

**Erie Indemnity Company**  
**Consolidated Statements of Operations**  
*(dollars in millions, except per share data)*

	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013
<b>Revenues</b>	(Unaudited)			
Premiums earned	\$ 1,382	\$ 1,267	\$ 5,344	\$ 4,898
Net investment income	111	106	446	422
Net realized investment gains	89	270	193	771
Net impairment losses recognized in earnings	(3)	(3)	(4)	(13)
Equity in earnings of limited partnerships	2	49	113	161
Other income	8	8	32	32
Total revenues	1,589	1,697	6,124	6,271
<b>Benefits and expenses</b>				
Insurance losses and loss expenses	863	896	3,958	3,467
Policy acquisition and underwriting expenses	349	331	1,336	1,237
Total benefits and expenses	1,212	1,227	5,294	4,704
<b>Income from operations before income taxes and noncontrolling interest</b>	377	470	830	1,567
Provision for income taxes	124	156	257	519
<b>Net income</b>	<b>\$ 253</b>	<b>\$ 314</b>	<b>\$ 573</b>	<b>\$ 1,048</b>
<b>Less: Net income attributable to noncontrolling interest in consolidated entity – Exchange</b>	<b>227</b>	<b>278</b>	<b>405</b>	<b>885</b>
<b>Net income attributable to Indemnity</b>	<b>\$ 26</b>	<b>\$ 36</b>	<b>\$ 168</b>	<b>\$ 163</b>
<b>Earnings Per Share</b>				
<b>Net income attributable to Indemnity per share</b>				
Class A common stock – basic	\$ 0.54	\$ 0.75	\$ 3.59	\$ 3.46
<b>Class A common stock – diluted</b>	<b>\$ 0.48</b>	<b>\$ 0.67</b>	<b>\$ 3.18</b>	<b>\$ 3.08</b>
Class B common stock – basic	\$ 81	\$ 113	\$ 539	\$ 520
Class B common stock – diluted	\$ 81	\$ 113	\$ 538	\$ 519
<b>Weighted average shares outstanding attributable to Indemnity – Basic</b>				
Class A common stock	46,189,068	46,520,232	46,247,876	46,660,651
Class B common stock	2,542	2,542	2,542	2,542
<b>Weighted average shares outstanding attributable to Indemnity – Diluted</b>				
Class A common stock	52,601,010	52,715,338	52,616,234	52,855,757
Class B common stock	2,542	2,542	2,542	2,542
<b>Dividends declared per share</b>				
Class A common stock	\$ 0.6810	\$ 0.6350	\$ 2.5860	\$ 2.4125
Class B common stock	\$ 102.1500	\$ 95.2500	\$ 387.9000	\$ 361.8750

**Erie Indemnity Company**  
**Results of the Erie Insurance Group's Operations by Interest (Unaudited)**

(in millions)

	Indemnity shareholder interest		Noncontrolling interest (Exchange)		Eliminations of related party transactions		Erie Insurance Group	
	Three months ended December 31,		Three months ended December 31,		Three months ended December 31,		Three months ended December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Management operations:</b>								
Management fee revenue, net	\$ 329	\$ 301	\$ —	\$ —	\$ (329)	\$ (301)	\$ —	\$ —
Service agreement revenue	8	8	—	—	—	—	8	8
Total revenue from management operations	337	309	—	—	(329)	(301)	8	8
Cost of management operations	302	268	—	—	(302)	(268)	—	—
<i>Income from management operations before taxes</i>	35	41	—	—	(27)	(33)	8	8
<b>Property and casualty insurance operations:</b>								
Net premiums earned	—	—	1,361	1,247	—	—	1,361	1,247
Losses and loss expenses	—	—	843	870	(2)	(1)	841	869
Policy acquisition and underwriting expenses	—	—	370	355	(31)	(36)	339	319
<i>Income from property and casualty insurance operations before taxes</i>	—	—	148	22	33	37	181	59
<b>Life insurance operations: <sup>(1)</sup></b>								
Total revenue	—	—	48	53	(1)	0	47	53
Total benefits and expenses	—	—	32	39	0	0	32	39
<i>Income from life insurance operations before taxes</i>	—	—	16	14	(1)	0	15	14
<b>Investment operations: <sup>(1)</sup></b>								
Net investment income	4	4	87	82	(5)	(4)	86	82
Net realized gains on investments	0	0	88	261	—	—	88	261
Net impairment losses recognized in earnings	0	0	(3)	(3)	—	—	(3)	(3)
Equity in (losses) earnings of limited partnerships	(2)	9	4	40	—	—	2	49
<i>Income from investment operations before taxes</i>	2	13	176	380	(5)	(4)	173	389
<b>Income from operations before income taxes and noncontrolling interest</b>	37	54	340	416	—	—	377	470
Provision for income taxes	11	18	113	138	—	—	124	156
<b>Net income</b>	<b>\$ 26</b>	<b>\$ 36</b>	<b>\$ 227</b>	<b>\$ 278</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 253</b>	<b>\$ 314</b>

(1) Earnings on life insurance related invested assets are integral to the evaluation of the life insurance operations because of the long duration of life products. On that basis, for presentation purposes, the life insurance operations in the table above include life insurance related investment results.

**Erie Indemnity Company**  
**Results of the Erie Insurance Group's Operations by Interest**

(in millions)

	Indemnity shareholder interest		Noncontrolling interest (Exchange)		Eliminations of related party transactions		Erie Insurance Group	
	Twelve months ended December 31,		Twelve months ended December 31,		Twelve months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>Management operations:</b>								
Management fee revenue, net	\$ 1,376	\$ 1,266	\$ —	\$ —	\$ (1,376)	\$ (1,266)	\$ —	\$ —
Service agreement revenue	31	31	—	—	—	—	31	31
Total revenue from management operations	1,407	1,297	—	—	(1,376)	(1,266)	31	31
Cost of management operations	1,184	1,088	—	—	(1,184)	(1,088)	—	—
<i>Income from management operations before taxes</i>	223	209	—	—	(192)	(178)	31	31
<b>Property and casualty insurance operations:</b>								
Net premiums earned	—	—	5,260	4,820	—	—	5,260	4,820
Losses and loss expenses	—	—	3,859	3,365	(6)	(5)	3,853	3,360
Policy acquisition and underwriting expenses	—	—	1,502	1,387	(204)	(187)	1,298	1,200
<i>(Loss) income from property and casualty insurance operations before taxes</i>	—	—	(101)	68	210	192	109	260
<b>Life insurance operations: <sup>(1)</sup></b>								
Total revenue	—	—	192	192	(2)	(2)	190	190
Total benefits and expenses	—	—	143	144	0	0	143	144
<i>Income from life insurance operations before taxes</i>	—	—	49	48	(2)	(2)	47	46
<b>Investment operations: <sup>(1)</sup></b>								
Net investment income	16	15	350	325	(16)	(12)	350	328
Net realized gains on investments	1	1	183	753	—	—	184	754
Net impairment losses recognized in earnings	0	0	(3)	(12)	—	—	(3)	(12)
Equity in earnings of limited partnerships	11	22	101	138	—	—	112	160
<i>Income from investment operations before taxes</i>	28	38	631	1,204	(16)	(12)	643	1,230
<b>Income from operations before income taxes and noncontrolling interest</b>	251	247	579	1,320	—	—	830	1,567
Provision for income taxes	83	84	174	435	—	—	257	519
<b>Net income</b>	<b>\$ 168</b>	<b>\$ 163</b>	<b>\$ 405</b>	<b>\$ 885</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 573</b>	<b>\$ 1,048</b>

(1) Earnings on life insurance related invested assets are integral to the evaluation of the life insurance operations because of the long duration of life products. On that basis, for presentation purposes, the life insurance operations in the table above include life insurance related investment results.

**Erie Indemnity Company**  
**Reconciliation of Operating Income to Net Income**

**Reconciliation of operating income to net income**

We disclose operating income, a non-GAAP financial measure, to enhance our investors' understanding of our performance related to the Indemnity shareholder interest. Our method of calculating this measure may differ from those used by other companies, and therefore comparability may be limited.

Indemnity defines operating income as net income excluding realized capital gains and losses, impairment losses and related federal income taxes.

Indemnity uses operating income to evaluate the results of its operations. It reveals trends that may be obscured by the net effects of realized capital gains and losses including impairment losses. Realized capital gains and losses, including impairment losses, may vary significantly between periods and are generally driven by business decisions and economic developments such as capital market conditions which are not related to our ongoing operations. We are aware that the price to earnings multiple commonly used by investors as a forward-looking valuation technique uses operating income as the denominator. Operating income should not be considered as a substitute for net income prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and does not reflect Indemnity's overall profitability.

The following table reconciles operating income and net income for the Indemnity shareholder interest:

	Indemnity Shareholder Interest			
	Three months ended December 31,		Twelve months ended December 31,	
	2014	2013	2014	2013
<i>(in millions, except per share data)</i>	(Unaudited)			
<b>Operating income attributable to Indemnity</b>	<b>\$ 26</b>	<b>\$ 36</b>	<b>\$ 167</b>	<b>\$ 162</b>
Net realized gains and impairments on investments	0	0	1	1
Income tax expense	0	0	0	0
Realized gains and impairments, net of income taxes	0	0	1	1
<b>Net income attributable to Indemnity</b>	<b>\$ 26</b>	<b>\$ 36</b>	<b>\$ 168</b>	<b>\$ 163</b>
Per Indemnity Class A common share-diluted:				
<b>Operating income attributable to Indemnity</b>	<b>\$ 0.48</b>	<b>\$ 0.67</b>	<b>\$ 3.17</b>	<b>\$ 3.07</b>
Net realized gains and impairments on investments	0.00	0.00	0.02	0.01
Income tax expense	0.00	0.00	(0.01)	0.00
Realized gains and impairments, net of income taxes	0.00	0.00	0.01	0.01
<b>Net income attributable to Indemnity</b>	<b>\$ 0.48</b>	<b>\$ 0.67</b>	<b>\$ 3.18</b>	<b>\$ 3.08</b>

**Erie Indemnity Company**  
**Consolidated Statements of Financial Position**  
*(in millions)*

	December 31, 2014	December 31, 2013
<b>Assets</b>		
<b>Investments – Indemnity</b>		
Available-for-sale securities, at fair value:		
Fixed maturities	\$ 564	\$ 526
Equity securities	25	50
Limited partnerships	113	146
Other invested assets	1	1
<b>Investments – Exchange</b>		
Available-for-sale securities, at fair value:		
Fixed maturities	9,007	8,162
Equity securities	850	819
Trading securities, at fair value	3,223	3,202
Limited partnerships	866	940
Other invested assets	20	20
<b>Total investments</b>	<b>14,669</b>	<b>13,866</b>
Cash and cash equivalents (Exchange portion of \$422 and \$403, respectively)	514	452
Premiums receivable from policyholders – Exchange	1,281	1,167
Reinsurance recoverable – Exchange	161	172
Deferred income taxes – Indemnity	37	2
Deferred acquisition costs – Exchange	595	566
Other assets (Exchange portion of \$374 and \$337, respectively)	501	451
<b>Total assets</b>	<b>\$ 17,758</b>	<b>\$ 16,676</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Indemnity liabilities</b>		
Other liabilities	\$ 611	\$ 476
<b>Exchange liabilities</b>		
Losses and loss expense reserves	3,853	3,747
Life policy and deposit contract reserves	1,812	1,758
Unearned premiums	2,834	2,598
Deferred income taxes	490	450
Other liabilities	175	97
<b>Total liabilities</b>	<b>9,775</b>	<b>9,126</b>
<b>Indemnity's shareholders' equity</b>	<b>703</b>	<b>734</b>
<b>Noncontrolling interest in consolidated entity – Exchange</b>	<b>7,280</b>	<b>6,816</b>
<b>Total equity</b>	<b>7,983</b>	<b>7,550</b>
<b>Total liabilities, shareholders' equity and noncontrolling interest</b>	<b>\$ 17,758</b>	<b>\$ 16,676</b>