

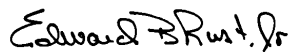


2012 ANNUAL REPORT

TO STATE FARM® MUTUAL POLICYHOLDERS

During 2012, State Farm Mutual celebrated its 90th anniversary. The Company remains financially strong and was profitable in 2012 as investment gain offset an improved underwriting loss. 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.

We remain dedicated to helping people 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>2012</u>	<u>2011</u>
Cash and Short Term Investments	\$ 454	\$ 751
Bonds	42,213	40,875
Unaffiliated Common & Preferred Stocks	36,214	33,652
Equity in Insurance Subsidiaries	24,980	22,438
Other Assets	<u>11,072</u>	<u>10,380</u>
Total Assets	\$114,933	\$ 108,097
Liabilities		
Claims and Claim Expenses	\$ 27,044	\$ 26,181
Unearned Premiums	9,927	9,439
Other Liabilities	12,720	11,686
Surplus		
Funds for Protection of State Farm Mutual Policyholders	\$ 19,949	\$ 20,157
Investment Fluctuation Reserve	17,287	15,612
Special Surplus Segregation for Affiliates	0	2,610
Funds Assigned for Protection of Customers of Subsidiaries	26,642	21,456
Funds Assigned for Catastrophe Reinsurance Assumed from Affiliates	<u>1,364</u>	<u>957</u>
Total Liabilities and Surplus	\$114,933	\$ 108,097

Summary of Operating Data (In Millions of Dollars)

	<u>2012</u>	<u>2011</u>
Premium Earned	\$ 33,210	\$ 32,640
Less: Dollars for Claims	21,523	22,794
Expenses for Paying Claims Service and Administrative Fees	5,240	4,311
	<u>8,026</u>	<u>7,527</u>
Underwriting Gain or (Loss)	(1,579)	(1,993)
Plus: Investment Gain and Other Income ¹	3,070	2,901
Income Before Dividends and Taxes	1,491	909
Less: Dividends to Policyholders	0	0
Income Taxes Incurred (Recoverable)	<u>(34)</u>	<u>(180)</u>
Net Income	\$ 1,525	\$ 1,088

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
Gerald M. Czarnacki – Senior Managing Director and Executive Producer, Ventureland Productions, LLC
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