

ADAMS EXPRESS CO  
Form N-Q  
April 19, 2013

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT  
INVESTMENT COMPANY**

**Investment Company Act file number: 811-00248**

---

**THE ADAMS EXPRESS COMPANY**

---

(Exact name of registrant as specified in charter)

**7 Saint Paul Street, Suite 1140, Baltimore, Maryland 21202**

---

(Address of principal executive offices)

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

---

(Name and address of agent for service)

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

**Date of fiscal year end: December 31**

**Date of reporting period: March 31, 2013**

**Item 1. Schedule of Investments.**

Edgar Filing: ADAMS EXPRESS CO - Form N-Q

March 31, 2013

(unaudited)

|                                       | Shares    | Value (A)     |
|---------------------------------------|-----------|---------------|
| <b>Common Stocks 99.1%</b>            |           |               |
| <b>Consumer Discretionary 11.1%</b>   |           |               |
| Bed Bath & Beyond Inc. (C)            | 215,000   | \$ 13,850,300 |
| Coach, Inc.                           | 130,000   | 6,498,700     |
| Dollar General Corp. (C)              | 250,000   | 12,645,000    |
| Lowe's Companies, Inc.                | 550,000   | 20,856,000    |
| Marriott International Inc. (Class A) | 300,000   | 12,669,000    |
| McDonald's Corp.                      | 180,000   | 17,944,200    |
| Newell Rubbermaid Inc.                | 400,000   | 10,440,000    |
| Panera Bread Co. (Class A) (C)        | 15,000    | 2,478,600     |
| Ryland Group, Inc.                    | 333,500   | 13,880,270    |
| Target Corp.                          | 120,000   | 8,214,000     |
| Walt Disney Co.                       | 360,000   | 20,448,000    |
|                                       |           | 139,924,070   |
| <b>Consumer Staples 10.0%</b>         |           |               |
| Bunge Ltd.                            | 100,000   | 7,383,000     |
| Coca-Cola Co.                         | 300,000   | 12,132,000    |
| CVS/Caremark Corp.                    | 295,000   | 16,222,050    |
| Diageo plc ADR                        | 50,000    | 6,292,000     |
| General Mills, Inc.                   | 230,000   | 11,341,300    |
| PepsiCo, Inc. (G)                     | 250,000   | 19,777,500    |
| Philip Morris International Inc.      | 160,000   | 14,833,600    |
| Procter & Gamble Co.                  | 175,000   | 13,485,500    |
| Safeway Inc. (F)                      | 340,000   | 8,959,000     |
| Senomyx, Inc. (C)                     | 1,093,700 | 2,307,707     |
| Unilever plc ADR                      | 325,000   | 13,728,000    |
|                                       |           | 126,461,657   |
| <b>Energy 10.4%</b>                   |           |               |
| Anadarko Petroleum Corp.              | 50,000    | 4,372,500     |
| Chevron Corp.                         | 141,000   | 16,753,620    |
| CONSOL Energy Inc. (F)                | 73,700    | 2,480,005     |
| Exxon Mobil Corp. (G)                 | 105,000   | 9,461,550     |
| Halliburton Co.                       | 150,000   | 6,061,500     |
| Kinder Morgan Inc.                    | 170,000   | 6,575,600     |
| National Oilwell Varco, Inc.          | 100,000   | 7,075,000     |
| Peabody Energy Corp.                  | 38,560    | 815,544       |
| Petroleum & Resources Corp. (D)       | 2,186,774 | 56,812,389    |
| Phillips 66                           | 128,850   | 9,015,635     |
| Schlumberger Ltd. (F)                 | 120,000   | 8,986,800     |
| Seadrill Ltd. (B)                     | 40,000    | 1,488,400     |
| Spectra Energy Corp.                  | 55,280    | 1,699,860     |
|                                       |           | 131,598,403   |
| <b>Financials 15.1%</b>               |           |               |
| ACE Ltd. (C)                          | 165,000   | 14,680,050    |
| Affiliated Managers Group, Inc. (C)   | 51,700    | 7,939,569     |

Edgar Filing: ADAMS EXPRESS CO - Form N-Q

|                                    |         |            |
|------------------------------------|---------|------------|
| American Campus Communities Inc.   | 90,000  | 4,080,600  |
| AXIS Capital Holdings, Ltd.        | 220,000 | 9,156,400  |
| Bank of America Corp.              | 830,000 | 10,109,400 |
| Bank of New York Mellon Corp.      | 323,775 | 9,062,462  |
| Capital One Financial Corp.        | 245,000 | 13,462,750 |
| Digital Realty Trust, Inc. (B)     | 90,000  | 6,021,900  |
| Fifth Third Bancorp.               | 665,000 | 10,846,150 |
| HCP, Inc.                          | 125,000 | 6,232,500  |
| JPMorgan Chase & Co.               | 600,000 | 28,476,000 |
| MetLife Inc.                       | 435,000 | 16,538,700 |
| PNC Financial Services Group, Inc. | 150,000 | 9,975,000  |
| T. Rowe Price Group, Inc.          | 100,000 | 7,487,000  |
| U.S. Bancorp.                      | 470,000 | 15,947,100 |
| Wells Fargo & Co.                  | 560,000 | 20,714,400 |

190,729,981

**Health Care 14.2%**

|   |         |            |
|---|---------|------------|
| Catamaran Corp. (C)                     | 180,000 | 9,545,400  |
| Celgene Corp. (C) (F)                   | 120,000 | 13,909,200 |
| Covidien plc                            | 120,000 | 8,140,800  |
| Express Scripts Holding Co. (C)         | 255,000 | 14,700,750 |
| Gilead Sciences, Inc. (C)               | 414,000 | 20,257,020 |
| Hologic Inc. (C)                        | 420,000 | 9,492,000  |
| McKesson Corp.                          | 116,000 | 12,523,360 |
| MEDNAX, Inc. (C)                        | 70,000  | 6,274,100  |
| Medtronic, Inc.                         | 65,000  | 3,052,400  |
| Merck & Co., Inc.                       | 500,000 | 22,115,000 |
| Pfizer Inc.                             | 690,000 | 19,913,400 |
| Teva Pharmaceutical Industries Ltd. ADR | 220,000 | 8,729,600  |
| UnitedHealth Group Inc.                 | 287,500 | 16,447,875 |
| Wellcare Health Plans, Inc. (C)         | 100,000 | 5,796,000  |
| Zimmer Holdings, Inc.                   | 115,000 | 8,650,300  |

179,547,205

**Industrials 10.3%**

|                              |         |            |
|------------------------------|---------|------------|
| Boeing Co.                   | 210,000 | 18,028,500 |
| Caterpillar Inc.             | 120,000 | 10,436,400 |
| Eaton Corporation plc        | 205,000 | 12,556,250 |
| Emerson Electric Co.         | 160,000 | 8,939,200  |
| FedEx Corp.                  | 75,000  | 7,365,000  |
| General Electric Co.         | 730,000 | 16,877,600 |
| Honeywell International Inc. | 295,000 | 22,228,250 |
| Masco Corp.                  | 365,000 | 7,391,250  |
| Terex Corp. (C) (F)          | 265,000 | 9,121,300  |
| United Technologies Corp.    | 184,500 | 17,237,835 |

130,181,585

**Information Technology 18.1%**

|  |         |            |
|--|---------|------------|
| Apple Inc. (G)                                     | 93,000  | 41,164,590 |
| Automatic Data Processing, Inc.                    | 200,000 | 13,004,000 |
| Broadcom Corp. (Class A)                           | 225,000 | 7,800,750  |
| Cisco Systems, Inc.                                | 700,000 | 14,637,000 |
| Cognizant Technology Solutions Group (Class A) (C) | 160,000 | 12,257,600 |
| eBay Inc. (C)                                      | 280,000 | 15,181,600 |
| Google Inc. (Class A) (C)                          | 18,000  | 14,292,540 |
| Intel Corp.  | 570,000 | 12,454,500 |
| International Business Machines Corp.              | 105,000 | 22,396,500 |
| MasterCard, Inc.                                   | 23,000  | 12,445,990 |
| Microsoft Corp.                                    | 700,000 | 20,027,000 |
| Oracle Corp.                                       | 500,000 | 16,170,000 |
| QUALCOMM Inc.                                      | 400,000 | 26,780,000 |

228,612,070

Edgar Filing: ADAMS EXPRESS CO - Form N-Q

**Materials 3.7%**

|   |         |            |
|---|---------|------------|
| CF Industries Holdings, Inc. (F)            | 38,531  | 7,335,145  |
| Dow Chemical Co.                            | 175,000 | 5,572,000  |
| Eastman Chemical Co.                        | 85,000  | 5,938,950  |
| Freeport-McMoRan Copper & Gold Inc.         | 165,700 | 5,484,670  |
| LyondellBasell Industries N.V. (Class A)    | 158,000 | 9,999,820  |
| Potash Corporation of Saskatchewan Inc. (F) | 130,100 | 5,106,425  |
| Praxair, Inc. (F)                           | 67,500  | 7,528,950  |
|   |         | 46,965,960 |

**SCHEDULE OF INVESTMENTS (CONTINUED)**

March 31, 2013

(unaudited)

|   | Principal/<br>Shares | Value (A)     |
|---|----------------------|---------------|
| <b>Telecom Services 3.7%</b>  |                      |               |
| AT&T Corp.  | 550,000              | \$ 20,179,500 |
| CenturyLink, Inc.   | 345,000              | 12,119,850    |
| Verizon Communications Inc.   | 300,000              | 14,745,000    |
|   |                      | 47,044,350    |
| <b>Utilities 2.5%</b>   |                      |               |
| Calpine Corp. (C)   | 300,000              | 6,180,000     |
| IDACORP, Inc.   | 135,000              | 6,516,450     |
| NiSource Inc.   | 210,000              | 6,161,400     |
| South Jersey Industries, Inc.   | 100,000              | 5,559,000     |
| Wisconsin Energy Corp.  | 160,000              | 6,862,400     |
|   |                      | 31,279,250    |
| <b>Total Common Stocks</b><br>(Cost \$990,948,700)  |                      | 1,252,344,531 |
| <b>Short-Term Investments 1.3%</b>  |                      |               |
| <b>Money Market Account 0.1%</b>  |                      |               |
| M&T Bank, 0.15%   | \$ 1,134,617         | 1,134,617     |
| <b>Money Market Funds 1.2%</b>  |                      |               |
| Fidelity Institutional Money Market Money Market Portfolio (Institutional Class), 0.14% (E) | 15,100,000           | 15,100,000    |
| RBC U.S. Government Money Market (Institutional Class I), 0.01% (E)                         | 10,000               | 10,000        |
| Vanguard Federal Money Market, 0.01% (E)  | 10,000               | 10,000        |
| Western Asset Institutional Government Reserves (Institutional Class), 0.05% (E)            | 10,000               | 10,000        |
|   |                      | 15,130,000    |

Edgar Filing: ADAMS EXPRESS CO - Form N-Q

|  |                  |
|--|------------------|
| <b>Total Short-Term Investments</b><br>(Cost \$16,264,617)                                   | 16,264,617       |
| <b>Securities Lending Collateral</b> 0.2%<br>(Cost \$2,814,093)                              |                  |
| <b>Money Market Funds</b> 0.2%   |                  |
| Invesco Short-Term Investment Trust Liquid Assets Portfolio (Institutional Class), 0.11% (E) | 2,814,093        |
| <b>Total Investments</b> 100.6%<br>(Cost \$1,010,027,410)                                    | 1,271,423,241    |
| Cash, receivables, prepaid expenses and other assets, less liabilities (0.6%)                | (7,332,476)      |
| <b>Net Assets</b> 100.0%   | \$ 1,264,090,765 |

Notes:

- (A) Common stocks are listed on the New York Stock Exchange or the NASDAQ and are valued at the last reported sale price on the day of valuation.
- (B) A portion of shares held are on loan.
- (C) Presently non-dividend paying.
- (D) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (E) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.
- (F) All or a portion of this security is pledged to cover open written call option contracts. Aggregate market value of such pledged securities is \$7,067,113.
- (G) All or a portion of this security is pledged to collateralize open written put option contracts with an aggregate market value to deliver upon exercise of \$11,078,600.

See accompanying notes.

---

**SCHEDULE OF OUTSTANDING WRITTEN OPTION CONTRACTS**

*March 31, 2013*

*(unaudited)*

| Contracts            |                              |              | Contract   |            |
|----------------------|------------------------------|--------------|------------|------------|
| (100 shares          |                              |              | Expiration |            |
| each)                | Security                     | Strike Price | Date       | Value      |
| <b>COVERED CALLS</b> |                              |              |            |            |
| 100                  | Celgene Corp.                | \$105        | Apr 13     | \$ 113,000 |
| 14                   | CF Industries Holdings, Inc. | 245          | May 13     | 126        |
| 400                  | CONSOL Energy Inc.           | 36           | Apr 13     | 10,800     |

Edgar Filing: ADAMS EXPRESS CO - Form N-Q

|       |   |       |        |         |
|-------|---|-------|--------|---------|
| 105   | Potash Corporation of Saskatchewan Inc. | 48    | Jun 13 | 630     |
| 135   | Praxair, Inc.                           | 115   | Apr 13 | 5,400   |
| 300   | Safeway Inc.                            | 23    | Jun 13 | 114,000 |
| 120   | Schlumberger Ltd.                       | 87.50 | Apr 13 | 360     |
| 200   | Terex Corp.                             | 39    | Jul 13 | 31,000  |
| 1,374 |   |       |        | 275,316 |

COLLATERALIZED PUTS

|       |  |       |        |          |
|-------|--|-------|--------|----------|
| 200   | Boeing Co.                               | 62.50 | May 13 | \$ 1,000 |
| 100   | BorgWarner, Inc.                         | 57.50 | Apr 13 | 1,500    |
| 100   | Celgene Corp.                            | 82.50 | Apr 13 | 400      |
| 76    | CF Industries Holdings, Inc.             | 165   | May 13 | 8,056    |
| 100   | Coach, Inc.                              | 45    | May 13 | 7,500    |
| 360   | Dow Chemical Co.                         | 29    | Jun 13 | 19,800   |
| 100   | Eastman Chemical Co.                     | 67.50 | Jun 13 | 25,500   |
| 100   | FedEx Corp.                              | 90    | May 13 | 6,200    |
| 196   | Halliburton Co.                          | 36    | Apr 13 | 1,764    |
| 200   | Halliburton Co.                          | 36    | Jul 13 | 18,200   |
| 100   | LyondellBasell Industries N.V. (Class A) | 52.25 | Jun 13 | 6,000    |
| 100   | National Oilwell Varco, Inc.             | 65    | May 13 | 9,200    |
| 225   | Noble Corp.                              | 35    | Jun 13 | 22,275   |
| 120   | Schlumberger Ltd.                        | 60    | Apr 13 | 480      |
| 2,077 |  |       |        | 127,875  |

Total Option Liability (Unrealized Gain of \$40,905 on \$444,096 Premiums Received)

\$ 403,191

See accompanying notes.

## NOTES TO SCHEDULES OF INVESTMENTS AND OUTSTANDING WRITTEN OPTION CONTRACTS (Unaudited)

### 1. SIGNIFICANT ACCOUNTING POLICIES

The Adams Express Company (the Fund) is registered under the Investment Company Act of 1940 as a diversified investment company. The Fund is an internally-managed closed-end fund.

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

**Security Transactions** - Investment transactions are accounted for on the trade date. Gain or loss on sales of securities and options is determined on the basis of specific identification.

**Security Valuation** - The Fund's investments are reported at fair value as defined under accounting principles generally accepted in the United States of America. 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 and money market funds) are valued at amortized cost, which approximates fair value. Purchased and written options are valued at the last quoted bid and asked price, respectively. Money market funds are valued at net asset value on the day of valuation.

Various inputs are used to determine the fair value of the Fund's investments. These inputs are summarized in the following three levels:

- **Level 1** -- fair value is determined based on market data obtained from independent sources; for example, quoted prices in active markets for identical investments,
- **Level 2** -- fair value is determined using other assumptions obtained from independent sources; for example, quoted prices for similar investments,
- **Level 3** -- fair value is determined using the Fund's own assumptions, developed based on the best information available in the circumstances.

The Fund's investments at March 31, 2013 were classified as follows:

|                               | Level 1             | Level 2  | Level 3  | Total               |
|-------------------------------|---------------------|----------|----------|---------------------|
| Stocks                        | \$1,252,344,531     | \$--     | \$--     | \$1,252,344,531     |
| Short-term investments        | 16,264,617          | --       | --       | 16,264,617          |
| Securities lending collateral | 2,814,093           | --       | --       | 2,814,093           |
| <br>Total investments         | <br>\$1,271,423,241 | <br>\$-- | <br>\$-- | <br>\$1,271,423,241 |
| <br>Written options           | <br>\$(403,191)     | <br>\$-- | <br>\$-- | <br>\$(403,191)     |

There were no transfers into or from Level 1 or Level 2 during the quarter ended March 31, 2013.

## 2. FEDERAL INCOME TAXES

For federal income tax purposes, the identified cost of securities at March 31, 2013 was \$1,012,543,903 and net unrealized appreciation aggregated \$258,879,338, of which the related gross unrealized appreciation and depreciation were \$300,857,867 and \$(41,978,529), respectively.

## 3. INVESTMENT TRANSACTIONS

The Fund's investment decisions are made by a committee of management, and recommendations to that committee are made by the research staff.

The Fund is subject to changes in the value of equity securities held (equity price risk) in the normal course of pursuing its investment objectives. The Fund may purchase and write option contracts to increase or decrease its equity price risk exposure or may write option contracts to generate additional income. Option contracts generally entail risks associated with counterparty credit, liquidity, and unfavorable equity price movements. The Fund has mitigated counterparty credit and liquidity risks by trading its options through an exchange. The risk of unfavorable equity price movements is limited for purchased options to the premium paid and for written options by writing only covered call or collateralized put option contracts, which require the Fund to segregate certain securities or cash at its custodian when the option is written.

When the Fund writes (purchases) an option, an amount equal to the premium received (paid) by the Fund is recorded as a liability (asset) and is subsequently marked to market daily in the Statement of Assets and Liabilities, with any

related change recorded as an unrealized gain or loss in the Statement of Operations. Premiums received (paid) from unexercised options are treated as realized gains (losses) on the expiration date. Upon the exercise of written put (purchased call) option contracts, premiums received (paid) are deducted from (added to) the cost basis of the underlying securities purchased. Upon the exercise of written call (purchased put) option contracts, premiums received (paid) are added to (deducted from) the proceeds from the sale of underlying securities in determining whether there is a realized gain or loss.

#### **4. PORTFOLIO SECURITIES LOANED**

The Fund makes loans of securities to approved brokers to earn additional income. It receives as collateral cash deposits, U.S. Government securities, or bank letters of credit valued at 102% of the value of the securities on loan. The market value of the loaned securities is calculated based upon the most recent closing prices and any additional required collateral is delivered to the Fund on the next business day. Cash deposits are placed in a registered money market fund. The Fund 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 Fund also continues to receive interest or dividends on the securities loaned. 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 Fund. At March 31, 2013, the Fund had outstanding securities on loan of \$2,754,540 and held cash collateral of \$2,814,093. The Fund is indemnified by its lending agent for loss of loaned securities and has the right under the lending agreement to recover the securities from the borrower on demand.

#### **Item 2. Controls and Procedures.**

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this report.

(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) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

#### **Item 3. Exhibits.**

The certifications of the principal executive officer and principal financial officer pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto as Form N-Q Certifications.

### **SIGNATURES**

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

The Adams Express Company

By: /s/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer



(Principal Executive Officer)

Date: April 19, 2013

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Mark E. Stoeckle  
Mark E. Stoeckle  
Chief Executive Officer  
(Principal Executive Officer)

Date: April 19, 2013

By: /s/ Brian S. Hook  
Brian S. Hook  
Vice President, Chief Financial Officer and Treasurer  
(Principal Financial Officer)

Date: April 19, 2013