

ADAMS EXPRESS CO  
Form N-30B-2  
April 19, 2006

THE ADAMS EXPRESS COMPANY

**Board of Directors**

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

1. Member of Executive Committee  
2. Member of Audit Committee  
3. Member of Compensation Committee  
4. Member of Retirement Benefits Committee

**Officers**

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

**Stock Data**

Market Price (3/31/06)	\$ 13.30
Net Asset Value (3/31/06)	\$ 15.48
Discount:	14.1%

New York Stock Exchange and Pacific Exchange ticker symbol: ADX  
NASDAQ Mutual Fund Quotation Symbol: XADEX

Newspaper stock listings are generally under the abbreviation: AdaEx

**Distributions in 2006**

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From Investment Income (paid or declared)	\$ 0.08
From Net Realized Gains	0.02
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Total	\$ 0.10
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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

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LETTER TO STOCKHOLDERS

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We submit herewith the financial statements of the Company for the three months ended March 31, 2006. Also provided are a schedule of investments and other summary financial information.

Net assets of the Company at March 31, 2006 were \$15.48 per share on 85,308,628 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. On April 13, 2006, an investment income dividend of \$0.05 per share was declared to shareholders of record May 18, 2006, payable June 1, 2006.

Net investment income for the three months ended March 31, 2006 amounted to \$3,995,963, compared with \$4,007,315 for the same period in 2005. These earnings are equal to \$0.05 and \$0.05 per share, respectively, on the average number of shares outstanding during each period.

Net capital gain realized on investments for the three months ended March 31, 2006 amounted to \$8,038,717, the equivalent of \$0.09 per share.

The Annual Meeting, held on March 28, 2006, in Orlando, Florida, was well attended. The results of the voting at the Annual Meeting are shown on page 14.

Current and potential shareholders can find information about the Company, including the daily net asset value (NAV) per share, the market price, and the discount/premium to the NAV, at its 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.

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After serving 30 years on the Company's Board of Directors, Mr. Robert J.M. Wilson retired in March 2006. Mr. Wilson started his career with the Company as the President and a Director in 1975. He retired from the Company in 1986 and continued serving on the Board until this year. Over the years, his insight in the financial markets and strong analytical discipline were invaluable to the Company, and all of our shareholders gained from the wisdom and judgment that he provided. We wish him well in his retirement and thank him for all his years of commitment to the Company.

We are pleased to announce the appointment of Mr. Frederic A. Escherich to the Board of Directors of the Company, effective February 9, 2006. Mr. Escherich, a 25-year veteran of J.P. Morgan, is now a private investor. He retired from J.P. Morgan in 2002 as the head of Mergers and Acquisition Research. Prior to that he was head of J.P. Morgan's Financial Advisory Department; he managed industry analyst teams in transportation and technology and in the consumer and health care sectors. With his broad knowledge and experience in the equities markets, he is a valuable addition to the Board of Directors.

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,

Douglas G. Ober,

*Chairman and*

*Chief Executive Officer*

Joseph M. Truta,

*President*

April 21, 2006

## STATEMENT OF ASSETS AND LIABILITIES

March 31, 2006

(unaudited)

**Assets**

Investments\* at value:

Common stocks and convertible securities (cost \$894,787,699)	\$ 1,230,060,709	
Non-controlled affiliate, Petroleum & Resources Corporation (cost \$27,963,162)	65,935,067	
Short-term investments (cost \$23,482,450)	23,482,450	
Securities lending collateral (cost \$19,229,896)	19,229,896	\$ 1,338,708,122
Cash		276,798
Receivables:		
Investment securities sold		537,661
Dividends and interest		1,215,225
Prepaid pension cost		5,404,492
Prepaid expenses and other assets		1,815,731
<i>Total Assets</i>		1,347,958,029

**Liabilities**

Investment securities purchased	3,710,149	
Open written option contracts at value (proceeds \$894,706)	760,675	
Obligations to return securities lending collateral		19,229,896
Accrued expenses		3,746,193
<i>Total Liabilities</i>		27,446,913

**Net Assets** \$ 1,320,511,116**Net Assets**

Common Stock at par value \$1.00 per share, authorized 150,000,000 shares; issued and outstanding 85,308,628 shares (includes 53,543 restricted shares, restricted stock units for 13,500 shares and deferred stock units for 1,024 shares) (Note 6)	\$ 85,308,628
Additional capital surplus	848,626,551
Unearned compensation restricted stock awards (Note 6)	(704,666)
Undistributed net investment income	6,095,049
Undistributed net realized gain on investments	7,806,608
Unrealized appreciation on investments	373,378,946
<b>Net Assets Applicable to Common Stock</b>	<b>\$ 1,320,511,116</b>
<b>Net Asset Value Per Share of Common Stock</b>	<b>\$15.48</b>

\*See Schedule of Investments on pages 8 and 9.

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

## STATEMENT OF OPERATIONS

Three Months Ended March 31, 2006

(unaudited)

<b>Investment Income</b>	
Income:	
Dividends:	
From unaffiliated issuers	\$ 5,372,928
From non-controlled affiliate	119,160
Interest and other income	214,053
<i>Total Income</i>	5,706,141
Expenses:	
Investment research	749,455
Administration and operations	390,598
Directors' fees	95,258
Reports and stockholder communications	110,926
Transfer agent, registrar and custodian expenses	91,014
Auditing and accounting services	32,500
Legal services	27,442
Occupancy and other office expenses	171,197
Travel, telephone and postage	25,969
Other	15,819
<i>Total Expenses</i>	1,710,178
<b>Net Investment Income</b>	3,995,963
<b>Realized Gain and Change in Unrealized Appreciation on Investments</b>	
Net realized gain on security transactions	7,899,697
Net realized gain distributed by regulated investment company (non-controlled affiliate)	139,020
Change in unrealized appreciation on investments	56,901,579
<b>Net Gain on Investments</b>	64,940,296
<b>Change in Net Assets Resulting from Operations</b>	\$ 68,936,259

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

## STATEMENTS OF CHANGES IN NET ASSETS

	Three Months Ended March 31, 2006	Year Ended December 31, 2005
	(unaudited)	
<b>From Operations:</b>		
Net investment income	\$ 3,995,963	\$ 18,288,551
Net realized gain on investments	8,038,717	53,817,950
Change in unrealized appreciation on investments	56,901,579	(27,193,045)
<i>Change in net assets resulting from operations</i>	68,936,259	44,913,456
<b>Distributions to Stockholders from:</b>		
Net investment income	(2,573,618)	(18,634,893)
Net realized gain from investment transactions	(1,716,452)	(53,672,531)
<i>Decrease in net assets from distributions</i>	(4,290,070)	(72,307,424)
<b>From Capital Share Transactions:</b>		
Value of shares issued in payment of distributions	1,295	30,523,934
Cost of shares purchased (Note 4)	(10,962,838)	(32,052,187)
Deferred compensation (Notes 4, 6)	97,818	101,973
<i>Change in net assets from capital share transactions</i>	(10,863,725)	(1,426,280)
<b>Total Change in Net Assets</b>	<b>53,782,464</b>	<b>(28,820,248)</b>
<b>Net Assets:</b>		
Beginning of period	1,266,728,652	1,295,548,900
End of period (including undistributed net investment income of \$6,095,049 and \$4,672,704, respectively)	\$ 1,320,511,116	\$ 1,266,728,652

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

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NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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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 March 31, 2006 was \$964,975,956 and net unrealized appreciation aggregated \$373,732,166, of which the related gross unrealized appreciation and depreciation were \$455,814,243 and \$82,082,077, 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.



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Purchases and sales of portfolio securities, other than options and short-term investments, during the three months ended March 31, 2006 were \$36,007,870 and \$49,926,094, respectively. Options may be written (sold) or purchased by the Company. The Company, as writer of an option, bears the risks of possible illiquidity of the option markets and from movements in security values. The risk associated with purchasing an option is limited to the premium originally paid. A schedule of outstanding option contracts as of March 31, 2006 can be found on page 11.

Transactions in written covered call and collateralized put options during the three months ended March 31, 2006 were as follows:

	Covered Calls		Collateralized Puts	
	Contracts	Premiums	Contracts	Premiums
Options outstanding, December 31, 2005	2,320	\$ 244,294	2,465	\$ 317,641
Options written	3,400	451,597	3,615	397,467
Options terminated in closing purchase transactions	(300)	(35,598)	(800)	(108,715)
Options expired	(1,100)	(117,445)	(1,900)	(225,921)
Options exercised	(170)	(16,489)	(125)	(12,125)
Options outstanding, March 31, 2006	4,150	\$ 526,359	3,255	\$ 368,347

#### 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 99 shares of its Common Stock at a weighted average price of \$13.09 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	
	Three months ended March 31, 2006	Year ended December 31, 2005	Three months ended March 31, 2006	Year ended December 31, 2005
Shares issued in payment of dividends	99	2,400,624	\$ 1,295	\$ 30,523,934

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Shares purchased (at a weighted average discount from net asset value of 14.2% and 12.6%, respectively)	(839,200)	(2,458,500)	(10,962,838)	(32,052,187)
Restricted shares/units granted under the Equity Incentive Compensation Plan	48,122	22,191	97,818	101,973
Net change	(790,979)	(35,685)	\$ (10,863,725)	\$ (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

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Company has 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 three months ended March 31, 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 three months ended March 31, 2006:

Service cost	\$ 115,242
Interest cost	129,504
Expected return on plan assets	(198,509)
Amortization of prior service cost	29,944
Amortization of net loss	45,191
Net periodic pension cost	\$ 121,372

The Company also sponsors a defined contribution plan that covers substantially all employees. For the three months ended March 31, 2006, the Company expensed contributions of \$45,746. 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 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 ( 2005 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 March 31, 2006, and changes during the period then ended, is presented below:

	Options	Weighted- Average Exercise Price	Weighted- Average Remaining Life (Years)
Outstanding at December 31, 2005	254,766	\$ 11.71	
Exercised	(34,063)	7.94	
Cancelled	(8,233)	10.87	
Outstanding at March 31, 2006	212,470	\$ 12.32	5.37

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Exercisable at March 31, 2006	134,548	\$ 12.44	5.25
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The options outstanding as of March 31, 2006 are set forth below:

Exercise Price	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life (Years)
\$8.50-\$10.74	57,538	\$ 9.68	3.75
\$10.75-\$12.99	103,784	11.51	6.79
\$13.00-\$15.24			
\$15.25-\$17.50	51,148	16.94	4.34
Outstanding at March 31, 2006	212,470	\$ 12.32	5.37

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 three months ended March 31, 2006 was \$113,312.

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 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 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 Plan at March 31, 2006 is 3,342,818 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 as of March 31, 2006, and changes during the period then ended is presented below:

Awards	Shares/Units	Weighted Average Grant-Date Fair Value
Balance at December 31, 2005	21,441	\$ 12.57
Granted:		
Restricted stock	39,602	12.93
Restricted stock units	7,500	13.24
Deferred stock units	1,024	12.74
Vested & issued	(1,500)	(12.56)
Forfeited		
Balance at March 31, 2006 (includes 39,602 performance-based awards and 28,465 nonperformance-based awards)	68,067	\$ 12.81



## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 March 31, 2006 were \$57,246. The total compensation costs for restricted stock units granted to non-employee directors for the period ended March 31, 2006 were \$28,175. As of March 31, 2006, there were total unrecognized compensation costs of \$704,666 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 2.33 years.

**7. Expenses**

The aggregate remuneration paid or accrued during the three months ended March 31, 2006 to officers and directors amounted to \$1,303,008, of which \$95,258 was paid or accrued as fees to directors who were not officers.

**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 March 31, 2006, the Company had securities on loan of \$18,768,540 and held collateral of \$19,229,896, 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**

	Three Months Ended		Year Ended December 31				
	(unaudited)						
	March 31, 2006	March 31, 2005	2005	2004	2003	2002	2001
<b>Per Share Operating Performance</b>							
Net asset value, beginning of period	\$14.71	\$15.04	\$15.04	\$14.36	\$12.12	\$16.05	\$23.72
Net investment income	0.05	0.05	0.22	0.23*	0.19	0.20	0.26
Net realized gains and increase (decrease) in unrealized appreciation	0.75	(0.34)	0.32	1.39	2.85	(3.38)	(6.21)
Total from investment operations	0.80	(0.29)	0.54	1.62	3.04	(3.18)	(5.95)
Less distributions							
Dividends from net investment income	(0.03)	(0.04)	(0.22)	(0.24)	(0.17)	(0.19)	(0.26)
Distributions from net realized gains	(0.02)	(0.01)	(0.64)	(0.66)	(0.61)	(0.57)	(1.39)

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Total distributions	(0.05)	(0.05)	(0.86)	(0.90)	(0.78)	(0.76)	(1.65)
Capital share repurchases	0.02	0.02	0.05	0.02	0.04	0.05	0.04
Reinvestment of distributions			(0.06)	(0.06)	(0.06)	(0.04)	(0.11)
Total capital share transactions	0.02	0.02	(0.01)	(0.04)	(0.02)	0.01	(0.07)
<b>Net asset value, end of period</b>	<b>\$15.48</b>	<b>\$14.72</b>	<b>\$14.71</b>	<b>\$15.04</b>	<b>\$14.36</b>	<b>\$12.12</b>	<b>\$16.05</b>
Per share market price, end of period	\$13.30	\$12.87	\$12.55	\$13.12	\$12.41	\$10.57	\$14.22
<b>Total Investment Return</b>							
Based on market price	6.4%	(1.5)%	2.2%	13.2%	25.2%	(20.6)%	(24.7)%
Based on net asset value	5.6%	(1.8)%	4.5%	12.1%	26.3%	(19.4)%	(24.7)%
<b>Ratios/Supplemental Data</b>							
Net assets, end of period (in 000 s)	\$1,320,511	\$1,256,421	\$1,266,729	\$1,295,549	\$1,218,862	\$1,024,810	\$1,368,366
Ratio of expenses to average net assets	0.53%	0.44%	0.45%	0.43%	0.47%	0.34%	0.19%
Ratio of net investment income to average net assets	1.23%	1.26%	1.44%	1.54%	1.45%	1.42%	1.33%
Portfolio turnover	11.31%	21.79%	12.96%	13.43%	12.74%	17.93%	19.15%
Number of shares outstanding at end of period (in 000 s)	85,309	85,343	86,100	86,135	84,886	84,536	85,233

\* 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.

## SCHEDULE OF INVESTMENTS

March 31, 2006

(unaudited)

	Shares	Value (A)
<b>Stocks and Convertible Securities 98.1%</b>		
<b>Consumer 17.0%</b>		
<b>Consumer Discretionary 6.8%</b>		
BJ's Wholesale Club, Inc. (B)	500,000	\$ 15,755,000
Clear Channel Communications, Inc.	350,000	10,153,500
Comcast Corp. (B)	365,000	9,548,400
Gannett Co., Inc.	112,500	6,741,000
Newell Rubbermaid Inc.	515,000	12,972,850
Outback Steakhouse, Inc.	315,000	13,860,000
Target Corp.	410,000	21,324,100
		<u>90,354,850</u>
<b>Consumer Staples 10.2%</b>		
Avon Products, Inc.	420,000	13,091,400
Bunge Ltd.	235,000	13,091,850
Coca-Cola Co.	200,000	8,374,000
Dean Foods Co. (B)	450,000	17,473,500
Del Monte Foods Co.	1,115,000	13,223,900
PepsiCo, Inc.	440,000	25,427,600
Procter & Gamble Co.	340,000	19,590,800
Safeway Inc.	423,000	10,625,760
Unilever plc ADR	345,000	14,169,150
		<u>135,067,960</u>
<b>Energy 11.5%</b>		
BP plc ADR	270,000	18,613,800
ConocoPhillips	345,000	21,786,750
Exxon Mobil Corp.	130,000	7,911,800
Marathon Oil Co.	110,000	8,378,700
Murphy Oil Corp.	90,000	4,483,800
Petroleum & Resources Corporation (C)	1,985,996	65,935,067
Schlumberger Ltd.	190,000	24,048,300
		<u>151,158,217</u>
<b>Financials 17.0%</b>		
<b>Banking 12.7%</b>		
Bank of America Corp.	550,000	25,047,000
BankAtlantic Bancorp, Inc.	750,000	10,792,500
Compass Bancshares Inc.	300,000	15,183,000
Fifth Third Bancorp	280,000	11,020,800
	382,500	17,927,775



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<b>Investors Financial Services</b>		
Corp.		
Morgan Stanley	175,000	10,993,500
North Fork Bancorp, Inc.	525,000	15,135,750
Wachovia Corp.	395,000	22,139,750
Wells Fargo & Co.	325,000	20,757,750
Wilmington Trust Corp.	420,000	18,207,000
		<hr/>
		167,204,825
		<hr/>

**Insurance 4.3%**

AMBAC Financial Group, Inc.	295,000	23,482,000
American International Group, Inc.	500,000	33,045,000
		<hr/>
		56,527,000
		<hr/>

**Shares**                      **Value (A)**

**Health Care 13.0%**

Abbott Laboratories	350,000	\$ 14,864,500
Advanced Medical Optics, Inc. (B)	300,000	13,992,000
Bristol-Myers Squibb Co.	345,000	8,490,450
Genentech, Inc. (B)	220,000	18,592,200
HCA Inc.	250,000	11,447,500
Johnson & Johnson	255,000	15,101,100
Laboratory Corp. of America Holdings (B)	225,000	13,158,000
MedImmune, Inc. (B)	225,000	8,230,500
Medtronic, Inc.	310,000	15,732,500
Pfizer Inc.	1,120,000	27,910,400
Wyeth Co.	325,000	15,769,000
Zimmer Holdings, Inc. (B)	125,000	8,450,000
		<hr/>
		171,738,150
		<hr/>

**Industrials 13.1%**

Cintas Corp.	300,000	12,786,000
Curtiss-Wright Corp.	230,000	15,226,000
Donnelley (R.R.) & Sons Co.	260,000	8,507,200
Emerson Electric Co.	200,000	16,726,000
General Electric Co.	1,487,700	51,742,206
Illinois Tool Works Inc. (D)	125,000	12,038,750
Masco Corp.	450,000	14,620,500
3M Co.	160,000	12,110,400
United Parcel Service, Inc.	155,000	12,303,900
United Technologies Corp.	300,000	17,391,000
		<hr/>
		173,451,956
		<hr/>

**Information Technology 13.3%**

**Communication Equipment 2.2%**

Avaya Inc. (B)	600,000	6,780,000
Corning Inc. (B)	500,000	13,455,000
Lucent Technologies Inc. (B)	2,900,000	8,845,000
		<hr/>
		29,080,000
		<hr/>

**Computer Related 9.2%**

Automatic Data Processing Inc.	300,000	13,704,000
BEA Systems, Inc. (B)	800,000	10,504,000
Cisco Systems, Inc. (B)	1,200,000	26,004,000
Dell Inc. (B)	400,000	11,904,000
Microsoft Corp.	1,180,000	32,107,800
Oracle Corp. (B)	1,356,001	18,563,654
Sapient Corp. (B)	1,150,000	8,774,500

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		121,561,954
<hr/>		
<i>Electronics 1.9%</i>		
Cree, Inc. (B)(D)	375,000	12,303,750
Intel Corp.	310,000	5,998,500
Solectron Corp. (B)	1,850,000	7,400,000
		<hr/>
		25,702,250
		<hr/>

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## SCHEDULE OF INVESTMENTS (CONTINUED)

March 31, 2006

(unaudited)

	<u>Shares</u>	<u>Value (A)</u>
<b>Materials 5.9%</b>		
Air Products and Chemicals, Inc.	250,000	\$ 16,797,500
du Pont (E.I.) de Nemours and Co.	360,000	15,195,600
Florida Rock Industries Inc.	150,000	8,433,000
Martin Marietta Materials, Inc.	83,000	8,883,490
Rohm & Haas Co.	400,000	19,548,000
Smurfit-Stone Container Corp. (B)	650,000	8,820,500
		<u>77,678,090</u>
<b>Telecom Services 2.7%</b>		
Alltel Corp.	300,000	19,425,000
AT&T Corp.	595,000	16,088,800
		<u>35,513,800</u>
<b>Utilities 4.6%</b>		
Aqua America, Inc.	800,000	22,256,000
Black Hills Corp.	245,000	8,330,000
Duke Energy Corp.	611,560	17,826,974
MDU Resources Group, Inc.	375,000	12,543,750
		<u>60,956,724</u>
<b>Total Stocks and Convertible Securities</b> (Cost \$922,750,861) (E)		<u>\$ 1,295,995,776</u>
	<u>Prin. Amt.</u>	<u>Value (A)</u>
<b>Short-Term Investments 1.8%</b>		
<b>U.S. Government Obligations 1.4%</b>		
U.S. Treasury Bills, 4.40%, due 5/18/06	\$ 18,500,000	\$ 18,393,613
<b>Time Deposit 0.0%</b>		
Citibank, N.A., 4.15%, due 4/3/06		493,011
<b>Commercial Paper 0.4%</b>		
AIG Funding Inc., 4.74%, due 4/6/06	1,000,000	999,342
Chevron Funding Corp., 4.71%, due 4/13/06	1,000,000	998,430
General Electric Capital Corp., 4.72%, due 4/4/06	1,600,000	1,599,371
Toyota Motor Credit Corp., 4.74%, due 4/11/06	1,000,000	998,683
		<u>4,595,826</u>
		<u>23,482,450</u>

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<b>Total Short-Term Investments</b> (Cost \$23,482,450)	_____
<b>Securities Lending Collateral 1.5%</b>	
Brown Brothers Investment Trust, 4.67%, due 4/3/06	19,229,896
	_____
<b>Total Securities Lending Collateral</b> (Cost \$19,229,896)	19,229,896
	_____
<b>Total Investments 101.4%</b> (Cost \$965,463,207)	1,338,708,122
Cash, receivables, prepaid expenses and other assets, less liabilities (1.4)%	(18,197,006)
	_____
<b>Net Assets 100%</b>	<b>\$ 1,320,511,116</b>
	_____

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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) Non-controlled affiliate, a closed-end sector fund, registered as an investment company under the Investment Company Act of 1940.
- (D) Some or all of these securities are on loan. See note 8 to financial statements.
- (E) The aggregate market value of stocks held in escrow at March 31, 2006 covering open call option contracts written was \$22,374,100. In addition, the aggregate market value of securities segregated by the Company's custodian required to collateralize open put option contracts written was \$15,682,000.

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**PORTFOLIO SUMMARY**


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March 31, 2006

(unaudited)

**Ten Largest Portfolio Holdings**

	<u>Market Value</u>	<u>% of Net Assets</u>
Petroleum & Resources Corporation*	\$ 65,935,067	5.0
General Electric Co.	51,742,206	3.9
American International Group, Inc.	33,045,000	2.5
Microsoft Corp.	32,107,800	2.4
Pfizer Inc.	27,910,400	2.1
Cisco Systems, Inc.	26,004,000	2.0
PepsiCo, Inc.	25,427,600	1.9
Bank of America Corp.	25,047,000	1.9
Schlumberger Ltd.	24,048,300	1.8
AMBAC Financial Group, Inc.	23,482,000	1.8
	<hr/>	<hr/>
Total	\$ 334,749,373	25.3%

\*Non-controlled affiliate

**Sector Weightings**

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SCHEDULE OF OUTSTANDING OPTION CONTRACTS

March 31, 2006

(unaudited)

Contracts (100 shares each)	Security	Strike Price	Contract Expiration Date	Appreciation/ (Depreciation)
<b>COVERED CALLS</b>				
100	Advanced Medical Optics, Inc.	\$ 50	Jul 06	\$ (1,800)
100	Air Products and Chemicals, Inc.	70	Sep 06	(11,801)
200	AMBAC Financial Group, Inc.	85	Aug 06	2,398
250	Aqua America, Inc.	30	Jun 06	8,264
100	Avon Products, Inc.	35	Oct 06	(1,300)
150	Bunge Ltd.	65	Jul 06	18,299
100	Bunge Ltd.	70	Jul 06	12,725
150	ConocoPhillips	75	May 06	13,799
200	Corning Inc.	30	Aug 06	(9,600)
100	Cree, Inc.	35	Apr 06	1,199
100	Cree, Inc.	35	Jun 06	(1,300)
150	Cree, Inc.	40	Sep 06	(450)
100	Emerson Electric Co.	85	Jun 06	(12,800)
100	Emerson Electric Co.	95	Sep 06	(38,300)
100	Genentech, Inc.	100	Jun 06	3,699
150	HCA Inc.	55	Aug 06	12,299
100	Illinois Tool Works Inc.	100	Jun 06	(8,301)
100	Illinois Tool Works Inc.	100	Sep 06	(28,050)
100	Illinois Tool Works Inc.	105	Sep 06	(10,800)
150	Investors Financial Services Corp.	45	Jul 06	(56,240)
100	Investors Financial Services Corp.	50	Jul 06	(1,301)
100	Investors Financial Services Corp.	55	Oct 06	(8,175)
150	Laboratory Corp. of America Holdings	60	May 06	(9,125)
100	Laboratory Corp. of America Holdings	65	Aug 06	(3,300)
100	MedImmune, Inc.	42.50	Jun 06	5,199
100	Murphy Oil Corp.	50	Apr 06	2,200
100	Murphy Oil Corp.	55	Jul 06	(800)
150	Outback Steakhouse, Inc.	50	Aug 06	6,299
250	Rohm & Haas Co.	55	Jul 06	17,024
250	Target Corp.	65	Apr 06	24,248
150	United Technologies Corp.	65	Aug 06	8,399
4,150				(67,392)
<b>COLLATERALIZED PUTS</b>				
20	Advanced Medical Optics, Inc.	35	Apr 06	2,040
200	Advanced Medical Optics, Inc.	40	Apr 06	30,398
170	Advanced Medical Optics, Inc.	35	Jul 06	11,739
250	Automatic Data Processing Inc.	42.50	Aug 06	10,499
250	Avon Products, Inc.	25	Jul 06	16,749
250	Bunge Ltd.	45	Jul 06	14,249
150	Exxon Mobil Corp.	52.50	Oct 06	2,549
100	Fifth Third Bancorp	35	May 06	8,700
100	Florida Rock Industries Inc.	50	Jun 06	1,200
100	Florida Rock Industries Inc.	45	Sep 06	(2,300)
100	Marathon Oil Corp.	65	Apr 06	10,700

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65	Marathon Oil Corp.	70	May	06	(845)
100	Marathon Oil Corp.	60	Jul	06	7,700
100	Marathon Oil Corp.	65	Jul	06	14,199
100	Marathon Oil Corp.	55	Oct	06	5,700
100	Morgan Stanley	60	May	06	3,200
100	Morgan Stanley	55	Jul	06	6,700
100	North Fork Bancorp, Inc.	25	May	06	7,700
100	Procter & Gamble Co.	55	Oct	06	(5,800)
100	Target Corp.	47.50	Apr	06	11,699
200	3M Co.	65	Jul	06	12,399
250	Wachovia Corp.	47.50	Jul	06	17,999
250	Zimmer Holdings, Inc.	60	Jun	06	14,249
<hr/>					201,423
3,255					
<hr/>					\$134,031
					<hr/>

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**CHANGES IN PORTFOLIO SECURITIES**


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During the Three Months Ended March 31, 2006

(unaudited)

	Shares		
	Additions	Reductions	Held March 31, 2006
Advanced Medical Optics, Inc.	65,000		300,000
BankAtlantic Bancorp, Inc.	320,000		750,000
Comcast Corp.	12,500		365,000
Florida Rock Industries Inc.	150,000		150,000
Marathon Oil Corp.	110,000		110,000
Morgan Stanley	175,000		175,000
Oracle Corp.	631,001 <sup>(1)</sup>	155,000	1,356,001
Wachovia Corp.	25,000		395,000
Aqua America, Inc.		62,733	800,000
BellSouth Corp.		200,000	
Corning Inc.		100,000	500,000
Cree, Inc.		125,000	375,000
DiamondCluster International, Inc.		340,000	
Keyspan Corp.		140,000	
Martin Marietta Materials, Inc.		17,000	83,000
MDU Resources Group, Inc.		200,000	375,000
Murphy Oil Corp.		119,600	90,000
Siebel Systems, Inc.		800,000 <sup>(1)</sup>	
Vodafone Group plc ADS		492,613	

<sup>(1)</sup> Received .789 shares of Oracle Corp. in exchange for each share of Siebel Systems, Inc. held.

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**HISTORICAL FINANCIAL STATISTICS**


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December 31	Value of Net Assets	Shares Outstanding*	Net Asset Value per Share*	Dividends from Net Investment Income per Share*	Distributions from Net Realized Gains per Share*
1996	\$ 1,138,760,396	72,054,792	\$ 15.80	\$ .35	\$ .80
1997	1,424,170,425	74,923,859	19.01	.29	1.01
1998	1,688,080,336	77,814,977	21.69	.30	1.10



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1999	2,170,801,875	80,842,241	26.85	.26	1.37
2000	1,951,562,978	82,292,262	23.72	.22	1.63
2001	1,368,366,316	85,233,262	16.05	.26	1.39
2002	1,024,810,092	84,536,250	12.12	.19	.57
2003	1,218,862,456	84,886,412	14.36	.17	.61
2004	1,295,548,900	86,135,292	15.04	.24	.66
2005	1,266,728,652	86,099,607	14.71	.22	.64
March 31, 2006 (unaudited)	1,320,511,116	85,308,628	15.48	.08	.02

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

**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, 2005 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.

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**Common Stock**

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Listed on the New York Stock Exchange

and the Pacific Exchange

**The Adams Express Company**

Seven St. Paul Street, Suite 1140, Baltimore, MD 21202

(410) 752-5900 or (800) 638-2479

**Website:** [www.adamsexpress.com](http://www.adamsexpress.com)

**E-mail:** [contact@adamsexpress.com](mailto: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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**ANNUAL MEETING OF STOCKHOLDERS**


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The Annual Meeting of Stockholders was held on March 28, 2006. For those nominated, the following votes were cast for directors:

	<u>votes for</u>	<u>votes withheld</u>
(A) Enrique R. Arzac:	69,509,329	2,656,332
(B) Phyllis O. Bonanno:	69,952,014	2,213,647
(C) Daniel E. Emerson:	69,038,044	3,127,617
(D) Frederic A. Escherich:	69,960,781	2,204,880
(E) Roger W. Gale:	69,938,367	2,227,294
(F) Thomas H. Lenagh:	68,922,646	3,243,015
(G) Kathleen T. McGahran:	70,041,626	2,124,035
(H) Douglas G. Ober:	69,988,127	2,177,534
(I) John J. Roberts:	69,091,813	3,073,848
(J) Craig R. Smith:	69,954,171	2,211,490

A proposal to approve and ratify the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the Company for 2006 was approved with 70,433,126 votes for, 1,289,471 votes against, and 443,061 shares abstaining.

This report, including the financial statements herein, is transmitted to the 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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**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 (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
<i>To transfer shares to another participant or to a new participant</i>	

***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 (existing holders)	\$50.00
Electronic Funds Transfer (monthly minimum)	\$50.00
Maximum per transaction	\$25,000.00
Maximum per year	NONE

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

### **For Non-Registered Shareholders**

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

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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

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**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.