

Erie Indemnity Company Corporate Governance Guidelines

I. Introduction

The Board of Directors of Erie Indemnity Company (the “Company”) has developed and adopted the following corporate governance guidelines (the “Guidelines”) to promote the functioning of the Board of Directors (the “Board”) and its Committees and to set forth a common set of expectations as to how the Board should perform its functions. These Guidelines are subject to modification from time to time by the Board as the Board may deem appropriate in the best interests of the Company or as required by applicable laws, regulations and rules. The Guidelines should be interpreted in the context of all applicable laws and the Company’s charter, bylaws and other corporate governance documents.

II. Role of the Board

Management is responsible for the day-to-day business operations of the Company. The Board oversees and guides the Company’s management and its business. The basic responsibility of the Board is to exercise its business judgment to act in what it reasonably believes to be in the best interests of the Company. Within this framework, the Board also considers the Company’s ethical behavior and may consider the interests of other constituents, including the Company’s shareholders, policyholders, agents, employees and the communities in which it functions.

In discharging their obligations, the Directors of the Company (the “Directors”) are entitled to rely on the honesty and integrity of the Company’s executives, and its outside advisors and auditors. The Directors are also entitled to have the Company purchase reasonable directors’ and officers’ liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company’s Articles of Incorporation and Bylaws, and to exculpation as provided by applicable state law and the Company’s Articles of Incorporation.

The Board provides oversight with respect to the strategic direction and key policies of the Company. It approves major strategic initiatives, advises on key financial and business objectives, and monitors progress with respect to these matters.

The Board, directly and through its Audit Committee, provides oversight of the integrity of the financial statements of the Company; the independent accountants’ qualifications and independence; the performance of the Company’s internal audit function and independent accountants; and the compliance by the Company with legal and regulatory requirements.

The Board selects and annually evaluates through its Executive Compensation and Development Committee (the “Compensation Committee”) the performance of the Chief Executive Officer and other selected officers of the Company. The Compensation Committee, on behalf of the Board, also evaluates and determines the compensation of

the Company's executive officers; oversees management's administration of compensation and benefits plans, policies and programs of the Company; administers the incentive compensation plans of the Company; and from time to time, when appropriate, makes recommendations to the Board as to the development and succession plans for the senior management of the Company.

In discharging their duties, the Directors must also be mindful of the fact that the Company is appointed to act as the Attorney-in-Fact to the Erie Insurance Exchange (the "Exchange") by the policyholders of the Exchange under the terms of the Subscriber's Agreement between each policyholder and the Company that provides generally for the relationship between policyholders and the Company. Although there is limited authority that expressly defines the duty of an attorney-in-fact to the policyholders of a reciprocal insurance exchange, the Directors should treat this responsibility of the Company as one that is fiduciary in nature and consistent with each Director's Acceptance of Trust, which recognizes the Director's "... fiduciary relationship to the Company in its own right and as Attorney-in-Fact for the Subscribers of the ERIE INSURANCE EXCHANGE..." Consequently, to satisfy the obligations of the Company to the Exchange, the Directors should cause the Company to act in a manner they reasonably believe is in the best interests of the Exchange and its policyholders, while also satisfying their obligations under applicable law to act in a manner they reasonably believe to be in the best interests of the Company.

These two interests are not mutually exclusive. The Directors will have to balance the best interests of the Company and its shareholders, on the one hand, and the Exchange and its policyholders, on the other. Although each Director is required to perform his or her duties as a director in good faith and in a manner he or she reasonably believes to be in the best interests of the Company, the Company's relationship with the Exchange and its policyholders is the Company's most valuable asset. Moreover, Pennsylvania Corporation law expressly permits the Directors, in considering the best interests of the Company, to consider all pertinent factors, which could include the effects of any action upon the Exchange and its policyholders. The Board should also be mindful, moreover, that the Pennsylvania Insurance Holding Companies Law requires relations between the Company, the Exchange and their subsidiaries and affiliates to be "fair and reasonable".

III. Board Composition

The composition of the Board should balance the following goals:

- The size of the Board, which the bylaws of the Company sets at no less than 7 and no more than 16 Directors, should advance the effective deliberation of issues and facilitate substantive discussions of the whole Board in which each Director can participate meaningfully;
- The composition of the Board should encompass a broad range of skills, expertise, industry knowledge, diversity of opinion and contacts relevant to the Company's business;

- A majority of the Board shall consist of Directors who are neither officers nor employees of the Company or its subsidiaries (and have not been officers or employees within the previous three years), do not have a relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director, who would otherwise be regarded as “independent” under the rules of the Nasdaq Stock Market, Inc. (“Nasdaq”), and who would not be regarded under the Pennsylvania Insurance Holding Companies Law as persons controlling, controlled by, or under common control with, the Company or as officers or employees of any entity controlling, controlled by, or under common control with, the Company (“Control Persons”).
- The Board must also make an affirmative determination that no relationship exists that would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

Although the Company is exempt from having to comply with the Nasdaq requirement that a majority of its Board be comprised of independent directors by virtue of the fact that the Company is a “Controlled Company” under the Nasdaq rules, the Board has determined that as a matter of best practices in the area of corporate governance, it will seek to follow the Nasdaq rules on a voluntary basis and therefore have a majority of independent directors on the Board and to evaluate and determine the independence of Directors on the basis of prevailing Nasdaq rules on governance.

IV. Selection of Chairman of the Board and Chief Executive Officer

The Company’s Bylaws provide that the Chairman of the Board shall be the Chief Executive Officer, unless the Board vests this position in another officer. The Board is free to select a Chief Executive Officer in the manner it considers in the best interests of the Company at any given point in time. The Board may separate or, if separated, consolidate these positions based on what it considers to be in the best interests of the Company.

V. Presiding Director

The independent Directors may from time to time select a Presiding Director from among the independent Directors. The Presiding Director shall have the responsibility of facilitating and coordinating communications among, and meetings of, non-management and independent Directors, and of presiding at Executive Sessions in the event that the Chairman of the Board does not do so or if designated to do so by the Chairman of the Board.

VI. Selection of Directors

Nominations. The Nominating and Governance Committee (the “Nominating Committee”) is responsible for selecting and recommending for the Board’s approval, the

slate of candidates for election to the Company's Board of Directors and for filling vacancies occurring between annual meetings of shareholders.

Shareholders may also recommend and nominate candidates for election to the Board in accordance with the terms of the Bylaws of the Company.

In nominating directors for election, or in filling vacancies, the Board should be mindful that the Trustees of the H.O. Hirt Trusts (the "Trustees") have the responsibility to ensure that at least one individual Trustee serve on the Board.

Criteria. The Nominating Committee will determine new nominees for the position of Director, having regard for (i) the requirements of the Nasdaq rules that the Board consist of a majority of independent Directors and (ii) the requirement that at least one-third of the Directors not be Control Persons under the Pennsylvania Insurance Holding Companies Law, as well as the following criteria (which is set with the concurrence of the full Board and reevaluated periodically):

- The relevance of the candidate's experience to the business of the Company;
- Ability and willingness to commit adequate time to Board and Committee meetings, ability to attend meetings regularly and willingness to devote an appropriate amount of effort in preparation for those meetings;
- Independence from conflict, business or direct economic relationship with the Company;
- The extent and duration, if any, of the candidate's ownership of common stock of the Company;
- Reputation, holding (or having held) positions or affiliations befitting a director of a publicly held company, and active engagement (or previous active engagement) in the candidate's respective profession or occupation, or regular involvement in the business, professional, charitable, civic or academic community; and
- Enhancing the diversity of the Board.

Invitation. After the Board has approved its slate of Director nominees to be recommended to the shareholders, the invitation to stand for election to the Board should be extended by the Board itself via the Chairman of the Board or the Chairman's designee.

Orientation. All new Directors must participate in the Company's Director Orientation Program. This orientation shall include presentations by senior management to familiarize new Directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of conduct, its corporate governance guidelines, its principal officers, and its internal and independent

auditors. In addition, each Board Committee shall also provide new Board members with appropriate background information about the workings of the Committee. This orientation shall also include presentations by representatives designated by the Trustees with respect to the Trust Agreement and relevant issues of trust law.

Continuing Education. The Board encourages formal Board continuing education. Consistent with the Board-approved Director Education Program, each Director will be required to devote a fixed period of time each year to director development through attendance at conferences or seminars related to director education. Periodically, management should prepare additional educational sessions for Directors on matters relevant to the Company, its business plan and risk profile.

VII. Selection and Removal of Directors – Consulting with the H.O. Hirt Trusts

The Bylaws provide that voting shareholders may nominate candidates for the Election to the Board prior to or during a meeting of shareholders, may remove Directors by majority written consent with or without cause, and may concurrently fill vacancies on the Board occurring between annual meetings of shareholders. As the holders of a substantial majority of the voting shares of the Company, the Trustees on the behalf of Trusts are currently the only shareholders of the Company that may effectively exercise this authority.

It is the desire of the Board to establish and maintain a cooperative and constructive dialogue and relationship with the Trustees, particularly with respect to matters that the Trustees acting on behalf of the Trusts may consider and act upon. To that end, the Board intends to seek to promote an environment that will allow its relationship with the Trustees to develop in an atmosphere of mutual respect and courtesy, while respecting the Board's need to maintain its independence as a separate fiduciary body. Consistent with the foregoing, the Board will use all reasonable efforts to undertake the following measures:

- Consult with the Trustees prior to making any public announcement of its nominees for election as Directors.
- Consult with the Trustees prior to taking any action to fill a vacancy on the Board.
- Request that the Trustees provide reasonable notice to the Board prior to the mailing of the notice of the annual meeting of shareholders as to any candidate that the Trustees would wish to nominate for election to the Board and as to any views that the Trustees may have regarding any candidate the Board has nominated or proposes to nominate.
- Request that the Trustees consult with the Board prior to taking any action to remove a Director from the Board.

- Request that the Trustees consult with the Board prior to taking any action to fill a vacancy on the Board.

VIII. Election Term

The Nominating Committee will annually revisit Directors' suitability and the continuing composition of the Board; it will then recommend Director nominees to be voted on by the full Board. The Board believes that, if this evaluation is well done, it will obviate the need for term limits or a mandatory retirement age, which could unnecessarily deprive the Company of experienced Directors. Each Director nominee will stand for election by the voting shareholders annually, and must receive the affirmative votes of a majority of the Class B shares outstanding and entitled to vote at such meeting. A sitting director who does not receive such a majority for re-election to the Board, will be expected to resign.

Any significant change in circumstances that may relate to a Director's qualifications as a Director is considered in determining suitability for continued directorship. As a general matter, a Chief Executive Officer (or other management Director) is expected to resign from the Board at the time such Director's employment by the Company ends. In addition, an analysis of potential conflicts and review by the Nominating Committee and the Board are conducted for any proposed transaction involving the Company (or a subsidiary of the Company) in which any Director would have a direct economic or beneficial interest. Directors shall give the Chairman of the Nominating Committee notice of any such significant change in circumstances, any proposed additional for-profit or charitable director affiliation, or any such proposed transaction involving the Company.

IX. Evaluating Board and Director Performance

The Board, acting through the Nominating Committee, should conduct a self-evaluation at least annually to determine whether it is functioning effectively. The Nominating Committee should periodically consider the mix of skills and experience that Directors bring to the Board to assess whether the Board has the necessary tools to perform its oversight function effectively. This self-evaluation would also include evaluations of each individual Director.

Each committee of the Board should conduct a self-evaluation at least annually and report the results to the Board, acting through the Nominating Committee. Each committee's evaluation must compare the performance of the committee with the requirements of its written charter, if any.

Board and Committee self-evaluation should be conducted by means of written questionnaires, an interview and consultation process, or any other method that the Board considers appropriate or required by law.

The Board also recognizes that the Trustees will from time to time wish to evaluate the Directors individually and collectively. The Board will cooperate with the

Trustees in this process. The Board also requests that each Director cooperate with the Trustees in this process.

X. Board Meetings

The Board sets the annual schedule of Board meetings, with at least four Board meetings each year (in addition to the annual meeting), with further meetings to occur (or action to be taken outside of meetings by unanimous consent) at the discretion of the Board or as called pursuant to the Company's By-laws. Committee meeting schedules are recommended by each Committee in order to meet the responsibilities of that Committee.

The agenda for each Board meeting will be prepared by the Chairman of the Board in consultation with the Chief Executive Officer and the Presiding Director, with ample opportunity for suggestions from other Directors. The Chairman will seek to provide to all Directors an agenda and appropriate materials in advance of meetings, although the Board recognizes that this will not always be consistent with the timing of transactions and the operations of the business and that in certain cases it may not be possible. As needed, the Board should also be provided with information between meetings.

Materials presented to the Board or its Committees should provide the desired information needed for the Directors to make an informed judgment.

The Chairman of the Board presides at Board meetings. Members of senior management are present in open sessions of Board and Committee meetings, as appropriate.

XI. Executive Sessions

To ensure free and open discussion and communication among the non-management directors of the Board, the non-management Directors will have at least two regularly scheduled executive sessions each year, and more frequently as necessary or desirable, in conjunction with regularly scheduled meetings of the Board, at which only non-management Directors are present. A majority of the independent Directors may exclude from any executive session any non-management Director that is not regarded as independent. The Chairman of the Board will preside at executive sessions, except that the Presiding Director will preside instead if the Chairman does not do so or if the Presiding Director is so designated by the Chairman.

XII. The Committees of the Board

Committees support the Board on issues that benefit from consideration by a smaller, more focused subset of Directors. The Board shall have at all times an Audit Committee, a Compensation Committee, and a Nominating Committee. These Committees must conform to the requirements of the Nasdaq rules and the Pennsylvania Insurance Holding Companies Law.

The Board has also established Investment, Strategy and Technology Committees to assist the Board in reviewing investment policies, strategies, transactions and performance of the Company and its subsidiaries. The Board has also established a Charitable Giving Committee, which with Board approval recommends to the Chief Executive Officer charitable gifts by the Company within a budgeting limit established by the Board, and an Executive Committee, which may act on behalf of the full Board between regularly scheduled Board meetings, usually when timing is critical. The Board may form other committees from time to time to deal with special issues.

Committee agendas are set by the respective Committee chairs in consultation with other Committee members and, at the discretion of each Committee chair, the Chief Executive Officer. All Directors, whether members of a Committee or not, are invited to make suggestions to a Committee chair for additions to the agenda of his or her Committee or to request that an item from a Committee agenda be considered by the Board. Committee chairs report on each Committee meeting at the Board meeting following the Committee meeting and should endeavor to provide a summary to the full Board of items that are to be considered by the Committee at its upcoming meetings. Each Committee chair convenes, as appropriate, executive sessions of outside Directors of the Committee to discuss its operation and other related matters.

In the absence of a Committee Chairman, the most senior Committee member (to be measured by time of service on the Committee) will Chairman the Committee meeting.

Each of the Audit Committee, the Compensation Committee and the Nominating Committee shall be composed exclusively of Directors who (a) are regarded as “independent” under the Nasdaq rules and, in the case of the Audit Committee, the applicable rules of the Securities and Exchange Commission, and (b) are not Control Persons under the Pennsylvania Insurance Holding Companies Law.

The roles of the Committees and the required qualifications for their members are set forth in the Company’s Bylaws and/or the respective Committees’ charter.

At least annually, the Nominating Committee, in consultation with the Chairman and the Chief Executive Officer, shall review Committee assignments (members and chairs). In considering a Director for Committee membership, the Committee shall take into consideration any factors it deems appropriate, including without limitation, the Director’s experience and background, and its relevance to the goals and responsibilities of the Committee and the Director’s Committee preferences. The Committee shall then make Committee assignment recommendation on which the full Board votes. The rotation of Committee members and chairs should be considered periodically, but rotation should not be mandatory because the Board believes that there are significant benefits attributable to the continuity and experience gained in service on a particular Committee over time. A Director may serve on more than one Committee for which he or she qualifies.

XIII. Management Succession

At least annually, the Board shall review and concur in a succession plan, developed by the Compensation Committee in consultation with management, addressing the policies and principles for selecting a successor to the Chief Executive Officer, both in an emergency situation and in the ordinary course of business. The succession plan should include an assessment of the experience, performance, skills and planned career paths for possible successors to the Chief Executive Officer.

XIV. Executive Compensation

1. *Evaluating and Approving Salary for the Chief Executive Officer.* The Board, acting through the Compensation Committee, shall evaluate the performance of the Chief Executive Officer and the Company against the Company's goals and objectives, and arrives at a recommendation to the Board regarding the compensation of the Chief Executive Officer.

2. *Evaluating and Approving Compensation of Executive Officers.* The Board, acting through the Compensation Committee, shall evaluate and determine proposals for overall compensation policies applicable to, and compensation for, executive and other principal officers.

XV. Board Compensation

At least annually, the Compensation Committee will review competitive compensation survey information, and considers the appropriateness of the form and amount of Director compensation with a view toward attracting and retaining qualified Directors. Board compensation should be consistent with market practices but will not be set at a level or in a form that would call into question the Board's independence.

The Compensation Committee, with the concurrence of the full Board, has directed that a significant portion of Director compensation be delivered in stock-based forms. In addition, a deferred compensation plan also will allow individual Directors voluntarily to defer cash compensation and deferred stock units. The Board also has adopted Stock Ownership Guidelines, which require non-management Directors to purchase shares in the Company equivalent in value to an amount fixed by the Board.

XVI. Expectations of Directors

The business and affairs of the Company will be managed under the direction of the Board in accordance with Pennsylvania law. In performing their duties, the responsibility of the Directors is to exercise their business judgment, in good faith, in a manner they reasonably believe to be the best interests of the Company. The Board has developed a number of specific expectations of Directors to promote the discharge of this responsibility and the efficient conduct of the Board's business.

1. *Commitment and Attendance.* All Directors should make every effort to attend meetings of the Board and meetings of Committees of which they are members.

Directors may attend by telephone or video conference to mitigate conflicts and logistical difficulties.

2. *Participation in Meetings.* Each Director should be sufficiently familiar with the business of the Company, including its financial statements and capital structure, and the risks and competition it faces, to facilitate active and effective participation in the deliberations of the Board and of each Committee on which he or she serves. Upon request, management will make appropriate personnel available to answer any questions a Director may have about any aspect of the Company's business. Directors should also review the materials provided by management and advisors in advance of the meetings of the Board and its Committees and should arrive prepared to discuss the issues presented.

3. *Loyalty and Ethics.* In their roles as Directors, all Directors owe a duty of loyalty to the Company. This duty mandates that the Directors advance the Company's legitimate interests when the opportunity to do so arises. Accordingly, Directors are prohibited from taking for their personal gain any business opportunities that are discovered through the use of Company property, information or position.

Directors are subject to applicable provisions of the Company's Code of Conduct (the "Code"). Among other things, Directors must conduct themselves in a manner that avoids actual or apparent conflicts of interest and that befits the Company's business reputation. A conflict of interest occurs when a Director's private interest interferes in any way –or even appears to interfere– with the interests of the Company. Except as authorized by the Board of Directors, no outside Director will have a direct economic relationship with the Company. Company loans to, or guarantees of obligations of, Directors and their family members are prohibited. In addition, Directors, in the course of their Company duties, must comply fully with all federal and state laws applicable to the Company's businesses, and with applicable Company policies (including policies relating to use of confidential information and insider trading). Directors should be familiar with the Code's provisions in these areas and should consult with the Company's counsel in the event of any issues.

4. *Other Directorships.* The Company values the experience Directors bring from other boards on which they serve, but recognizes that those boards may also present demands on a Director's time and availability and may present conflicts or legal issues. Directors should advise the Chairman of the Board, the Chairman of the Nominating Committee and the Chief Executive Officer before accepting membership on other boards of directors or other significant commitments involving affiliation with other businesses or governmental units.

5. *Contact with Management.* All Directors are invited to contact the Chief Executive Officer at any time to discuss any aspect of the Company's business. Directors also have complete access to other members of management. The Board expects that there will be frequent opportunities for Directors to meet with the Chief Executive Officer and other members of management in Board and Committee meetings and in other formal or informal settings.

Further, the Board encourages management to, from time to time, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement and substantial knowledge in those areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

6. *Contact with Other Constituencies.* It is important that the Company speak to employees and outside constituencies with a single voice, and that the Chief Executive Officer or the Chief Executive Officer's designee serve as the primary spokesperson for the Company.

7. *Confidentiality.* The proceedings and deliberations of the Board and its Committees are confidential. Each Director will maintain the confidentiality of information received in connection with his or her service as a Director.

XVII. Reliance on Management and Outside Advice

In performing its functions, the Board and each of its Committees is entitled to rely on the advice, reports and opinions of management, counsel, consultants, accountants, auditors and other expert advisors. The Board and each of its Committees, in coordination with the Nominating Committee, shall have the authority to retain and approve the fees and retention terms of its outside advisors without consulting or obtaining the approval of any officer of the Company in advance.

XVIII. Action of Voting Shareholders by Written Consent

The Bylaws of the Company (the "Bylaws") provide for action by written consent by holders of a majority of the voting shares in lieu of a meeting of shareholders. As noted previously, the Trustees on behalf of the Trusts hold a substantial majority of the voting shares of the Company and are the only shareholders at present that can exercise this power. The Board requests, however, that this power rarely, if ever be used, and that in order to advance the best interests of the Company, the Board requests that the Trustees consult with the Board prior to taking any action by written consent. It is the Board's belief that shareholder actions by majority written consent should never serve as a substitute for the required annual meeting of the Company's shareholders and generally should not serve as a substitute for other shareholder meetings. It is also the Board's belief that fundamental corporate transactions, such as a change to the Company's Articles of Incorporation, an approval of a merger or acquisition, or an authorization of a corporate dissolution must be approved by the Board and not through the written consent of holders of a majority of the voting shares.

XIX. Shareholder Proposals

In addition to the nomination of candidates for election as Directors, which is described above, the Bylaws provide that at a shareholder meeting, voting shareholders may bring proposals on topics appropriate to be voted on by voting shareholders. In accordance with the Board's desire that its dialogue and relationship with the Trustees be constructive and cooperative, and proceed on the basis of mutual respect and courtesy,

the Board requests that any proposal intended to be offered by the Trustees on behalf of the Trusts, or by any other voting shareholders, at a meeting of shareholders be provided to the Board sufficiently in advance of the meeting so that the Directors have a reasonable amount of time to thoughtfully evaluate and consider the proposal prior to its introduction at the meeting of shareholders.

This Policy adopted at a meeting of the
Board of Directors of Erie Indemnity Company
held on February 22, 2007