



2009 ANNUAL REPORT TO STATE FARM® MUTUAL POLICYHOLDERS



At a time when consumers are understandably concerned about the financial standing of companies they rely on, State Farm Mutual continued to earn the highest possible rating from A.M. Best Co. (A++).

We remained profitable, though not at the level of the previous year — largely because of a decline in investment income. Even so, investment income continued to offset underwriting losses. It was the second straight year of underwriting losses, but underwriting results were improved compared to the prior year.

We thank you for your continued support and remain dedicated to providing superior service as efficiently as possible.

Edward B. Rust Jr.

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Chairman of the Board and Chief Executive Officer

A complete annual financial report is available at www.naic.org/cis.

Notice of Annual Meeting

The annual meeting of State Farm Mutual Automobile Insurance Company is held each year at 10 a.m. on the second Monday of June at the company's Corporate Headquarters, One State Farm Plaza, Bloomington, Illinois. All members may participate in the annual meeting and have a right to vote by proxy or in person. You may receive a proxy by writing to Customer Service, One State Farm Plaza, Bloomington, Illinois 61710. Please include your State Farm Mutual Automobile Insurance Company policy number in your request. Proxies must be on file with the Corporate Secretary 20 days before the annual meeting.

State Farm Mutual Automobile Insurance Company
Bloomington, IL

Please see statefarm.com® for
additional information about the company.

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STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

Statement of Condition (In Millions of Dollars)

Assets	2009	2008
Cash and Short Term Investments	\$ 1,362	\$ 681
Bonds	36,200	34,510
Unaffiliated Common & Preferred Stocks	31,781	26,903
Equity in Insurance Subsidiaries	21,297	20,251
Other Assets	10,040	9,673
Total Assets	\$100,681	\$ 92,018

Liabilities

Claims and Claim Expenses	\$ 22,278	\$ 20,452
Unearned Premiums	9,066	8,963
Other Liabilities	11,156	9,328

Surplus

Funds for Protection of State Farm Mutual Policyholders	\$ 20,630	\$ 20,853
Investment Fluctuation Reserve	14,211	10,628
Special Surplus Segregation for Affiliates	2,343	2,208
Funds Assigned for Protection of Customers of Subsidiaries	20,361	19,321
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	634	264
Total Liabilities and Surplus	\$100,681	\$ 92,018

Summary of Operating Data (In Millions of Dollars)

	2009	2008
Premium Earned	\$ 32,064	\$ 31,584
Less: Dollars for Claims	22,449	22,358
Expenses for Paying Claims	4,312	3,995
Service and Administrative Fees	7,366	7,453
Underwriting Gain or (Loss)	(2,063)	(2,221)
Plus: Investment Gain and Other Income ¹	2,509	3,017
Income Before Dividends and Taxes	446	796
Less: Dividends to Policyholders	0	0
Income Taxes	(125)	(240)
Net Income	\$ 570	\$ 1,036

¹Investment Gain and Other Income is reported net of capital gains tax.

The financial statements of the company are audited by an independent public accounting firm.

Board of Directors

- Dan E. Arvizu** – Director, National Renewable Energy Laboratory, U.S. Department of Energy
- Gerald M. Czarniecki** – Chairman and Chief Executive Officer, The Deltennium Group, Inc.
- Michael C. Davidson** – Vice Chairman and Chief Agency and Marketing Officer, State Farm Mutual
- Christopher C. DeMuth** – D.C. Searle Senior Fellow, American Enterprise Institute for Public Policy Research
- W. Steven Jones** – Professor of Organizational Behavior and Strategy, University of North Carolina
- W. H. Knight Jr.** – Professor of Law, Seattle University School of Law
- Judith A. Muhlberg** – Consultant on Strategic Communications, Gagen MacDonald LLC
- Susan M. Phillips** – Dean and Professor of Finance, School of Business, George Washington University
- Edward B. Rust Jr.** – Chairman of the Board, President, and Chief Executive Officer, State Farm Mutual
- James E. Rutrough** – Vice Chairman and Chief Administrative Officer, State Farm Mutual
- Paul T. Stecko** – Chairman of the Board and Chief Executive Officer, Packaging Corporation of America
- Pamela B. Strobel** – Former Executive Vice President and Chief Administrative Officer, Exelon Corporation
- Michael L. Tipsord** – Vice Chairman and Chief Financial Officer, State Farm Mutual
- John D. Zeglis** – Former Chairman of the Board and Chief Executive Officer, AT&T Wireless

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