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ADAMS EXPRESS CO
Form N-Q
October 24, 2008

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

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) (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, 2008

Date of reporting period: September 30, 2008

Item 1: SCHEDULE OF INVESTMENTS.

SCHEDULE OF INVESTMENTS

September 30, 2008
(unaudited)

Shares Value (A)

Common Stocks -- 90.4%

Consumer -- 18.9%

Consumer Discretionary -- 5.1%

Harley-Davidson, Inc. (B)	130,000	\$	4,849,000
Lowe's Companies, Inc.	600,000		14,214,000
McDonald's Corp.	75,000		4,627,500
Newell Rubbermaid Inc.	400,000		6,904,000

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Ryland Group Inc. (B) (C)	343,500	9,109,620
Target Corp. (C)	320,000	15,696,000

		55,400,120

Consumer Staples -- 13.8%		
Avon Products, Inc. (C)	375,000	15,588,750
Bunge Ltd. (B)	130,000	8,213,400
Coca-Cola Co.	200,000	10,576,000
CVS/Caremark Corp.	275,000	9,256,500
Dean Foods Co. (B)	340,000	7,942,400
Del Monte Foods Co.	1,300,000	10,140,000
Hansen Natural Corp. (B) (C) (D)	375,000	11,343,750
PepsiCo, Inc.	360,000	25,657,200
Procter & Gamble Co.	315,000	21,952,350
Safeway Inc.	390,000	9,250,800
Unilever plc ADR	800,000	21,768,000

		151,689,150

Energy -- 15.9%		
Chevron Corp.	150,000	12,372,000
ConocoPhillips	295,000	21,608,750
CONSOL Energy Inc.	200,000	9,178,000
Exxon Mobil Corp.	215,000	16,696,900
Halliburton Co.	300,000	9,717,000
Petroleum & Resources Corporation (E)	2,186,774	64,553,568
Schlumberger Ltd.	380,000	29,674,200
Transocean Inc. (D)	90,000	9,885,600

		173,686,018

Financials -- 11.1%		
Banking -- 9.7%		
Bank of America Corp.	730,000	25,550,000
Bank of New York Mellon Corp.	403,775	13,154,990
PNC Financial Services Group, Inc. (The)	200,000	14,940,000
Prosperity Bancshares, Inc.	250,000	8,497,500
State Street Corp.	260,000	14,788,800
Visa Inc.	170,000	10,436,300
Wells Fargo & Co. (B)	225,000	8,444,250
Wilmington Trust Corp. (B)	363,000	10,465,290

		106,277,130

	Shares	Value (A)
	-----	-----
Insurance -- 1.4%		
Prudential Financial, Inc. (B)	210,000	\$ 15,120,000

Health Care -- 12.9%		
Abbott Laboratories	320,000	18,425,600
Bristol-Myers Squibb Co. (B)	345,000	7,193,250
Genentech, Inc. (D)	220,000	19,509,600
Johnson & Johnson	255,000	17,666,400

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Medtronic, Inc.	310,000	15,531,000
Pfizer Inc.	1,120,000	20,652,800
Senomyx, Inc. (D)	984,400	4,459,332
Teva Pharmaceutical Industries Ltd. ADR	370,000	16,942,300
Wyeth Co.	325,000	12,005,500
Zimmer Holdings, Inc. (D)	140,000	9,038,400

		141,424,182

Industrials -- 13.3%		
Cintas Corp.	300,000	8,613,000
Curtiss-Wright Corp. (B)	360,000	16,362,000
Emerson Electric Co.	300,000	12,237,000
General Electric Co.	1,388,000	35,394,000
Harsco Corp.	125,000	4,648,750
Illinois Tool Works Inc.	250,000	11,112,500
Masco Corp. (B)	450,000	8,073,000
Oshkosh Corp.	305,000	4,013,800
3M Co.	160,000	10,929,600
Spirit AeroSystems Holdings, Inc. (D)	550,000	8,838,500
Tata Motors Ltd. ADR	1,000,000	7,660,000
United Technologies Corp.	300,000	18,018,000

		145,900,150

Information Technology -- 11.5%		
Communication Equipment -- 0.7%		
Corning Inc.	500,000	7,820,000

Computer Related -- 8.7%		
Automatic Data Processing Inc.	300,000	12,825,000
Cisco Systems, Inc. (D)	850,000	19,176,000
Dell Inc. (D)	585,000	9,640,800
Microsoft Corp.	1,180,000	31,494,200
Oracle Corp. (D)	1,100,000	22,341,000

		95,477,000

Electronics -- 2.1%		
Broadcom Corp. (D)	400,000	7,452,000
Intel Corp.	840,000	15,733,200

		23,185,200

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SCHEDULE OF INVESTMENTS (CONTINUED)

September 30, 2008
(unaudited)

Shares/
Prin. Amt Value (A)

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Materials -- 2.8%		
Air Products and Chemicals, Inc.	230,000	\$ 15,752,700
du Pont (E.I.) de Nemours and Co. (C)	360,000	14,508,000

		30,260,700

Telecom Services -- 1.0%		
AT&T Corp.	400,000	11,168,000

Utilities -- 3.0%		
MDU Resources Group, Inc.	562,500	16,312,500
Northeast Utilities	350,000	8,977,500
Spectra Energy Corp. (B)	305,780	7,277,564

		32,567,564

Total Common Stocks (Cost \$870,586,260)		989,975,214

Short-Term Investments -- 9.1%		
U.S. Government Obligations -- 2.0%		
U.S. Treasury Bills, 1.87%, due 11/13/08 (F)	\$22,500,000	22,449,744

Time Deposit -- 0.0%		
Bank of America, 3.47%, due 10/1/08		305,631

Commercial Paper -- 7.1%		
American Express Credit Corp., 2.42 - 2.50%, due 10/9/08 - 10/20/08	\$6,600,000	6,594,809
	Prin. Amt.	Value (A)
	-----	-----
Chevron Funding Corp., 2.20 - 2.30%, due 10/16/08 - 10/21/08	\$10,700,000	\$ 10,687,772
Coca-Cola Corp., 2.10%, due 10/29/08	7,200,000	7,188,240
General Electric Capital Corp., 2.15% - 2.30%, due 10/1/08 - 10/7/08	15,000,000	14,997,962
Prudential Funding, LLC, 2.33 - 2.60%, due 10/9/08 - 10/28/08	14,400,000	14,381,636
Toyota Motor Credit Corp., 2.22 - 2.35%, due 10/7/08 - 10/28/08	15,000,000	14,986,490
United Parcel Service, Inc., 1.35%, due 10/30/08	8,400,000	8,390,865

		77,227,774

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Total Short-Term Investments		
(Cost \$99,983,149)		99,983,149

Total Securities Lending Collateral -- 7.7%		
(Cost \$83,987,981)		
Brown Brothers Investment		
Trust, 2.32% (G)		83,987,981

Total Investments -- 107.2%		
(Cost \$1,054,557,390)		1,173,946,344
Cash, receivables, prepaid pension cost,		
prepaid expenses and other assets, less		
liabilities -- (7.2)%		(79,324,327)

Net Assets -- 100%		\$1,094,622,017
		=====

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) A portion of shares held are on loan. See note 8 to financial statements.
- (C) All or a portion of this security is pledged to cover open written call option contracts. Aggregate market value of such pledged securities is \$3,961,650.
- (D) Presently non-dividend paying.
- (E) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (F) All or a portion of this security is pledged to collateralize open written put option contracts with an aggregate value to deliver upon exercise of \$3,400,000.
- (G) Rate presented is as of period-end and represents the annualized yield earned over the previous seven days.

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PORTFOLIO SUMMARY

September 30, 2008
(unaudited)

Ten Largest Portfolio Holdings

	Market Value	% of Net Assets
	-----	-----
Petroleum & Resources Corporation*	\$ 64,553,568	5.9%
General Electric Co.	35,394,000	3.2
Microsoft Corp.	31,494,200	2.9
Schlumberger Ltd.	29,674,200	2.7
PepsiCo, Inc.	25,657,200	2.4
Bank of America Corp.	25,550,000	2.3
Oracle Corp.	22,341,000	2.1
Procter & Gamble Co.	21,952,350	2.0

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Unilever plc ADR	21,768,000	2.0
ConocoPhillips	21,608,750	1.9
	-----	----
Total	\$299,993,268	27.4%

*Non-controlled affiliate

Sector Weightings

[CHART]

Consumer	18.9%
Energy	15.9%
Financials	11.1%
Health Care	12.9%
Industrials	13.3%
Information Technology	11.5%
Materials	2.8%
Telecom Services	1.0%
Utilities	3.0%
Short-Term Investments	9.1%

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

September 30, 2008
(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Value

COVERED CALLS				
250	Avon Products, Inc.....	\$ 45	Nov 08	\$ 32,500
200	du Pont (E.I.) de Nemours and Co..	55	Oct 08	2,000
200	Hansen Natural Corp.....	50	Dec 08	21,000
200	Ryland Group Inc.....	50	Oct 08	1,000
200	Target Corp.....	65	Jan 09	16,000
-----				-----
1,050				72,500
-----				-----
COLLATERALIZED PUTS				
200	Coca-Cola Co.....	50	Oct 08	11,000
200	Coca-Cola Co.....	45	Nov 08	7,000
200	Hansen Natural Corp.....	15	Dec 08	42,000
150	McDonald's Corp.....	55	Dec 08	24,000
250	Oshkosh Corp.....	15	Oct 08	65,000

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1,000

149,000

\$221,500
=====

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(SELECTED) NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

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

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 stockholders are recognized on the ex-dividend date, and interest income is recognized on the accrual basis.

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 which approximates fair value. Purchased and written options are valued at the last quoted asked price.

The Company adopted Financial Accounting Standard Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. There was no impact on the fair value of assets individually or in aggregate upon adoption. In accordance with FAS 157, fair value is defined as the price that the Company would receive upon selling an investment in an orderly transaction to an independent buyer. FAS 157 established a three-tier hierarchy to establish classification of fair value measurements, summarized as follows:

- . Level 1 -- fair value is determined based on market data obtained from independent sources; for example, quoted

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- 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 Company's own assumptions, developed based on the best information available in the circumstances.

The Company's investments at September 30, 2008 are classified as follows:

	Investment in securities	Written options
	-----	-----
Level 1	\$989,975,214	\$221,500
Level 2	183,971,130*	--
Level 3	--	--
	-----	-----
Total	\$1,173,946,344	\$221,500

* Consists of short-term investments and securities lending collateral.

For federal income tax purposes, the identified cost of securities at September 30, 2008 was \$1,054,070,139 and net unrealized appreciation aggregated \$119,876,205, of which the related gross unrealized appreciation and depreciation were \$268,342,031 and \$148,465,826, respectively.

8. Portfolio Securities Loaned

The Company 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 Company on the next business day. Cash deposits are placed in an investment trust fund that may invest in money market instruments, commercial paper, repurchase agreements, U.S. Treasury Bills and U.S. agency obligations. 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. 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 September 30, 2008, the Company had securities on loan of \$86,018,707 and held cash collateral of \$83,987,981; additional collateral was delivered the next business day in accordance with the procedure described above. The Company is indemnified by the Custodian, serving as lending agent, for loss of loaned securities and has the right under the lending agreement to recover the securities

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from the borrower on demand.

Item 2. CONTROLS AND PROCEDURES.

Conclusions of principal officers concerning controls and procedures:

(a) As of October 24, 2008, an evaluation was performed under the supervision and with the participation of the officers of The Adams Express Company (the "Company"), including the principal executive officer ("PEO") and principal financial officer ("PFO"), of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Company's officers, including the PEO and PFO, concluded that, as of October 24, 2008, the Company's disclosure controls and procedures were reasonably designed so as to ensure: (1) that information required to be disclosed by the Company on Form N-Q is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Company is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

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

Douglas G. Ober
Chief Executive Officer

Date: October 24, 2008

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

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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: October 24, 2008

BY: /s/ Maureen A. Jones

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

Date: October 24, 2008