



2013 ANNUAL REPORT

TO STATE FARM® MUTUAL POLICYHOLDERS

During 2013, State Farm Mutual maintained the financial strength that allows us to faithfully keep our promises to our customers. The Company was profitable in 2013, largely due to investment income. The A.M. Best Co., which provides an independent opinion of an insurer's ability to meet its obligations to policyholders, continues to give its highest rating (A++) to State Farm Mutual.

Our goal is to help you manage the risks of everyday life as efficiently as possible. Thank you for allowing us to serve you.



Edward B. Rust Jr.
Chairman of the Board and Chief Executive Officer

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)

| <u>Assets</u> | <u>2013</u> | <u>2012</u> |
|--|------------------|------------------|
| Cash and Short Term Investments | \$ 537 | \$ 454 |
| Bonds | 43,412 | 42,213 |
| Unaffiliated Common & Preferred Stocks | 43,961 | 36,214 |
| Equity in Insurance Subsidiaries | 28,853 | 24,980 |
| Other Assets | <u>12,575</u> | <u>11,072</u> |
| Total Assets | \$129,338 | \$114,933 |
| <u>Liabilities</u> | | |
| Claims and Claim Expenses | \$ 27,565 | \$ 27,044 |
| Unearned Premiums | 10,470 | 9,927 |
| Other Liabilities | 15,624 | 12,720 |
| <u>Surplus</u> | | |
| Funds for Protection of State Farm Mutual Policyholders | \$ 20,690 | \$ 19,949 |
| Investment Fluctuation Reserve | 22,787 | 17,287 |
| Funds Assigned for Protection of Customers of Subsidiaries | 30,479 | 26,642 |
| Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates | <u>1,723</u> | <u>1,364</u> |
| Total Liabilities and Surplus | \$129,338 | \$114,933 |

Summary of Operating Data (In Millions of Dollars)

| | <u>2013</u> | <u>2012</u> |
|---|-----------------|-----------------|
| Premium Earned | \$ 34,620 | \$ 33,210 |
| Less: Dollars for Claims | 22,141 | 21,523 |
| Expenses for Paying Claims | 5,622 | 5,240 |
| Service and Administrative Fees | <u>8,864</u> | <u>8,026</u> |
| Underwriting Gain or (Loss) | (2,007) | (1,579) |
| Plus: Investment Gain ¹ and Other Income | <u>3,420</u> | <u>3,070</u> |
| Income Before Dividends and Taxes | 1,413 | 1,491 |
| Less: Dividends to Policyholders | 0 | 0 |
| Income Taxes Incurred (Recoverable) | <u>(423)</u> | <u>(34)</u> |
| Net Income | \$ 1,836 | \$ 1,525 |

¹Investment Gain 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
Gerald M. Czarnecki – Senior Managing Director and Executive Producer, Ventureland Productions, LLC; Chairman and Chief Executive Officer, The Deltennium Group, Inc.
Christopher C. DeMuth – Distinguished Fellow, Hudson Institute
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 – Professor Emeritus of Finance, George Washington University in Washington, D.C.
Edward B. Rust Jr. – Chairman of the Board, President, and Chief Executive 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