which hedge funds and private investors took large positions in public companies or bought them outright. Examples from our portfolio included Clear Channel Communications and HCA, Inc. Such transactions frequently were done at higher valuations than had been priced into the equity markets, resulting in upward revaluations of many public companies and consequent surges in the markets that were more speculative in nature than fundamentally-based. There was also a pick-up in industry consolidation in a number of sectors, including materials, industrial, financial, telecommunications, and technology, as companies utilized large cash hoards and/or stock to expand their businesses through acquisition. Several companies in our portfolio were involved in such transactions, including AT&T, North Fork Bancorp, Lucent Technologies, and Caremark Rx.

While this kind of activity has a salutary effect on market valuations, it has no near-term impact on overall economic growth. Indeed, after strong growth in the first quarter, the economy grew at roughly 2% for the next two quarters and probably at a similar rate in the final three months of the year. Europe, on the other hand, experienced accelerating, though still modest, growth and most of the rest of the world grew strongly, though at a slightly reduced rate. We chose not to participate directly in the international growth, preferring to hold positions in domestic companies with major overseas operations, though we did add Teva Pharmaceuticals, an Israeli corporation, to the portfolio.

Our performance in 2006 was led by our holdings in the telecom services, energy, and consumer sectors of the economy. Our technology holdings outperformed the S&P Index sector by nearly 6 percentage points, with a 14.3% return. The Fund's investments in the health care sector also outperformed the Index sector, by a more modest amount. Underperforming sectors included financials, materials, industrials, and utilities, though both financials and industrials had double-digit returns. Within the financials, we have generally avoided real estate companies and brokers (with Morgan Stanley the exception), which performed best in the group. The materials sector benefited from a flurry of acquisitions in the metals group, where we have no current exposure. The return of our industrial sector holdings was negatively impacted by our large GE holding, which finally began to improve toward the end of the year. Utilities with merchant generating assets and those with nuclear power plants, which we have generally avoided, were the outstanding performers within the utilities sector. Overall, there was only a modest difference between the Fund's performance and that of the S&P 500 and it can in some part be accounted for by the merger and acquisition activity mentioned above. Our philosophy of investing in companies with strong outlooks often means we do not benefit from such activity in the short term as we are less likely to own shares of merger or acquisition targets. We believe that our approach results in more consistent returns over the long term.

Investment Results

At the end of 2006 our net assets were $1,377,418,310 or $15.86 per share on 86,838,223 shares outstanding. This compares with $1,266,728,652 or $14.71 per share on 86,099,607 shares outstanding a year earlier.

Net investment income for 2006 was $19,691,488 compared to $18,288,551 for 2005. These earnings are equal to $0.23 and $0.22 per share, respectively, on the average number of shares outstanding throughout each year. Our 0.50% expense ratio (expenses to average net assets) in 2006 was once again very low compared to the fund industry in general.

Net realized gains amounted to $56,553,881 during the year, while the unrealized appreciation on investments increased from $316,477,367 at December 31, 2005 to $418,756,256 at year end.

Dividends and Distributions

The total dividends and distributions paid in 2006 were $0.90 per share compared to $0.86 in 2005. The table on page 21 shows the history of our dividends and distributions over the past fifteen years, including the annual rate of distribution as a percentage of the average daily market price of the Company's Common Stock. In 2006, the annual rate of distribution was 6.80% compared to 6.65% in 2005. As announced on November 9, 2006, a year-end distribution consisting of investment income of $0.10 and capital gains of $0.65 was made on December 27, 2006, both realized and taxable in 2006. On January 11, 2007, an additional distribution of $0.05 per share was declared to shareholders of record February 16, 2007, payable March 1, 2007, representing the balance of undistributed net investment income and capital gains earned during 2006 and an initial distribution from 2007 net investment income, all taxable to shareholders in 2007.

Outlook for 2007

For the past two years, we have anticipated a slowdown in the domestic economy, to a significant degree due to higher energy prices and short-term interest rates. Surprisingly, both the consumer and the industrial sectors of the economy seem to have adapted to these expected drags on growth, although some impact has been felt. Particular industries, notably housing and autos, have been hit harder than others and will take some time to recover. In general, though, conditions are good and there is little reason to expect the economy to fall into recession. After a brief pause, manufacturing industries are growing; consumers continue to spend the bulk of their paychecks; the Fed has stopped raising interest rates for now; energy prices have begun to ease with a mild early part of the winter; and the dollar has only weakened modestly. There is general agreement among economists that a "soft landing" will occur, in which the economy slows sufficiently that inflation is brought below 2% but does not reach recession. Equity investors are content with this outlook, though they have had to temper expectations that the Fed will cut rates in the first half of the year.

It is our belief that inflation is more stubborn than many believe and that Fed Chairman Bernanke will keep short-term interest rates at the current level for most, if not all, of 2007, and may even raise them further if the economy rebounds. Housing and energy prices have declined from their highest levels, as have the prices of some industrial raw materials, but the impact of these price increases over the past several years still are not reflected in consumer prices. Agricultural commodities, especially corn, remain very expensive, with little sign of easing, yet food price increases have not been remarkable. We would expect Mr. Bernanke, as the new Fed chairman, to take action to firmly establish his credentials as an inflation fighter. Thus, he is more likely to err on the side of caution than take a chance that inflation will subside on its own.

With the expectation that interest rates will remain high longer, we are not looking for the economy to accelerate until the final quarter of 2007 and perhaps not until 2008. Year-over-year, real GDP growth should amount to 2% to 2½% in 2007 at best. The cost-cutting which occurred in 2006 cannot continue indefinitely, nor can share-buybacks boost earnings by more than 2% or so. This leaves anticipated growth in the earnings per share of the S&P 500 of 5% to 7%. Such a modest level of earnings growth would normally generate rather subdued returns in the equity markets. We do, however, believe that multiple expansion could occur in 2007, with the market's price/earnings ratio rising to 17 from 16 on a trailing basis, and drive returns closer to the 10% level. The merger, acquisition, and privatization activity which began in earnest in 2006 is expected to continue this year and may even accelerate. As noted previously, this has been reflected to some degree in equity markets already and should continue to drive valuations upward until stocks become over-valued, which they are not currently, or the current liquidity of the markets declines. We do not expect that the new Congress, controlled by Democrats, will have much impact on the economy in the short term. Energy legislation, the elimination of tax cuts, increased social program spending, and the ongoing war in Iraq will, however, serve as a drag on the economy over time.

Outside the U. S., the developing economies of Asia are expected to slow their rapid rate of growth somewhat. The more developed countries of Europe, the Americas, and Asia should also experience slower growth as central banks have raised interest rates and the impacts of high energy and commodity prices are being felt. Given the relative sizes of the various economies, we expect that worldwide growth will be in the range of 3% to 3½%. Further weakening of the U. S. dollar is likely to stimulate exports and reduce imports domestically, thus lowering our trade deficit. This will also provide a test of how tightly the economies of other countries are linked to ours. Should the lower demand for foreign goods in this country trigger a more dramatic slowing outside the U. S., there could be a worldwide recession, in which event our holdings in multi-national companies would not perform well. We do not expect a downward spiral into recession, however, as most economies are in much better financial condition than in the past. Any change in the situation in the Middle East, either more antagonistic or calming, will be felt worldwide in the form of significantly higher or lower energy prices. Any change in the portfolio to reflect one or the other of these possibilities would be risky; we prefer to take the position that energy prices will continue to exhibit high volatility in 2007.

With the bulk of our holdings in the largest-capitalization segment of the market, there is not likely to be much acquisition or privatization activity in the portfolio. We should, however, benefit significantly from any multiple expansion which occurs as well as from industry consolidation, which our companies might well lead through merger. While our outlook for the rest of the world is cautious, international growth still looks stronger than domestic growth. Many of our investments are in multi-national companies, which should perform particularly well in this anticipated environment. We believe that these multi-national companies, as well as the ones we hold that are focused on domestic activity, have excellent long-term prospects and, absent unforeseen events, we do not anticipate making wholesale changes in the portfolio in 2007.

Special Shareholder Meeting

We were gratified with the strong support shown by our shareholders at the special meeting held on November 7, 2006. All eight of the proposals of the Board of Directors were overwhelmingly approved, with no proposal receiving less than 83% of the votes cast. A full report of the meeting can be found on page 23. The approval of these important changes to the corporate charter provides the Company with additional tools to protect the interests of our long-term shareholders. You have clearly expressed your interest in seeing the Company continue as a closed-end fund, and your action has strengthened our ability to do so.

Share Repurchase Program

On December 14, 2006, 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 2007 through January 25, 2007, a total of 158,900 shares have been repurchased at a total cost of $2,197,875 and a weighted average discount from net asset value of 13.1%.

Effective January 1, 2007, Mr. David D. Weaver was promoted to Vice President—Research. Mr. Weaver has been a senior research analyst covering consumer discretionary and industrials sectors for the Company.

The proxy statement for the Annual Meeting of Stockholders to be held in Baltimore on March 27, 2007, is expected to be mailed on or about February 16, 2007.

By order of the Board of Directors,

Joseph M. Truta

Douglas G. Ober,
Chairman and Chief Executive Officer

Joseph M. Truta,
President

January 26, 2007

December 31, 2006

Assets		
Investments* at value:		
Common stocks and convertible securities		
(cost $871,858,922)	$1,252,479,033	
Non-controlled affiliate, Petroleum & Resources Corporation		
(cost $34,735,404)	73,169,458	
Short-term investments (cost $49,432,213)	49,432,213	
Securities lending collateral (cost $69,086,380)	69,086,380	$1,444,167,084
Cash		501,080
Dividends receivable		1,507,341
Prepaid pension cost		3,362,803
Prepaid expenses and other assets		2,296,927
Total Assets		1,451,835,235
Liabilities		
Open written option contracts at value (proceeds $717,931)		1,015,840
Obligations to return securities lending collateral		69,086,380
Accrued expenses and other liabilities		4,314,705
Total Liabilities		74,416,925
Net Assets		$1,377,418,310
Net Assets		
Common Stock at par value $0.001 per share, authorized 150,000,000 shares; issued and outstanding 86,838,223 shares (includes 58,794 restricted shares, 7,500 restricted stock units, and 4,199 deferred stock units) (Note 6)		$ 86,838
Additional capital surplus		954,499,749
Accumulated other comprehensive income (Note 5)		(1,824,105)
Undistributed net investment income		4,632,588
Undistributed net realized gain on investments		1,266,984
Unrealized appreciation on investments		418,756,256
Net Assets Applicable to Common Stock		$1,377,418,310
Net Asset Value Per Share of Common Stock		$15.86

*See schedule of investments on pages 15 through 17.

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

Year Ended December 31, 2006

Investment Income	
Income:	
Dividends:	
From unaffiliated issuers	$ 22,729,733
From non-controlled affiliate	1,606,317
Interest and other income	1,896,214
Total income	26,232,264
Expenses:	
Investment research	2,783,475
Administration and operations	1,374,432
Directors' fees	352,820
Reports and stockholder communications	768,511
Transfer agent, registrar and custodian expenses	327,075
Auditing and accounting services	125,196
Legal services	131,766
Occupancy and other office expenses	351,952
Travel, telephone and postage	106,643
Other	218,906
Total expenses	6,540,776
Net Investment Income	19,691,488
Realized Gain and Change in Unrealized Appreciation on Investments	
Net realized gain on security transactions	50,615,753
Net realized gain distributed by regulated investment company (non-controlled affiliate)	5,938,128
Change in unrealized appreciation on investments	102,278,889
Net Gain on Investments	158,832,770
Change in Net Assets Resulting from Operations	$178,524,258

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

	For the Year Ended	
	Dec. 31, 2006	Dec. 31, 2005
From Operations:		
Net investment income	$ 19,691,488	$ 18,288,551
Net realized gain on investments	56,553,881	53,817,950
Change in unrealized appreciation on investments	102,278,889	(27,193,045)
Adjustment to apply FASB Statement No. 158 (note 5)	(1,824,105)	—
Change in net assets resulting from operations	176,700,153	44,913,456
Distributions to Stockholders From:		
Net investment income	(19,554,259)	(18,634,893)
Net realized gain from investment transactions	(56,771,240)	(53,672,531)
Decrease in net assets from distributions	(76,325,499)	(72,307,424)
From Capital Share Transactions:		
Value of shares issued in payment of distributions	31,661,698	30,523,934
Cost of shares purchased (note 4)	(21,770,315)	(32,052,187)
Deferred compensation (notes 4, 6)	423,621	101,973
Change in net assets from capital share transactions	10,315,004	(1,426,280)
Total Change in Net Assets	110,689,658	(28,820,248)
Net Assets:		
Beginning of year	1,266,728,652	1,295,548,900
End of year (including undistributed net investment income of $4,632,588 and $4,672,704, respectively)	$1,377,418,310	$1,266,728,652

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

1. Significant Accounting Policies

The Adams Express Company (the Company) is registered under the Investment Company Act of 1940 as a diversified investment company. The Company is an internally-managed fund whose investment objectives are preservation of capital, the attainment of reasonable income from investments, and an opportunity for capital appreciation.

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, 2006 was $1,024,625,668, and net unrealized appreciation aggregated $419,541,416, of which the related gross unrealized appreciation and depreciation were $475,809,356 and $56,267,940, respectively. As of December 31, 2006, the tax basis of distributable earnings was $3,477,022 of undistributed ordinary income and no undistributed long-term capital gain.

Distributions paid by the Company during the year ended December 31, 2006 were classified as ordinary income of $22,964,152, and long-term capital gain of $53,361,347. In comparison, distributions paid by the Company during the year ended December 31, 2005 were classified as ordinary income of $26,198,384, and long-term capital gain of $46,109,040. 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 of management, and recommendations to that committee are made by the research staff.

Purchases and sales of portfolio securities, other than options and short-term investments, during the year ended December 31, 2006 were $139,671,450 and $217,209,083, 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, 2006 can be found on page 18.

Transactions in written covered call and collateralized put options during the year ended December 31, 2006 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2005	2,320	$ 244,294	2,465	$ 317,641
Options written	9,975	1,262,505	10,988	1,223,297
Options terminated in closing purchase transactions	(1,650)	(203,033)	(3,645)	(439,498)
Options expired	(6,330)	(741,110)	(7,330)	(845,453)
Options exercised	(570)	(65,038)	(375)	(35,674)
Options outstanding, December 31, 2006	3,745	$ 497,618	2,103	$ 220,313

4. Capital Stock

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

On December 27, 2005, the Company issued 2,400,624 shares of its Common Stock at a price of $12.715 per share (the average market price on December 12, 2005) to stockholders of record November 22, 2005 who elected to take stock in payment of the distribution from 2005 capital gain and investment income.

On December 27, 2006, the Company issued 2,301,959 shares of its Common Stock at a price of $13.75 per share (the average market price on December 11, 2006) to stockholders of record November 21, 2006 who elected to take stock in payment of the distribution from 2006 capital gain and investment income. In addition, 722 shares were issued at a weighted average price of $13.43 per share as dividend equivalents to holders of deferred stock units and restricted stock units under the 2005 Equity Incentive Compensation Plan.

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 2006 and 2005 were as follows:

	Shares		Amount	
	2006	2005	2006	2005
Shares issued in payment of distributions	2,302,681	2,400,624	$ 31,661,698	$ 30,523,934
Shares purchased (at a weighted average discount from net asset value of 13.9% and 12.6%, respectively)	(1,623,542)	(2,458,500)	(21,770,315)	(32,052,187)
Net activity under the 2005 Equity Incentive Compensation Plan	59,477	22,191	423,621	101,973
Net change	738,616	(35,685)	$ 10,315,004	$ (1,426,280)

5. Retirement Plans

The Company initially applied the provisions of Financial Accounting Standards Board ("FASB") Statement No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, at December 31, 2006. This accounting standard requires recognition of the overfunded or underfunded status of a defined benefit plan in the Statement of Assets and Liabilities, and recognition of changes in the funded status in the years in which the changes occur through the capital accounts. The transition rules for implementing the standard require applying the provisions as of the end of the year of initial implementation with no retrospective application. The incremental effects on the line items in the Statement of Assets and Liabilities at December 31, 2006, are as follows:

	Before Application of Statement 158	Adjustments	After Application of Statement 158
Prepaid pension cost	$ 5,255,972	$(1,893,169)	$ 3,362,803
Total Assets	$1,453,728,404	$(1,893,169)	$1,451,835,235
Accrued expenses and other liabilities	$ 4,383,769	$ (69,064)	$ 4,314,705
Total Liabilities	$ 74,485,989	$ (69,064)	$ 74,416,925
Accumulated other comprehensive income	$ —	$(1,824,105)	$ (1,824,105)
Net Assets Applicable to Common Stock	$1,379,242,415	$(1,824,105)	$1,377,418,310

The Company provides retirement benefits for its employees under a non-contributory qualified defined benefit pension plan and a non-contributory non-qualified 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.

	2006	2005
Change in benefit obligation		
Benefit obligation at beginning of year	$ 8,951,798	$ 8,349,320
Service cost	460,969	359,998
Interest cost	518,015	504,330
Actuarial loss	70,276	(42,715)
Benefits paid	(150,967)	(219,135)
Benefit obligation at end of year	$ 9,850,091	$ 8,951,798
Change in plan assets		
Fair value of plan assets at beginning of year	$10,063,296	$ 9,976,905
Actual return on plan assets	922,155	292,963
Employer contribution	—	12,563
Benefits paid	(150,967)	(219,135)
Fair value of plan assets at end of year	10,834,484	$10,063,296
Funded status	$ 984,393	$ 1,111,498
Unrecognized prior service cost	$ —	$ 456,052
Unrecognized net loss	—	1,727,768
Net amount recognized	$ —	$ 3,295,318

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

	2006	2005
Prior service cost	$ 336,276	$ —
Net (gain)/loss	1,487,829	—
Total recognized as a charge to net assets	$1,824,105	$ —

The accumulated benefit obligation for all defined benefit pension plans was $8,137,314 and $6,947,921 at December 31, 2006 and 2005, respectively.

	2006	2005
Components of net periodic pension cost		
Service cost	$ 460,969	$ 359,998
Interest cost	518,015	504,330
Actual return on plan assets	(922,155)	(292,963)
Amortization of prior service cost	119,776	126,553
Amortization of net (gain)/loss	180,764	188,462
Deferred asset gain	128,119	(504,070)
Net periodic pension cost	$ 485,488	$ 382,310

In 2007, the Company estimates that $154,000 of prior service cost and $95,000 of net losses, for a total of $249,000, will be amortized from accumulated other comprehensive income into net periodic pension cost.

Assumptions used to determine benefit obligations and costs are:

	2006	2005
Discount rate	5.75%	5.75%
Expected long-term return on plan assets	8.00%	8.00%
Rate of compensation increase	7.00%	7.00%

The assumption for the expected long-term return on plan assets is based on the actual long-term historical returns realized by the plan assets, weighted according to the current asset mix.

The asset allocations at December 31, 2006 and 2005, by asset category, are as follows:

	2006	2005
Asset Category		
Equity Securities & Equity Mutual Funds	68%	70%
Fixed Income Mutual Funds	27%	28%
Cash	5%	2%

Equity securities include Common Stock of the Company in the amount of $718,924 (6% of total plan assets) and $616,864 (6% of total plan assets) at December 31, 2006 and 2005, 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, U.S. government securities, and U.S. 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 no contribution to the plans in 2007.

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

	Pension Benefits
2007	$ 301,638
2008	572,494
2009	562,223
2010	629,233
2011	614,012
Years 2012-2016	3,294,160

The Company also sponsors a defined contribution plan that covers substantially all employees. The Company expensed contributions to this plan of $182,985 and $181,236 for the years ended December 31, 2006 and December 31, 2005, respectively. The Company does not provide postretirement medical benefits.

6. Equity-Based Compensation

The Stock Option Plan adopted in 1985 ("1985 Plan") has been discontinued and no further grants will be made under this plan, although unexercised awards granted in 2004 and prior years remain outstanding. The 1985 Plan permitted the issuance of stock options and stock appreciation rights for the purchase of up to 2,610,146 shares of the Company's Common Stock at the fair market value on the date of grant. The exercise price of the options and related stock appreciation rights is reduced by the per share amount of capital gains paid by the Company during subsequent years. Options are exercisable beginning not less than one year after the date of grant and stock appreciation rights are exercisable beginning not less than two years after the date of grant. The stock appreciation rights allow the holders to surrender their rights to exercise their options and receive cash or shares in an amount equal to the difference between the option exercise price and the fair market value of the Common Stock at the date of surrender. All options terminate 10 years from the date of grant if not exercised.

A summary of option activity under the 1985 Plan as of December 31, 2006, and changes during the period then ended, is presented below:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Life (Years)
Outstanding at December 31, 2005	254,766	$11.71	5.71
Exercised	(44,543)	8.34	
Forfeited	(8,233)	10.87	
Outstanding at December 31, 2006	201,990	$11.81	4.79
Exercisable at December 31, 2006	124,068	$12.03	4.75

The options outstanding as of December 31, 2006 are set forth below:

Exercise price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
$8.25-$10.49	54,427	$ 9.23	3.57
$10.50-$12.74	96,415	10.89	6.12
$12.75-$14.99	—	—	—
$15.00-$17.25	51,148	16.29	3.59
Outstanding at December 31, 2006	201,990	$11.81	4.79

Compensation cost resulting from stock options and stock appreciation rights granted under the 1985 Plan is based on the intrinsic value of the award, recognized over the award's vesting period, and remeasured at each reporting date through the date of settlement. The total compensation cost recognized for the year ended December 31, 2006 was $293,582.

The 2005 Equity Incentive Compensation Plan ("2005 Plan"), adopted at the 2005 Annual Meeting, permits the grant of stock options, restricted stock awards and other stock incentives to key employees and all non-employee directors. The 2005 Plan provides for the issuance of up to 3,413,131 shares of the Company's Common Stock, including both performance and nonperformance-based restricted stock. Performance-based restricted stock awards vest at the end of a specified three year period, with the ultimate number of shares earned contingent on achieving certain performance targets. If performance targets are not achieved, all or a portion of the performance-based restricted shares are forfeited and become available for future grants. Nonperformance-based restricted stock awards vest ratably over a three year period and nonperformance-based restricted stock units (granted to non-employee directors) vest over a one year period. It is the current intention that employee grants will be performance-based. The 2005 Plan provides for accelerated vesting in the event of death or retirement. Non- employee directors also may elect to defer a portion of their cash compensation, with such deferred amount to be paid by delivery of deferred stock units. Outstanding awards are granted at fair market value on grant date. The number of shares of Common Stock which remains available for future grants under the 2005 Plan at December 31, 2006 is 3,329,260 shares.

The Company pays dividends and dividend equivalents on outstanding awards, which are charged to net assets when paid. Dividends and dividend equivalents paid on restricted awards that are later forfeited are reclassified to compensation expense.

A summary of the status of the Company's awards granted under the 2005 Plan as of December 31, 2006, and changes during the period then ended, is presented below:

Awards	Shares/Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2005	21,441	$12.57
Granted:		
Restricted stock	49,500	12.93
Restricted stock units	7,500	13.24
Deferred stock units	4,199	13.17
Vested	(12,147)	12.58
Balance at December 31, 2006 (includes 49,500 performance-based awards and 20,993 nonperformance-based awards)	70,493	$12.92

Compensation costs resulting from awards granted under the 2005 Plan are based on the fair value of the award on grant date (determined by the average of the high and low price on grant date) and recognized on a straight-line basis over the requisite service period. For those awards with performance conditions, compensation costs are based on the most probable outcome and, if such goals are not met, compensation cost is not recognized and any previously recognized compensation cost is reversed. The total compensation costs for restricted stock granted to employees for the year ended December 31, 2006 were $271,629. The total compensation costs for restricted stock units granted to non-employee directors for the year ended December 31, 2006 were $119,737. As of December 31, 2006, there were total unrecognized compensation costs of $527,227, a component of additional capital surplus, related to nonvested equity-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be recognized over a weighted average period of 1.82 years. The total fair value of shares vested during the years ended December 31, 2006 and 2005 was $168,230 and $9,889, respectively.

7. Expenses

The aggregate remuneration paid during the year ended December 31, 2006 to officers and directors amounted to $2,592,307, of which $339,415 was paid to directors who were not officers. These amounts represent the taxable income to the Company's officers and directors and therefore differ from the amounts reported in the accompanying Statement of Operations that are recorded and expensed in accordance with generally accepted accounting principles.

8. Portfolio Securities Loaned

The Company makes loans of securities to brokers, secured by cash, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured at all times by collateral of at least 102% of the fair value of the securities loaned plus accrued interest. At December 31, 2006, the Company had securities on loan of $67,475,119, and held collateral of $69,086,380, consisting of an investment trust fund which may invest in money market instruments, commercial paper, repurchase agreements, U.S. Treasury Bills, and U.S. agency obligations.

9. New Accounting Pronouncements

In July 2006, the FASB released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required to be implemented no later than the Company's June 29, 2007 net asset value. The application of FIN 48 is not expected to materially impact the Company's financial statements.

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

	Year Ended December 31				
	2006	2005	2004	2003	2002
Per Share Operating Performance					
Net asset value, beginning of year	$14.71	$15.04	$14.36	$12.12	$16.05
Net investment income	0.23	0.22	0.23*	0.19	0.20
Net realized gains and increase (decrease) in unrealized appreciation	1.86	0.32	1.39	2.85	(3.38)
Adjustment to apply FASB Statement No. 158 (note 5)	(0.02)	—	—	—	—
Total from investment operations	2.07	0.54	1.62	3.04	(3.18)
Less distributions					
Dividends from net investment income	(0.23)	(0.22)	(0.24)	(0.17)	(0.19)
Distributions from net realized gains	(0.67)	(0.64)	(0.66)	(0.61)	(0.57)
Total distributions	(0.90)	(0.86)	(0.90)	(0.78)	(0.76)
Capital share repurchases	0.04	0.05	0.02	0.04	0.05
Reinvestment of distributions	(0.06)	(0.06)	(0.06)	(0.06)	(0.04)
Total capital share transactions	(0.02)	(0.01)	(0.04)	(0.02)	0.01
Net asset value, end of year	$15.86	$14.71	$15.04	$14.36	$12.12
Per share market price, end of year	$13.87	$12.55	$13.12	$12.41	$10.57

	2006	2005	2004	2003	2002
Total Investment Return					
Based on market price	17.9%	2.2%	13.2%	25.2%	(20.6)%
Based on net asset value	15.0%	4.5%	12.1%	26.3%	(19.4)%
Ratios/Supplemental Data					
Net assets, end of year (in 000's)	$1,377,418	$1,266,729	$1,295,549	$1,218,862	$1,024,810
Ratio of expenses to average net assets	0.50%	0.45%	0.43%	0.47%	0.34%
Ratio of net investment income to average net assets	1.50%	1.44%	1.54%	1.45%	1.42%
Portfolio turnover	10.87%	12.96%	13.43%	12.74%	17.93%
Number of shares outstanding at end of year (in 000's)	86,838	86,100	86,135	84,886	84,536

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

December 31, 2006

	Shares	Value (A)
Stocks and Convertible Securities — 96.2%		
Consumer — 18.0%		
Consumer Discretionary — 7.7%		
BJ's Wholesale Club, Inc. (B)	500,000	$ 15,555,000
Clear Channel Communications, Inc.	350,000	12,439,000
Comcast Corp. (B)	365,000	15,450,450
Gannett Co., Inc.	112,500	6,801,750
Harley-Davidson, Inc.	165,000	11,627,550
Newell Rubbermaid Inc.	400,000	11,580,000
OSI Restaurant Partners, Inc.	315,000	12,348,000
Ryland Group Inc.	50,000	2,731,000
Target Corp.	300,000	17,115,000
		105,647,750
Consumer Staples — 10.3%		
Avon Products, Inc.	430,000	14,207,200
Bunge Ltd. (C)	200,000	14,502,000
Coca-Cola Co.	200,000	9,650,000
Dean Foods Co. (B)	340,000	14,375,200
Del Monte Foods Co.	1,115,000	12,298,450
PepsiCo, Inc.	400,000	25,020,000
Procter & Gamble Co.	340,000	21,851,800
Safeway Inc.	423,000	14,618,880
Unilever plc ADR	550,000	15,301,000
		141,824,530
Energy — 11.7%		
ConocoPhillips	345,000	24,822,750
ENSCO International, Inc.	209,150	10,470,049
Exxon Mobil Corp.	215,000	16,475,450
Marathon Oil Co.	120,000	11,100,000
Murphy Oil Corp.	38,500	1,957,725
Petroleum & Resources Corporation (D)	2,186,774	73,169,458
Schlumberger Ltd.	380,000	24,000,800
		161,996,232
Financial — 17.9%		
Banking — 14.0%		
BankAtlantic Bancorp	880,000	12,152,800
Bank of America Corp.	610,000	32,567,900
Bank of New York Co., Inc. (The)	375,000	14,763,750
Compass Bancshares Inc. (C)	300,000	17,895,000
Fifth Third Bancorp	280,000	11,460,400
Investors Financial Services Corp. (C)	382,500	16,321,275
Morgan Stanley	200,000	16,286,000
Prosperity Bancshares Inc.	200,000	6,902,000
Wachovia Corp.	470,000	26,766,500
Wells Fargo & Co.	650,000	23,114,000
Wilmington Trust Corp.	363,000	15,307,710
		193,537,335
Insurance — 3.9%		
AMBAC Financial Group, Inc.	200,000	17,814,000
American International Group, Inc.	500,000	35,830,000
		53,644,000

December 31, 2006

	Shares	Value (A)
Health Care — 12.8%		
Abbott Laboratories	320,000	$ 15,587,200
Advanced Medical Optics, Inc. (B) (C)	325,000	11,440,000
Bristol-Myers Squibb Co.	345,000	9,080,400
Caremark Rx Inc.	245,000	13,991,950
Genentech, Inc. (B)	220,000	17,848,600
Johnson & Johnson	255,000	16,835,100
MedImmune, Inc. (B)	225,000	7,283,250
Medtronic, Inc.	310,000	16,588,100
Pfizer Inc.	1,120,000	29,008,000
Teva Pharmaceutical Industries Ltd ADR	385,000	11,965,800
Wyeth Co.	325,000	16,549,000
Zimmer Holdings, Inc. (B)	125,000	9,797,500
		175,974,900
Industrials — 12.9%		
Cintas Corp.	300,000	11,913,000
Curtiss-Wright Corp.	460,000	17,056,800
Donnelley (R.R.) & Sons Co. (C)	100,000	3,554,000
Emerson Electric Co.	400,000	17,628,000
Essex Corp. (B)	174,800	4,179,468
General Electric Co.	1,487,700	55,357,317
Illinois Tool Works Inc.	250,000	11,547,500
Masco Corp. (C)	450,000	13,441,500
3M Co.	160,000	12,468,800
United Parcel Service, Inc.	155,000	11,621,900
United Technologies Corp.	300,000	18,756,000
		177,524,285
Information Technology — 11.4%		
Communication Equipment — 1.3%		
Avaya Inc. (B)	600,000	8,388,000
Corning Inc. (B)	500,000	9,355,000
		17,743,000
Computer Related — 8.5%		
Automatic Data Processing Inc.	300,000	14,775,000
BEA Systems, Inc. (B)	800,000	10,064,000
Cisco Systems, Inc. (B)	850,000	23,230,500
Dell Inc. (B)	585,000	14,677,650
Microsoft Corp.	1,180,000	35,234,800
Oracle Corp. (B)	1,100,000	18,854,000
		116,835,950
Electronics — 1.6%		
Cree, Inc. (B) (C)	375,000	6,495,000
Intel Corp.	800,000	16,200,000
		22,695,000

December 31, 2006

	Prin. Amt. or Shares	Value (A)
Materials — 5.3%		
Air Products and Chemicals, Inc.	250,000	$ 17,570,000
duPont (E.I.) de Nemours and Co.	360,000	17,535,600
Florida Rock Industries Inc. (C)	200,000	8,610,000
Martin Marietta Materials, Inc.	83,000	8,624,530
Rohm & Haas Co.	400,000	20,448,000
		72,788,130
Telecom Services — 2.7%		
Alltel Corp.	300,000	18,144,000
AT&T Corp.	400,000	14,300,000
Windstream Corp.	310,178	4,410,731
		36,854,731
Utilities — 3.5%		
Aqua America, Inc. (C)	608,000	13,850,240
Duke Energy Corp.	611,560	20,309,908
MDU Resources Group, Inc.	562,500	14,422,500
		48,582,648
Total Stocks and Convertible Securities		
(Cost $906,594,326) (E)		1,325,648,491
Short-Term Investments — 3.6%		
U.S. Government Obligations — 1.2%		
U.S. Treasury Bills, 4.93%, due 2/15/07	$16,500,000	16,398,319
Time Deposit — 0.0%		
Bank of America Corp., 4.55%, due 1/2/07		286,455
Commercial Paper — 2.4%		
Chevron Funding Co., 5.20-5.23%, due 1/2/07-1/11/07	$12,700,000	12,692,139
Coca-Cola Enterprises 5.26%, due 1/23/07	$ 7,700,000	7,675,249
General Electric Capital Corp., 5.24%, due 1/16/07	$ 3,900,000	3,891,485
Toyota Motor Credit Corp., 5.25%, due 1/9/07-1/11/07	$ 8,500,000	8,488,566
Total Commercial Paper		32,747,439
Total Short-Term Investments		
(Cost $49,432,213)		49,432,213
Total Securities Lending Collateral — 5.0%		
(Cost $69,086,380)		
Brown Brothers Investment Trust, 5.26%, due 1/2/07		69,086,380
Total Investments — 104.8%		
(Cost $1,025,112,919)		1,444,167,084
Cash, receivables, prepaid expenses and other assets, less liabilities — (4.8)%		(66,748,774)
Net Assets — 100.0%		$1,377,418,310

Notes:

(A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ, except restricted securities.

(B) Presently non-dividend paying.

(C) All or a portion of these securities are on loan. See Note 8 to Financial Statements.

(D) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.

(E) The aggregate market value of stocks held in escrow at December 31, 2006 covering open call option contracts written was $25,200,685. In addition, the required aggregate market value of securities segregated by the custodian to collateralize open put option contracts written was $7,971,500.

December 31, 2006

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
	COVERED CALLS			
100	AMBAC Financial Group, Inc.	$ 90	Jan 07	$ 12,199
100	AMBAC Financial Group, Inc.	90	Feb 07	6,699
200	American International Group, Inc.	70	Feb 07	(35,601)
200	Bunge Ltd.	65	Jan 07	(137,601)
100	Bunge Ltd.	70	Apr 07	(53,125)
150	Bunge Ltd.	75	Apr 07	(31,201)
100	Bunge Ltd.	80	Apr 07	(2,300)
150	Comcast Corp.	40	Jan 07	(24,450)
200	Emerson Electric Co.	47.50	Mar 07	700
100	Harley-Davidson, Inc.	65	Jan 07	(43,801)
100	Harley-Davidson, Inc.	70	Jan 07	(17,800)
250	Harley-Davidson, Inc.	65	Feb 07	(137,626)
100	Harley-Davidson, Inc.	80	May 07	(5,000)
100	Investors Financial Services Corp.	50	Jan 07	19,199
200	Investors Financial Services Corp.	55	Jan 07	22,399
200	Marathon Oil Co.	100	Jan 07	28,171
100	Marathon Oil Co.	105	Apr 07	(1,276)
100	Martin Marietta Materials, Inc.	100	Jan 07	(38,301)
150	Martin Marietta Materials, Inc.	115	Jan 07	12,299
100	Morgan Stanley	75	Jan 07	(51,800)
200	Rohm & Haas Co.	55	Jan 07	15,399
200	Ryland Group Inc.	60	Jan 07	13,399
100	Target Corp.	55	Jan 07	(5,801)
45	3M Co.	85	Apr 07	1,890
100	United Technologies Corp.	70	Jan 07	10,200
100	United Technologies Corp.	75	May 07	10,700
100	Wyeth Co.	55	Jan 07	9,705
100	Zimmer Holdings, Inc.	80	Jan 07	2,267
3,745				(420,457)
	COLLATERALIZED PUTS			
150	Advanced Medical Optics, Inc.	35	Apr 07	(10,951)
150	Avon Products, Inc.	25	Jan 07	14,550
250	Essex Corp.	17.50	Feb 07	15,999
200	Florida Rock Industries Inc.	30	Jan 07	20,399
100	Marathon Oil Co.	67.50	Jan 07	10,700
200	Martin Marietta Materials, Inc.	75	Jan 07	20,963
200	Masco Corp.	25	Jan 07	16,399
53	Ryland Group Inc.	30	Jan 07	5,141
100	Ryland Group Inc.	40	Apr 07	3,750
100	Ryland Group Inc.	42.50	Apr 07	3,700
100	Teva Pharmaceutical Industries Ltd. ADR	32.50	Jan 07	(6,300)
200	Teva Pharmaceutical Industries Ltd. ADR	30	Mar 07	2,399
200	Wachovia Corp.	47.50	Jan 07	17,399
100	Wachovia Corp.	50	Apr 07	8,400
2,103				122,548
				$(297,909)

During the Three Months Ended December 31, 2006
(unaudited)

	Shares		
	Additions	Reductions	Held Dec. 31, 2006
Advanced Medical Optics, Inc.	15,000		325,000
Alcatel-Lucent ADR	204,960(1)	204,960	—
Dell Inc.	20,000		585,000
Emerson Electric Co.	200,000(2)		400,000
ENSCO International, Inc.	75,000		209,150
Essex Corp.	58,300		174,800
Intel Corp.	250,000		800,000
KBW, Inc.	5,000	5,000	—
Petroleum & Resources Corporation	200,778(3)		2,186,774
Prosperity Bancshares Inc.	200,000		200,000
Teva Pharmaceutical Industries Ltd ADR	365,000		385,000
AMBAC Financial Group, Inc.		40,000	200,000
AT&T Corp.		195,000	400,000
BP plc ADR		95,000	—
Bunge Ltd.		35,000	200,000
Cisco Systems, Inc.		260,000	850,000
Dean Foods Co.		10,000	340,000
Donnelley (R.R.) & Sons Co.		125,000	100,000
Harley-Davidson, Inc.		35,000	165,000
Laboratory Corp. of America Holdings		140,000	—
Lucent Technologies Inc.		2,900,000(1)	—
Oracle Corp.		256,001	1,100,000
Solectron Corp.		1,850,000	—
Target Corp.		50,000	300,000
Wilmington Trust Corp.		57,000	363,000

(1) Received 204,960 shares of Alcatel-Lucent ADR for 1,050,000 shares of Lucent Technologies Inc. surrendered. Sold 1,850,000 shares of Lucent Technologies Inc. prior to the merger.
(2) By stock split.
(3) By dividend reinvestment.

**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, 2006, 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, 2006 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland
January 19, 2007

(unaudited)

Dec. 31	Value Of Net Assets	Shares Outstanding*	Net Asset Value Per Share*	Market Value Per Share*	Dividends From Investment Income Per Share*	Distributions From Net Realized Gains Per Share*	Total Dividends and Distributions Per Share*	Annual Rate of Distribution**
1992	$ 696,924,779	51,039,938	$13.65	$13.33	$.31	$ .77	$1.08	8.47%
1993	840,610,252	63,746,495	13.19	11.92	.30	.79	1.09	8.17
1994	798,297,600	66,584,985	11.99	10.42	.33	.73	1.06	9.27
1995	986,230,914	69,248,276	14.24	12.33	.35	.76	1.11	9.53
1996	1,138,760,396	72,054,792	15.80	13.17	.35	.80	1.15	8.95
1997	1,424,170,425	74,923,859	19.01	16.13	.29	1.01	1.30	8.65
1998	1,688,080,336	77,814,977	21.69	17.75	.30	1.10	1.40	8.17
1999	2,170,801,875	80,842,241	26.85	22.38	.26	1.37	1.63	8.53
2000	1,951,562,978	82,292,262	23.72	21.00	.22	1.63	1.85	7.76
2001	1,368,366,316	85,233,262	16.05	14.22	.26	1.39	1.65	9.44
2002	1,024,810,092	84,536,250	12.12	10.57	.19	.57	.76	6.14
2003	1,218,862,456	84,886,412	14.36	12.41	.17	.61	.78	6.80
2004	1,295,548,900	86,135,292	15.04	13.12	.24	.66	.90	7.05
2005	1,266,728,652	86,099,607	14.71	12.55	.22	.64	.86	6.65
2006	1,377,418,310	86,838,223	15.86	13.87	.23	.67	.90	6.80

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

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

Common Stock

Listed on the New York Stock Exchange

The Adams Express Company

Seven St. Paul Street, Suite 1140, Baltimore, MD 21202
(410) 752-5900 or (800) 638-2479
Website: www.adamsexpress.com
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: Brown Brothers Harriman & Co.

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, 2006 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 *www.sec.gov*.

Forward-Looking Statements

This report contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Company's actual results are the performance of the portfolio of stocks held by the Company, the conditions in the U.S. and international financial markets, the price at which shares of the Company will trade in the public markets, and other factors discussed in the Company's periodic filings with the Securities and Exchange Commission.

Privacy Policy

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

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

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

A special meeting of stockholders was held on Tuesday, November 7, 2006. The purpose of the meeting was to approve a comprehensive rewriting and updating of the Company's corporate charter. All of the proposed charter amendments were approved by the stockholders. The results of the voting on the eight proposals were as follows:

	For	Against	Abstain
Proposal 1 — Purpose of the Company	49,540,644	5,129,444	1,379,302
Proposal 2 — Classification, designation, etc., of stock	48,157,962	6,401,838	1,489,588
Proposal 3 — Stockholder voting	47,815,151	6,703,051	1,531,184
Proposal 4 — Stockholder election of directors	48,104,483	6,290,312	1,654,590
Proposal 5 — Power to amend bylaws	46,942,610	7,448,398	1,668,694
Proposal 6 — Quorum for stockholder meetings	48,301,556	6,280,923	1,466,905
Proposal 7 — Determinations by the Board	48,218,222	6,230,818	1,600,344
Proposal 8 — Miscellaneous conforming amendments	47,773,356	6,212,332	2,063,694

WE ARE OFTEN ASKED —

How do I invest in Adams Express?

Adams Express Common Stock is listed on the New York Stock Exchange. The stock's ticker symbol is "ADX" and may be bought and sold through registered investment security dealers. Your broker will be able to assist you in this regard. In addition, stock may be purchased through our transfer agent, American Stock Transfer & Trust Company's INVESTORS CHOICE Plan (see page 25).

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.

Adams Express daily trading is shown in the stock tables of many daily newspapers, often with the abbreviated form "AdaEx." Local newspapers determine, usually by volume of traded shares, which securities to list. If your paper does not carry our listing, please telephone the Company at (800) 638-2479 or visit our website.

How do I replace a lost certificate(s) or how do I correct a spelling error on my certificate?

Your Adams Express stock certificates are valuable documents and should be kept in a safe place. For tax purposes, keep a record of each certificate, including the cost or market value of the shares it covers at the time acquired. If a certificate is lost, destroyed or stolen, notify the transfer agent immediately so a "stop transfer" order can be placed on the records to prevent an unauthorized transfer of your certificate. The necessary forms and requirements to permit the issuance of a replacement certificate will then be sent to you. A certificate can be replaced only after the receipt of an affidavit regarding the loss accompanied by an open surety bond, for which a small premium is paid by the stockholder.

In the event a certificate is issued with the holder's name incorrectly spelled, a correction can only be made if the certificate is returned to the transfer agent with instructions for correcting the error. Transferring shares to another name also requires that the certificate be forwarded to the transfer agent with the appropriate assignment forms completed and the signature of the registered owner Medallion guaranteed by a bank or member firm of The New York Stock Exchange, Inc.

Is direct deposit of my dividend checks available?

Yes, our transfer agent offers direct deposit of your interim dividend and year-end distribution checks. You can request direct deposit with American Stock Transfer either on-line or by calling them at the phone number provided on page 25.

Who do I notify of a change of address?

The transfer agent.

We go to Florida (Arizona) every winter. How do we get our mail from Adams Express?

The transfer agent can program a seasonal address into its system; simply send the temporary address and the dates you plan to be there to the transfer agent.

I want to give shares to my children, grandchildren, etc. as a gift. How do I go about it?

Giving shares of Adams Express is simple and is handled through our transfer agent. The stock transfer rules are clear and precise for most forms of transfer. They will vary slightly depending on each transfer, so write to the transfer agent stating the exact intent of your gift plans and the transfer agent will send you the instructions and forms necessary to effect your transfer.

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

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

DIVIDEND PAYMENT SCHEDULE

The Company presently pays dividends four times a year, as follows: (a) three interim distributions on or about March 1, June 1, and September 1, and (b) a "year-end" distribution, payable in late December, consisting of the estimated balance of the net investment income for the year and the net realized capital gain earned through October 31. Stockholders may elect to receive the year-end distribution in stock or cash. In connection with this distribution, all **stockholders of record** are sent a dividend announcement notice and an election card in mid-November.

Stockholders holding shares in "street" or brokerage accounts may make their election by notifying their brokerage house representative.

INVESTORS CHOICE

INVESTORS CHOICE is a direct stock purchase and sale plan, as well as a dividend reinvestment plan, sponsored and administered by our transfer agent, American Stock Transfer & Trust Company (AST). The Plan provides registered stockholders and interested first time investors an affordable alternative for buying, selling, and reinvesting in Adams Express shares.

The costs to participants in administrative service fees and brokerage commissions for each type of transaction are listed below.

Initial Enrollment and Optional Cash Investments	
Service Fee	$2.50 per investment
Brokerage Commission	$0.05 per share
Reinvestment of Dividends*	
Service Fee	2% of amount invested (maximum of $2.50 per investment)
Brokerage Commission	$0.05 per share
Sale of Shares	
Service Fee	$10.00
Brokerage Commission	$0.05 per share
Deposit of Certificates for safekeeping (waived if sold)	$7.50
Book to Book Transfers	Included

To transfer shares to another participant or to a new participant

Fees are subject to change at any time.

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 10269-0560
Website: www.amstock.com
E-mail: info@amstock.com

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

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	Other directorships
Independent Directors						
Enrique R. Arzac, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 65	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	Director of Petroleum & Resources Corporation and Credit Suisse Asset Management Funds (28 funds) (investment companies).
Phyllis O. Bonanno 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 63	Director	One Year	Since 2003	President & CEO of International Trade Solutions, Inc. (consultants). Formerly, President of Columbia College, Columbia, South Carolina, and Vice President of Warnaco Inc. (apparel).	Two	Director of Petroleum & Resources Corporation (investment company), Borg-Warner Inc. (industrial), Mohawk Industries, Inc. (carpets and flooring).
Daniel E. Emerson 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 82	Director	One Year	Since 1982	Retired Executive Vice President of NYNEX Corp. (communications), retired Chairman of the Board of both NYNEX Information Resources Co. and NYNEX Mobile Communications Co. Previously Executive Vice President and Director of New York Telephone Company.	Two	Director of Petroleum & Resources Corporation (investment company).
Frederic A. Escherich 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 54	Director	One Year	Since 2006	Private Investor. Formerly, Managing Director and head of Mergers and Acquisitions Research and the Financial Advisory Department with J.P. Morgan.	Two	Director of Petroleum & Resources Corporation (investment company).
Roger W. Gale, Ph.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 60	Director	One Year	Since 2005	President & CEO of GF Energy, LLC (consultants to electric power companies). Formerly, member of management group, PA Consulting Group (energy consultants).	Two	Director of Petroleum & Resources Corporation (investment company), Ormat (geothermal and renewable energy), and U.S. Energy Association.
Thomas H. Lenagh 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 88	Director	One Year	Since 1968	Financial Advisor. Formerly, Chairman of the Board and CEO of Greiner Engineering Inc. (formerly Systems Planning Corp.) (consultants). Formerly, Treasurer and Chief Investment Officer of the Ford Foundation (charitable foundation).	Two	Director of Petroleum & Resources Corporation, Cornerstone Funds, Inc. (2 funds) (investment companies), and Photonics Product Group (crystals).
Kathleen T. McGahran, Ph.D., J.D., C.P.A. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 56	Director	One Year	Since 2003	Principal & Director of Pelham Associates, Inc. (executive education). Adjunct Associate Professor, Columbia Executive Education, Graduate School of Business, Columbia University. Formerly, Associate Dean and Director of Executive Education, and Associate Professor, Columbia University.	Two	Director of Petroleum & Resources Corporation (investment company).

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	Other directorships
Independent Directors (continued)						
John J. Roberts 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 84	Director	One Year	Since 1976	Retired 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	Director of Petroleum & Resources Corporation (investment company) and Honorary Director of American International Group, Inc.
Craig R. Smith, M.D. 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 60	Director	One Year	Since 2005	President, Williston Consulting LLC (consultants to pharmaceutical and biotechnology industries). Formerly, Chairman, President & CEO of Guilford Pharmaceuticals (pharmaceuticals & biotechnology).	Two	Director of Petroleum & Resources Corporation (investment company), LaJolla Pharmaceutical Company, and Depomed, Inc. (specialty pharmaceuticals).
Interested Director						
Douglas G. Ober 7 St. Paul Street, Suite 1140 Baltimore, MD 21202 Age 60	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	Director of Petroleum & Resources Corporation (investment company).

Board Of Directors

Enrique R. Arzac(1)(3)
Phyllis O. Bonanno(1)(4)
Daniel E. Emerson(2)(3)
Frederic A. Escherich(2)(3)
Roger W. Gale(3)
Thomas H. Lenagh(1)(4)
Kathleen T. McGahran(2)(4)
Douglas G. Ober(1)
John J. Roberts(1)(3)
Craig R. Smith(2)(4)

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(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*
David R. Schiminger	*Vice President — Research*
D. Cotton Swindell	*Vice President — Research*
David D. Weaver	*Vice President — Research*
Christine M. Sloan	*Assistant Treasurer*
Geraldine H. Paré	*Assistant Secretary*

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