



2010 ANNUAL REPORT TO STATE FARM® MUTUAL POLICYHOLDERS



State Farm Mutual remains financially strong. In fact, it has again earned the highest possible rating (A++) from A.M. Best Co.

Improved investment results offset continued underwriting losses in 2010.

We're working hard to provide the best possible service in more efficient ways. We appreciate your continued support and believe you've made a wise choice in allowing State Farm and your State Farm agent to serve you.

Edward B. Rust Jr.

Edward B. Rust Jr.
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.

STATE FARM MUTUAL AUTOMOBILE INSURANCE COMPANY

Statement of Condition (In Millions of Dollars)

Assets	2010	2009
Cash and Short Term Investments	\$ 1,019	\$ 1,362
Bonds	39,296	36,200
Unaffiliated Common & Preferred Stocks	34,407	31,781
Equity in Insurance Subsidiaries	22,352	21,297
Other Assets	9,915	10,040
Total Assets	\$106,988	\$ 100,681

Liabilities

Claims and Claim Expenses	\$ 24,548	\$ 22,278
Unearned Premiums	9,235	9,066
Other Liabilities	11,983	11,156

Surplus

Funds for Protection of State Farm Mutual Policyholders	\$ 20,560	\$ 20,630
Investment Fluctuation Reserve	15,828	14,211
Special Surplus Segregation for Affiliates	2,478	2,343
Funds Assigned for Protection of Customers of Subsidiaries	21,469	20,361
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	886	634
Total Liabilities and Surplus	\$106,988	\$ 100,681

Summary of Operating Data (In Millions of Dollars)

	2010	2009
Premium Earned	\$ 32,359	\$ 32,064
Less: Dollars for Claims	22,795	22,449
Expenses for Paying Claims	4,239	4,312
Service and Administrative Fees	7,396	7,366
Underwriting Gain or (Loss)	(2,070)	(2,063)
Plus: Investment Gain and Other Income ¹	2,886	2,509
Income Before Dividends and Taxes	815	446
Less: Dividends to Policyholders	0	0
Income Taxes Incurred (Recoverable)	(136)	(125)
Net Income	\$ 951	\$ 570

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** – President and Chief Executive Officer, O2 Media, 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** – Former 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** – Executive Chairman, Packaging Corporation of America
- Pamela B. Strobel** – Former Executive Vice President and Chief Administrative Officer, Exelon Corporation
- Michael L. Tipsord** – Vice Chairman and Chief Operating Officer, State Farm Mutual
- John D. Zeglis** – Former Chairman of the Board and Chief Executive Officer, AT&T Wireless

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