

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
<b>Revenues</b>				
Premiums earned	\$ 1,241	\$ 1,137	\$ 3,631	\$ 3,333
Net investment income	109	105	316	326
Net realized investment gains	191	169	501	358
Net impairment losses recognized in earnings	(9)	0	(10)	0
Equity in earnings of limited partnerships	37	41	112	99
Other income	8	8	24	24
Total revenues	1,577	1,460	4,574	4,140
<b>Benefits and expenses</b>				
Insurance losses and loss expenses	868	912	2,571	2,571
Policy acquisition and underwriting expenses	311	278	906	835
Total benefits and expenses	1,179	1,190	3,477	3,406
<b>Income from operations before income taxes and noncontrolling interest</b>	398	270	1,097	734
Provision for income taxes	131	86	363	234
<b>Net income</b>	<b>\$ 267</b>	<b>\$ 184</b>	<b>\$ 734</b>	<b>\$ 500</b>
<b>Less: Net income attributable to noncontrolling interest in consolidated entity – Exchange</b>	<b>221</b>	<b>133</b>	<b>607</b>	<b>370</b>
<b>Net income attributable to Indemnity</b>	<b>\$ 46</b>	<b>\$ 51</b>	<b>\$ 127</b>	<b>\$ 130</b>
<b>Earnings Per Share</b>				
<b>Net income attributable to Indemnity per share</b>				
Class A common stock – basic	\$ 0.98	\$ 1.08	\$ 2.71	\$ 2.73
<b>Class A common stock – diluted</b>	<b>\$ 0.87</b>	<b>\$ 0.96</b>	<b>\$ 2.41</b>	<b>\$ 2.43</b>
Class B common stock – basic and diluted	\$ 147	\$ 162	\$ 406	\$ 411
<b>Weighted average shares outstanding attributable to Indemnity – Basic</b>				
Class A common stock	46,656,911	47,188,741	46,707,971	47,476,693
Class B common stock	2,542	2,544	2,542	2,544
<b>Weighted average shares outstanding attributable to Indemnity – Diluted</b>				
Class A common stock	52,851,250	53,374,846	52,902,310	53,662,798
Class B common stock	2,542	2,544	2,542	2,544
<b>Dividends declared per share</b>				
Class A common stock	\$ 0.5925	\$ 0.5525	\$ 1.7775	\$ 1.6575
Class B common stock	\$ 88.8750	\$ 82.8750	\$ 266.6250	\$ 248.6250

**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 September 30,		Three months ended September 30,		Three months ended September 30,		Three months ended September 30,	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Management operations:</b>								
Management fee revenue, net	\$ 333	\$ 305	\$ —	\$ —	\$ (333)	\$ (305)	\$ —	\$ —
Service agreement revenue	8	8	—	—	—	—	8	8
Total revenue from management operations	341	313	—	—	(333)	(305)	8	8
Cost of management operations	281	247	—	—	(281)	(247)	—	—
<i>Income from management operations before taxes</i>	60	66	—	—	(52)	(58)	8	8
<b>Property and casualty insurance operations:</b>								
Net premiums earned	—	—	1,221	1,118	—	—	1,221	1,118
Losses and loss expenses	—	—	841	890	(1)	(2)	840	888
Policy acquisition and underwriting expenses	—	—	356	329	(54)	(59)	302	270
<i>Income (loss) from property and casualty insurance operations before taxes</i>	—	—	24	(101)	55	61	79	(40)
<b>Life insurance operations: <sup>(1)</sup></b>								
Total revenue	—	—	47	44	(1)	0	46	44
Total benefits and expenses	—	—	37	32	0	0	37	32
<i>Income from life insurance operations before taxes</i>	—	—	10	12	(1)	0	9	12
<b>Investment operations:</b>								
Net investment income	4	4	83	81	(2)	(3)	85	82
Net realized gains on investments	1	2	188	165	—	—	189	167
Net impairment losses recognized in earnings	0	0	(9)	0	—	—	(9)	0
Equity in earnings of limited partnerships	5	6	32	35	—	—	37	41
<i>Income from investment operations before taxes</i>	10	12	294	281	(2)	(3)	302	290
<b>Income from operations before income taxes and noncontrolling interest</b>	70	78	328	192	—	—	398	270
Provision for income taxes	24	27	107	59	—	—	131	86
<b>Net income</b>	<u>\$ 46</u>	<u>\$ 51</u>	<u>\$ 221</u>	<u>\$ 133</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 267</u>	<u>\$ 184</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**  
**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	
	Nine months ended September 30,		Nine months ended September 30,		Nine months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Management operations:</b>								
Management fee revenue, net	\$ 965	\$ 882	\$ —	\$ —	\$ (965)	\$ (882)	\$ —	\$ —
Service agreement revenue	23	23	—	—	—	—	23	23
Total revenue from management operations	988	905	—	—	(965)	(882)	23	23
Cost of management operations	820	734	—	—	(820)	(734)	—	—
<b>Income from management operations before taxes</b>	<b>168</b>	<b>171</b>	<b>—</b>	<b>—</b>	<b>(145)</b>	<b>(148)</b>	<b>23</b>	<b>23</b>
<b>Property and casualty insurance operations:</b>								
Net premiums earned	—	—	3,573	3,279	—	—	3,573	3,279
Losses and loss expenses	—	—	2,495	2,501	(4)	(4)	2,491	2,497
Policy acquisition and underwriting expenses	—	—	1,032	963	(151)	(153)	881	810
<b>Income (loss) from property and casualty insurance operations before taxes</b>	<b>—</b>	<b>—</b>	<b>46</b>	<b>(185)</b>	<b>155</b>	<b>157</b>	<b>201</b>	<b>(28)</b>
<b>Life insurance operations: <sup>(1)</sup></b>								
Total revenue	—	—	139	133	(2)	(1)	137	132
Total benefits and expenses	—	—	105	99	0	0	105	99
<b>Income from life insurance operations before taxes</b>	<b>—</b>	<b>—</b>	<b>34</b>	<b>34</b>	<b>(2)</b>	<b>(1)</b>	<b>32</b>	<b>33</b>
<b>Investment operations:</b>								
Net investment income	11	12	243	251	(8)	(8)	246	255
Net realized gains on investments	1	4	492	348	—	—	493	352
Net impairment losses recognized in earnings	0	0	(9)	0	—	—	(9)	0
Equity in earnings of limited partnerships	13	10	98	89	—	—	111	99
<b>Income from investment operations before taxes</b>	<b>25</b>	<b>26</b>	<b>824</b>	<b>688</b>	<b>(8)</b>	<b>(8)</b>	<b>841</b>	<b>706</b>
<b>Income from operations before income taxes and noncontrolling interest</b>	<b>193</b>	<b>197</b>	<b>904</b>	<b>537</b>	<b>—</b>	<b>—</b>	<b>1,097</b>	<b>734</b>
Provision for income taxes	66	67	297	167	—	—	363	234
<b>Net income</b>	<b>\$ 127</b>	<b>\$ 130</b>	<b>\$ 607</b>	<b>\$ 370</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 734</b>	<b>\$ 500</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 (Unaudited)**

**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 September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(Unaudited)		(Unaudited)	
<b>Operating income attributable to Indemnity</b>	<b>\$ 45</b>	<b>\$ 50</b>	<b>\$ 126</b>	<b>\$ 128</b>
Net realized gains and impairments on investments	1	2	1	4
Income tax expense	0	(1)	0	(2)
Realized gains and impairments, net of income taxes	1	1	1	2
<b>Net income attributable to Indemnity</b>	<b>\$ 46</b>	<b>\$ 51</b>	<b>\$ 127</b>	<b>\$ 130</b>
Per Indemnity Class A common share-diluted:				
<b>Operating income attributable to Indemnity</b>	<b>\$ 0.86</b>	<b>\$ 0.93</b>	<b>\$ 2.40</b>	<b>\$ 2.38</b>
Net realized gains and impairments on investments	0.01	0.05	0.01	0.08
Income tax expense	0.00	(0.02)	0.00	(0.03)
Realized gains and impairments, net of income taxes	0.01	0.03	0.01	0.05
<b>Net income attributable to Indemnity</b>	<b>\$ 0.87</b>	<b>\$ 0.96</b>	<b>\$ 2.41</b>	<b>\$ 2.43</b>

(in millions, except per share data)

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

	September 30, 2013 (Unaudited)	December 31, 2012
<b>Assets</b>		
<b>Investments – Indemnity</b>		
Available-for-sale securities, at fair value:		
Fixed maturities	\$ 499	\$ 452
Equity securities	48	55
Limited partnerships	158	180
Other invested assets	1	1
<b>Investments – Exchange</b>		
Available-for-sale securities, at fair value:		
Fixed maturities	7,921	7,707
Equity securities	849	945
Trading securities, at fair value	2,945	2,417
Limited partnerships	979	1,037
Other invested assets	20	20
<b>Total investments</b>	<b>13,420</b>	<b>12,814</b>
Cash and cash equivalents (Exchange portion of \$502 and \$388, respectively)	535	400
Premiums receivable from policyholders – Exchange	1,203	1,062
Reinsurance recoverable – Exchange	174	168
Deferred income taxes – Indemnity	42	37
Deferred acquisition costs – Exchange	574	504
Other assets (Exchange portion of \$329 and \$339, respectively)	436	456
<b>Total assets</b>	<b>\$ 16,384</b>	<b>\$ 15,441</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
<b>Indemnity liabilities</b>		
Other liabilities	\$ 574	\$ 515
<b>Exchange liabilities</b>		
Losses and loss expense reserves	3,712	3,598
Life policy and deposit contract reserves	1,754	1,708
Unearned premiums	2,654	2,365
Deferred income taxes	368	365
Other liabilities	123	99
<b>Total liabilities</b>	<b>9,185</b>	<b>8,650</b>
<b>Indemnity's shareholders' equity</b>	<b>657</b>	<b>642</b>
<b>Noncontrolling interest in consolidated entity – Exchange</b>	<b>6,542</b>	<b>6,149</b>
<b>Total equity</b>	<b>7,199</b>	<b>6,791</b>
<b>Total liabilities, shareholders' equity and noncontrolling interest</b>	<b>\$ 16,384</b>	<b>\$ 15,441</b>