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ADAMS EXPRESS CO  
Form N-CSRS  
July 26, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-00248  
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THE ADAMS EXPRESS COMPANY

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(Exact name of registrant as specified in charter)

7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202  
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(Address of principal executive offices) (Zip code)

Lawrence L. Hooper, Jr.  
The Adams Express Company  
7 Saint Paul Street  
Suite 1140  
Baltimore, Maryland 21202

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

Date of fiscal year end: December 31, 2006

Date of reporting period: June 30, 2006

Item 1: Reports to Stockholders.

THE ADAMS EXPRESS COMPANY  
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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 1,3  
Thomas H. Lenagh 1,4  
Kathleen T. McGahran 2,4  
Douglas G. Ober 1  
John J. Roberts 1,3  
Craig R. Smith 2,4

1. Member of Executive Committee  
2. Member of Audit Committee  
3. Member of Compensation Committee

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### 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                              |
| Christine M. Sloan      | Assistant Treasurer                                   |
| Geraldine H. Pare       | Assistant Secretary                                   |

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#### Stock Data

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|                           |    |       |
|---------------------------|----|-------|
| Market Price (6/30/06)    | \$ | 12.87 |
| Net Asset Value (6/30/06) | \$ | 15.12 |
| Discount:                 |    | 14.9% |

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

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#### Distributions in 2006

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

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#### 2006 Dividend Payment Dates

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March 1, 2006  
June 1, 2006  
September 1, 2006  
December 27, 2006\*

\*Anticipated

[GRAPHIC APPEARS HERE]

The Adams Express Company  
Semi-Annual Report  
June 30, 2006

building for the future with solid investments (R)

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#### LETTER TO STOCKHOLDERS

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We submit herewith the financial statements of the Company for the six months ended June 30, 2006. Also provided are the report of the independent registered

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public accounting firm, a schedule of investments, and other summary financial information.

Net assets of the Company at June 30, 2006 were \$15.12 per share on 85,116,812 shares outstanding, compared with \$14.71 per share at December 31, 2005 on 86,099,607 shares outstanding. On March 1, 2006, a distribution of \$0.05 per share was paid, consisting of \$0.02 from 2005 investment income, \$0.02 from 2005 short-term capital gain, and \$0.01 from 2006 investment income, all taxable in 2006. A 2006 investment income dividend of \$0.05 per share was paid on June 1, 2006, and another \$0.05 per share investment income dividend has been declared to shareholders of record August 15, 2006, payable on September 1, 2006.

Net investment income for the six months ended June 30, 2006 amounted to \$8,966,520, compared with \$8,701,535 for the same period in 2005. These earnings are equal to \$0.11 and \$0.10 per share.

Net capital gain realized on investments for the six months ended June 30, 2006 amounted to \$7,348,305, the equivalent of \$0.09 per share.

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

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

By order of the Board of Directors,

[GRAPHIC APPEARS HERE]

Douglas G. Ober,  
Chairman and Chief Executive Officer

[GRAPHIC APPEARS HERE]

Joseph M. Truta,  
President

July 14, 2006

### STATEMENT OF ASSETS AND LIABILITIES

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June 30, 2006

#### Assets

##### Investments\* at value:

|                                                                                    |              |
|------------------------------------------------------------------------------------|--------------|
| Common stocks and convertible securities<br>(cost \$895,034,434)                   | \$ 1,197,495 |
| Non-controlled affiliate, Petroleum & Resources Corporation<br>(cost \$27,963,162) | 67,504       |
| Short-term investments (cost \$17,352,468)                                         | 17,352       |
| Securities lending collateral (cost \$66,398,828)                                  | 66,398       |

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Cash  
Receivables:  
    Investment securities sold  
    Dividends and interest  
Prepaid pension cost  
Prepaid expenses and other assets

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Total Assets

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Liabilities  
Investment securities purchased  
Open written option contracts at value (proceeds \$840,914)  
Obligations to return securities lending collateral  
Accrued expenses

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Total Liabilities

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Net Assets

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Net Assets

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 85,116,812 shares (includes 58,794 restricted shares, restricted stock units for 9,000 shares, and deferred stock units for 2,004 shares) (Note 6)  
Additional capital surplus  
Unearned compensation-- restricted stock awards (Note 6)  
Undistributed net investment income  
Undistributed net realized gain on investments  
Unrealized appreciation on investments

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Net Assets Applicable to Common Stock

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Net Asset Value Per Share of Common Stock

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\*See Schedule of Investments on pages 8 and 9.  
The accompanying notes are an integral part of the financial statements.

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STATEMENT OF OPERATIONS

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Six Months Ended June 30, 2006

Investment Income  
Income:  
    Dividends:  
        From unaffiliated issuers  
        From non-controlled affiliate  
    Interest and other income

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Total income

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Expenses:  
    Investment research  
    Administration and operations  
    Directors' fees

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Reports and stockholder communications  
 Transfer agent, registrar and custodian expenses  
 Auditing and accounting services  
 Legal services  
 Occupancy and other office expenses  
 Travel, telephone and postage  
 Other

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Total expenses

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Net Investment Income

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Realized Gain and Change in Unrealized Appreciation on Investments

Net realized gain on security transactions

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

Change in unrealized appreciation on investments

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Net Gain on Investments

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Change in Net Assets Resulting from Operations

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

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### STATEMENTS OF CHANGES IN NET ASSETS

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|                                                       | Six Months Ended<br>June 30, 2006 |
|-------------------------------------------------------|-----------------------------------|
| From Operations:                                      |                                   |
| Net investment income                                 | \$ 8,966,5                        |
| Net realized gain on investments                      | 7,348,3                           |
| Change in unrealized appreciation on investments      | 25,867,0                          |
| Change in net assets resulting from operations        | 42,181,8                          |
| Distributions to Stockholders from:                   |                                   |
| Net investment income                                 | (6,829,5)                         |
| Net realized gain from investment transactions        | (1,719,2)                         |
| Decrease in net assets from distributions             | (8,548,8)                         |
| From Capital Share Transactions:                      |                                   |
| Value of shares issued in payment of distributions    | 5,2                               |
| Cost of shares purchased (Note 4)                     | (13,657,4)                        |
| Deferred compensation (Notes 4, 6)                    | 184,8                             |
| Change in net assets from capital share transactions  | (13,467,3)                        |
| Total Change in Net Assets                            | 20,165,6                          |
| Net Assets:                                           |                                   |
| Beginning of period                                   | 1,266,728,6                       |
| End of period (including undistributed net investment |                                   |

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income of \$6,809,676 and \$4,672,704, respectively)

\$ 1,286,894,3

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

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### NOTES TO FINANCIAL STATEMENTS

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#### 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 June 30, 2006 was \$1,006,261,641 and net unrealized appreciation aggregated \$342,489,248, of which the related gross unrealized appreciation and depreciation were \$428,504,151 and \$86,014,903, respectively.

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

#### 3. Investment Transactions

The Company's investment decisions are made by a committee 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 six months ended June 30, 2006 were \$86,465,886 and \$98,499,222, 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

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paid. A schedule of outstanding option contracts as of June 30, 2006 can be found on page 11.

Transactions in written covered call and collateralized put options during the six months ended June 30, 2006 were as follows:

|                                                              | Covered Calls |           | Collateralized Puts |           |
|--------------------------------------------------------------|---------------|-----------|---------------------|-----------|
|                                                              | Contracts     | Premiums  | Contract            | Premiums  |
| Options outstanding,<br>December 31, 2005                    | 2,320         | \$244,294 | 2,465               | \$317,641 |
| Options written                                              | 4,530         | 568,993   | 5,960               | 676,298   |
| Options terminated<br>in closing<br>purchase<br>transactions | (400)         | (44,798)  | (2,250)             | (261,535) |
| Options expired                                              | (2,500)       | (252,381) | (3,035)             | (364,786) |
| Options exercised                                            | (270)         | (30,688)  | (125)               | (12,124)  |
|                                                              |               |           |                     |           |
| Options outstanding,<br>June 30, 2006                        | 3,680         | \$485,420 | 3,015               | \$355,494 |
|                                                              |               |           |                     |           |

#### 4. Capital Stock

The Company has 10,000,000 authorized and unissued preferred shares without 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 on November 22, 2005 who elected to take stock in payment of the year-end distribution from 2005 capital gain and investment income.

During 2006, the Company issued 395 shares of its Common Stock at a weighted average price of \$13.26 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                                  |                                    |
|-------------------------------------------------------------------|-----------------------------------------|------------------------------------|-----------------------------------------|------------------------------------|
|                                                                   | Six months<br>ended<br>June 30,<br>2006 | Year ended<br>December 31,<br>2005 | Six months<br>ended<br>June 30,<br>2006 | Year ended<br>December 31,<br>2005 |
| Shares issued in<br>payment of<br>dividends                       | 395                                     | 2,400,624                          | \$ 5,264                                | \$ 30,523,934                      |
| Shares purchased<br>(at a<br>weighted<br>average<br>discount from |                                         |                                    |                                         |                                    |

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|                                                                      |             |             |                |               |
|----------------------------------------------------------------------|-------------|-------------|----------------|---------------|
| net asset value of 14.1% and 12.6%, respectively)                    | (1,040,700) | (2,458,500) | (13,657,423)   | (32,052,187)  |
| Net share activity under the 2005 Equity Incentive Compensation Plan | 57,510      | 22,191      | 184,809        | 101,973       |
| Net change                                                           | (982,795)   | (35,685)    | \$(13,467,350) | \$(1,426,280) |

5. Retirement Plans

The Company's qualified defined benefit pension plan covers all employees with at least one year of service. In addition, the Company has

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

a nonqualified defined benefit plan which provides eligible employees with retirement benefits to supplement the qualified plan. Benefits are based on length of service and compensation during the last five years of employment. The Company's policy is to contribute annually to the 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. During the six months ended June 30, 2006, the Company did not contribute to the plans. The Company does not anticipate making any contributions to the plans in 2006.

The following table aggregates the components of the plans' net periodic pension cost for the six months ended June 30, 2006:

|                                    |            |
|------------------------------------|------------|
| Service cost                       | \$ 230,485 |
| Interest cost                      | 259,008    |
| Expected return on plan assets     | (397,018)  |
| Amortization of prior service cost | 59,888     |
| Amortization of net loss           | 90,382     |
| Net periodic pension cost          | \$ 242,745 |

The Company also sponsors a defined contribution plan that covers substantially all employees. For the six months ended June 30, 2006, the Company expensed contributions of \$91,492. The Company does not provide postretirement medical benefits.

6. Stock-Based Compensation

The Stock Option Plan adopted in 1985 ("1985 Plan") permits 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



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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. With the adoption of the 2005 Equity Incentive Compensation Plan at the 2005 Annual Meeting, no further grants will be made under the 1985 Plan, although unexercised awards granted in 2004 and prior years remain outstanding.

A summary of option activity under the 1985 Plan as of June 30, 2006, and changes during the period then ended, is presented below:

|                   | Options  | Weighted-<br>Average<br>Exercise<br>Price | Weighted-<br>Average<br>Remaining<br>Life (Years) |
|-------------------|----------|-------------------------------------------|---------------------------------------------------|
|                   | -----    | -----                                     | -----                                             |
| Outstanding at    |          |                                           |                                                   |
| December 31, 2005 | 254,766  | \$ 11.71                                  | 5.71                                              |
| Exercised         | (34,063) | 7.94                                      |                                                   |
| Cancelled         | (8,233)  | 10.87                                     |                                                   |
|                   | -----    |                                           |                                                   |
| Outstanding at    |          |                                           |                                                   |
| June 30, 2006     | 212,470  | \$ 12.32                                  | 5.12                                              |
|                   | -----    |                                           |                                                   |
| Exercisable at    |          |                                           |                                                   |
| June 30, 2006     | 134,538  | \$ 12.44                                  | 5.00                                              |
|                   | -----    |                                           |                                                   |

The options outstanding as of June 30, 2006 are set forth below:

| Exercise Price  | Options<br>Outstanding | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Life (Years) |
|-----------------|------------------------|------------------------------------------|--------------------------------------------------|
|                 | -----                  | -----                                    | -----                                            |
| \$8.50-\$10.74  | 57,538                 | \$ 9.68                                  | 3.50                                             |
| \$10.75-\$12.99 | 103,784                | 11.51                                    | 6.54                                             |
| \$13.00-\$15.24 | --                     | --                                       | --                                               |
| \$15.25-\$17.50 | 51,148                 | 16.94                                    | 4.09                                             |
|                 | -----                  |                                          |                                                  |
| Outstanding at  |                        |                                          |                                                  |
| June 30, 2006   | 212,470                | \$ 12.32                                 | 5.12                                             |
|                 | -----                  |                                          |                                                  |

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 six months ended June 30, 2006 was \$60,678.

The 2005 Equity Incentive Compensation Plan ("2005 Plan") 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 awards earned contingent on achievement of certain performance targets. If performance targets are not achieved, all or a portion of the performance-based awards are forfeited and become available for future

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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. 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 were 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 June 30, 2006 is 3,332,648 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 June 30, 2006, and changes during the period then ended is presented below:

| Awards                                                                                                                 | Shares/<br>Units | Weighted Average<br>Grant-Date Fair<br>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                                                                                                   | 2,004            | 13.05                                        |
| Vested & issued                                                                                                        | (9,165)          | 12.56                                        |
| Forfeited                                                                                                              | (1,482)          | 12.56                                        |
| -----                                                                                                                  |                  |                                              |
| Balance at<br>June 30, 2006 (includes 49,500<br>performance-based awards and<br>20,298 nonperformance-based<br>awards) | 69,798           | \$ 12.91                                     |
| -----                                                                                                                  |                  |                                              |

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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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, no compensation cost is recognized and any recognized compensation cost is reversed. The total compensation costs for restricted stock granted to employees for the period ending June 30, 2006 were \$116,803. The total compensation costs for restricted stock units granted to non-employee directors for the period ended June 30, 2006 were \$61,748. As of June 30, 2006, there were total unrecognized compensation costs of \$740,041 related to nonvested share-based compensation arrangements granted under the 2005 Plan. Those costs are expected to be recognized over a weighted average period of 2.17 years.

#### 7. Expenses

The aggregate remuneration paid during the six months ended June 30, 2006 to officers and directors amounted to \$1,742,394, of which \$204,230 was paid as fees and compensation to directors who were not officers. These amounts

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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 deposits, U.S. Government securities, or bank letters of credit. The Company accounts for securities lending transactions as secured financing and receives compensation in the form of fees or retains a portion of interest on the investment of any cash received as collateral. The Company also continues to receive interest or dividends on the securities loaned. The loans are secured at all times by collateral of at least 102% of the fair value of the securities loaned plus accrued interest. Gain or loss in the fair value of the securities loaned that may occur during the term of the loan will be for the account of the Company. At June 30, 2006, the Company had securities on loan of \$64,774,133 and held collateral of \$66,398,828, 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.

### FINANCIAL HIGHLIGHTS

|                                                                       | Six Months Ended |                  | Year End |         |         |
|-----------------------------------------------------------------------|------------------|------------------|----------|---------|---------|
|                                                                       | June 30,<br>2006 | June 30,<br>2005 | 2005     | 2004    | 2003    |
| Per Share Operating Performance                                       |                  |                  |          |         |         |
| Net asset value, beginning of period                                  | \$14.71          | \$15.04          | \$15.04  | \$14.36 | \$13.87 |
| Net investment income                                                 | 0.11             | 0.10             | 0.22     | 0.23*   | 0.23    |
| Net realized gains and increase (decrease) in unrealized appreciation | 0.37             | (0.01)           | 0.32     | 1.39    | 1.39    |
| Total from investment operations                                      | 0.48             | 0.09             | 0.54     | 1.62    | 1.62    |
| Less distributions                                                    |                  |                  |          |         |         |
| Dividends from net investment income                                  | (0.08)           | (0.09)           | (0.22)   | (0.24)  | (0.24)  |
| Distributions from net realized gains                                 | (0.02)           | (0.01)           | (0.64)   | (0.66)  | (0.66)  |
| Total distributions                                                   | (0.10)           | (0.10)           | (0.86)   | (0.90)  | (0.90)  |
| Capital share repurchases                                             | 0.03             | 0.03             | 0.05     | 0.02    | 0.02    |
| Reinvestment of distributions                                         | --               | --               | (0.06)   | (0.06)  | (0.06)  |
| Total capital share transactions                                      | 0.03             | 0.03             | (0.01)   | (0.04)  | (0.04)  |
| Net asset value, end of period                                        | \$15.12          | \$15.06          | \$14.71  | \$15.04 | \$14.71 |
| Per share market price, end of period                                 | \$12.87          | \$12.87          | \$12.55  | \$13.12 | \$13.12 |

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|                                                          |             |             |             |             |         |
|----------------------------------------------------------|-------------|-------------|-------------|-------------|---------|
| Total Investment Return                                  |             |             |             |             |         |
| Based on market price                                    | 3.3%        | (1.2)%      | 2.2%        | 13.2%       |         |
| Based on net asset value                                 | 3.6%        | 0.9%        | 4.5%        | 12.1%       |         |
| Ratios/Supplemental Data                                 |             |             |             |             |         |
| Net assets, end of period                                |             |             |             |             |         |
| (in 000's)                                               | \$1,286,894 | \$1,279,265 | \$1,266,729 | \$1,295,549 | \$ 1,21 |
| Ratio of expenses to average net assets                  | 0.47%+      | 0.44%+      | 0.45%       | 0.43%       |         |
| Ratio of net investment income to average net assets     | 1.38%+      | 1.37%+      | 1.44%       | 1.54%       |         |
| Portfolio turnover                                       | 13.55%+     | 14.82%+     | 12.96%      | 13.43%      |         |
| Number of shares outstanding at end of period (in 000's) | 85,117      | 84,961      | 86,100      | 86,135      | 8       |

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

+ Ratios presented on an annualized basis.

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### SCHEDULE OF INVESTMENTS

|                                            |           |               |
|--------------------------------------------|-----------|---------------|
| June 30, 2006                              |           |               |
|                                            | Shares    | Value (A)     |
|                                            | -----     | -----         |
| Stocks and Convertible Securities -- 98.3% |           |               |
| Consumer -- 18.0%                          |           |               |
| Consumer Discretionary -- 7.8%             |           |               |
| BJ's Wholesale Club, Inc. (B)              | 500,000   | \$ 14,175,000 |
| Clear Channel Communications, Inc.         | 350,000   | 10,832,500    |
| Comcast Corp. (B)                          | 365,000   | 11,950,100    |
| Gannett Co., Inc.                          | 112,500   | 6,292,125     |
| Harley-Davidson, Inc.                      | 235,000   | 12,899,150    |
| Newell Rubbermaid Inc.                     | 515,000   | 13,302,450    |
| OSI Restaurant Partners, Inc. (C)          | 315,000   | 10,899,000    |
| Target Corp.                               | 410,000   | 20,036,700    |
|                                            |           | -----         |
|                                            |           | 100,387,025   |
|                                            |           | -----         |
| Consumer Staples -- 10.2%                  |           |               |
| Avon Products, Inc.                        | 420,000   | 13,020,000    |
| Bunge Ltd. (C)                             | 235,000   | 11,808,750    |
| Coca-Cola Co.                              | 200,000   | 8,604,000     |
| Dean Foods Co. (B)                         | 450,000   | 16,735,500    |
| Del Monte Foods Co.                        | 1,115,000 | 12,521,450    |
| PepsiCo, Inc.                              | 400,000   | 24,016,000    |
| Procter & Gamble Co.                       | 340,000   | 18,904,000    |
| Safeway Inc.                               | 423,000   | 10,998,000    |
| Unilever plc ADR                           | 621,000   | 13,997,340    |
|                                            |           | -----         |
|                                            |           | 130,605,040   |
|                                            |           | -----         |

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|                                          |           |               |
|------------------------------------------|-----------|---------------|
| Energy -- 11.9%                          |           |               |
| BP plc ADR                               | 270,000   | 18,794,700    |
| ConocoPhillips                           | 345,000   | 22,607,850    |
| Exxon Mobil Corp.                        | 130,000   | 7,975,500     |
| Marathon Oil Co.                         | 120,000   | 9,996,000     |
| Murphy Oil Corp.                         | 38,500    | 2,150,610     |
| Petroleum & Resources Corporation (D)    | 1,985,996 | 67,504,004    |
| Schlumberger Ltd.                        | 380,000   | 24,741,800    |
|                                          |           | -----         |
|                                          |           | 153,770,464   |
|                                          |           | -----         |
| Financials -- 17.9%                      |           |               |
| Banking -- 13.7%                         |           |               |
| BankAtlantic Bancorp, Inc.               | 880,000   | 13,059,200    |
| Bank of America Corp.                    | 610,000   | 29,341,000    |
| Bank of New York Co., Inc. (The)         | 375,000   | 12,075,000    |
| Compass Bancshares Inc.                  | 300,000   | 16,680,000    |
| Fifth Third Bancorp                      | 280,000   | 10,346,000    |
| Investors Financial Services Corp. (C)   | 382,500   | 17,174,250    |
| Morgan Stanley                           | 200,000   | 12,642,000    |
| Wachovia Corp.                           | 470,000   | 25,417,600    |
| Wells Fargo & Co.                        | 325,000   | 21,801,000    |
| Wilmington Trust Corp.                   | 420,000   | 17,715,600    |
|                                          |           | -----         |
|                                          |           | 176,251,650   |
|                                          |           | -----         |
| Insurance -- 4.2%                        |           |               |
| AMBAC Financial Group, Inc.              | 295,000   | 23,924,500    |
| American International Group, Inc.       | 500,000   | 29,525,000    |
|                                          |           | -----         |
|                                          |           | 53,449,500    |
|                                          |           | -----         |
| Health Care -- 13.8%                     |           |               |
| Abbott Laboratories                      | 350,000   | \$ 15,263,500 |
| Advanced Medical Optics, Inc. (B) (C)    | 300,000   | 15,210,000    |
| Bristol-Myers Squibb Co.                 | 345,000   | 8,921,700     |
| Caremark Rx Inc.                         | 255,000   | 12,716,850    |
| Genentech, Inc. (B)                      | 220,000   | 17,996,000    |
| HCA Inc.                                 | 250,000   | 10,787,500    |
| Johnson & Johnson                        | 255,000   | 15,279,600    |
| Laboratory Corp. of America Holdings (B) | 200,000   | 12,446,000    |
| MedImmune, Inc. (B)                      | 225,000   | 6,097,500     |
| Medtronic, Inc.                          | 310,000   | 14,545,200    |
| Pfizer Inc.                              | 1,120,000 | 26,286,400    |
| Wyeth Co.                                | 325,000   | 14,433,250    |
| Zimmer Holdings, Inc. (B)                | 125,000   | 7,090,000     |
|                                          |           | -----         |
|                                          |           | 177,073,500   |
|                                          |           | -----         |
| Industrials -- 13.2%                     |           |               |

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|                                   |           |             |
|-----------------------------------|-----------|-------------|
| Cintas Corp. (C)                  | 300,000   | 11,928,000  |
| Curtiss-Wright Corp.              | 460,000   | 14,204,800  |
| Donnelley (R.R.) & Sons Co.       | 260,000   | 8,307,000   |
| Emerson Electric Co.              | 200,000   | 16,762,000  |
| General Electric Co.              | 1,487,700 | 49,034,592  |
| Illinois Tool Works Inc.          | 250,000   | 11,875,000  |
| Masco Corp.                       | 450,000   | 13,338,000  |
| 3M Co.                            | 160,000   | 12,923,200  |
| United Parcel Service,<br>Inc.    | 155,000   | 12,761,150  |
| United Technologies Corp.         | 300,000   | 19,026,000  |
|                                   |           | -----       |
|                                   |           | 170,159,742 |
|                                   |           | -----       |
| Information Technology -- 12.0%   |           |             |
| Communication Equipment -- 2.0%   |           |             |
| Avaya Inc. (B)                    | 600,000   | 6,852,000   |
| Corning Inc. (B)                  | 500,000   | 12,095,000  |
| Lucent Technologies Inc. (B)      | 2,900,000 | 7,018,000   |
|                                   |           | -----       |
|                                   |           | 25,965,000  |
|                                   |           | -----       |
| Computer Related -- 8.4%          |           |             |
| Automatic Data Processing<br>Inc. | 300,000   | 13,605,000  |
| BEA Systems, Inc. (B)(C)          | 800,000   | 10,472,000  |
| Cisco Systems, Inc. (B)           | 1,200,000 | 23,436,000  |
| Dell Inc. (B)                     | 545,000   | 13,303,450  |
| Microsoft Corp.                   | 1,180,000 | 27,494,000  |
| Oracle Corp. (B)                  | 1,356,001 | 19,648,455  |
|                                   |           | -----       |
|                                   |           | 107,958,905 |
|                                   |           | -----       |
| Electronics -- 1.6%               |           |             |
| Cree, Inc. (B)(C)                 | 375,000   | 8,910,000   |
| Intel Corp.                       | 310,000   | 5,874,500   |
| Solelectron Corp. (B)             | 1,850,000 | 6,327,000   |
|                                   |           | -----       |
|                                   |           | 21,111,500  |
|                                   |           | -----       |

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SCHEDULE OF INVESTMENTS (CONTINUED)

---

|                                      | June 30, 2006 |               |
|--------------------------------------|---------------|---------------|
|                                      | Shares        | Value (A)     |
|                                      | -----         | -----         |
| Materials -- 5.1%                    |               |               |
| Air Products and<br>Chemicals, Inc.  | 250,000       | \$ 15,980,000 |
| du Pont (E.I.) de Nemours<br>and Co. | 360,000       | 14,976,000    |
| Florida Rock Industries<br>Inc.      | 150,000       | 7,450,500     |
| Martin Marietta<br>Materials, Inc.   | 83,000        | 7,565,450     |

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|                                                                                       |              |                  |
|---------------------------------------------------------------------------------------|--------------|------------------|
| Rohm & Haas Co.                                                                       | 400,000      | 20,048,000       |
|                                                                                       |              | -----            |
|                                                                                       |              | 66,019,950       |
|                                                                                       |              | -----            |
| Telecom Services -- 2.8%                                                              |              |                  |
| Alltel Corp.                                                                          | 300,000      | 19,149,000       |
| AT&T Corp.                                                                            | 595,000      | 16,594,550       |
|                                                                                       |              | -----            |
|                                                                                       |              | 35,743,550       |
|                                                                                       |              | -----            |
| Utilities -- 3.6%                                                                     |              |                  |
| Aqua America, Inc. (C)                                                                | 650,000      | 14,813,500       |
| Duke Energy Corp.                                                                     | 611,560      | 17,961,517       |
| MDU Resources Group, Inc.                                                             | 375,000      | 13,728,750       |
|                                                                                       |              | -----            |
|                                                                                       |              | 46,503,767       |
|                                                                                       |              | -----            |
| Total Stocks and Convertible Securities<br>(Cost \$922,997,596) (E)                   |              | \$ 1,264,999,593 |
|                                                                                       |              | -----            |
|                                                                                       | Prin. Amt.   | Value (A)        |
|                                                                                       | -----        | -----            |
| Short-Term Investments -- 1.4%                                                        |              |                  |
| U.S. Government                                                                       |              |                  |
| Obligations -- 1.3%                                                                   |              |                  |
| U.S. Treasury Bills,                                                                  |              |                  |
| 4.74%, due 8/17/06                                                                    | \$16,500,000 | \$ 16,397,893    |
|                                                                                       |              | -----            |
| Time Deposit -- 0.0%                                                                  |              |                  |
| Bank of America Corp.,                                                                |              |                  |
| 4.50%, due 7/3/06                                                                     |              | 180,006          |
|                                                                                       |              | -----            |
| Commercial Paper -- 0.1%                                                              |              |                  |
| General Electric Capital Corp.,                                                       |              |                  |
| 5.00%, due 7/5/06                                                                     | 775,000      | 774,569          |
|                                                                                       |              | -----            |
| Total Short-Term Investments<br>(Cost \$17,352,468)                                   |              | 17,352,468       |
|                                                                                       |              | -----            |
| Securities Lending Collateral -- 5.2%                                                 |              |                  |
| Brown Brothers Investment                                                             |              |                  |
| Trust, 5.16%, due 7/3/06                                                              |              | 66,398,828       |
|                                                                                       |              | -----            |
| Total Securities Lending Collateral<br>(Cost \$66,398,828)                            |              | 66,398,828       |
|                                                                                       |              | -----            |
| Total Investments -- 104.8%                                                           |              |                  |
| (Cost \$1,006,748,892)                                                                |              | 1,348,750,889    |
|                                                                                       |              | -----            |
| Cash, receivables, prepaid<br>expenses and other assets, less<br>liabilities-- (4.8)% |              | (61,856,553)     |
|                                                                                       |              | -----            |
| Net Assets-- 100%                                                                     |              | \$1,286,894,336  |
|                                                                                       |              | =====            |

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Notes:

- (A) See note 1 to financial statements. Securities are listed on the New York Stock Exchange, the American Stock Exchange or the NASDAQ.
- (B) Presently non-dividend paying.
- (C) Some of the shares of this company 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 June 30, 2006 covering open call option contracts written was \$18,579,600. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$14,917,500.

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### PORTFOLIO SUMMARY

June 30, 2006

Ten Largest Portfolio Holdings

|                                    | Market Value   | % of Net Assets |
|------------------------------------|----------------|-----------------|
| Petroleum & Resources Corporation* | \$ 67,504,004  | 5.2             |
| General Electric Co.               | 49,034,592     | 3.8             |
| American International Group, Inc. | 29,525,000     | 2.3             |
| Bank of America Corp.              | 29,341,000     | 2.3             |
| Microsoft Corp.                    | 27,494,000     | 2.1             |
| Pfizer Inc.                        | 26,286,400     | 2.0             |
| Wachovia Corp.                     | 25,417,600     | 2.0             |
| Schlumberger Ltd.                  | 24,741,800     | 1.9             |
| PepsiCo, Inc.                      | 24,016,000     | 1.9             |
| AMBAC Financial Group, Inc.        | 23,924,500     | 1.9             |
| Total                              | \$ 327,284,896 | 25.4%           |

\* Non-controlled affiliate

Sector Weightings

[GRAPHIC APPEARS HERE]

|                        |       |
|------------------------|-------|
| Consumer               | 18.0% |
| Energy                 | 11.9% |
| Financials             | 17.9% |
| Health Care            | 13.8% |
| Industrials            | 13.2% |
| Information Technology | 12.0% |
| Materials              | 5.1%  |
| Telecom Services       | 2.8%  |
| Utilities              | 3.6%  |
| Cash & Equivalent      | 1.4%  |

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS



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June 30, 2006

| Contracts<br>(100 shares<br>each) | Security                                  | Strike<br>Price | Contract<br>Expiration<br>Date |
|-----------------------------------|-------------------------------------------|-----------------|--------------------------------|
| COVERED CALLS                     |                                           |                 |                                |
| 100                               | Advanced Medical Optics, Inc. ....        | \$ 50           | Jul 06                         |
| 100                               | Advanced Medical Optics, Inc. ....        | 50              | Aug 06                         |
| 100                               | Air Products and Chemicals, Inc. ....     | 70              | Sep 06                         |
| 100                               | Air Products and Chemicals, Inc. ....     | 75              | Dec 06                         |
| 200                               | AMBAC Financial Group, Inc. ....          | 85              | Aug 06                         |
| 100                               | AMBAC Financial Group, Inc. ....          | 85              | Nov 06                         |
| 100                               | Avon Products, Inc. ....                  | 35              | Oct 06                         |
| 150                               | Bunge Ltd. ....                           | 65              | Jul 06                         |
| 100                               | Bunge Ltd. ....                           | 70              | Jul 06                         |
| 100                               | Caremark Rx Inc. ....                     | 55              | Sep 06                         |
| 200                               | Corning Inc. ....                         | 30              | Aug 06                         |
| 150                               | Cree, Inc. ....                           | 35              | Sep 06                         |
| 150                               | Cree, Inc. ....                           | 40              | Sep 06                         |
| 100                               | Emerson Electric Co. ....                 | 95              | Sep 06                         |
| 150                               | HCA Inc. ....                             | 55              | Aug 06                         |
| 200                               | Illinois Tool Works Inc. ....             | 50              | Sep 06                         |
| 200                               | Illinois Tool Works Inc. ....             | 52.50           | Sep 06                         |
| 150                               | Investors Financial Services Corp. ....   | 45              | Jul 06                         |
| 100                               | Investors Financial Services Corp. ....   | 50              | Jul 06                         |
| 100                               | Investors Financial Services Corp. ....   | 55              | Oct 06                         |
| 100                               | Laboratory Corp. of America Holdings..... | 65              | Aug 06                         |
| 80                                | Martin Marietta Materials, Inc. ....      | 140             | Oct 06                         |
| 100                               | Murphy Oil Corp. ....                     | 55              | Jul 06                         |
| 150                               | OSI Restaurant Partners, Inc. ....        | 50              | Aug 06                         |
| 250                               | Rohm & Haas Co. ....                      | 55              | Jul 06                         |
| 200                               | Rohm & Haas Co. ....                      | 55              | Oct 06                         |
| 150                               | United Technologies Corp. ....            | 65              | Aug 06                         |
| -----                             |                                           |                 |                                |
| 3,680                             |                                           |                 |                                |
| -----                             |                                           |                 |                                |

COLLATERALIZED PUTS

|     |                                      |       |        |
|-----|--------------------------------------|-------|--------|
| 170 | Advanced Medical Optics, Inc. ....   | 35    | Jul 06 |
| 250 | Bunge Ltd. ....                      | 45    | Jul 06 |
| 150 | Caremark Rx Inc. ....                | 40    | Sep 06 |
| 150 | Exxon Mobil Corp. ....               | 52.50 | Oct 06 |
| 100 | Florida Rock Industries Inc. ....    | 45    | Sep 06 |
| 150 | Harley-Davidson, Inc. ....           | 45    | Aug 06 |
| 100 | Harley-Davidson, Inc. ....           | 47.50 | Aug 06 |
| 100 | Harley-Davidson, Inc. ....           | 50    | Aug 06 |
| 100 | Marathon Oil Co. ....                | 60    | Jul 06 |
| 100 | Marathon Oil Co. ....                | 65    | Jul 06 |
| 100 | Marathon Oil Co. ....                | 75    | Jul 06 |
| 100 | Marathon Oil Co. ....                | 55    | Oct 06 |
| 170 | Martin Marietta Materials, Inc. .... | 80    | Jul 06 |
| 250 | MedImmune, Inc. ....                 | 25    | Dec 06 |

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|       |                            |       |        |
|-------|----------------------------|-------|--------|
| 75    | Morgan Stanley.....        | 55    | Oct 06 |
| 100   | Procter & Gamble Co. ....  | 55    | Oct 06 |
| 100   | Target Corp. ....          | 45    | Oct 06 |
| 250   | Wachovia Corp. ....        | 47.50 | Jul 06 |
| 100   | Wachovia Corp. ....        | 50    | Oct 06 |
| 150   | Zimmer Holdings, Inc. .... | 55    | Sep 06 |
| 250   | Zimmer Holdings, Inc. .... | 50    | Dec 06 |
| ----- |                            |       |        |
|       | 3,015                      |       |        |
| ----- |                            |       |        |

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CHANGES IN PORTFOLIO SECURITIES

During the Three Months Ended June 30, 2006  
(unaudited)

|                                           | Additions   | Red   |
|-------------------------------------------|-------------|-------|
|                                           | -----       | ----- |
| BankAtlantic Bancorp, Inc.....            | 130,000     |       |
| Bank of America Corp.....                 | 60,000      |       |
| Bank of New York Co., Inc. (The).....     | 375,000     |       |
| Caremark Rx Inc. ....                     | 255,000     |       |
| Curtiss-Wright Corp.....                  | 230,000 (1) |       |
| Dell Inc. ....                            | 145,000     |       |
| Harley-Davidson, Inc.....                 | 235,000     |       |
| Illinois Tool Works Inc. ....             | 125,000 (1) |       |
| Marathon Oil Co.....                      | 10,000      |       |
| Morgan Stanley.....                       | 25,000      |       |
| Schlumberger Ltd.....                     | 190,000 (1) |       |
| Unilever plc ADR.....                     | 276,000 (1) |       |
| Wachovia Corp.....                        | 75,000      |       |
| Aqua America, Inc.....                    |             | 1     |
| Black Hills Corp.....                     |             | 2     |
| Laboratory Corp. of America Holdings..... |             |       |
| Murphy Oil Corp.....                      |             |       |
| North Fork Bancorp, Inc. ....             |             | 5     |
| PepsiCo, Inc.....                         |             |       |
| Sapient Corp.....                         |             | 1,1   |
| Smurfit-Stone Container Corp.....         |             | 6     |

(1) By stock split.

HISTORICAL FINANCIAL STATISTICS

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| December 31        | Value of<br>Net Assets | Shares<br>Outstanding* | Net<br>Asset<br>Value per<br>Share* | Divi<br>fr<br>Net Inv<br>Inc<br>per |
|--------------------|------------------------|------------------------|-------------------------------------|-------------------------------------|
| 1996.....          | \$ 1,138,760,396       | 72,054,792             | \$ 15.80                            | \$                                  |
| 1997.....          | 1,424,170,425          | 74,923,859             | 19.01                               |                                     |
| 1998.....          | 1,688,080,336          | 77,814,977             | 21.69                               |                                     |
| 1999.....          | 2,170,801,875          | 80,842,241             | 26.85                               |                                     |
| 2000.....          | 1,951,562,978          | 82,292,262             | 23.72                               |                                     |
| 2001.....          | 1,368,366,316          | 85,233,262             | 16.05                               |                                     |
| 2002.....          | 1,024,810,092          | 84,536,250             | 12.12                               |                                     |
| 2003.....          | 1,218,862,456          | 84,886,412             | 14.36                               |                                     |
| 2004.....          | 1,295,548,900          | 86,135,292             | 15.04                               |                                     |
| 2005.....          | 1,266,728,652          | 86,099,607             | 14.71                               |                                     |
| June 30, 2006..... | 1,286,894,336          | 85,116,812             | 15.12                               |                                     |

\* Adjusted to reflect the 3-for-2 stock split effected in October 2000.  
+ Paid or declared.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Adams Express Company (hereafter referred to as the "Company") at June 30, 2006, and the results of its operations, the changes in its net assets and the financial highlights for each of the fiscal periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 June 30, 2006, by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Baltimore, Maryland  
July 13, 2006

This report, including the financial statements herein, is transmitted to the

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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.

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### OTHER INFORMATION

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#### 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 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](http://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](http://www.adamsexpress.com) under the heading "Financial Reports".

#### 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 <http://www.sec.gov>.

#### 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.

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

The Adams Express Company

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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.

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### SHAREHOLDER INFORMATION AND SERVICES

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#### DIVIDEND PAYMENT SCHEDULE

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

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

#### INVESTORS CHOICE

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

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

#### Initial Enrollment and Optional

##### Cash Investments

|                      |                       |
|----------------------|-----------------------|
| Service Fee          | \$2.50 per investment |
| Brokerage Commission | \$0.05 per share      |

#### Reinvestment of Dividends\*

|                      |                                                             |
|----------------------|-------------------------------------------------------------|
| Service Fee          | 2% of amount invested<br>(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

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|                                                   |             |
|---------------------------------------------------|-------------|
| Initial minimum investment (non-holders)          | \$500.00    |
| Minimum optional investment<br>(existing holders) | \$50.00     |
| Electronic Funds Transfer<br>(monthly minimum)    | \$50.00     |
| Maximum per transaction                           | \$25,000.00 |
| Maximum per year                                  | NONE        |

A brochure which further details the benefits and features of INVESTORS CHOICE as well as an enrollment form may be obtained by contacting AST.

For Non-Registered Shareholders

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

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

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

Investors Choice Mailing Address:  
Attention: Dividend Reinvestment  
P.O. Box 922  
Wall Street Station  
New York, NY 10269-0560  
Website: [www.amstock.com](http://www.amstock.com)  
E-mail: [info@amstock.com](mailto: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.

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

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

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

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

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

Item 7: Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Item not applicable to semi-annual report.

Item 8: Portfolio Managers of Closed-End Management Investment Companies - Item not applicable to semi-annual report.

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

| Period(2) | Total<br>Number<br>of<br>Shares<br>(or<br>Units)<br>Purchased | Average<br>Price<br>Paid per<br>Share (or<br>Unit) | Total<br>Number of<br>Shares (or<br>Units)<br>Purchased<br>as Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | Maximum<br>Number (or<br>Approximate<br>Dollar Value)<br>of Shares (or<br>Units) that<br>May Yet Be<br>Purchased<br>Under the<br>Plans or<br>Programs |
|-----------|---------------------------------------------------------------|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jan. 2006 | 243,200                                                       | \$ 12.94                                           | 243,200                                                                                                                | 3,792,429                                                                                                                                             |
| Feb. 2006 | 250,400                                                       | \$ 12.97                                           | 250,400                                                                                                                | 3,542,029                                                                                                                                             |
| Mar. 2006 | 345,600                                                       | \$ 13.21                                           | 345,600                                                                                                                | 3,196,429                                                                                                                                             |
| Apr. 2006 | 165,700                                                       | \$ 13.36                                           | 165,700                                                                                                                | 3,030,729                                                                                                                                             |
| May 2006  | 35,800                                                        | \$ 13.45                                           | 35,800                                                                                                                 | 2,994,929                                                                                                                                             |
| June 2006 | 0                                                             | \$ 0                                               | 0                                                                                                                      | 2,994,929                                                                                                                                             |
| Total     | 1,040,700 (1)                                                 | \$ 13.12                                           | 1,040,700 (2)                                                                                                          | 2,994,929 (2)                                                                                                                                         |

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

(2.a) The Plan was announced on December 9, 2004 and was reapproved on December 8, 2005.

(2.b) The share amount approved in 2004 was 5% of outstanding shares, or approximately 4,172,453 shares, and in 2005 was 5% of outstanding shares, or approximately 4,192,729 shares.

(2.c) The Plan will expire on or about December 8, 2006.

(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

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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 July 12, 2006, 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 July 12, 2006, 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.

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

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

THE ADAMS EXPRESS COMPANY

BY: /s/ Douglas G. Ober

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

Date: July 26, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report



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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: July 26, 2006

BY: /s/ Maureen A. Jones

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

Date: July 26, 2006