

Thank you, Tom and good morning everyone and thank you for making the time to be a part of our 2020 Annual Shareholder meeting this morning. It is especially important in these uncertain times that we continue to be connected and take a moment to focus on the commitment to service that makes ERIE the insurer of choice throughout our footprint. I am very honored to be here today delivering another strong year of financial results for your Erie Indemnity Company and Erie Insurance Exchange, the insurance operations we manage. Both Indemnity and the Exchange experienced continued growth last year, once again surpassing industry results.

I'll share our 2019 results with you shortly, but first, allow me to address the obvious. These are difficult times. In my 35 year tenure with ERIE, we have never faced challenges like those triggered by the Covid-19 pandemic. Overnight, we changed the way we do business; we changed the way we work with each other; and we even changed the way we interact with our own families. Yet through unprecedented change, we never lost sight of our core values. The level of care and professionalism demonstrated by our Agents and Employees has been unwavering. Service continues to be Above All.

As I reflect on our service proposition, I'm struck by how seamlessly we have been able to pivot and adapt our operations to maintain that unwavering commitment. Certainly, the rapid pace of technology is largely responsible for keeping our service best-in-class in today's world. But that wasn't always the case. There was a time, back in the spring of 2011, where I found myself in a situation where today's technology would have made it a non-event.

It was Good Friday, and in 2011 we still observed Good Friday as a company holiday. Though the offices were closed, I came in to tie up a few loose-ends for the quarter. In my office, the phone rang and I answered. On the line was a claimant calling because she was having trouble cashing the check that was issued to her that morning. She desperately needed to deposit the check before her bank closed for the Easter holiday. Doing my best to help, I made a call to one of our Treasury staff who was off for the day. Bonnie instantly knew that the problem was the check was just issued to the claimant, but the positive pay file was not yet received by the bank. Therefore, the bank had no record of the check being issued and therefore declined the transaction. Bonnie was out running errands but was headed home where she could post the transaction to the bank records remotely.

Bonnie was able to post the transaction and the claimant cashed the check shortly after lunch.

SHE WAS VERY PLEASED WITH THE SERVICE!!! It wasn't a big deal. It's what we do at ERIE.

Looking back now, I think of how easy this situation would have been handled using our claims ePay capability. Today, with e-pay technology, the Claims Adjuster would have been able to deposit the claimant's funds directly into her bank account with the push of a button. In fact, since April of last year we have successfully processed over 20,000 claims payments totaling nearly \$60 million through this new payment capability. This is just one example of how technology has enhanced the service we offer while maintaining the human touch.

Technology will continue to evolve and make our business more efficient, but it is the human touch that will always be ERIE's differentiator. And it is the human touch and the award-winning service of our Employees and Agents that made it possible for me to be here today reporting these 2019 financial results.

I'll begin with the Exchange. The direct and assumed premiums written by the Exchange grew 5.2% over 2018 to \$7.5 Billion, marking the 12th consecutive year of growth and another year of outperforming Conning's industry forecast of 4.6% for the year.

Strong retention and higher average premium per policy, particularly in commercial lines, attributed to this year's growth.

While the second half of 2019 saw a reduction in weather related losses, an active spring storm season, and a higher severity of those storms, drove an increase in incurred losses compared to 2018. The Exchange ended 2019 with a combined ratio of 105 versus 103.1 in 2018.

Even with the increase in combined ratio for 2019, the Exchange was able to grow policy holder surplus by \$900 million to a level of \$9.5 billion, driven by strong investment returns.

Erie Insurance Exchange continues to be operationally and financially solid, maintaining an A+ Superior rating for the property and casualty group and an A Excellent rating for Erie Family Life from the AM Best insurance rating company.

Once again, Erie Indemnity, your company, benefitted from the strong performance of the Exchange. Indemnity's net income of \$317 million for 2019, was a \$29 million increase over the prior year. The increase was driven by increases in both our operating income, as well as investment income.

In 2019, Operating income before taxes increased \$13 million or 3.8% compared to 2018.

Management fee revenue from policy issuance and renewal services combined with management fee revenue from administrative services increased almost \$95 million over 2018 while expenses increased \$82 million.

Commissions paid to our Agents increased \$41 million in 2019 compared to 2018 resulting from the 5.2 percent increase in the direct and assumed premiums written by the Exchange, somewhat offset by lower agent incentive awards related to less profitable business.

Non-commission expenses in 2019 increased nearly \$40 million compared to 2018.

Underwriting and policy processing costs increased \$6 million, and information technology costs increased \$23 million due to an increase in professional fees and hardware and software costs. Customer service costs increased \$3 million due to increased credit card processing fees as well as personnel costs. Finally, administrative and other expenses increased \$11 million driven by an increase in long-term incentive plan costs due to a higher company stock price in 2019 compared to 2018, as well as several multi-year commitments we made to support community development initiatives. The increase in non-commission expense was slightly offset by a decrease in sales and advertising expenses of \$3 million.

Income from investments totaled \$40 million for the year, up 54% compared to 2018.

Together, Indemnity's income from operations and investments resulted in earnings of \$6.06 per diluted share for 2019 compared to \$5.51 per diluted share in 2018.

We remain committed to our disciplined capital management practices and above all in service promise. As a result, our balance sheet is robust, enabling Indemnity to pay you, our shareholders, \$168 million in dividends last year. And, with full confidence, our Board of Directors approved a 7.2% increase in the regular quarterly cash dividend for both Class A and Class B share for 2020.

The strong capital position of both the Exchange and Indemnity put us in an enviable position as we face the new challenges presented by the COVID-19 pandemic in 2020 and beyond.

As your Chief Financial Officer, it is my privilege to report on another excellent year for both Erie Insurance Exchange and Erie Indemnity Company. I want to thank you for that opportunity, and I also want to thank all the ERIE Employees and Agents for their tremendous efforts year after year.

It is my hope that next year at this time, we are all gathered together, as families do, to celebrate ERIE continued success.

Thank you and stay well.