

The following five tables referencing our Associates' Funds may be used in preparing your 2008 income tax returns.

Table 1 lists the percentage of income, separately by fund, earned each quarter from investment in U.S. Government Obligations. Also, we provided the percentage of net assets invested in U.S. Government Obligations at the end of each calendar quarter. This information can be used in the preparation of your state income tax return.

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State Farm Mutual Funds®									
Percent of Income & Net Assets from U.S. Government Obligations									
Fund	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Calendar Year 2008
	% Income from U.S. Government Obligations	% Net Assets Invested in U.S. Governments	% Income from U.S. Government Obligations	% Net Assets Invested in U.S. Governments	% Income from U.S. Government Obligations	% Net Assets Invested in U.S. Governments	% Income from U.S. Government Obligations	% Net Assets Invested in U.S. Governments	% Income from U.S. Government Obligations
Growth Fund	0.00%	0.04%	0.44%	1.04%	0.52%	1.17%	0.77%	1.62%	0.43%
Balanced Fund	18.50%	12.84%	18.02%	16.49%	18.92%	32.02%	18.75%	20.06%	18.47%
Interim Fund	82.02%	86.79%	95.77%	96.80%	96.18%	96.01%	91.51%	84.53%	91.76%
Municipal Bond Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

100% of the income realized by the funds from U.S. Government obligations came from U.S. Treasury securities or non-pooled GNMA securities.

This table serves as the requisite written notification to shareowners of the funds who are residents of those states requiring such notification. Inquiries regarding this notice should be sent to: State Farm Mutual Funds, One State Farm Plaza, Bloomington, IL 61710-0001.

Table 2 lists the percentage of dividends paid by the Municipal Bond Fund that were federally tax-exempt and federally taxable.

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State Farm Municipal Bond Fund		
Dividends Paid in 2008		
Percentage – Tax-Exempt and Taxable		
Period Ended	U.S. Federal Tax-Exempt Interest Dividends	U.S. Federal Taxable Interest Dividends
January 31, 2008	99.81%	0.19%
February 29, 2008	100.00%	0.00%
March 31, 2008	100.00%	0.00%
April 30, 2008	99.77%	0.23%
May 31, 2008	100.00%	0.00%
June 30, 2008	100.00%	0.00%
July 31, 2008	99.84%	0.16%
August 31, 2008	99.97%	0.03%
September 30, 2008	100.00%	0.00%
October 31, 2008	100.00%	0.00%
November 30, 2008	99.95%	0.05%
December 31, 2008	100.00%	0.00%

The taxable portion (for regular income tax purposes) of your dividends has been reported to the Internal Revenue Service (IRS) on **Form 1099-DIV**. This amount must be included on your federal income tax return.

The tax-exempt portion (for regular income tax purposes) of your dividends, and any specified private activity bond interest (which may be taxable if you are subject to alternative minimum tax), has been reported to the IRS on **Form 1099-INT**.

For calendar year 2008, the percentage of exempt interest dividends paid by the Municipal Bond Fund that constitutes private activity bond interest for federal alternative minimum tax purposes is 0.26 %.

Table 3 lists the percentage of distributions that qualify for the 70% Federal Dividends Received Deduction for corporations. This table is not relevant for shareowners who are individuals.

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Percentage of Distributions that Qualify for the 70% Federal Dividends Received Deduction for Corporations	
Fund	Percentage Qualified
Growth Fund	92.56%
Balanced Fund	39.55%
Interim Fund	0.00%
Municipal Bond Fund	0.00%

Table 4 lists the percentage of federally tax-exempt interest paid by the Municipal Bond Fund that was received from obligations in the states listed. This information may be useful in preparing your state income tax return.

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**State Farm Municipal Bond Fund
Allocation of Federally Tax-Exempt Income by State
For Dividends Paid January 1, 2008 through December 31, 2008**

State	Percentage of Federally Tax-Exempt Income	State	Percentage of Federally Tax-Exempt Income	State	Percentage of Federally Tax-Exempt Income	State	Percentage of Federally Tax-Exempt Income
Alabama	0.93%	Indiana	1.48%	Nebraska	4.50%	South Carolina	1.92%
Alaska	1.93%	Iowa	2.12%	Nevada	0.00%	South Dakota	0.29%
Arizona	2.38%	Kansas	4.58%	New Hampshire	1.43%	Tennessee	2.78%
Arkansas	3.00%	Kentucky	2.09%	New Jersey	1.92%	Texas	3.54%
California	7.47%	Louisiana	1.66%	New Mexico	0.68%	Utah	1.01%
Colorado	4.64%	Maine	1.04%	New York	1.39%	Vermont	0.26%
Connecticut	1.79%	Maryland	1.06%	North Carolina	0.68%	Virginia	1.87%
Delaware	0.40%	Massachusetts	1.36%	North Dakota	0.66%	Washington	3.61%
Florida	4.22%	Michigan	2.02%	Ohio	3.90%	West Virginia	0.52%
Georgia	3.93%	Minnesota	0.68%	Oklahoma	1.05%	Wisconsin	3.08%
Hawaii	1.32%	Mississippi	2.15%	Oregon	3.07%	Wyoming	0.38%
Idaho	0.57%	Missouri	2.86%	Pennsylvania	2.06%		
Illinois	3.40%	Montana	0.10%	Rhode Island	0.22%		

Table 5 indicates miscellaneous information that may be needed for state tax preparation or is required by state governments.

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State Information

State	Fund	Information
California	Municipal Bond Fund	Exempt Interest Dividends have been reported to the California Franchise Tax Board. It is your responsibility to report this information on your state income tax return.
Minnesota	Municipal Bond Fund	99.32% of the exempt income reported on tax form 1099-INT is subject to MN income tax.

This information should assist an individual who is a citizen or resident of the United States with filing their 2008 federal and state income tax returns, but it is not intended to serve as legal or tax advice. For any specific tax questions, you should contact the Internal Revenue Service (IRS) at 1-800-829-1040, or consult your tax advisor.

Tax forms will be mailed to shareowners at the end of January 2009. Your individual tax information can be viewed prior to the actual tax form being mailed when you access your account under the Mutual Funds tab on statefarm.com®. Planning ahead is important during tax season. Allocate enough time to provide a cushion for unexpected situations that may arise (e.g., mail delays). It is a good idea to keep all of your year-end records for each year that your account is open. This will allow you to access your information without any delay. To request a duplicate year-end 2008 record or tax form to be mailed to your address of record, please call us at 1-800-447-4930. It will take a minimum of five days to receive your duplicate record.

At State Farm Mutual Funds, representatives in our Securities Response Center are ready to assist you. However, due to the tax season, we anticipate heavy call volumes during the majority of our regular business hours: 8:00 a.m. to 6:00 p.m. CT Monday through Friday. Your call is important to us, and we look forward to providing you with the best service possible.

Securities Response Center: 1-800-447-4930

Securities through registered representatives of State Farm VP Management Corp., One State Farm Plaza, Bloomington, IL 61710-0001 (1-800-447-4930). Investment return and principal value will fluctuate and your investment, when redeemed, may be worth more or less than its original cost.

Securities, insurance and annuity products are not FDIC insured, are not guaranteed by State Farm Bank® and are subject to investment risk, including possible loss of principal.

In order to comply with Treasury Department regulations, we advise you that this document was prepared to promote and support the marketing of State Farm Mutual Funds. It is not intended to constitute tax advice, was not written or intended to be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on the taxpayer, and cannot be used by any taxpayer for that purpose. Advice regarding the tax treatment of State Farm Mutual Funds should be sought from an independent tax advisor in light of your particular circumstances.



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