

**Erie Indemnity Company**  
**Statements of Operations**

(dollars in thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	(Unaudited)		(Unaudited)	
<b>Operating revenue</b>				
Management fee revenue - policy issuance and renewal services, net	\$ 451,361	\$ 435,214	\$ 1,311,911	\$ 1,268,591
Management fee revenue - administrative services, net	13,521	—	39,894	—
Administrative services reimbursement revenue	140,172	—	432,642	—
Service agreement revenue	7,072	7,278	21,297	21,781
Total operating revenue	<u>612,126</u>	<u>442,492</u>	<u>1,805,744</u>	<u>1,290,372</u>
<b>Operating expenses</b>				
Cost of operations - policy issuance and renewal services	375,259	361,253	1,103,517	1,058,745
Cost of operations - administrative services	140,172	—	432,642	—
Total operating expenses	<u>515,431</u>	<u>361,253</u>	<u>1,536,159</u>	<u>1,058,745</u>
<b>Operating income</b>	<u>96,695</u>	<u>81,239</u>	<u>269,585</u>	<u>231,627</u>
<b>Investment income</b>				
Net investment income	7,659	5,982	21,583	18,202
Net realized investment gains (losses)	0	899	(497)	1,539
Net impairment losses recognized in earnings	0	0	(646)	(182)
Equity in earnings of limited partnerships	772	1,537	361	1,899
<b>Total investment income</b>	<u>8,431</u>	<u>8,418</u>	<u>20,801</u>	<u>21,458</u>
Interest expense, net	709	377	1,864	800
Other income (expense)	54	(415)	156	(1,231)
Income before income taxes	<u>104,471</u>	<u>88,865</u>	<u>288,678</u>	<u>251,054</u>
Income tax expense	<u>24,025</u>	<u>30,322</u>	<u>62,768</u>	<u>86,108</u>
<b>Net income</b>	<u>\$ 80,446</u>	<u>\$ 58,543</u>	<u>\$ 225,910</u>	<u>\$ 164,946</u>
<b>Net income per share</b>				
Class A common stock – basic	\$ 1.73	\$ 1.26	\$ 4.85	\$ 3.54
<b>Class A common stock – diluted</b>	<u>\$ 1.54</u>	<u>\$ 1.12</u>	<u>\$ 4.32</u>	<u>\$ 3.15</u>
Class B common stock – basic	\$ 259	\$ 189	\$ 728	\$ 531
Class B common stock – diluted	<u>\$ 259</u>	<u>\$ 189</u>	<u>\$ 727</u>	<u>\$ 531</u>
<b>Weighted average shares outstanding – Basic</b>				
Class A common stock	<u>46,188,941</u>	<u>46,188,949</u>	<u>46,188,522</u>	<u>46,186,109</u>
Class B common stock	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>
<b>Weighted average shares outstanding – Diluted</b>				
Class A common stock	<u>52,317,438</u>	<u>52,316,876</u>	<u>52,313,642</u>	<u>52,342,450</u>
Class B common stock	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>	<u>2,542</u>
<b>Dividends declared per share</b>				
Class A common stock	\$ 0.8400	\$ 0.7825	\$ 2.5200	\$ 2.3475
Class B common stock	<u>\$ 126.000</u>	<u>\$ 117.375</u>	<u>\$ 378.000</u>	<u>\$ 352.125</u>

**Erie Indemnity Company**  
**Statements of Financial Position**

(in thousands)

	September 30, 2018	December 31, 2017
	(Unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 244,688	\$ 215,721
Available-for-sale securities	105,031	71,190
Receivables from Erie Insurance Exchange and affiliates	463,620	418,328
Prepaid expenses and other current assets	44,014	34,890
Federal income taxes recoverable	0	29,900
Note receivable from Erie Family Life Insurance Company	25,000	25,000
Accrued investment income	6,504	6,853
<b>Total current assets</b>	<b>888,857</b>	<b>801,882</b>
Available-for-sale securities	599,164	687,523
Equity securities	12,511	—
Limited partnership investments	37,088	45,122
Fixed assets, net	121,684	83,149
Deferred income taxes, net	37,660	19,390
Other assets	62,539	28,793
<b>Total assets</b>	<b>\$ 1,759,503</b>	<b>\$ 1,665,859</b>
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities:</b>		
Commissions payable	\$ 257,015	\$ 228,124
Agent bonuses	79,308	122,528
Accounts payable and accrued liabilities	113,204	104,533
Dividends payable	39,119	39,116
Contract liability	34,086	—
Deferred executive compensation	11,071	15,605
Federal income taxes payable	9,310	0
Current portion of long-term borrowings	1,395	0
<b>Total current liabilities</b>	<b>544,508</b>	<b>509,906</b>
Defined benefit pension plans	154,736	207,530
Employee benefit obligations	69	423
Contract liability	17,903	—
Deferred executive compensation	13,104	14,452
Long-term borrowings	98,332	74,728
Other long-term liabilities	9,828	1,476
<b>Total liabilities</b>	<b>838,480</b>	<b>808,515</b>
<b>Shareholders' equity</b>	<b>921,023</b>	<b>857,344</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,759,503</b>	<b>\$ 1,665,859</b>