

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

|   | Three months ended<br>March 31, |                   |
|---|---------------------------------|-------------------|
|   | 2015                            | 2014              |
|   | (Unaudited)                     |                   |
| <b>Revenues</b>   |                                 |                   |
| Premiums earned   | \$ 1,402                        | \$ 1,288          |
| Net investment income   | 113                             | 109               |
| Net realized investment gains   | 56                              | 56                |
| Net impairment losses recognized in earnings  | (2)                             | 0                 |
| Equity in earnings of limited partnerships  | 28                              | 50                |
| Other income  | 8                               | 8                 |
| Total revenues  | <u>1,605</u>                    | <u>1,511</u>      |
| <b>Benefits and expenses</b>  |                                 |                   |
| Insurance losses and loss expenses  | 1,060                           | 1,034             |
| Policy acquisition and underwriting expenses  | 348                             | 321               |
| Total benefits and expenses   | <u>1,408</u>                    | <u>1,355</u>      |
| <b>Income from operations before income taxes and noncontrolling interest</b>                     | 197                             | 156               |
| Provision for income taxes  | 61                              | 47                |
| <b>Net income</b>   | <u>\$ 136</u>                   | <u>\$ 109</u>     |
| <b>Less: Net income attributable to noncontrolling interest in consolidated entity – Exchange</b> | <u>97</u>                       | <u>63</u>         |
| <b>Net income attributable to Indemnity</b>   | <u>\$ 39</u>                    | <u>\$ 46</u>      |
| <b>Earnings Per Share</b>   |                                 |                   |
| <b>Net income attributable to Indemnity per share</b>   |                                 |                   |
| Class A common stock – basic  | <u>\$ 0.83</u>                  | <u>\$ 0.99</u>    |
| <b>Class A common stock – diluted</b>   | <u>\$ 0.74</u>                  | <u>\$ 0.88</u>    |
| Class B common stock – basic and diluted  | <u>\$ 125</u>                   | <u>\$ 149</u>     |
| <b>Weighted average shares outstanding attributable to Indemnity – Basic</b>                      |                                 |                   |
| Class A common stock  | <u>46,189,068</u>               | <u>46,402,270</u> |
| Class B common stock  | <u>2,542</u>                    | <u>2,542</u>      |
| <b>Weighted average shares outstanding attributable to Indemnity – Diluted</b>                    |                                 |                   |
| Class A common stock  | <u>52,634,752</u>               | <u>52,598,211</u> |
| Class B common stock  | <u>2,542</u>                    | <u>2,542</u>      |
| <b>Dividends declared per share</b>   |                                 |                   |
| Class A common stock  | <u>\$ 0.6810</u>                | <u>\$ 0.6350</u>  |
| Class B common stock  | <u>\$ 102.1500</u>              | <u>\$ 95.2500</u> |

# 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 March 31,   |              | Three months ended March 31,       |              | Three months ended March 31,               |             | Three months ended March 31, |               |
|   | 2015                           | 2014         | 2015                               | 2014         | 2015                                       | 2014        | 2015                         | 2014          |
| <b>Management operations:</b>   |                                |              |                                    |              |  |             |                              |               |
| Management fee revenue, net   | \$ 343                         | \$ 319       | \$ —                               | \$ —         | \$ (343)                                   | \$ (319)    | \$ —                         | \$ —          |
| Service agreement revenue   | 8                              | 7            | —                                  | —            | —  | —           | 8                            | 7             |
| Total revenue from management operations  | 351                            | 326          | —                                  | —            | (343)                                      | (319)       | 8                            | 7             |
| Cost of management operations   | 298                            | 268          | —                                  | —            | (298)                                      | (268)       | —                            | —             |
| <i>Income from management operations before taxes</i>                             | 53                             | 58           | —                                  | —            | (45)                                       | (51)        | 8                            | 7             |
| <b>Property and casualty insurance operations:</b>                                |                                |              |                                    |              |  |             |                              |               |
| Net premiums earned   | —                              | —            | 1,380                              | 1,268        | —  | —           | 1,380                        | 1,268         |
| Losses and loss expenses  | —                              | —            | 1,033                              | 1,007        | (1)  | (1)         | 1,032                        | 1,006         |
| Policy acquisition and underwriting expenses                                      | —                              | —            | 386                                | 365          | (47)                                       | (53)        | 339                          | 312           |
| <i>(Loss) income from property and casualty insurance operations before taxes</i> | —                              | —            | (39)                               | (104)        | 48   | 54          | 9                            | (50)          |
| <b>Life insurance operations:</b> <sup>(1)</sup>                                  |                                |              |                                    |              |  |             |                              |               |
| Total revenue   | —                              | —            | 47                                 | 50           | 0  | 0           | 47                           | 50            |
| Total benefits and expenses   | —                              | —            | 37                                 | 37           | 0  | 0           | 37                           | 37            |
| <i>Income from life insurance operations before taxes</i>                         | —                              | —            | 10                                 | 13           | 0  | 0           | 10                           | 13            |
| <b>Investment operations:</b> <sup>(1)</sup>                                      |                                |              |                                    |              |  |             |                              |               |
| Net investment income   | 4                              | 4            | 88                                 | 84           | (3)  | (3)         | 89                           | 85            |
| Net realized gains on investments   | 0                              | 1            | 56                                 | 50           | —  | —           | 56                           | 51            |
| Net impairment losses recognized in earnings                                      | 0                              | 0            | (2)                                | 0            | —  | —           | (2)                          | 0             |
| Equity in earnings of limited partnerships  | 2                              | 6            | 25                                 | 44           | —  | —           | 27                           | 50            |
| <i>Income from investment operations before taxes</i>                             | 6                              | 11           | 167                                | 178          | (3)  | (3)         | 170                          | 186           |
| <b>Income from operations before income taxes and noncontrolling interest</b>     | 59                             | 69           | 138                                | 87           | —  | —           | 197                          | 156           |
| Provision for income taxes  | 20                             | 23           | 41                                 | 24           | —  | —           | 61                           | 47            |
| <b>Net income</b>   | <u>\$ 39</u>                   | <u>\$ 46</u> | <u>\$ 97</u>                       | <u>\$ 63</u> | <u>\$ —</u>                                | <u>\$ —</u> | <u>\$ 136</u>                | <u>\$ 109</u> |

(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<br>Interest       |                |
|---|---|----------------|
|   | <b>Three months ended<br/>March 31,</b> |                |
|   | <b>2015</b>                             | <b>2014</b>    |
|   | (Unaudited)                             |                |
| <b>Operating income attributable to Indemnity</b>   | <b>\$ 39</b>                            | <b>\$ 45</b>   |
| Net realized gains and impairments on investments   | 0                                       | 1              |
| Income tax expense                                  | 0                                       | 0              |
| Realized gains and impairments, net of income taxes | 0                                       | 1              |
| <b>Net income attributable to Indemnity</b>         | <b>\$ 39</b>                            | <b>\$ 46</b>   |
| Per Indemnity Class A common share-diluted:         |   |                |
| <b>Operating income attributable to Indemnity</b>   | <b>\$ 0.74</b>                          | <b>\$ 0.87</b> |
| Net realized gains and impairments on investments   | 0.00                                    | 0.02           |
| Income tax expense                                  | 0.00                                    | (0.01)         |
| Realized gains and impairments, net of income taxes | 0.00                                    | 0.01           |
| <b>Net income attributable to Indemnity</b>         | <b>\$ 0.74</b>                          | <b>\$ 0.88</b> |

(in millions, except per share data)

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

|   | March 31,<br>2015<br>(Unaudited) | December 31,<br>2014 |
|---|----------------------------------|----------------------|
| <b>Assets</b>   |                                  |                      |
| <b>Investments – Indemnity</b>  |                                  |                      |
| Available-for-sale securities, at fair value:                                 |                                  |                      |
| Fixed maturities  | \$ 556                           | \$ 564               |
| Equity securities   | 25                               | 25                   |
| Limited partnerships  | 100                              | 113                  |
| Other invested assets   | 1                                | 1                    |
| <b>Investments – Exchange</b>   |                                  |                      |
| Available-for-sale securities, at fair value:                                 |                                  |                      |
| Fixed maturities  | 9,499                            | 9,007                |
| Equity securities   | 837                              | 850                  |
| Trading securities, at fair value   | 3,096                            | 3,223                |
| Limited partnerships  | 815                              | 866                  |
| Other invested assets   | 21                               | 20                   |
| <b>Total investments</b>  | <b>14,950</b>                    | <b>14,669</b>        |
| Cash and cash equivalents (Exchange portion of \$362 and \$422, respectively) | 420                              | 514                  |
| Premiums receivable from policyholders – Exchange                             | 1,304                            | 1,281                |
| Reinsurance recoverable – Exchange  | 162                              | 161                  |
| Deferred income taxes – Indemnity   | 40                               | 37                   |
| Deferred acquisition costs – Exchange   | 589                              | 595                  |
| Other assets (Exchange portion of \$403 and \$374, respectively)              | 528                              | 501                  |
| <b>Total assets</b>   | <b>\$ 17,993</b>                 | <b>\$ 17,758</b>     |
| <b>Liabilities and shareholders' equity</b>                                   |                                  |                      |
| <b>Liabilities</b>  |                                  |                      |
| <b>Indemnity liabilities</b>  |                                  |                      |
| Other liabilities   | \$ 552                           | \$ 611               |
| <b>Exchange liabilities</b>   |                                  |                      |
| Losses and loss expense reserves  | 3,966                            | 3,853                |
| Life policy and deposit contract reserves                                     | 1,827                            | 1,812                |
| Unearned premiums   | 2,845                            | 2,834                |
| Deferred income taxes   | 494                              | 490                  |
| Other liabilities   | 172                              | 175                  |
| <b>Total liabilities</b>  | <b>9,856</b>                     | <b>9,775</b>         |
| <b>Indemnity's shareholders' equity</b>                                       | <b>710</b>                       | <b>703</b>           |
| <b>Noncontrolling interest in consolidated entity – Exchange</b>              | <b>7,427</b>                     | <b>7,280</b>         |
| <b>Total equity</b>   | <b>8,137</b>                     | <b>7,983</b>         |
| <b>Total liabilities, shareholders' equity and noncontrolling interest</b>    | <b>\$ 17,993</b>                 | <b>\$ 17,758</b>     |