

**ERIE INDEMNITY COMPANY**

**AUDIT COMMITTEE CHARTER**

**Revised as of July 29, 2008**

## **ERIE INDEMNITY COMPANY AUDIT COMMITTEE CHARTER**

### **I. Audit Committee Purpose**

The Audit Committee shall be appointed by the Board of Directors of Erie Indemnity Company (hereafter "the Company") to assist the Board in overseeing (1) the integrity of the financial statements of the Company provided to shareholders and others; (2) the compliance by the Company with financial accounting and legal and regulatory requirements; (3) the independence and performance of the Company's internal and independent auditors; and (4) the systems of control over financial reporting. In this context, the Company shall also include Erie Insurance Exchange, and its affiliated companies, for which Erie Indemnity Company is the attorney-in-fact.

### **II. Audit Committee Appointment, Composition, and Meeting Protocol**

The members of the Audit Committee shall be appointed by the Board, and shall meet independence and experience requirements of the applicable federal securities law, the Pennsylvania Insurance Holding Company Law, and the NASDAQ Stock Market of the National Association of Securities Dealers, Inc. (hereafter "NASDAQ" or "NASD").

The Audit Committee shall be comprised of at least three directors, the exact number to be determined by the Board, each of whom shall be independent directors as required by applicable statutory requirements and each member of the Audit Committee shall be free from any relationship that would interfere with the exercise of his or her independent judgment.

All members of the Audit Committee shall be able to read and understand the financial statements, including the Company's balance sheet, income statements, and cash flow statements, or become able to do so within a reasonable period of time after his or her appointment to the Audit Committee. At least one member of the Audit Committee shall be a financial expert as defined by the Securities and Exchange Commission. Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board of Directors determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee, and discloses this determination in the Company's annual proxy statement.

The Audit Committee Chair shall be designated by the Board.

The Audit Committee shall meet at least four times annually or more frequently as necessary and appropriate. A quorum of committee members shall be present at any meeting at which final action or approval is to be taken or made. A quorum shall be present if a majority of committee members are present in person or by other means and in the case of an Audit Committee of three or four members, by the attendance, in person or otherwise, of two or more committee members. An agenda for each meeting shall be prepared in advance of each meeting and may be developed in consultation with management, other committee members, and/or the independent auditors. The Audit Committee may request any officer or employee of the Company or the Company's outside legal counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

### **III. Audit Committee Responsibilities and Duties**

The Audit Committee shall have the following responsibilities and duties:

1. Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board for approval.
2. Review the annual audited financial statements prior to filing or distribution. The review should include discussions with management and the independent auditors of any significant issues regarding accounting principles, practices and judgments.
3. Consider the integrity of the Company's financial reporting processes and controls in consultation with management, the independent auditors and the internal auditors. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures and to identify any payments or procedures that might be deemed illegal or improper. Review significant findings presented by the independent auditors and the internal audit department together with management's responses.
4. Oversee the Company's enterprise risk management process by meeting periodically with management to inquire about significant risks and exposures, and to review and assess the steps taken to monitor and manage such risks.

5. Review with management and the independent auditors, the Company's quarterly financial statements prior to the public release of earnings and the filing or distribution of the quarterly financial statements. The review shall encompass discussion of any significant issues arising during the independent auditors' limited review procedures.
6. Review and discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with the American Institute of Certified Public Accountants Statements of Auditing Standards.
7. Select, evaluate, and, if appropriate, replace the independent auditor. The independent auditors are ultimately accountable to the Board of Directors and the Audit Committee, as representatives of shareholders.
8. Approve the fees and other significant compensation to be paid to the independent auditors for the purpose of preparing or issuing an audit report or related work. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of fees and other significant compensation to the independent auditor.
9. Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in the Securities Exchange Act of 1934. The Committee may delegate preapproval authority to a member provided that decisions of such member shall be presented to the full Audit Committee at its next scheduled meeting.
10. Review and discuss with the independent auditors annually all significant relationships they have with the Company that could impair the auditors' independence.
11. Review the independent auditors' audit plan and engagement letter to determine if it is sufficiently detailed and covers any significant areas of concern the Audit Committee may have. This review should include the scope, staffing, locations, reliance upon management and internal audit and general audit approach.

12. Review and discuss the fourth quarter and year-end earnings with the independent auditors prior to the public release of the year-end results.
13. Review and consider the independent auditors' judgment regarding the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
14. Discuss with the independent and internal auditors whether there are any reportable instances of internal control weaknesses.
15. Review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.
16. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employee of concerns regarding questionable accounting or auditing matters.
17. Review with management the appointment, performance and replacement of the senior internal audit executive.
18. Review with the Company's General Counsel on at least an annual basis, i.) any legal matters that could have a significant impact on the Company's financial statements, ii.) the Company's compliance with applicable laws and regulations, and iii.) inquiries received from regulators or governmental agencies.
19. Prepare annually a report to shareholders, to be included in the Company's annual proxy statement, as required by the SEC. The report should include a statement that the Audit Committee has reviewed and discussed the audited financial statements with management; discussed with the independent auditors, the matters required to be discussed by Statements of Auditing Standards; reviewed the written disclosure from the independent auditors regarding their independence; and recommended to the Board of Directors that the audited financial statements be filed with the SEC.
20. File and attach the Audit Committee Charter as an appendix to the proxy statement at least once every three years.

21. Obtain from the independent auditor, assurance that Section 10A of the Securities Exchange Act of 1934, as amended (relating to the disclosure of illegal acts), has not been implicated.
22. Prepare and maintain minutes of its meetings.
23. Periodically report to the Board of Directors on significant results of its activities.
24. Perform such other duties and activities consistent with the intent and spirit of this charter, the Company's bylaws, and governing law, as the Audit Committee deems necessary or appropriate.

#### **IV. Audit Committee Resources and Authority**

The Audit Committee shall have the resources and authority necessary to properly and timely discharge its duties and responsibilities, including the authority to select, retain and terminate special counsel or other experts or consultants, and approve any necessary and appropriate fees and other retention terms of such special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. In fulfilling its responsibilities, the Committee may delegate such functions, as it deems appropriate, to management or advisors, so long as no actions are taken that would materially increase the costs to the Company without the Committee's prior approval.