

ERIE INDEMNITY COMPANY

Investor Supplement Third Quarter 2008

The consolidated financial statements and financial exhibits herein are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for 2007. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

The cumulative sum of quarterly basic and diluted earnings per share amounts may not equal year-to-date net income per share amounts due to differences in weighted-average shares and equivalent shares outstanding for each of the periods presented. The cumulative sum of quarterly income and expenses may not equal year-to-date amounts due to rounding.

Erie Indemnity Company
Investor Supplement - Third Quarter 2008
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Erie Indemnity Company
Consolidated Statements of Operations
(in thousands, except per share data)

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Operating revenue								
Management fee revenue, net	\$234,120	\$241,646	\$216,971	\$204,549	\$232,089	\$242,324	\$692,737	\$690,432
Premiums earned	52,057	51,736	51,926	51,574	51,892	52,122	155,719	155,988
Service agreement revenue	8,340	7,748	7,391	7,562	7,470	7,299	23,480	22,186
Total operating revenue	294,517	301,130	276,288	263,685	291,451	301,745	871,936	868,606
Operating expenses								
Cost of management operations	195,297	201,338	181,119	178,873	200,913	195,969	577,754	576,768
Losses and loss adjustment expenses incurred	37,185	33,823	33,760	33,114	30,766	29,789	104,768	92,789
Policy acquisition and other underwriting expenses	12,311	12,281	11,999	12,131	13,090	11,695	36,592	36,779
Total operating expenses	244,793	247,442	226,878	224,118	244,769	237,453	719,114	706,336
Investment income (loss) - unaffiliated								
Investment income, net of expenses	10,218	11,467	11,672	12,483	12,233	14,138	33,357	40,350
Net realized (losses) gains on investments	(41,356)	(14,267)	(24,579)	(12,742)	3,438	2,222	(80,202)	7,550
Equity in earnings of limited partnerships	1,057	11,275	7,978	12,823	14,169	20,180	20,310	46,867
Total investment (loss) income - unaffiliated	(30,081)	8,475	(4,929)	12,564	29,840	36,540	(26,535)	94,767
Income before income taxes and equity in (losses) earnings of Erie Family Life Insurance	19,643	62,163	44,481	52,131	76,522	100,832	126,287	257,037
Provision for income taxes	6,011	20,288	14,251	19,370	23,669	31,505	40,550	79,767
Equity in (losses) earnings of Erie Family Life Insurance, net of tax	(9,384)	(560)	(253)	(159)	643	1,159	(10,197)	3,074
Net income	\$4,248	\$41,315	\$29,977	\$32,602	\$53,496	\$70,486	\$75,540	\$180,344
Net income per Class A share - diluted	\$0.07	\$0.71	\$0.51	\$0.55	\$0.87	\$1.11	\$1.30	\$2.87
Dividends declared per share:								
Class A common stock	\$0.44	\$0.44	\$0.44	\$0.44	\$0.40	\$0.40	\$1.32	\$1.20
Class B common stock	66.00	66.00	66.00	66.00	60.00	60.00	198.00	180.00

Erie Indemnity Company
Consolidated Statements of Operations - Segment Basis
(amounts in thousands, except per share data)

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Management operations								
Management fee revenue	\$247,723	\$255,809	\$229,599	\$216,332	\$245,585	\$256,462	\$733,131	\$730,691
Service agreement revenue	8,340	7,748	7,391	7,562	7,470	7,299	23,480	22,186
Total revenue from management operations	256,063	263,557	236,990	223,894	253,055	263,761	756,611	752,877
Cost of management operations	206,652	213,114	191,660	189,220	212,601	207,392	611,426	610,377
Income from management operations	49,411	50,443	45,330	34,674	40,454	56,369	145,185	142,500
Management fee rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Insurance underwriting operations								
Premiums earned	52,057	51,736	51,926	51,574	51,892	52,122	155,719	155,988
Losses and loss adjustment expenses incurred	37,185	33,823	33,760	33,114	30,766	29,789	104,768	92,789
Policy acquisition and other underwriting expenses	14,559	14,668	14,086	13,567	14,898	14,410	43,313	43,429
Total losses and expenses	51,744	48,491	47,846	46,681	45,664	44,199	148,081	136,218
Underwriting income	313	3,245	4,080	4,893	6,228	7,923	7,638	19,770
GAAP operating ratios:								
Loss and loss adjustment expense ratio	71.4	65.4	65.0	64.2	59.3	57.2	67.3	59.5
Underwriting expense ratio	28.0	28.3	27.1	26.3	28.7	27.6	27.8	27.8
GAAP Combined ratio	99.4	93.7	92.1	90.5	88.0	84.8	95.1	87.3
Investment operations								
Investment income, net of expenses	10,218	11,467	11,672	12,483	12,233	14,138	33,357	40,350
Net realized (losses) gains on investments	(41,356)	(14,267)	(24,579)	(12,742)	3,438	2,222	(80,202)	7,550
Equity in earnings of limited partnerships	1,057	11,275	7,978	12,823	14,169	20,180	20,310	46,867
Equity in (losses) earnings of Erie Family Life Insurance	(10,090)	(602)	(272)	(171)	692	1,247	(10,965)	3,304
Net (loss) revenue from investment operations	(40,171)	7,873	(5,201)	12,393	30,532	37,787	(37,500)	98,071
Income before income taxes	9,553	61,561	44,209	51,960	77,214	102,079	115,323	260,341
Provision for income taxes	5,305	20,246	14,232	19,358	23,718	31,593	39,783	79,997
Net income	\$4,248	\$41,315	\$29,977	\$32,602	\$53,496	\$70,486	\$75,540	\$180,344
Net income per Class A share - diluted	\$0.07	\$0.71	\$0.51	\$0.55	\$0.87	\$1.11	\$1.30	\$2.87

Erie Indemnity Company
Consolidated Statements of Financial Position
(amounts in thousands, except per share data)

	As of					
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007
ASSETS						
Investments						
Available-for-sale securities, at fair value:						
Fixed maturities	\$596,728	\$630,116	\$659,470	\$703,406	\$703,444	\$827,777
Equity securities	68,868	99,754	107,967	218,270	224,539	262,699
Trading securities, at fair value	74,506	91,133	110,664	0	0	0
Other invested assets	313,206	313,905	295,019	297,059	279,824	266,454
Total investments	1,053,308	1,134,908	1,173,120	1,218,735	1,207,807	1,356,930
Cash and cash equivalents	18,158	16,201	31,201	31,070	32,157	27,292
Equity in Erie Family Life Insurance Company	42,264	56,540	58,977	59,046	59,116	57,784
Premiums receivable from policyholders	261,020	257,658	241,098	243,612	260,720	257,632
Receivables from affiliates	1,185,975	1,170,534	1,194,352	1,177,830	1,190,263	1,200,249
Other assets	174,201	168,911	152,208	148,330	125,165	121,923
Total assets	\$2,734,926	\$2,804,752	\$2,850,956	\$2,878,623	\$2,875,228	\$3,021,810
LIABILITIES AND SHAREHOLDERS' EQUITY						
Liabilities						
Unpaid losses and loss adjustment expenses	\$995,603	\$1,004,553	\$1,017,054	\$1,026,531	\$1,015,083	\$1,036,362
Unearned premiums	445,831	437,094	417,298	421,263	444,175	436,996
Other liabilities	359,709	391,571	420,644	379,550	369,729	344,460
Total liabilities	1,801,143	1,833,218	1,854,996	1,827,344	1,828,987	1,817,818
Total shareholders' equity	933,783	971,534	995,960	1,051,279	1,046,241	1,203,992
Total liabilities and shareholders' equity	\$2,734,926	\$2,804,752	\$2,850,956	\$2,878,623	\$2,875,228	\$3,021,810
Book value per share	\$16.24	\$16.89	\$17.10	\$17.68	\$17.50	\$19.00
Return on average equity	10.7%	14.9%	16.9%	19.2%	20.0%	18.3%
Shares outstanding	57,499	57,519	58,257	59,461	59,782	63,356

Erie Indemnity Company
Management Fee Revenue by Major Lines of Business - Segment Basis
(in thousands)

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
<u>Direct written premium of the Property and Casualty Group</u>								
Private passenger auto	\$488,043	\$483,217	\$436,999	\$412,161	\$480,967	\$474,770	\$1,408,259	\$1,390,442
Homeowners	209,065	207,022	151,137	171,891	206,355	206,265	567,224	560,992
Commercial multi-peril	103,507	119,800	114,975	98,147	101,965	120,466	338,282	337,484
Commercial auto	73,404	86,552	82,870	69,999	74,185	88,500	242,827	245,851
Workers compensation	63,325	77,960	84,857	59,528	69,847	85,283	226,142	247,035
All other lines of business	51,947	55,485	47,558	45,200	48,220	52,963	154,990	146,161
Property and Casualty Group direct written premiums	989,291	1,030,036	918,396	856,926	981,539	1,028,247	2,937,724	2,927,965
Management fee rate	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Management fee revenue, gross	247,323	257,509	229,599	214,232	245,385	257,062	734,431	731,991
Change in allowance for management fee returned on cancelled policies	400	(1,700)	0	2,100	200	(600)	(1,300)	(1,300)
Management fee revenue, net of allowance	\$247,723	\$255,809	\$229,599	\$216,332	\$245,585	\$256,462	\$733,131	\$730,691

**Property and Casualty Group
Direct Written Premiums by State**

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Pennsylvania	43.9 %	44.7 %	43.8 %	43.8 %	44.6 %	45.7 %	44.2 %	45.0 %
Maryland	11.9	12.2	12.8	12.9	12.1	12.5	12.3	12.5
Virginia	9.0	8.6	9.2	8.7	9.2	8.6	8.9	9.0
Ohio	7.5	7.8	7.4	7.9	7.6	8.0	7.6	7.8
North Carolina	7.5	7.2	7.3	7.2	7.2	6.6	7.3	6.9
West Virginia	5.2	5.2	4.7	4.8	5.2	5.1	5.0	5.0
New York	4.3	4.3	3.9	4.1	4.0	4.1	4.2	4.0
Indiana	4.1	3.7	3.9	3.9	3.9	3.6	3.9	3.7
Illinois	2.7	2.6	2.9	2.8	2.5	2.3	2.7	2.5
Tennessee	1.9	1.8	2.1	2.0	2.0	1.8	2.0	1.9
Wisconsin	1.6	1.4	1.4	1.4	1.3	1.2	1.4	1.2
District of Columbia	0.4	0.5	0.6	0.5	0.4	0.5	0.5	0.5
Total direct written premiums	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Erie Indemnity Company
Reconciliation of Property and Casualty Group to
Indemnity Results

(dollars in thousands)

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Property & Casualty Group insurance underwriting operations (SAP basis)								
Direct underwriting results								
Direct written premium	\$989,291	\$1,030,036	\$918,396	\$856,926	\$981,539	\$1,028,247	\$2,937,724	\$2,927,965
Premiums earned	956,771	962,466	937,819	926,876	953,878	963,691	2,857,056	2,859,727
Loss and loss adjustment expenses incurred	695,208	602,238	603,390	632,764	547,077	542,795	1,900,836	1,662,200
Policy acquisition and other underwriting expenses incurred	267,587	281,827	251,378	231,617	269,324	277,393	800,792	797,586
Dividends to policyholders	515	472	768	1,707	1,904	956	1,755	4,783
Other expense	3,038	1,956	2,716	3,674	1,513	3,320	7,709	9,143
Direct underwriting (loss) income	(9,577)	75,973	79,567	57,114	134,060	139,227	145,964	386,015
Nonaffiliated reinsurance underwriting results								
Assumed voluntary-less ceded retrocessions	831	(555)	210	19,125	(3,342)	(652)	486	(6,892)
Assumed involuntary	15,497	(1,614)	(791)	(1,468)	(5,802)	23,643	13,092	16,477
Less: Ceded	(3,313)	9,253	9,043	(4,202)	5,824	6,843	14,984	20,482
Nonaffiliated reinsurance underwriting income (loss)	19,641	(11,422)	(9,624)	21,859	(14,968)	16,148	(1,406)	(10,897)
Net underwriting income (SAP basis)	\$10,064	\$64,551	\$69,943	\$78,973	\$119,092	\$155,375	\$144,558	\$375,118
Erie Indemnity insurance underwriting operations (SAP to GAAP basis)								
Percent of pool assumed by the Indemnity Company	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Indemnity preliminary underwriting income (SAP basis)	\$554	\$3,550	\$3,847	\$4,344	\$6,550	\$8,546	\$7,951	\$20,631
SAP to GAAP adjustments	(241)	(305)	233	549	(322)	(623)	(313)	(861)
Indemnity underwriting income before tax (GAAP basis)	\$313	\$3,245	\$4,080	\$4,893	\$6,228	\$7,923	\$7,638	\$19,770
Property & Casualty Group (SAP basis)								
Net basis								
Loss and LAE ratio	70.7	63.8	65.6	66.0	58.6	55.6	66.7	58.8
Underwriting ratio	27.0	27.4	27.3	26.9	27.3	26.7	27.2	27.0
Policyholder dividends ratio	0.0	0.0	0.1	0.2	0.2	0.1	0.1	0.2
Statutory combined ratio	97.7	91.2	93.0	93.1	86.1	82.4	94.0	86.0
Adjusted combined ratio, excluding profit component	93.6	87.0	88.9	89.9	82.3	77.7	89.8	81.8
Direct business								
Loss ratio points from prior accident year reserve development - (redundancy) deficiency	(0.4)	(3.9)	(5.3)	1.2	(7.8)	(4.3)	(3.2)	(7.5)
Loss ratio points from prior accident years from salvage and subrogation recoveries collected	(1.0)	(1.6)	(3.3)	(0.9)	(1.0)	(1.8)	(2.0)	(2.0)
Total loss ratio points from prior accident years	(1.4)	(5.5)	(8.6)	0.3	(8.8)	(6.1)	(5.2)	(9.5)
Loss ratio points from catastrophes	5.6	2.9	1.6	0.9	3.4	2.1	3.4	2.0
Erie Indemnity Company								
GAAP combined ratio	99.4	93.7	92.1	90.5	88.0	84.8	95.1	87.3
GAAP loss ratio points from catastrophes	5.7	3.0	1.6	0.9	3.4	2.2	3.4	2.0

SAP Basis represents statutory accounting principles as codified by the National Association of Insurance Commissioners (NAIC).

**Property and Casualty Group Adjusted
Combined Ratio by Major Lines of
Business (SAP Basis) - Direct Business**

	Three months ended						Nine months ended	
	Sept. 30, 2008	Jun. 30, 2008	Mar. 31, 2008	Dec. 31, 2007	Sept. 30, 2007	Jun. 30, 2007	Sept. 30, 2008	Sept. 30, 2007
Private Passenger Auto	82.9%	83.6%	85.0%	101.1%	79.0%	76.1%	83.8%	79.6%
Homeowners	116.6%	88.2%	90.5%	71.9%	87.0%	89.9%	98.3%	84.9%
Other Personal Lines	68.2%	98.7%	59.6%	64.4%	78.3%	99.8%	75.5%	85.6%
Total Personal	91.6%	85.5%	85.3%	91.5%	81.3%	80.9%	87.5%	81.3%
Commercial Multi-Peril	119.2%	74.1%	109.1%	83.9%	94.0%	83.8%	100.8%	90.4%
Commercial Auto	81.0%	94.4%	62.9%	74.7%	70.3%	72.6%	79.3%	73.5%
Workers Compensation	115.8%	115.6%	90.5%	137.1%	84.9%	77.2%	107.0%	88.3%
Other Commercial Lines	144.3%	63.9%	117.2%	14.2%	73.3%	49.0%	108.5%	55.9%
Total Commercial	109.4%	90.1%	91.7%	90.7%	83.6%	76.6%	97.0%	82.8%
Grand Total-Direct Business Only *	96.6%	86.9%	87.3%	91.2%	81.7%	79.6%	90.3%	81.8%

* The adjusted statutory combined ratio removes the profit component of the management fee earned by the Company.

Erie Indemnity Company
Analysis of Municipal Bond Ratings
September 30, 2008

Our municipal bond portfolio accounts for \$207.2 million, or 34.7%, of the total fixed maturity portfolio. Insurance enhanced municipal bonds total 78.6% of the total municipal bond portfolio. This insurance guarantees the payment of principal and interest on a bond if the issuer defaults. Our municipal bond portfolio is highly rated and includes all investment grade holdings (BBB or higher). The overall credit quality rating of our municipal bond portfolio is AA. The overall credit quality rating of our municipal bond portfolio giving no effect to insurance is AA-.

(in thousands)

(1)			(2)			(3)		
Uninsured Bonds			Insured Bonds			Underlying Rating of Insured Bonds		
Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %
AAA	\$24,285	54.8%	AAA	\$62,676	38.5%	AAA	\$0	0.0%
AA	13,930	31.5%	AA	55,180	33.9%	AA	71,558	43.9%
A	5,197	11.7%	A	44,480	27.3%	A	88,794	54.5%
BBB	884	2.0%	BBB	533	0.3%	BBB	527	0.4%
Not Rated	0	0.0%	Not Rated	0	0.0%	Not Rated	1,990	1.2%
AA	\$44,296	100.0%	AA	\$162,869	100.0%	AA-	\$162,869	100.0%

(1) + (2)			(1) + (3)		
Total Bonds (with Insured Rating)			Total Bonds (with Underlying Rating)		
Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %
AAA	\$86,961	42.0%	AAA	\$24,285	11.7%
AA	69,110	33.3%	AA	85,488	41.2%
A	49,677	24.0%	A	93,991	45.4%
BBB	1,417	0.7%	BBB	1,411	0.7%
Not Rated	0	0.0%	Not Rated	1,990	1.0%
AA	\$207,165	100.0%	AA-	\$207,165	100.0%

Erie Indemnity Company
Analysis of Structured Holdings
September 30, 2008

Approximately 4.7%, or \$27.9 million, of our fixed maturities portfolio is invested in structured products. Our structured product portfolio is highly rated with an average rating of AA or higher. We have no direct exposure to the subprime residential mortgage market through investments in structured products. We continually monitor these investments for material declines in quality and value.

(in thousands)

	MBS/CMO	Commercial MBS	CDO/CLO	Credit Linked Notes	ABS	Total Structured Holdings
	at Fair Value					
AAA	\$7,580	\$3,575	\$427	\$0	\$3,895	\$15,477
AA	0	0	1,670	0	0	1,670
A	0	0	3,302	0	0	3,302
BBB	0	3,831	3,381	0	0	7,212
CC	0	0	192	0	0	192
	\$7,580	\$7,406	\$8,972	\$0	\$3,895	\$27,853

Erie Indemnity Company
Analysis of Financial Sector Holdings
September 30, 2008

The following table provides a breakdown of our investment holdings that detail the exposure in the financial sector for the Erie Indemnity Company.

September 30, 2008				
(in thousands)	Amortized Cost	Fair Value	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Fixed Maturities (Bonds & Non-Redeemable Preferred Stock):				
Financial Sector				
Lehman Brothers	\$0	\$0	(\$1,077)	(\$1,390)
AIG	1,927	1,651	(1,059)	(1,059)
Other Financials	181,303	172,777	(10,018)	(17,166)
Total Fixed Maturities - Financial Sector	183,230	174,428	(12,154)	(19,615)
Total Other Fixed Maturities	434,014	422,300	(3,593)	(10,102)
Total Fixed Maturities	\$617,244	\$596,728	(\$15,747)	(\$29,717)

September 30, 2008				
(in thousands)	Cost Basis	Fair Value	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Equity Securities (Non-Redeemable Preferred Stock):				
Financial Sector				
Fannie Mae	\$439	\$439	(\$5,231)	(\$5,231)
Freddie Mac	178	178	(3,421)	(3,621)
Lehman Brothers	7	7	(2,322)	(2,993)
Other Financials	48,825	44,989	(10,709)	(20,078)
Total Equity Securities - Financial Sector	49,449	45,613	(21,683)	(31,923)
Total Other Equity Securities	25,392	23,255	0	(194)
Total Equity Securities	\$74,841	\$68,868	(\$21,683)	(\$32,117)
Total Impairments			(\$37,430)	(\$61,834)

September 30, 2008				
(in thousands)	Cost Basis	Fair Value	Third Quarter 2008 Change in Unrealized Gains/(Losses)	Year-to-Date 2008 Change in Unrealized Gains/(Losses)
Trading Securities (Common Stock):				
Financial Sector				
Freddie Mac	\$1,039	\$60	(\$517)	(\$1,018)
Fannie Mae	843	35	(408)	(872)
Other Financials	18,752	17,672	1,545	(3,637)
Total Trading Securities - Financial Sector	20,634	17,767	620	(5,527)
Total Other Trading Securities	58,387	56,739	(4,045)	(16,194)
Total Trading Securities	\$79,021	\$74,506	(\$3,425)	(\$21,721)
Total Impairments/Change in Unrealized Gains/(Losses)			(\$40,855)	(\$83,555)

**Erie Insurance Exchange
Analysis of Municipal Bond Ratings
September 30, 2008**

The municipal bond portfolio of the Erie insurance Exchange is recorded at amortized cost for statutory accounting purposes and totaled \$1.3 billion, or 31.1% of their total bond portfolio at September 30, 2008. The Exchange's municipal bond portfolio is highly rated and includes all investment grade holdings (BBB or higher). The overall credit quality of the Exchange's municipal bond portfolio at fair value is rated AA. The overall credit quality of the municipal bond portfolio at fair value giving no effect to insurance is rated AA-. The following table presents an analysis of the Erie Insurance Exchange's municipal bond ratings at September 30, 2008.

(in thousands)

(1) Uninsured Bonds			(2) Insured Bonds			(3) Underlying Rating of Insured Bonds		
Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %
AAA	\$269,426	52.7%	AAA	\$263,651	33.4%	AAA	\$0	0.0%
AA	183,122	35.8%	AA	346,139	43.8%	AA	426,063	53.9%
A	44,764	8.8%	A	180,094	22.8%	A	346,489	43.9%
BBB	4,922	1.0%	BBB	0	0.0%	BBB	0	0.0%
Not Rated	8,593	1.7%	Not Rated	0	0.0%	Not Rated	17,332	2.2%
AA+	\$510,827	100.0%	AA	\$789,884	100.0%	AA-	\$789,884	100.0%

(1) + (2) Total Bonds (with Insured Rating)			(1) + (3) Total Bonds (with Underlying Rating)		
Rating	Fair Value	Fair Value %	Rating	Fair Value	Fair Value %
AAA	\$533,077	41.0%	AAA	\$269,426	20.7%
AA	529,261	40.7%	AA	609,185	46.8%
A	224,858	17.3%	A	391,253	30.1%
BBB	4,922	0.4%	BBB	4,922	0.4%
Not Rated	8,593	0.6%	Not Rated	25,925	2.0%
AA	\$1,300,711	100.0%	AA-	\$1,300,711	100.0%

**Erie Insurance Exchange
Analysis of Structured Holdings
September 30, 2008**

The structured bond portfolio of the Erie Insurance Exchange is recorded at amortized cost for statutory accounting purposes and totaled \$392.3 million, or 9.4% of their total bond portfolio at September 30, 2008. The Exchange's structured products portfolio includes mortgage-backed securities (MBS), collateralized debt and loan obligations (CDO and CLO), collateralized mortgage obligations (CMO) asset-backed securities (ABS) and credit linked notes. The Exchange's structured bond portfolio is highly rated; the overall credit quality of the Exchange's structured bond portfolio at fair value is rated AA+. The following table presents an analysis of the Erie Insurance Exchange's structured bond portfolio by rating category at September 30, 2008.

(in thousands)

	MBS/CMO	Commercial MBS	CDO/CLO	Credit Linked Notes	ABS	Total Structured Holdings
	at Fair Value					
AAA	\$157,751	\$72,858	\$4,019	\$0	\$45,743	\$280,371
AA	0	3,595	10,393	0	12,454	26,442
A	0	0	28,192	0	10,811	39,003
BBB	0	11,118	9,551	0	4,233	24,902
BB	0	2,698	0	0	0	2,698
B	0	0	0	575	0	575
CC	0	0	480	0	0	480
	\$157,751	\$90,269	\$52,635	\$575	\$73,241	\$374,471

Erie Insurance Exchange
Analysis of Financial Sector Holdings
September 30, 2008

The following table provides a breakdown of our investment holdings that detail the exposure in the financial sector for the Erie Insurance Exchange.

September 30, 2008 - Statutory Basis					
(in thousands)	Amortized Cost	Fair Value	Statutory Carry Value⁽¹⁾	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Bonds:					
Financial Sector					
Lehman Brothers	\$481	\$480	\$481	(\$2,692)	(\$4,210)
AIG	13,688	13,060	13,688	(3,376)	(3,376)
Other Financials	1,369,714	1,320,102	1,366,467	(70,496)	(119,385)
Total Bonds - Financial Sector	1,383,883	1,333,642	1,380,636	(76,564)	(126,971)
Total Other Bonds	2,801,826	2,738,798	2,795,852	(26,904)	(67,812)
Total Bonds	\$4,185,709	\$4,072,440	\$4,176,488	(\$103,468)	(\$194,783)

September 30, 2008 - Statutory Basis					
(in thousands)	Cost Basis	Fair Value	Statutory Carry Value⁽²⁾	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Preferred Stock:					
Financial Sector					
Fannie Mae	\$2,790	\$2,790	\$2,502	(\$33,603)	(\$33,603)
Freddie Mac	1,609	1,609	1,609	(25,300)	(26,100)
Lehman Brothers	34	34	29	(11,928)	(16,498)
Other Financials	358,187	324,603	324,062	(55,661)	(111,989)
Total Preferred Stock - Financial Sector	362,620	329,036	328,202	(126,492)	(188,190)
Total Other Preferred Stock	153,263	143,902	142,305	0	(1,449)
Total Preferred Stock	\$515,883	\$472,938	\$470,507	(\$126,492)	(\$189,639)

September 30, 2008 - Statutory Basis					
(in thousands)	Cost Basis	Fair Value/ Statutory Carry Value	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments	
Common Stock:					
Financial Sector					
AIG	\$808	\$808	(\$5,614)	(\$12,587)	
Fannie Mae	295	295	(4,074)	(11,468)	
Freddie Mac	397	397	(4,036)	(9,540)	
Wachovia Corporation	1,161	1,161	(4,182)	(5,594)	
Other Financials	289,388	307,222	(18,985)	(67,204)	
Total Common Stock - Financial Sector	292,049	309,883	(36,891)	(106,393)	
Total Other Common Stock	1,452,333	1,428,584	(57,868)	(94,671)	
Total Common Stock	\$1,744,382	\$1,738,467	(\$94,759)	(\$201,064)	
Total Impairments			(\$324,719)	(\$585,486)	

⁽¹⁾ Under statutory accounting practices, bonds that have received the highest designations as determined by the Securities Valuation Office of the NAIC (SVO), are valued at amortized cost. Bonds receiving other designations are valued at the lower of amortized cost or fair value.

⁽²⁾ This category includes redeemable and non-redeemable preferred stock. Under statutory accounting practices, redeemable preferred stock that have characteristics of debt securities and are rated as high quality or better, are reported at cost or amortized cost. All other redeemable preferred stock are reported at the lower of cost, amortized cost, or fair value. Non-redeemable preferred stock are reported at fair value or the lower of cost or fair value, as determined by the SVO.

**Erie Family Life Insurance Company
Analysis of Financial Sector Holdings
September 30, 2008**

The following table provides a breakdown of our investment holdings that detail the exposure in the financial sector for the Erie Family Life Insurance Company.

September 30, 2008 - Statutory Basis					
(in thousands)	Amortized Cost	Fair Value	Statutory Carry Value⁽¹⁾	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Bonds:					
Financial Sector					
Lehman Brothers	\$289	\$289	\$289	(\$3,512)	(\$5,085)
AIG	6,324	5,491	6,324	(3,137)	(3,137)
Other Financials	514,138	481,536	514,137	(16,958)	(36,378)
Total Bonds - Financial Sector	520,751	487,316	520,750	(23,607)	(44,600)
Total Other Bonds	818,235	786,052	818,123	(5,496)	(17,110)
Total Bonds	\$1,338,986	\$1,273,368	\$1,338,873	(\$29,103)	(\$61,710)

September 30, 2008 - Statutory Basis					
(in thousands)	Cost Basis	Fair Value	Statutory Carry Value⁽²⁾	Third Quarter 2008 Impairments	Year-to-Date 2008 Impairments
Preferred Stock:					
Financial Sector					
Fannie Mae	\$262	\$262	\$262	(\$2,738)	(\$2,738)
Freddie Mac	192	192	192	(2,808)	(2,808)
Other Financials	73,702	65,198	73,702	(5,429)	(8,196)
Total Preferred Stock - Financial Sector	74,156	65,652	74,156	(10,975)	(13,742)
Total Other Preferred Stock	6,000	5,460	6,000	0	0
Total Preferred Stock	\$80,156	\$71,112	\$80,156	(\$10,975)	(\$13,742)
Total Impairments				(\$40,078)	(\$75,452)

⁽¹⁾ Under statutory accounting practices, bonds that have received the highest designations as determined by the Securities Valuation Office of the NAIC (SVO), are valued at amortized cost. Bonds receiving other designations are valued at the lower of amortized cost or fair value.

⁽²⁾ This category includes redeemable and non-redeemable preferred stock. Under statutory accounting practices, redeemable preferred stock that have characteristics of debt securities and are rated as high quality or better, are reported at cost or amortized cost. All other redeemable preferred stock are reported at the lower of cost, amortized cost, or fair value. Non-redeemable preferred stock are reported at fair value or the lower of cost or fair value, as determined by the SVO.