FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
(NO FEE REQUIRED)

For the fiscal year ended December 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

[NO FEE REQUIRED]

For the transition period from   to

Commission File Number 0-24000

ERIE INDEMNITY COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania	25-0466020
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Erie Insurance Place, Erie, Pennsylvania	16530
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code   (814) 870-2000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, stated value $.0292 per share
Class B Common Stock, stated value $70 per share
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes   X   No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of voting stock of non-affiliates: There is no active market for the Class B voting stock and no Class B voting stock has been sold in the last year upon which a price could be established.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: 64,847,751 Class A shares and 3,070 Class B shares of Common Stock outstanding on February 28, 2001.

DOCUMENTS INCORPORATED BY REFERENCE:

1. Portions of the Registrant's Annual Report to Shareholders for the fiscal year ended December 31, 2000 (the "Annual Report") are incorporated by reference into Parts I, II and IV of this Form 10-K Report.
2. Portions of the Registrant's Proxy Statement relating to the Annual Meeting of Shareholders to be held April 24, 2001 are incorporated by reference into Parts I and III of this Form 10-K Report.

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PART I

Item 1. Business

Erie Indemnity Company (the "Company") is a Pennsylvania corporation formed in 1925 to be the attorney-in-fact for Erie Insurance Exchange (the "Exchange"), a Pennsylvania-domiciled reciprocal insurance exchange. The Company's principal business activity consists of management of the affairs of the Exchange with fees from the Exchange accounting for approximately 74% of the Company's consolidated revenues. The Company also participates in the property/casualty insurance business through its three wholly owned subsidiaries, Erie Insurance Company ("Erie Insurance Co."), Erie Insurance Company of New York ("Erie NY") and Erie Insurance Property and Casualty Company ("Erie P&C") and through its management of the Flagship City Insurance Company ("Flagship"), a subsidiary of the Exchange. The Company and Exchange also own a 21.6% and 53.5% common stock interest, respectively, in Erie Family Life Insurance Company ("EFL"), an affiliated life insurance company. Together with the Exchange, the Company and its subsidiaries and affiliates operate collectively under the name Erie Insurance Group("The ERIE").

The ERIE is a regional insurance group that underwrites a broad line of personal and commercial coverages. Insurance products are marketed primarily in the Mid-Atlantic and Northeast regions through approximately 6,800 independent agents comprising approximately 1,400 insurance agencies. The property/casualty insurers managed by the Company are licensed to do business in sixteen states and in the District of Columbia and at December 31, 2000, operated in ten states and the District of Columbia. In the third quarter 2001, The ERIE intends to write all lines of insurance in its newest state, Wisconsin. Branch offices are maintained throughout the ten contiguous states in which the Company does business.

As of December 31, 2000, the Company had 3,440 full-time employees, of which 1,694 provide claims specific services exclusively for the property/casualty insurance companies of The ERIE and 116 perform general services exclusively for EFL. Both the Exchange and EFL reimburse the Company monthly for the cost of these services. None of the Company's employees is covered by a collective bargaining agreement. The Company believes that its relationship with its employees is good.

The Company's wholly-owned subsidiaries, Erie Insurance Co. and Erie NY, participate in an intercompany pooling agreement with the Exchange. The pooling agreement provides for the Exchange to assume all premiums and losses, including related asset and liability amounts, from all property/casualty affiliates of The ERIE. This pooling agreement further provides for Erie Insurance Co. and Erie NY to share proportionately in the results of all of The ERIE's property/casualty insurance operations. Erie Insurance Co.'s and Erie NY's proportionate share of the reinsurance pool are 5.0 percent and 0.5 percent, respectively.

Information About Business Segments

Reference is made to Note 14 of the Notes to the Consolidated Financial Statements included in the Annual Report, page 46 for information as to total revenue and net income attributable to the two business segments (management operations and property/casualty insurance operations) in which the Company is engaged.

Management Operations

For services performed in its role as attorney-in-fact for the Policyholders of the Exchange, the Company charges the Exchange a management fee computed as a percentage of the affiliated assumed(Erie Insurance Co., Erie NY, Erie P&C and Flagship) and direct premiums written by the Exchange. The management fee is compensation for: (a) acting as attorney-in-fact for the Exchange, (b) managing the business and affairs of the Exchange, and (c) paying certain general administrative expenses not part of the settlement of losses or the management of investments.

The Company's Board of Directors may change the management fee at its discretion. However, the maximum fee level which can be charged the Exchange, is limited by the agreement between the Exchange and the Company (or its property/casualty affiliates), to 25 percent of the affiliated assumed and direct written premium. The Board considers several factors in determining the management fee rate, including the relative financial position of the Exchange and the Company and the long-term capital needs of the Exchange to ensure its continued growth, competitiveness, and superior financial strength, which ultimately benefits The ERIE.

The management fee charged the Exchange was set at the following rates:

January 1, 1998 to December 31, 1998	24.25 percent
January 1, 1999 to December 31, 2000	25.00 percent

In December 2000, the Board voted to maintain the 25 percent management fee rate for all of 2001.

All premiums collected, less the management fee paid to the Company, are retained by the Exchange for the purpose of paying losses, loss adjustment expenses, investment expenses and other miscellaneous expenses including insurance-related taxes, licenses and fees and for other purposes that are to the benefit of the shareholders. The Company pays certain loss adjustment and investment expenses on behalf of the Exchange and is reimbursed fully for these expenses by the Exchange.

The Company receives a service agreement fee from the Exchange as compensation for the management and administration of voluntary assumed reinsurance business from non-affiliated insurers. The fee of 7% of voluntary reinsurance premiums assumed from non-affiliated insurers is compensation for accounting and operating expenses in connection with the administration of this business.

The Company collects service charges from policyholders for providing extended payment terms on policies written by the insurers managed by the Company. These charges, as well as the service agreement fee described above are included in service agreement revenue in the Consolidated Statements of Operations.

Property/Casualty Insurance Operations

Industry

One of the distinguishing features of the property/casualty insurance industry in general is that its products are priced before its costs are known, as premium rates are generally determined before losses are reported. Current prices must be established from forecasts of the ultimate costs expected to arise from exposures underwritten during the coverage period when the rates are applied. This unique pricing environment affects the financial statements primarily through the loss reserves. Changes in statutory, "regulatory" and case law can significantly affect the liabilities associated with known risks after the insurance contract is in place. Property/casualty insurance companies' ability to increase prices in response to declines in profitability are limited by the large number of competitors and the similarity of products offered, as well as regulatory constraints.

The profitability of the property/casualty insurance business can be influenced by many external factors some of which include rate competition, the severity and frequency of claims, natural disasters, state regulation of premium rates, and other areas of competition defaults of reinsurers, investment market conditions, general business conditions, court decisions that define and may expand the extent of coverage and the amount of compensation due for injuries and losses.

Lines of Business

The property/casualty insurers managed by the Company underwrite a broad range of insurance for risks of all sizes. In 2000, personal lines comprised 74.3% of direct and affiliated assumed premium revenue while commercial lines constituted the remaining 25.7%. The core products in the personal lines are private passenger automobile (75.8%) and homeowners (21.5%) while the core commercial lines consist principally of multi-peril (36.1%), automobile (31.4%) and workers compensation (28.9%).

See "Selected Segment Information" contained on page 28 of the Annual Report for the distribution of direct premiums written for The ERIE.

Reinsurance

Reference is made to Note 12 of the "Notes to Consolidated Financial Statements" contained in the Annual Report for the year ended December 31, 2000, page 44 through 45 incorporated herein by reference, for a complete discussion of reinsurance transactions.

Combined Ratios

The combined ratio is a standard industry measurement of the results of property/casualty insurance underwriting operations. The statutory combined ratio is the sum of the ratio of incurred losses and loss adjustment expenses to net premiums earned ("loss ratio"), the ratio of underwriting expenses incurred to net premiums written ("expense ratio") and, the ratio of dividends to policyholders to net premiums earned ("dividend ratio"). The generally accepted accounting principles ("GAAP") combined ratio is calculated in the same manner except that it is based on GAAP reported amounts and the denominator for each component is net premiums earned. A combined ratio under 100% generally indicates an underwriting profit; a combined ratio over 100% generally indicates an underwriting loss. Investment income, federal income taxes and other non-underwriting income or expense are not reflected in the combined ratio. The profitability of The ERIE is a function of income and expense from both its underwriting and investment operations.

The ratios shown in the table below for the Company's property/casualty insurance subsidiaries Erie Insurance Co. and Erie NY, are prepared in accordance with GAAP and with statutory accounting practices ("SAP") prescribed or permitted by state insurance authorities.

	Combined Ratios Year Ended December 31,		
	2000	1999	1998
GAAP Combined Ratio	108.4%	103.0%	99.5%
Statutory operating ratios:			
Loss ratio	80.1	74.6	70.4
Expense and dividend ratio	28.2	28.2	28.6
Statutory Combined Ratio	108.3%	102.8%	99.0%

Increased loss severity in the Company's private passenger automobile as well as in commercial lines, combined with adverse development on assumed reinsurance losses from 1999 European windstorms, contributed to the increased combined ratio in 2000 compared to 1999.

Seasonal Factors

The Company's management fee is earned when premiums are written. Historically, due to policy renewal and sales patterns, writings are strongest in the second and third quarters of the calendar year. While loss and loss adjustment expenses are not entirely predictable, historically such costs have been greater during the third and fourth quarters, influenced by the weather in the geographic regions where the Company and affiliated property/casualty insurers operate.

Financial Condition-Investments

The Company's investment strategy takes a long-term perspective emphasizing investment quality, diversification and superior investment returns while also providing for liquidity to meet the short and long-term commitments of the Company. Investments are managed on a total return approach that focuses on current income and capital appreciation. The Company's investment portfolio, at market value, increased to $810,815,025 at December 31, 2000, which represents 48.2% of total assets. Investment income reflected on the Consolidated Statements of Operations is affected by shifts in the types of investments in the portfolio, changes in interest rates and other factors. Net investment income, including net realized gains on investments, was $65,368,162 in 2000 compared to $58,089,690 in 1999, and $45,711,491 in 1998. Limited partnership income increased $4,092,360 to $4,733,285 in 2000 predominantly as the result of the $29,125,820 increase in limited partnership investments during the year. Fixed income and real estate limited partnerships, which comprise 69 percent of the total limited partnerships, produce a predictable earnings stream while private equity limited partnerships, which comprise 31 percent of the total limited partnerships, tend to provide a less predictable earnings stream.

Included in investments is a 21.6% common stock interest in EFL of $5,491,946 at December 31, 2000, which is accounted for under the equity method of accounting. EFL, which was organized in 1967 as a Pennsylvania-domiciled life insurance company, has an A.M. Best and Company Inc. ("A.M. Best") rating of A+ (Superior). EFL is primarily engaged in the business of underwriting and selling non-participating individual and group life insurance policies, including universal life and individual and group annuity products in ten states and the District of Columbia. EFL most recently introduced its first accident and health product, disability income, in 2000. See "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 20 through page 22 of the Annual Report for the year ended December 31, 2000 for additional discussion.

Financial Ratings

Insurance companies are rated by rating agencies to provide insurance consumers and investors with meaningful information on specific insurance companies. Higher ratings generally indicate financial stability and a strong ability to pay claims. The ratings are generally based upon factors relevant to policyholders and are not directed toward return to investors.

The Exchange, Flagship, Erie Insurance Co., Erie P&C and Erie NY all have current ratings of A++ (Superior) from A.M. Best with respect to their financial strength and claims-paying ability. In evaluating an insurer's financial and operating performance, A.M. Best reviews the insurer's profitability, leverage and liquidity as well as the insurer's book of business, the adequacy and soundness of its reinsurance, the quality and estimated market value of its assets, the adequacy of its loss reserves and the experience and competency of its management. Management believes that this A.M. Best rating of A++ (Superior) is an important factor in marketing The ERIE's property/casualty insurance to its agents and customers.

Competition

The property/casualty markets in which the Company operates are highly competitive. Property/casualty insurers generally compete on the basis of customer service, price, brand recognition, coverages offered, claim handling ability, financial stability and geographic coverage. In addition, because the insurance products of The ERIE are marketed exclusively through independent insurance agents, most of which represent more than one company, The ERIE faces competition to retain qualified independent agencies and commonly competes for business within each agency.

Market competition bears directly on the price charged for insurance products and services provided within the insurance regulatory framework. Growth is driven by a company's ability to provide insurance services at a price that is reasonable and acceptable to the customer. In addition, the marketplace is affected by available capacity of the insurance industry. Surplus expands and contracts primarily in conjunction with profit levels generated by the industry. Growth is evaluated based on a company's ability to retain existing customers and to attract new customers as well as movement in the average premium per policy charged by the Company.

The Company, in managing the property/casualty insurers of The ERIE, has followed several strategies which the management of the Company believes have resulted in underwriting performance which exceed those of the property/casualty industry in general. First, the Company employs an underwriting philosophy and product mix targeted to produce an Erie Insurance Group-wide underwriting profit, i.e., a combined ratio of less than 100%, through careful risk selection, adequate pricing and prompt fair claims settlement practices. The careful selection of risks allows for lower claims frequency and loss severity, thereby enabling insurance to be offered at favorable prices. The Company, as well as the property/casualty industry, experienced increased loss severity in private passenger automobile and in commercial lines in 2000. This caused the loss and loss adjustment expense to outpace premiums earned. The Company's SAP combined ratio was 108.3 in 2000, better than the projected industry wide ratio of 110.3. Second, management focuses on consistently providing superior service to policyholders and agents in both underwriting and claims handling. The ERIE's ability to provide superior customer service is reflected in the Group policy retention and new policy growth rates. Policy growth in 2000 when compared to the same period in 1999 was strong as policy retention rates and new policy growth improved. Policies in force increased 6.5% to 2,865,553 from 2,689,849 in 1999 and 5.1% in 1999 from 2,558,730 in 1998. Policy retention (the percentage of existing policyholders who renew their policies) was 91.0%, 90.5% and 89.9% for the years ended December 31, 2000, 1999 and 1998 respectively. See "Selected Segment Information" contained on page 28 of the Annual Report for policy in force counts and retention rates for The ERIE.

Third, the Company maintains a business model designed to provide the advantages of localized marketing and claims servicing with the economies of scale from centralized accounting, administrative, underwriting, investment, information management and other support services.

Finally, a careful agent selection process exists in which The ERIE seeks to be the lead underwriter with its agents in order to enhance the agency relationship and the likelihood of receiving the most desirable underwriting opportunities from its agents. The Company has ongoing, direct communications with its agency force. Agents have a number of company sponsored venues including an Agents Advisory Council forum which shares ideas, concerns and suggestions with the senior management of the ERIE annually with the goal of improving communications and service. These efforts have resulted in outstanding agency penetration and the ability to sustain long-term agency partnerships.

Reserves

Loss reserves are established to account for the estimated ultimate costs of loss and loss adjustment expenses for claims that have been reported but not yet settled and claims that have been incurred but not yet reported. The estimated loss reserve for reported claims is based primarily upon a case-by-case evaluation of the type of risk involved and knowledge of the circumstances surrounding each claim and the insurance policy provisions relating to the type of loss. Estimates of reserves for unreported claims and loss settlement expenses are determined on the basis of historical information by line of business as adjusted to current conditions. Inflation is implicitly provided for in the reserving function through analysis of costs, trends and reviews of historical reserving results.

The process of estimating the liability for unpaid losses and loss adjustment expenses is inherently judgmental and can be influenced by factors subject to variation. Possible sources of variation include claim frequency and severity, changing rates of inflation as well as changes in other economic conditions, judicial trends and legislative changes. It is unlikely that future losses and loss adjustment expenses will develop exactly as projected. The Company continually refines reserves as experience develops and new information becomes known. The Company reflects adjustments to reserves in the results of operations in the periods in which the estimates are changed. With the exception of reserves relating to certain workers compensation cases, which have been discounted at 2.5% in 2000, 1999 and 1998, loss reserves are not discounted.

For a reconciliation of beginning and ending property/casualty unpaid losses and loss adjustment expense reserves for each of the last three years, see Note 9 of the Notes to Consolidated Financial Statements contained in the Annual Report page 43.

The following table sets forth the development of the Company's net reserves for unpaid losses and loss adjustment expenses from 1994 through 2000. The table has been computed on a statutory basis without reflecting the estimated salvage and subrogation to be recovered on these losses in the future (See following discussion in "Financial Regulation" section).

	Year Ended December 31,						
	2000	1999	1998	1997	1996	1995	1994
				(in millions)			
Reserve for unpaid losses and loss adjustment expense	$105.7	$ 98.1	$ 94.4	$ 92.5	$ 87.7	$ 82.0	$ 71.3
Development of Liability as of:							
One year later		104.4	93.7	90.2	88.5	79.7	67.0
Two years later			95.5	89.7	88.7	81.5	67 3
Three years later				90.4	88.2	82.8	71.1
Four years later					87.6	83.3	72.2
Five years later						82.4	73.5
Six years later							72.4
Cumulative (Deficiency) excess		(6.3)	(1.1)	2.1	0.1	(0.4)	(1.1)
Cumulative amount of liability paid through:							
One year later		$ 38.9	$ 33.6	$ 31.3	$ 32.6	$ 29.3	$ 22.1
Two years later			$ 52.4	$ 48.3	$ 48.7	$ 44.7	$ 36.2
Three years later				$ 59.2	$ 57.8	$ 53.9	$ 44.7
Four years later					$ 63.5	$ 59.4	$ 49.8
Five years later						$ 62.5	$ 53.2
Six years later							$ 55.0

Adverse development on loss reserves established for the year ended December 31, 1999 was the result of an increase in loss severity experienced by the Company on its direct business and additional losses on its voluntary assumed reinsurance business related to the December 1999 European windstorms. The top line shows the estimated liability that was recorded at the end of each of the indicated years for all current and prior year unpaid losses and loss expenses. The upper portion of the table shows re-estimations of the original recorded reserve as of the end of each successive year. The estimate is increased or decreased as payments are made and more information becomes known about the development of remaining unpaid claims. The lower portion of the table shows the cumulative amount paid in succeeding years for losses incurred prior to the Statement of Financial Position date. The cumulative deficiency or redundancy represents the aggregate amount by which original estimates of reserves as of that year-end have changed in subsequent years. An excess in reserves means that reserves established in prior years exceeded actual losses and loss adjustment expenses or were reevaluated at less than the originally reserved amount. A deficiency in reserves means that the reserves established in prior years were less than actual losses and loss adjustment expenses or were reevaluated at more than the originally reserved amount.

Government Regulation

The property/casualty insurers managed by the Company are subject to supervision and regulation in the states in which they transact business. The primary purpose of such supervision and regulation is the protection of policyholders. The extent of such regulation varies, but generally derives from state statutes which delegate regulatory, supervisory and administrative authority to state insurance departments. Accordingly, the authority of the state insurance departments includes the establishment of standards of solvency which must be met and maintained by insurers, the licensing to do business of insurers and agents, the nature of the limitations on investments, the approval of premium rates for property/casualty insurance, the provisions which insurers must make for current losses and future liabilities, the deposit of securities for the benefit of policyholders, the approval of policy forms, notice requirements for the cancellation of policies and the approval of certain changes in control. In addition, many states have enacted variations of competitive rate-making laws which allow insurers to set certain premium rates for certain classes of insurance without having to obtain the prior approval of the state insurance department. State insurance departments also conduct periodic examinations of the affairs of insurance companies and require the filing of annual and other reports relating to the financial condition of insurance companies.

The Company's property/casualty insurance subsidiaries may be required, under the solvency or guarantee laws of the various states in which they are licensed, to pay assessments to fund policyholder losses or liabilities of insolvent insurance companies. Depending on state law, insurers can be assessed an amount that is generally equal to between 1% and 2% of premiums written for the relevant lines of insurance in that state each year to pay the claims of an insolvent insurer. Certain states permit these assessments, or a portion thereof, to be recorded as an offset to future premium taxes. The property/casualty insurers managed by the Company have made accruals for their portion of assessments related to such insolvencies based upon the most current information furnished by the guaranty associations.

The Company's property/casualty insurers are also required to participate in various involuntary insurance programs for automobile insurance, as well as other property and casualty lines, in states in which such companies operate. These involuntary programs provide various insurance coverages to individuals or other entities that otherwise are unable to purchase such coverage in the voluntary market. These programs include joint underwriting associations, assigned risk plans, fair access to insurance requirements ("FAIR") plans, reinsurance facilities and windstorm plans. Legislation establishing these programs generally provides for participation in proportion to voluntary writings of related lines of business in that state. Generally, state law requires participation in such programs as a condition to doing business in that state. The loss ratio on insurance written under involuntary programs has traditionally been greater than the loss ratio on insurance in the voluntary market; however, the impact of these involuntary programs on the property/casualty insurers managed by the Company has been immaterial.

Pennsylvania regulations limit the amount of dividends EFL can pay its shareholders and limit the amount of dividends the Erie Insurance Co. and Erie Insurance Property and Casualty Company can pay to the Company, while New York state regulates the amount of dividends Erie NY can pay to the Company. The limitations are fully described and reference is made herein to Note 13 of the "Notes to Consolidated Financial Statements" contained in pages 45 through 46 in the Annual Report for the year ended December 31, 2000, incorporated by reference.

Financial Regulation

The Company's property/casualty insurance subsidiaries are required to file financial statements prepared using SAP with state regulatory authorities. The adjustments necessary to reconcile the Company's property/casualty insurance subsidiaries' net income and shareholders' equity prepared in accordance with SAP to net income and shareholders' equity prepared in accordance with GAAP are as follows:

	Net Income	
	Year Ended December 31,	
	2000	1999
	(in thousands)	
SAP amounts	$ 5,091	$ 9,546
Adjustments:		
Deferred policy acquisition costs	1,798	542
Deferred income taxes	32	226
Federal alternative minimum tax credit recoverable	188	0
Salvage and subrogation	221	158
Incurred premium adjustment	(798)	(542)
Other	10	(59)
GAAP amounts	$ 6,542	$ 9,871

	Shareholders' Equity		
	As of December 31,		
	2000	1999	1998
	(in thousands)		
SAP amounts	$ 89,637	$ 81,709	$ 74,348
Adjustments:			
Deferred policy acquisition costs	13,202	11,405	10,863
Deferred income taxes	3,569	3,350	4,143
Salvage and subrogation	3,349	3,128	2,970
Statutory reserves	865	2,656	2,619
Incurred premium adjustment	(12,202)	(11,405)	(10,863)
Unrealized gains net of deferred taxes	2,331	38	7,653
Federal alternative minimum tax credit recoverable	0	0	(1,020)
Other	7	(3)	0
GAAP amounts	$ 100,758	$ 90,878	$ 90,713

In 1998, the National Association of Insurance Commissioners ("NAIC") completed a process to codify SAP for certain insurance enterprises ("Codification"). These codified statutory accounting principles will be effective January 1, 2001. The Codification will result in changes to the Company's SAP financial statements only. The most significant change will be the recording of statutory deferred taxes which will result in an increase to statutory surplus of the Company's property/casualty insurance subsidiaries of $4,940 as of January 1, 2001.

The NAIC has adopted risk-based capital ("RBC") standards that require insurance companies to calculate and, report statutory capital and surplus needs based on a formula measuring underwriting, investment and other business risks inherent in an individual company's operations. These RBC standards have not affected the operation of the Company as each of the property/casualty insurance subsidiaries and affiliates has statutory capital and surplus in excess of RBC requirements.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. Many factors could cause future results to differ materially from those discussed. Examples of such factors include variations in catastrophe losses due to changes in weather patterns or other natural causes; changes in insurance regulations or legislation that disadvantage the members of the Group in the marketplace and recession, economic conditions or stock market changes affecting pricing or demand for insurance products or ability to generate investment income. Growth and profitability have been and will be potentially materially affected by these and other factors.

Item 2. Properties

The Company and its subsidiaries, the Exchange and its subsidiary, Flagship, and EFL share a corporate home office complex in Erie, Pennsylvania which contains 358,202 square feet and is owned by the Exchange. At December 31, 2000 in addition to the Erie branch office, the Company also operated 21 additional field offices in 10 states. Of these sites, 16 provide both agency support and claims services and are referred to as "Branch Offices", while the remaining 5 provide only claims services and are considered "Claims Offices".

The Company owns three of its field offices. Three field offices are owned by and leased from the Exchange. The annual rent expense incurred by the Company for the field offices and home office complex totaled $10,702,752 in 2000. One office is owned by and leased from EFL at an annual rental in 2000 of $308,732. The remaining 14 offices are leased from various unaffiliated parties at an aggregate annual rental in 2000 of approximately $1,556,473. Total rent and operating expenses for all office space occupied by the Company in 2000 was $18,203,686, of which $10,947,913, or approximately 60%, was reimbursed for office space used by it's affiliates.

Item 3. Legal Proceedings

Information concerning the legal proceedings of the Company is incorporated by reference to the section "Legal Proceedings" in the Company's definitive Proxy Statement with respect to the Company's Annual Meeting of Shareholders to be held on April 24, 2001 to be filed with the Securities and Exchange Commission within 120 days of December 31, 2000 (the "Proxy Statement")

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of 2000.

PART II

Item 5. Market for Registrant's Common Stock and Related Shareholder Matters

Reference is made to "Market Price of and Dividends on the Common Stock and Related Shareholder Matters" on page 48 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference, for information regarding the high and low sales prices for the Company's stock and additional information regarding such stock of the Company.

As of February 28, 2001, there were approximately 1,149 beneficial shareholders of record of the Company's Class A non-voting common stock and 27 beneficial shareholders of record of the Company's Class B voting common stock.

On March 13, 2001, the Board of Directors approved the recommendation of the Executive Committee to terminate the Stock Redemption Plan. The Plan had entitled estates of qualified shareholders to cause the Company to redeem shares of stock of the Company at a price equal to the fair market value of the stock at the time of redemption, subject to certain limitations. No shares were ever redeemed under the Plan.

Of the 64,847,751 shares of the Company's Class A common stock outstanding as of February 28, 2001, approximately 22,042,432 shares are freely transferable without restriction or further registration under the Securities Act of 1933 (the Act), as amended unless purchased by affiliates of the Company as that terms is defined in Rule 144 under the Act. The 42,013,891 remaining outstanding shares of Class A common stock (the Restricted Shares) are held by the Company's directors, executive officers and their affiliates and are restricted securities that are eligible to be sold publicly pursuant to an effective registration statement under the Act or in accordance with the applicable exemption, including Rule 144, from the registration requirements under the Act. The Company is unable to estimate the amount of Restricted Shares that may be sold under Rule 144 since this amount will depend in part on the price for the Class A common stock, the personal circumstances of the sellers and other factors. Sales of a substantial number of Restricted Shares in the public market, or the availability of such shares, could adversely affect the price of the Class A common stock.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated for purposes of Rule 144) who beneficially has owned Restricted Shares for at least two years, including affiliates of the Company, is entitled to sell within any three-month period a number of shares that does not exceed the greater of: (1) one percent of the number of shares of Class A common stock then outstanding, or (2) the average weekly trading volume of the Class A common stock in The NASDAQ Stock MarketSM during the four calendar weeks preceding the date on which notice of sale is filed with the SEC. Sales under Rule 144 are also subject to certain manner of sale provisions, notice requirements and the availability of current public information about the Company. However, a person (or persons whose shares are aggregated for purposes of Rule 144) who is deemed not to have been an affiliate of the Company at any time during the 90 days preceding a sale, and who beneficially has owned the Restricted Shares for at least three years at the time of sale, would be entitled to sell such shares under Rule 144(k) without regard to the aforesaid limitations.

Item 6. Selected Consolidated Financial Data

Reference is made to "Selected Consolidated Financial Data" on page 15 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 16 through 26 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference.

Item 7a. Quantitative and Qualitative Disclosure about Market Risk

Reference is made to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 22 through 23 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

Reference is made to the "Consolidated Financial Statements" included on pages 29 through 33 and to the "Quarterly Results of Operations" contained in the "Notes to Consolidated Financial Statements" on page 47 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference.

Item 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosures

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

(a) Certain information as to the Directors of the Company is as follows:

Name	Age as of 12/31/00	Present Principal Position with Erie Indemnity Company and Other Material Positions Held During the Last Five Years
Samuel P. Black, III 1,3,4,6	58	Director since 1997. President, Treasurer and Secretary, Samuel P. Black & Associates, Inc.--insurance agency; Director--the Company, Erie Insurance Company, Flagship City Insurance Company, Erie Insurance Property & Casualty Company and Erie Family Life Insurance Company.
J. Ralph Borneman, Jr. 3,4	62	Director since 1992. President and Chief Executive Officer, Body-Borneman Associates, Inc., insurance agency. President, Body-Borneman, Ltd. and Body-Borneman, Inc., insurance agencies. Director--the Company, Erie Insurance Company, Erie Family Life Insurance Company, Erie Insurance Company of New York and National Penn Bancshares.
Patricia Garrison-Corbin 2,4,5C	53	Director since 2000. President, P.G. Corbin & Company 1987 - Present. Director--the Company, Erie Insurance Company and Erie Family Life Insurance Company.
Susan Hirt Hagen 1,6C	65	Director since 1980. Managing Partner, Hagen, Herr & Peppin, Group Relations Consultants since 1990; Director--the Company, Erie Insurance Company and Erie Family Life Insurance Company, since 1980.

1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Executive Compensation Committee
4 Member of Nominating Committee
5 Member of Investment Committee
6 Member of Charitable Giving Committee
C Committee Chairman

Name	Age as of 12/31/00	Present Principal Position with Erie Indemnity Company and Other Material Positions Held During the Last Five Years
F. William Hirt 1C,6	75	Director since 1965. Chairman of the Board of the Company, Erie Insurance Company, Erie Family Life Insurance Company, Erie Insurance Property & Casualty Company and Flagship City Insurance Company since September 1993; Chairman of the Board of Erie Insurance Company of New York since April 1994. Chairman of the Executive Committee of the Company and the Erie Family Life Insurance Company since November 1990; Interim President and Chief Executive Officer of the Company, Erie Family Life Insurance Company, Erie Insurance Company, Erie Insurance Property & Casualty Company, Flagship City Insurance Company and Erie Insurance Company of New York from January 1, 1996 to February 12, 1996; Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee of the Company, Erie Family Life Insurance Company and Erie Insurance Company for more than five years prior thereto; Director--the Company, Erie Insurance Company, Flagship City Insurance Company, Erie Family Life Insurance Company, Erie Insurance Property & Casualty Company and Erie Insurance Company of New York.
Samuel P. Katz 2,3	51	Director since 2000. Principal, Entersport Capital Advisors, Inc. and Community Sports Partners, LLC. 1997 - Present; Partner, Stafford Capital Partners, L.P. 1994 - 1997; Director--the Company, Erie Insurance Company and Erie Family Life Insurance Company.
Claude C. Lilly, III 2	54	Director since 2000. Professor and Dean, University of North Carolina, Charlotte 1997 - Present; Professor, Florida State University 1978 - 1997; Director-- the Company, Erie Insurance Company and Erie Family Life Insurance Company.

1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Executive Compensation Committee
6 Member of Charitable Giving Committee
C Committee Chairman

Name	Age as of 12/31/00	Present Principal Position with Erie Indemnity Company and Other Material Positions Held During the Last Five Years
Stephen A. Milne 1,5	52	Director since 1996. President and Chief Executive Officer of the Company, Erie Insurance Company, Erie Family Life Insurance Company, Flagship City Insurance Company, Erie Insurance Property & Casualty Company and Erie Insurance Company of New York since 1996; Executive Vice President of the Company, Erie Insurance Company, Flagship City Insurance Company, Erie Insurance Property & Casualty Company and Erie Insurance Company of New York 1994 - 1996. Director--the Company, Erie Insurance Company, Erie Family Life Insurance Company, Erie Insurance Company of New York, Flagship City Insurance Company and Erie Insurance Property & Casualty Company.
Henry N. Nassau 1,5	46	Director since 2000. General Counsel, Internet Capital Group 1999 - Present; Partner, Dechert, Price & Rhoades 1987 - 1999; Director-- the Company, Erie Insurance Company and Erie Family Life Insurance Company.
John M. Petersen 1,4C	72	Director since 1979. Retired; President and Chief Executive Officer of the Company, Erie Family Life Insurance Company, Erie Insurance Company, Flagship City Insurance Company and Erie Insurance Property & Casualty Company 1993 - 1995 and Erie Insurance Company of New York 1994 - 1995; President, Treasurer and Chief Financial Officer of the Company, Erie Insurance Company and Erie Family Life Insurance Company 1990 - 1993, and of Flagship City Insurance Company and Erie Insurance Property & Casualty Company since 1992 and 1993, respectively, to September 1993; President, Treasurer and Chief Financial Officer of the Erie Family Life Insurance Company and Executive Vice President, Treasurer and Chief Financial Officer of the Company and Erie Insurance Company for more than five years prior thereto; Director--the Company, Erie Insurance Company, Flagship City Insurance Company, Erie Family Life Insurance Company, Erie Insurance Property & Casualty Company, Erie Insurance Company of New York, and Spectrum Control.

1 Member of Executive Committee
4 Member of Nominating Committee
5 Member of Investment Committee
C Committee Chairman

Name	Age as of 12/31/00	Present Principal Position with Erie Indemnity Company and Other Material Positions Held During the Last Five Years
Jan R. Van Gorder 1	53	Director since 1990. Senior Executive Vice President, Secretary and General Counsel of the Company, Erie Family Life Insurance Company and Erie Insurance Company since 1990 and of Flagship City Insurance Company and Erie Insurance Property & Casualty Company since 1992 and 1993, respectively and of Erie Insurance Company of New York since 1994. Senior Vice President, Secretary and General Counsel of the Company, Erie Insurance Company and Erie Family Life Insurance Company for more than five years prior thereto; Director--the Company, Erie Insurance Company, Flagship City Insurance Company, Erie Insurance Property & Casualty Company, Erie Insurance Company of New York and Erie Family Life Insurance Company.
Robert C. Wilburn 2C,3C,4,5	57	Director since 1999. President and Chief Executive Officer, The Gettysburg National Battlefield Museum Foundation since 2000; Distinguished Service Professor, Carnegie Mellon University since 1999; Retired, President and Chief Executive Officer, Colonial Williamsburg Foundation, 1992 - 1999;Director - the Company, Erie Insurance Company and Erie Family Life Insurance Company.

1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Executive Compensation Committee
4 Member of Nominating Committee
5 Member of Investment Committee
C Committee Chairman

(b) Certain information as to the executive officers of the Company is as follows:

Name	Age as of 12/31/00	Principal Occupation for Past Five Years and Positions with Erie Insurance Group
President & Chief Executive Officer		
Stephen A. Milne	52	President, Chief Executive Officer and a Director of the Company, EFL and Erie Insurance Co. since 1996 and President and Chief Executive Officer of Flagship, Erie P&C and Erie NY since 1996;Executive Vice President - Insurance Operations of the Company, Erie Insurance Co., Flagship, Erie P&C and Erie NY 1994 - 1996. Director Flagship and Erie P&C 1996 - present; Director, Erie NY 1994 - present.
Executive Vice Presidents		
Jan R. Van Gorder, Esq.	53	Senior Executive Vice President, Secretary and General Counsel of the Company, EFL and Erie Insurance Co. since 1990, and of Flagship and Erie P&C since 1992 and 1993, respectively, and of Erie NY since April 1994; Senior Vice President, Secretary and General Counsel of the Company, EFL and Erie Insurance Co. for more than five years prior thereto; Director, the Company, EFL, Erie Insurance Co., Erie NY, Flagship and Erie P&C.
Philip A. Garcia	44	Executive Vice President and Chief Financial Officer since 1997; Senior Vice President and Controller 1993 - 1997. Director, the Erie NY, Flagship and Erie P&C.
Jeffrey A. Ludrof	41	Executive Vice President - Insurance Operations of the Company, Erie Insurance Co., Flagship, Erie P&C, and Erie NY since June 16, 1999; Senior Vice President 1994 - 1999; Regional Vice President 1993 - 1994. Director Erie NY, Flagship and Erie P&C.

Name	Age as of 12/31/00	Principal Occupation for Past Five Years and Positions with Erie Insurance Group
Senior Vice Presidents		
Eugene C. Connell	46	Senior Vice President since 1990.
Michael J. Krahe	47	Senior Vice President since 1999; Vice President 1994 - 1999.
George R. Lucore	50	Senior Vice President since 1995; Regional Vice President 1993 - 1995.
David B. Miller	46	Senior Vice President since 1996; Independent Insurance Agent 1991 - 1996.
Thomas B. Morgan	37	Senior Vice President since October 2000; Assistant Vice President and Branch Manager 1997 - October 2000; Independent Insurance Agent 1988 - 1997.
Timothy G. NeCastro	40	Senior Vice President and Controller since 1997; Department Manager - Internal Audit November 1996 - 1997.
James R. Roehm	52	Senior Vice President since 1991.
John P. Sommerwerck	50	Senior Vice President and Chief Information Officer since May 2000
Barry P. Stiles	51	Senior Vice President since 1999; Vice President 1993 - 1999.
Michael S. Zavasky	48	Senior Vice President since 1998; Vice President and Managing Director of Reinsurance 1990 - 1998.
Douglas F. Ziegler	50	Senior Vice President, Treasurer and Chief Investment Officer since 1993.
Regional Vice Presidents		
George D. Dufala	29	Regional Vice President since April 2000; Assistant Vice President 1993 - April 2000.
Douglas N. Fitzgerald	44	Regional Vice President since 1993.
Terry L. Hamman	46	Regional Vice President since 1995; Assistant Vice President 1993 - 1995.
Eric D. Root	32	Regional Vice President since April 2000; Branch manager 1996 - April 2000.

Item 11. Executive Compensation

The answer to this item is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 24, 2001, except for the Performance Graph, which has not been incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The answer to this item is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 24, 2001.

Item 13. Certain Relationships and Related Transactions

Since the formation of the Company and the Exchange in 1925, the Company, as the attorney-in-fact appointed by the policyholders of the Exchange, has managed the property/casualty insurance operations of the Exchange. The Company's operations are interrelated with the operations of the Exchange, and the Company's results of operations are largely dependent on the success of the Exchange.

The Company believes that its various transactions with the Exchange and EFL are fair and reasonable and have been on terms no less favorable to the Company than the terms that approximate those which could have been negotiated with an independent third party.

Reference is made to Note 10 of the "Notes to Consolidated Financial Statements" on pages 43 through 44 of the Annual Report for the year ended December 31, 2000, incorporated herein by reference, for a complete discussion of related party transactions.

Information with respect to certain relationships with Company directors is incorporated by reference to the Company's Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 24, 2001.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) Financial statements, financial statement schedules and exhibits filed:

(1) Consolidated Financial Statements

(2) Financial Statement Schedules

All other schedules have been omitted since they are not required, not applicable or the information is included in the financial statements or notes thereto.

* Refers to the respective page of Erie Indemnity Company's 2000 Annual Report to Shareholders. The "Consolidated Financial Statements" and "Notes to Consolidated Financial Statements and Auditors' Report" thereon on pages 29 to 47 are incorporated by reference. With the exception of the portions of such Annual Report specifically incorporated by reference in this Item and Items 1, 5, 6, 7, 7a and 8, such Annual Report shall not be deemed filed as part of this Form 10-K Report or otherwise subject to the liabilities of Section 18 of the Securities Exchange Act of 1934.

(3) Exhibits

Exhibit Number	Description of Exhibit
3.1*	Articles of Incorporation of Registrant
3.2**	Amended and Restated By-laws of Registrant
3.3##	Amended and Restated By-laws of Registrant dated March 9, 1999
4A*	Form of Registrant's Class A Common Stock certificate
4B*	Form of Registrant's Class B Common Stock certificate
10.1***	Retirement Plan for Employees of Erie Insurance Group, effective as of December 31, 1989
10.2***	Restatement of Supplemental Retirement Plan for Certain Members of the Erie Insurance Group Retirement Plan for Employees, effective as of January 1, 1990
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10.4***	Retirement Plan for Outside Directors of Registrant, effective as of January 1, 1991
10.5***	Employee Savings Plan of Erie Insurance Group, effective as of April 1, 1992
10.6***	Amendment to Employee Savings Plan of Erie Insurance Group
10.7***	Supplemental 401(k) Plan of Erie Insurance Group effective as of January 1, 1994
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10.9***	Service Agreement dated June 21, 1993 between Registrant and Erie Insurance Property & Casualty Company
10.10***	Service Agreement dated June 21, 1993 between Registrant and Flagship City Insurance Company
10.11***	Reinsurance Pooling Agreement dated January 1, 1992 between Erie Insurance Company and Erie Insurance Exchange

Exhibit Number	Description of Exhibit
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10.14*	Stock Purchase Agreement dated December 20, 1991, between Registrant and Erie Insurance Exchange relating to the capital stock of Erie Insurance Company
10.15**	Property Catastrophe Excess of Loss Reinsurance Agreement dated January 1, 1994 between Erie Insurance Exchange and Erie Insurance Co.
10.16****	Stock Redemption Plan of Registrant as restated December 12, 1995
10.17****	Property Catastrophe Excess of Loss Reinsurance Agreement dated January 1, 1995 between Erie Insurance Exchange and Erie Insurance Company of New York
10.18****	Service Agreement dated January 1, 1995 between Registrant and Erie Insurance Company of New York
10.19*****	Consulting Agreement for Investing Services dated January 2, 1996 between Erie Indemnity Company and John M. Petersen
10.20*****	Agreement dated April 29, 1994 between Erie Indemnity Company and Thomas M. Sider
10.21******	Aggregate Excess of Loss Reinsurance Agreement effective January 1, 1997 between Erie Insurance Exchange, by and through its Attorney-in-Fact, Erie Indemnity Company and Erie Insurance Company and its wholly-owned subsidiary Erie Insurance Company of New York
10.22#	1997 Annual Incentive Plan of Erie Indemnity Company
10.23#	Erie Indemnity Company Long-Term Incentive Plan
10.24#	Employment Agreement dated December 16, 1997 by and between Erie Indemnity Company and Stephen A. Milne
10.25#	Employment Agreement dated December 16, 1997 by and between Erie Indemnity Company and Jan R. Van Gorder

Exhibit Number	Description of Exhibit
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10.27#	Employment Agreement effective December 16, 1997 by and between Erie Indemnity Company and John J. Brinling, Jr.
10.28###	Employment Agreement effective June 30, 1999 by and between Erie Indemnity Company and Jeffrey A. Ludrof
10.29###	Employment Agreement effective December 15, 1999 By and between Erie Indemnity Company and Douglas F. Ziegler
10.30###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Stephen A. Milne
10.31###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Jan R. Van Gorder
10.32###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Philip A. Garcia
10.33###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and John J. Brinling, Jr.
10.34###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Jeffry A. Ludrof
10.35	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and Stephen A. Milne
10.36	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and Jan R. Van Gorder
10.37	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and Philip A. Garcia
10.38	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and John J. Brinling, Jr.
10.39	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and Jeffry A. Ludrof
10.40	Addendum to Employment Agreement effective December 15, 2000 by and between Erie Indemnity Company and Douglas F. Ziegler

11	Statement re computation of per share earnings
13	2000 Annual Report to Shareholders. Reference is made to the Annual Report furnished to the Commission, herewith.
21	Subsidiaries of Registrant
27	Financial Data Schedule
99.1##	Report of the Special Committee to the Board of Directors

* Such exhibit is incorporated by reference to the like numbered exhibit in Registrant's Form 10 Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on May 2, 1994.

** Such exhibit is incorporated by reference to the like numbered exhibit in Registrant's Form 10/A Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on August 3, 1994.

*** Such exhibit is incorporated by reference to the like titled but renumbered exhibit in Registrant's Form 10 Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on May 2, 1994.

**** Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1995 that was filed with the Commission on March 25, 1996.

***** Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K/A amended annual report for the year ended December 31, 1995 that was filed with the Commission on April 25, 1996.

****** Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1996 that was filed with the Commission on March 21, 1997.

Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1997 that was filed with the Commission on March 25, 1998.

Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1998 that was filed with the Commission on March 30, 1999.

Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1999 that was filed with the Commission on March 23, 2000.

(b) Reports on Form 8-K:

During the quarter ended December 31, 2000, The Company did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 13, 2001 ERIE INDEMNITY COMPANY
(Registrant)

Principal Officers

/s/ Stephen A. Milne
Stephen A. Milne, President and CEO

/s/ Jan R. Van Gorder
Jan R. Van Gorder, Executive Vice President, Secretary & General Counsel

/s/ Philip A. Garcia
Philip A. Garcia, Executive Vice President & CFO

/s/ Timothy G. NeCastro
Timothy G. NeCastro, Senior Vice President & Controller

Board of Directors

/s/ Samuel P. Black, III Samuel P. Black, III	/s/ Claude C. Lilly, III Claude C. Lilly, III
/s/ J. Ralph Borneman, Jr. J. Ralph Borneman, Jr.	/s/ Stephen A. Milne Stephen A. Milne
/s/ Patricia Garrison-Corbin Patricia Garrison-Corbin	Henry N. Nassau
Susan Hirt Hagen	/s/ John M. Petersen John M. Petersen
/s/ F. William Hirt F. William Hirt	/s/ Jan R. Van Gorder Jan R. Van Gorder
/s/ Samuel P. Katz Samuel P. Katz	/s/ Robert C. Wilburn Robert C. Wilburn

INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders
Erie Indemnity Company

We have audited the consolidated statements of financial position of Erie Indemnity Company and subsidiaries (Company) as of December 31, 2000 and 1999 and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000, as contained in the 2000 annual report, incorporated by reference in the annual report on Form 10-K for the year ended December 31, 2000. In connection with our audits of the financial statements, we also have audited the financial statement schedules, as listed in the accompanying index. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Erie Indemnity Company and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

/s/ Brown, Schwab, Bergquist & Co.
Brown, Schwab, Bergquist & Co.

Erie, Pennsylvania
February 5, 2001

SCHEDULE I - SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES

DECEMBER 31, 2000

Type of Investment	Amortized Cost	Cost or Fair Value	Amount at which Shown in the Consolidated Statements of Financial Position
(In Thousands)			
Available-for-sale securities:			
Fixed maturities:			
U.S. treasuries & government agencies	$ 11,216	$ 11,612	$ 11,612
States and political subdivisions	50,337	51,959	51,959
Special revenues	110,855	114,566	114,566
Public utilities	23,221	23,564	23,564
U.S. industrial and miscellaneous	267,231	266,061	266,061
Foreign	30,082	29,914	29,914
Redeemable Preferred Stocks	31,230	33,870	33,870
Equity securities:			
Common stock:			
U.S. banks, trusts and insurance companies	3,651	3,798	3,798
U.S. industrial and miscellaneous	63,662	86,605	86,605
Foreign	7,100	4,962	4,962
Non-redeemable preferred stock:			
U.S. banks, trusts and insurance companies	22,094	22,125	22,125
U.S. industrial and miscellaneous	62,266	61,134	61,134
Foreign	26,195	25,822	25,822
Total available-for-sale securities:	$ 709,140	$ 735,992	$ 735,992
Real estate mortgage loans	$ 6,581	$ 6,581	$ 6,581
Other invested assets	60,661	68,242	68,242
Total investments	$ 776,382	$ 810,815	$ 810,815

SCHEDULE IV - REINSURANCE

	Direct	Ceded to Other Companies	Assumed from Other Companies	Net Amount	Percentage of amount Assumed to Net
December 31,2000					
Premiums for the year					
Property and Liability Insurance	$ 377,569,981	$ 382,394,388	$ 128,532,601	$ 123,708,194	103.9%
December 31,1999					
Premiums for the year					
Property and Liability Insurance	$ 351,227,872	$ 356,608,390	$ 122,604,391	$ 117,223,873	104.6%
December 31,1998					
Premiums for the year					
Property and Liability Insurance	$ 338,162,409	$ 343,051,100	$ 117,828,137	$ 112,939,446	104.3%

SCHEDULE VI - SUPPLMENTAL INFORMATION CONCERNING PROPERTY/CASUALTY INSURANCE OPERATIONS

	Deferred Policy Acquisition Costs	Reserves for Unpaid Loss &LAE Expenses	Discount, if any deducted from reserves	Unearned Premiums	Earned Premiums	Net Investment Income
@ 12/31/00						
Consolidated P&C Entities	$ 13,202	$ 477,879	$ 1,509	$ 263,855	$ 123,708	$ 18,381
Unconsolidated P&C Entities	0	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0	0
Total	$ 13,202	$ 477,879	$ 1,509	$ 263,855	$ 123,708	$ 18,381
@ 12/31/99						
Consolidated P&C Entities	$ 11,405	$ 432,895	$ 1,377	$ 237,452	$ 117,224	$ 16,765
Unconsolidated P&C Entities	0	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0	0
Total	$ 11,405	$ 432,895	$ 1,377	$ 237,452	$ 117,224	$ 16,765
@ 12/31/98						
Consolidated P&C Entities	$ 10,863	$ 426,165	$ 1,562	$ 229,686	$ 112,939	$ 16,887
Unconsolidated P&C Entities	0	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0	0
Total	$ 10,863	$ 426,165	$ 1,562	$ 229,686	$ 112,939	$ 16,887

	Loss and Losses Adjustment Expense Incurred (1) Current Year	Related to (2) Prior Years	Amortization of Deferred Policy Acquisition Costs	Net Loss & LAE Paid	Premiums Written
@ 12/31/00					
Consolidated P&C Entities	$ 93,416	$ 6,148	$ 22,793	$ 92,236	$ 128,044
Unconsolidated P&C Entities	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0
Total	$ 93,416	$ 6,148	$ 22,793	$ 92,236	$ 128,044
@ 12/31/99					
Consolidated P&C Entities	$ 88,422	$ (703)	$ 22,507	$ 84,192	$ 118,426
Unconsolidated P&C Entities	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0
Total	$ 88,422	$ (703)	$ 22,507	$ 84,192	$ 118,426
@ 12/31/98					
Consolidated P&C Entities	$ 80,627	$ (746)	$ 21,357	$ 77,923	$ 115,094
Unconsolidated P&C Entities	0	0	0	0	0
Proportionate share of registrant & subsidiaries	0	0	0	0	0
Total	$ 80,627	$ (746)	$ 21,357	$ 77,923	$ 115,094

*Workers compensation incurred but not reported (IBNR) loss and loss adjustment reserves were discounted at 2.5% in 2000,1999 and 1998.

EXHIBIT INDEX

(Pursuant to Item 601 of Regulation S-K)

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10.28###	Employment Agreement effective June 30, 1999 by and between Erie Indemnity Company and Jeffrey A. Ludrof	
10.29###	Employment Agreement effective December 15, 1999 By and between Erie Indemnity Company and Douglas F. Ziegler	
10.30###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Stephen A. Milne	
10.31###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Jan R. Van Gorder	
10.32###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and Philip A. Garcia	
10.33###	Addendum to Employment Agreement effective December 15, 1999 by and between Erie Indemnity Company and John J. Brinling, Jr.	
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Exhibit Number	Description of Exhibit	Sequentially Numbered Page
11	Statement re computation of per share earnings	45
13	2000 Annual Report to Shareholders. Reference is made to the Annual Report furnished to the Commission, herewith.	46-94
21	Subsidiaries of Registrant	95
27	Financial Data Schedule	96
99.1##	Report of the Special Committee to the Board of Directors	

*	Such exhibit is incorporated by reference to the like numbered exhibit in Registrant's Form 10 Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on May 2, 1994.
**	Such exhibit is incorporated by reference to the like numbered exhibit in Registrant's Form 10/A Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on August 3, 1994.
***	Such exhibit is incorporated by reference to the like titled but renumbered exhibit in Registrant's Form 10 Registration Statement Number 0-24000 filed with the Securities and Exchange Commission on May 2, 1994.
****	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1995 that was filed with the Commission on March 25, 1996.
*****	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K/A amended annual report for the year ended December 31, 1995 that was filed with the Commission on April 25, 1996.
******	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1996 that was filed with the Commission on March 21, 1997.
#	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1997 that was filed with the Commission on March 25, 1998.
##	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1998 that was filed with the Commission on March 30, 1999.
###	Such exhibit is incorporated by reference to the like titled exhibit in the Registrant's Form 10-K annual report for the year ended December 31, 1999 that was filed with the Commission on March 23, 2000.

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and Stephen A. Milne effective as of December 16, 1997.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company has previously considered and agreed to extend the term of the Agreement from its original term; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2004.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST: ERIE INDEMNITY COMPANY

/s/ Jan R. Van Gorder Jan R. Van Gorder Secretary	By: /s/ F. William Hirt F. William Hirt Chairman of the Board

WITNESS:

/s/ Charlotte F. Drobniewski Charlotte F. Drobniewski Executive Secretary	/s/ Stephen A. Milne Stephen A. Milne 6200 Ruhl Road Fairview, PA 16415

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and Jan R. Van Gorder effective as of December 16, 1997.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company has previously considered and agreed to extend the term of the Agreement from its original term; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2002.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST:	ERIE INDEMNITY COMPANY
/s/ Stephen A. Milne Stephen A. Milne President & CEO	By: /s/ F. William Hirt F. William Hirt Chairman of the Board

WITNESS:

/s/ Sheila M. Hirsch Sheila M. Hirsch Executive Secretary	/s/ Jan R. Van Gorder Jan R. Van Gorder 6796 Manchester Beach Rd. Fairview, PA 16415

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and Philip A. Garcia effective as of December 16, 1997.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company has previously considered and agreed to extend the term of the Agreement from its original term; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2002.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST:	ERIE INDEMNITY COMPANY
/s/ Jan R. Van Gorder Jan R. Van Gorder Secretary	By: /s/ F. William Hirt F. William Hirt Chairman of the Board
WITNESS:	
/s/ Cori Coccarelli Cori Coccarelli Executive Secretary	/s/ Philip A. Garcia Philip A. Garcia 786 Stockbridge Drive Erie, PA 16505

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and John J. Brinling, Jr. effective as of December 16, 1997.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company has previously considered and agreed to extend the term of the Agreement from its original term; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2002.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST:	ERIE INDEMNITY COMPANY
/s/ Jan R. Van Gorder Jan R. Van Gorder Secretary	By: /s/ F. William Hirt F. William Hirt Chairman of the Board
WITNESS:	
/s/ Elaine V. Brinling Elaine V. Brinling	/s/ John J. Brinling John J. Brinling, Jr. 5691 Culpepper Drive Erie, PA 16506

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ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and Jeffrey A. Ludrof effective as of June 30, 1999.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company has previously considered and agreed to extend the term of the Agreement from its original term; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2002.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST:	ERIE INDEMNITY COMPANY
/s/ Jan R. Van Gorder Jan R. Van Gorder Secretary	By: /s/ F. William Hirt F. William Hirt Chairman of the Board
WITNESS:	
/s/ Debra J. Miller Debra J. Miller Executive Secretary	/s/ Jeffrey A. Ludrof Jeffrey A. Ludrof 170 Gateway Drive Fairview, PA 16415

ADDENDUM TO EMPLOYMENT AGREEMENT

This Addendum (the "Addendum") is made effective as of the 15th day of December, 2000 and is intended to amend a certain Employment Agreement (the "Agreement") by and between Erie Indemnity Company and Douglas F. Ziegler effective as of December 15, 1999.

WHEREAS, the Company has determined that it is in the best interest of the Company and its Shareholders to secure the continued employment of the Executive in accordance with the terms of the Agreement; and

WHEREAS, the Board of Directors of the Company at its meeting of December 12, 2000 has again agreed to extend the term of the Agreement for a period of one (1) additional year as contained herein; and

WHEREAS, the Executive is agreeable to the extension of the Agreement.

NOW, THEREFORE, intending to be legally bound hereby, the parties agree as follows:

1. Paragraph 1 of the Agreement with respect to the Term is hereby amended by extending the Term to expire on December 15, 2002.

2. All other terms and conditions of the Agreement remain in full force and effect.

ATTEST: ERIE INDEMNITY COMPANY

/s/ Jan R. Van Gorder
Jan R. Van Gorder
Secretary

By: /s/ F. William Hirt
F. William Hirt
Chairman of the Board

WITNESS:

/s/ Charlotte F. Drobniewski
Charlotte F. Drobniewski
Executive Secretary

/s/ Douglas F. Ziegler
Douglas F. Ziegler
378 Ridgeview Drive
Erie, PA 16505

EXHIBIT 11. - STATEMENT RE COMPUTATION OF PER SHARE EARNINGS

(In thousands, except per share data)	2000	1999	1998
Class A common shares outstanding (stated value $.0292)	$ 64,586,402	$ 66,118,572	$ 67,032,000
Class B common shares outstanding (stated value $70)	3,070	3,070	3,070
Conversion of Class B shares to shares (One share of Class B for 2,400 shares of Class A)	7,368,000	7,368,000	7,368,000
Total	71,954,402	73,486,572	74,400,000
Net income	$152,393,015	$143,105,956	$134,551,494
Per-share amount	$ 2.12	$ 1.95	$ 1.81

At the December 16, 1998 regular meeting of the Board of Directors of Erie Indemnity Company, the Board approved a stock repurchase plan beginning January 1, 1999, under which the Company may repurchase as much as $70 million of its outstanding Class A common stock through December 31, 2001. The Board, at its regular quarterly meeting on March 7, 2000, announced expanded authorization for share repurchases for as much as an additional $50 million of its outstanding Class A common stock through December 31, 2002. The Company may purchase the shares from time to time in the open market or by privately negotiated transactions, depending on prevailing market conditions and alternative uses of the Company's capital. In 2000 1,075,178 shares were repurchased at a total cost of $31,389,218, or an average price per share of $29.19. Since its inception the Company has repurchased 2,975,677 shares at a total cost of $85,719,349, or an average price per share of $28.81.

INCORPORATED BY REFERENCE, PAGE 15 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

SELECTED CONSOLIDATED FINANCIAL DATA

	Years ended December 31(amounts in thousands, except per share data)				
	2000	1999	1998	1997	1996
OPERATING DATA					
Net revenue from management operations	$ 158,746	$ 148,518	$ 145,243	$ 134,201	$ 127,320
Underwriting (loss) gain	(10,402)	(3,539)	567	(2,259)	(11,579)
Net revenue from investment operations	75,594	63,776	50,547	42,978	36,307
Income before income taxes	$ 223,938	$ 208,755	$ 196,357	$ 174,920	$ 152,048
Provision for income taxes	71,545	65,649	61,806	56,339	46,916
Net income	$ 152,393	$ 143,106	$ 134,551	$ 118,581	$ 105,132
PER SHARE DATA:					
Net income per share	$ 2.12	$ 1.95	$ 1.81	$ 1.59	$ 1.41
Dividends declared per Class A share	0.5575	0.4950	0.4425	0.3925	0.34
Dividends declared per Class B share	$ 83.625	$ 74.250	$ 66.375	$ 58.875	$ 51.75
Weighted average shares outstanding	71,954	73,487	74,400	74,400	74,400
FINANCIAL POSITION:					
Investments (1)	$ 853,146	$ 785,258	$ 709,417	$ 566,118	$ 484,784
Receivables from Exchange and affiliates	532,009	470,969	467,794	469,708	478,304
Total assets	1,680,599	1,518,794	1,454,062	1,292,544	1,150,639
Shareholders' equity	779,015	697,599	655,223	539,383	435,759
Book value per share	$ 10.91	$ 9.62	$ 8.81	$ 7.25	$ 5.86
Shares repurchased at December 31	2,976	1,900	0	0	0

(1) Includes Investment in Erie Family Life Insurance Company.

INCORPORATED BY REFERENCE, PAGE 16 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF 0PERATIONS

The following discussion and analysis should be read in conjunction with the audited financial statements and related notes found on pages 29 to 47 as they contain important information helpful in evaluating the Company's operating results and financial condition. (Note: A glossary of certain terms used in this discussion can be found on page 27. Defined terms are italicized the first time they appear in the text.)

OVERVIEW

Erie Indemnity Company (the Company) is a Pennsylvania business corporation formed in 1925 to be the attorney-in-fact for Erie Insurance Exchange (the Exchange), a Pennsylvania-domiciled reciprocal insurance exchange. The Company's principal business activity consists of management of the affairs of the Exchange. Management fees received from the Exchange account for the majority of the Company's consolidated revenues. The Company also is engaged in the property/casualty insurance business through its wholly-owned subsidiaries, Erie Insurance Company, Erie Insurance Property & Casualty Company, and Erie Insurance Company of New York and through its management of Flagship City Insurance Company (Flagship), a subsidiary of the Exchange. The Company also has a 21.63 percent common stock interest in Erie Family Life Insurance Company (EFL), an affiliated life insurance company. Together with the Exchange, the Company and its subsidiaries and affiliates operate collectively under the name Erie Insurance Group.

In its role as attorney-in-fact for the Policyholders of the Exchange, the Company may charge a management fee up to 25.0 percent of the affiliated assumed and direct premiums written by the Exchange. The Company's Board of Directors has the authority to change the management fee at its discretion. The management fee is compensation for: (a) acting as attorney-in-fact for the Exchange, (b) managing the business and affairs of the Exchange, and (C) paying certain general administrative expenses not part of the settlement of losses or the management of investments. All premiums collected, less the management fee paid to the Company, are retained by the Exchange for the purpose of paying losses, loss adjustment expenses, investment expenses and other miscellaneous expenses including insurance-related taxes, licenses and fees and for other purposes that are to the benefit of the Policyholders. The Company pays certain loss adjustment and investment expenses on behalf of the Exchange and is reimbursed fully for these expenses by the Exchange. The management fee rate charged the Exchange was set at the following rates:

January 1, 1998 to December 31, 1998--24.25 percent

January 1, 1999 to December 31, 1999--25.00 percent

January 1, 2000 to December 31, 2000--25.00 percent

The Board can change the management fee rate at its discretion. In determining the management fee rate, the Company's Board of Directors reviews the relative financial positions of the Exchange and the Company and considers the long-term needs of the Exchange to ensure its continued growth, competitiveness and superior financial strength, which ultimately benefits the entire group. In December 2000, the Board voted to maintain the 25.0 percent management fee rate for all of 2001. The Company's wholly-owned subsidiaries, Erie Insurance Company and Erie Insurance Company of New York, participate in an intercompany pooling arrangement with the Exchange. This pooling arrangement provides for Erie Insurance Company and Erie Insurance Company of New York to share proportionately in the results of all property/casualty insurance operations of the Exchange and the Company's subsidiaries. Erie Insurance Company's and Erie Insurance Company of New York's proportionate share of the reinsurance pool is 5.0 percent and 0.5 percent, respectively.

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The results of the Company's insurance operations are affected by the conditions that affect all property/ casualty insurance companies, such as increased competition, catastrophic events, changes in the regulatory and legislative environments and changes in general economic and investment conditions.

RESULTS OF OPERATIONS

OVERVIEW

Consolidated net income in 2000 was a record $152,393,015, which exceeded the 1999 net income of $143,105,956 by 6.5 percent. Earnings per share for 2000 increased 8.8 percent to $2.12 per share from $1.95 per share in 1999, as the Company's stock repurchase program contributed positively to earnings per share results. Gains made in the Company's management operations and its investment operations were partially offset by losses experienced in the Company's insurance underwriting operations. Management operations improved in both 2000 and 1999 as the Exchange continued to experience net written premium growth rates that exceeded industry growth rates. The Company's property/casualty insurance subsidiaries incurred underwriting losses stemming from increased losses in private passenger automobile and several commercial lines of business. The insurance underwriting results in 1999, when compared to 1998, declined as a result of incurred losses related to Hurricane Floyd and the reinsurance losses primarily associated with two European storms in December 1999.

Revenue from investment operations improved in 2000 when compared to 1999 as the Company's available cash flows were reinvested for higher returns and the Company's equity earnings in limited partnerships grew substantially.

ANALYSIS OF MANAGEMENT OPERATIONS

Net revenues from management operations rose 6.9 percent to $158,746,324 in 2000 from $148,517,964 in 1999 and 2.3 percent in 1999 from $145,243,209 in 1998. Gross margins from management operations were 27.6 percent in 2000 compared to gross margins of 28.1 percent in 1999 and 28.9 percent in 1998.

INCORPORATED BY REFERENCE, PAGE 18 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

Total revenues from management operations rose $45,491,637 to $574,307,780 for the year ended December 31, 2000, an increase of 8.6 percent. Management fee revenue derived from the direct and affiliated assumed premiums of the Exchange rose $38,270,366, or 7.5 percent, to $551,645,647 in 2000 from $513,375,281 in 1999. The direct and affiliated assumed premiums written of the Exchange grew 7.5 percent in 2000 to $2,206,582,573 from $2,053,501,124 in 1999.

The average premium per policy increased just 0.9 percent from $763 in 1999 to $770 in 2000. For personal auto (which accounted for 56.8 percent of the direct and affiliated assumed premium written of the Exchange and almost 1.4 million policies in force), the average premium per policy decreased 1.6 percent from $954 in 1999 to $938 in 2000.

Policy growth for 2000 for the Erie Insurance Group remained strong as policy retention rates and new policy growth improved. Policies in force increased 6.5 percent to 2,865,553 in 2000 from 2,689,849 in 1999 and 5.1 percent in 1999 from 2,558,730 in 1998. Policy retention (the percentage of existing Policyholders who renew their policies) was 91.0 percent, 90.5 percent, and 89.9 percent for the years ended December 31, 2000, 1999 and 1998, respectively, overall for all lines of business.

Service agreement revenue grew 46.8 percent to $22,662,133 in 2000 from $15,440,862 in 1999. Included in service agreement revenue are service charges the Company collects from Policyholders for providing extended payment terms on policies written by the Group. Such service charges amounted to $12,512,783 and $7,282,621 in 2000 and 1999, respectively. During the second quarter of 2000, this charge increased from $2 to $3 per installment for policies renewing in most states. Also included in service agreement revenue is service income received from the Exchange as compensation for the management and administration of voluntary assumed reinsurance from non-affiliated insurers. The Company receives a service fee of 7.0 percent of non-affiliated assumed reinsurance premiums. These fees totaled $10,149,350, $8,158,241 and $6,715,026 on net voluntary assumed reinsurance premiums of $144,990,714, $116,546,295 and $95,928,945 for 2000, 1999 and 1998, respectively.

The cost of management operations rose $35,263,277, or 9.3 percent, to $415,561,456 in 2000 from $380,298,179 in 1999 and 6.3 percent in 1999 from $357,783,107 in 1998. Included in these totals are commissions to independent Agents, which are the largest component of the cost of management operations. Commission costs rose $19,290,249, or 7.3 percent, to $282,402,388 in 2000 from $263,112,139 in 1999 and 7.4 percent in 1999 from $244,895,269 in 1998. Included in commission expense are the cost of scheduled commissions earned by independent Agents on premiums written, as well as promotional incentives for Agents and Agent contingency awards. Agent contingency awards are based upon a three-year average of the underwriting profitability of the direct business written and serviced by the independent Agent within the Erie Insurance Group of companies. The provision for Agent contingency awards totaled $18,277,468, $19,871,036, and $10,607,447 in 2000, 1999, and 1998, respectively. Commission costs, excluding Agent contingency awards, increased $20,883,817, or 8.6 percent, for 2000 and $8,953,281, or 3.8 percent, for 1999. The 2000 increase was attributed to changes in the mix of business written and increased costs from special commission contracts used to assist new agencies in getting established.

The cost of management operations, excluding commission costs, increased 13.6 percent in 2000 to $133,159,068 from $117,186,040 in 1999 due primarily to increases in information technology expenditures as well as personnel costs. The Company's personnel costs, net of reimbursement from affiliates, totaled $79,509,250, $69,718,332, and $67,467,067 in 2000, 1999 and 1998, respectively. Personnel costs are the second largest cost component in the cost of management operations after commissions. Employee pay rate increases, combined with the introduction of an incentive compensation program for branch sales Employees, accounted for the majority of the increase in personnel costs in 2000 compared to 1999. Information technology expenses increased $2,442,371, or 33.9 percent, to $9,636,833 in 2000 from $7,194,462 in 1999, primarily as a result of increased service contract costs attributable to an upgrade to the Company's mainframe systems.

ANALYSIS OF INSURANCE UNDERWRITING OPERATIONS

The Company recorded an underwriting loss of $10,402,120 in 2000 compared to an underwriting loss of $3,538,884 in 1999 and an underwriting gain of $567,275 in 1998. The underwriting results in 2000 reflects higher losses experienced in private passenger automobile and in commercial lines, principally commercial automobile and fleet lines of business.

Premiums earned increased $6,484,321, or 5.5 percent, to $123,708,194 in 2000 while losses and loss adjustment expenses incurred increased $11,844,764, or 13.5 percent, to $99,564,028 in 2000. The direct average premium per policy increased just 0.9 percent from $763 in 1999 to $770 in 2000. The Company's property/casualty subsidiaries direct loss and loss adjustment expense incurred increased $9,383,475 in 2000 from 1999. In 2000, the Company continued to experience a decrease in loss frequency. However, the loss severity experienced by the Company continued to increase. The slight increase in the average premium per policy proved to be insufficient to absorb the increased losses. The Company's property/casualty insurance subsidiaries' unaffiliated voluntary assumed reinsurance business generated a net underwriting loss of $3,964,619, $2,591,959 and $1,250,515 in 2000, 1999 and 1998, respectively. Adverse development on assumed reinsurance losses from the catastrophic storms that devastated Europe in December 1999 contributed $1.4 million in 2000, or $.01 per share, after federal income taxes.

Catastrophes are an inherent risk of the property/ casualty insurance business and can have a material impact on the Company's insurance underwriting results. In addressing this risk, the Company employs what it believes are reasonable underwriting standards and monitors its exposure by geographic region. Additionally, the Company's property/casualty insurance subsidiaries have in effect a reinsurance agreement with the Exchange that would substantially mitigate the effect of catastrophe losses on the Company's financial position. During 2000, 1999 and 1998, the Company's share of catastrophe losses from direct business amounted to $2.1 million, $4.4 million and $3.7 million, respectively.

Management Fee Revenue by State and Line of Business
For the Year ended December 31, 2000 (Dollars in thousands)

State	Private Passenger Auto	Commercial Auto	Homeowners	Commercial Multi Peril	Workers' Compensation	All Other Lines of Business	Total
District of Columbia	$ 448	$ 68	$ 207	$ 325	$ 402	$ 85	$ 1,535
Illinois	1,412	296	438	855	390	107	3,498
Indiana	11,526	1,440	4,644	2,197	1,736	685	22,228
Maryland	36,763	5,892	11,289	4,935	4,591	2,293	65,763
New York	8,278	1,185	2,103	2,057	1,040	348	15,011
North Carolina	9,213	3,756	4,326	3,902	3,107	1,091	25,395
Ohio	25,710	3,209	8,542	5,219	0	1,361	44,041
Pennsylvania	180,769	19,464	45,876	22,204	21,956	6,895	297,164
Tennessee	2,915	1,071	1,119	1,396	961	308	7,770
Virginia	20,283	4,656	6,553	5,083	5,731	1,669	43,975
West Virginia	16,386	2,281	3,646	2,228	0	725	25,266
Total	$313,703	$ 43,318	$ 88,743	$ 50,401	$ 39,914	$ 15,567	$551,646

INCORPORATED BY REFERENCE, PAGE 20 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

The 2000 combined ratio for the Company's property/casualty insurance operations calculated under Generally Accepted Accounting Principles (GAAP) was 108.4 compared to a ratio of 103.0 in 1999 and 99.5 in 1998. The GAAP combined ratio for 2000, 1999 and 1998, excluding catastrophe losses on direct business, was 106.7, 99.3 and 96.2, respectively.

ANALYSIS OF INVESTMENT OPERATIONS

Net revenue from investment operations was $75,593,393 in 2000 compared to $63,775,746 in 1999 and $50,546,973 in 1998, increases of 18.5 percent and 26.2 percent, respectively. Net investment income rose $5,055,987, or 11.7 percent, for the year ended December 31, 2000 and $4,796,571, or 12.4 percent, for the year ended December 31, 1999. The growth in investment income for 2000 and 1999 was affected by the Company's repurchase of its shares which, through December 31, 2000, totaled $85.7 million. Included in net investment income are primarily interest and dividends on the Company's fixed maturity and equity security portfolios.

Equity in earnings of limited partnerships increased $4,092,360 to $4,733,285 for the year ended December 31, 2000. Substantial increases in limited partnership income in 2000 were predominantly the result of increased limited partnership investments during the year. The Company's earnings from its 21.63 percent ownership of EFL totaled $5,491,946 in 2000, up from $5,045,131 in 1999 and $4,777,089 in 1998. This investment is accounted for under the equity method of accounting. Consequently, the Company's investment earnings in 2000, 1999 and 1998 were a direct result of the Company's share of EFL's net income of $25,390,415, $23,324,697 and $22,085,479, respectively.

The Company's realized capital gains increased $2,222,485 in 2000 to $16,967,819. During 1999 and 1998, the Company had realized capital gains of $14,745,334 and $7,163,706, respectively.

FINANCIAL CONDITION

INVESTMENTS

The Company's investment strategy takes a long-term perspective emphasizing investment quality, diversification and superior investment returns. Investments are managed on a total return approach that focuses on current income and capital appreciation. The Company's investment strategy also provides for liquidity to meet the short- and long-term commitments of the Company. At December 31, 2000 and 1999, the Company's investment portfolio of investment-grade bonds, common stock, preferred stock and cash and cash equivalents, all of which are readily marketable, represents 46.1 percent and 47.8 percent, respectively, of total assets. These investments provide the liquidity the Company requires to meet the demands on its funds.

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FIXED MATURITIES

Under its investment strategy, the Company maintains a fixed maturities portfolio that is of very high quality and well diversified within each market sector. The fixed maturities portfolio is managed with the goal of achieving reasonable returns while limiting exposure to risk. At December 31, 2000, the carrying value of fixed maturity investments represented 65.6 percent of total invested assets.

The Company's fixed maturity investments consist 96.9 percent of high-quality, marketable bonds and redeemable preferred stock, all of which were rated at investment-grade levels (above Ba/BB) at December 31, 2000. Included in this investment-grade category are $220.8 million, or 41.5 percent, of the highest quality bonds and redeemable preferred stock rated Aaa/AAA or Aa/AA or bonds issued by the United States government. Generally, the fixed maturities in the Company's portfolio are rated by external rating agencies. If not externally rated, they are rated by the Company on a basis consistent with that used by the rating agencies. Management classifies all fixed maturities as available-for-sale securities, allowing the Company to meet its liquidity needs and provide greater flexibility for its investment managers to appropriately respond to changes in market conditions or strategic direction. Securities classified as available-for-sale are carried at market value with unrealized gains and losses included in shareholders' equity. At December 31, 2000, the net unrealized gain on fixed maturities, net of deferred taxes, amounted to $4,793,000 compared to a net unrealized loss of $2,517,000 at December 31, 1999.

The Company attempts to achieve a balanced maturity schedule in order to moderate investment income in the event of interest rate reductions in a year in which a large amount of securities could be redeemed or mature.

EQUITY SECURITIES

Equity securities are carried on the Consolidated Statements of Financial Position at market value. At December 31, 2000 and 1999, equity securities held by the Company include net unrealized gains of $12,660,000 in 2000 compared to $28,527,000 in 1999, net of deferred taxes. Investment characteristics of common and preferred stocks differ substantially from one another. The Company's preferred stock portfolio provides a source of highly predictable current income that is competitive with investment-grade bonds. Preferred stocks generally provide for fixed rates of return that, while not guaranteed, resemble fixed income securities. Common stock provides capital appreciation potential within the portfolio. Common stock investments inherently provide no assurance of producing income because dividends are not guaranteed.

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LIMITED PARTNERSHIP INVESTMENTS

The Company's limited partnership investments include U.S. and foreign private equity, real estate and fixed income investments. During 2000, limited partnership investments increased $29,125,820 to $68,241,448. Fixed income and real estate limited partnerships, which comprise 69.1 percent of the total limited partnerships, produce a predictable earnings stream while private equity limited partnerships, which comprise 30.9 percent of the total limited partnerships, tend to provide a less predictable earnings stream.

INVESTMENT IN EFL

EFL markets various life insurance products, principally non-participating individual and group life policies, including universal life and individual and group annuity products, in ten jurisdictions. EFL most recently introduced its first accident and health product (disability income) in 2000. The Company's carrying value of $42,331,458 represents 21.63 percent of the shareholders' equity of EFL at December 31, 2000.

PROPERTY/CASUALTY LOSS RESERVES

Loss reserves are established to account for the estimated ultimate costs of loss and loss adjustment expenses for claims that have been reported but not yet settled and claims that have been incurred but not reported. The estimated loss reserve for reported claims is based primarily upon a case-by-case evaluation of the type of risk involved and knowledge of the circumstances surrounding each claim and the insurance policy provisions relating to the type of loss. Estimates of reserves for unreported claims and loss settlement expenses are determined on the basis of historical information by line of insurance as adjusted to current conditions. Inflation is implicitly provided for in the reserving function through analysis of costs, trends and reviews of historical reserving results.

The process of estimating the liability for unpaid losses and loss expenses is inherently judgmental and can be influenced by factors subject to variation. Possible sources of variation include claim frequency and severity, changing rates of inflation as well as changes in other economic conditions, judicial trends and legislative changes. It is unlikely that future losses and loss adjustment expenses will develop exactly as projected. The Company continually refines reserves as experience develops and new information becomes known. The Company reflects adjustments to reserves in the results of operations in the periods in which the estimates are changed.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

INTEREST RATE RISK

The Company's exposure to market risk for a change in interest rates is concentrated in the investment portfolio. The Company monitors this exposure through periodic reviews of asset and liability positions. Estimates of cash flows and the impact of interest rate fluctuations relating to the investment portfolio are monitored regularly.

Principal cash flows and related weighted-average interest rates by expected maturity dates for financial instruments sensitive to interest rates are as follows:

December 31,2000 (Dollars in thousands)	Principal Cash Flows	Weighted-Average Interest Rate
Fixed maturities:		
2001	$ 54,677	6.5%
2002	55,203	6.6%
2003	49,720	6.7%
2004	47,852	7.0%
2005	59,775	6.5%
Thereafter	289,077	7.2%
Total	$ 556,304	
Market Value	$ 561,502	

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December 31,1999 (Dollars in thousands)	Principal Cash Flows	Weighted-Average Interest Rate
Fixed maturities:		
2000	$ 19,994	6.4%
2001	35,690	6.1%
2002	51,669	6.5%
2003	47,880	6.6%
2004	39,542	6.6%
Thereafter	312,262	6.9%
Total	$ 507,037	
Market Value	$ 485,522	

Actual cash flows may differ from those stated as a result of calls and prepayments.

EQUITY PRICE RISK

The Company's portfolio of marketable equity securities, which is carried on the Consolidated Statements of Financial Position at estimated fair value, has exposure to price risk, the risk of potential loss in estimated fair value resulting from an adverse change in prices. The Company's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analyzed regularly and market risk is actively managed through a variety of techniques. Portfolio holdings are diversified across industries; concentrations in any one company or industry are limited by parameters established by management and the Company's Board of Directors.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity is a measure of an entity's ability to secure enough cash to meet its contractual obligations and operating needs. The Company's major sources of funds from operations are the net cash flow generated from management operations, the net cash flow from Erie Insurance Company's and Erie Insurance Company of New York's 5.5 percent participation in the underwriting results of the reinsurance pool with the Exchange, and investment income from affiliated and non-affiliated investments. With respect to the management fee, funds are generally received from the Exchange on a premiums collected basis. The Company pays commissions on premiums collected. Cash outflows are variable because of the fluctuations in settlement dates for liabilities for unpaid losses and because of the potential for large losses, either individually or in aggregate.

The Company generates sufficient net positive cash flow from its operations to fund its commitments and build its investment portfolio, thereby increasing future investment returns. The Company maintains a high degree of liquidity in its investment portfolio in the form of readily marketable fixed maturities, equity securities, and short-term investments. Net cash flows provided by operating activities for the years ended December 31, 2000, 1999 and 1998 were $135,347,540, $137,608,493 and $150,498,494, respectively.

The Company pays nearly all general and administrative expenses on behalf of the Exchange and other affiliated companies. The Exchange generally reimburses the Company for these expenses on a paid basis each month.

Management fee and expense reimbursements due at December 31 from the Exchange were $117,961,638 and $104,264,179 in 2000 and 1999, respectively. A receivable from EFL for expense reimbursements totaled $1,997,012 at December 31, 2000 compared to $1,487,985 at December 31, 1999. The Company also has a receivable due from the Exchange for reinsurance recoverable from losses and unearned premium balances ceded to the intercompany reinsurance pool. Such amounts totaled $412,049,637 and $365,216,739 at December 31, 2000 and 1999, respectively.

The Company has a stock redemption plan that entitles estates of qualified shareholders to redeem shares of stock of the Company at a price equal to the fair market value of the stock at time of redemption. The redemption amount is limited to an aggregation of: (1) $10 million, and (2) an additional annual amount as determined by the Board at its sole discretion, not to exceed 20.0 percent of the Company's net income from management operations during the prior fiscal year. This aggregate amount is reduced by redemption amounts paid. However, at no time shall the aggregate redemption limitation exceed 20.0 percent of the Company's retained earnings determined as of the close of the prior year. In addition, the plan limits the repurchase from any single shareholder's estate to 33.0 percent of total share holdings of such shareholder. On April 27, 1999, the Board approved an increase in the redemption amount of $19,190,347 to $77,987,383. No shares have ever been redeemed by the Company under the redemption plan.

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Beginning in 1999, the Company established a stock repurchase program whereby as much as $70 million of its outstanding Class A common stock could be bought back through December 31, 2001. At its regular quarterly meeting on March 7, 2000, the Board announced expanded authorization for share repurchases up to an additional $50 million of its outstanding Class A common stock through December 31, 2002. In 2000, there were 1,075,178 shares repurchased at a total cost of $31,389,218, or an average price per share of $29.19. Since its inception, 2,975,677 shares have been repurchased at a total cost of $85,719,349, or an average price per share of $28.81. The Company may purchase the shares from time to time in the open market or by privately negotiated transactions, depending on prevailing market conditions and alternative uses of the Company's capital.

Dividends declared to shareholders totaled $36,188,667, $32,802,428, and $29,865,438 in 2000, 1999, and 1998, respectively. There are no regulatory restrictions on the payment of dividends to the Company's shareholders, although there are state law restrictions on the payment of dividends from the Company's subsidiaries to the Company. Dividends from subsidiaries are not material to the Company's cash flows.

Temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities that give rise to deferred tax assets and liabilities resulted in net deferred tax liabilities at December 31, 2000 and 1999 of $7,161,544 and $11,805,286, respectively. The primary reason for the decrease in the deferred tax liability is a decrease in unrealized gains from available-for-sale securities and limited partnerships in 2000 of $7,234,260, resulting in a decrease in deferred tax liability of $2,531,991. Management believes it is likely that the Company will have sufficient taxable income in future years to realize the benefits of the gross deferred tax assets.

FINANCIAL RATINGS

The following table summarizes the current A. M. Best Company ratings for the insurers managed by the Company:

Erie Insurance Exchange A++
Erie Insurance Company A++
Erie Insurance Property & Casualty Company A++
Erie Insurance Company of New York A++
Flagship City Insurance Company A++
Erie Family Life Insurance Company A+

According to A. M. Best, a superior rating (A++or A+) is assigned to those companies that, in A. M. Best's opinion, have achieved superior overall performance when compared to the standards established by A. M. Best and have a very strong ability to meet their obligations to policyholders over the long term. Financial strength ratings have become increasingly important to the insurers managed by the Company and to the industry in marketing insurance products.

REGULATORY RISK-BASED CAPITAL

The NAIC standard for measuring the solvency of insurance companies, referred to as Risk-Based Capital (RBC), is a method of measuring the minimum amount of capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile. The RBC formula is used by state insurance regulators as an early warning tool to identify, for the purpose of initiating regulatory action, insurance companies that potentially are inadequately capitalized. In addition, the formula defines minimum capital standards that will supplement the current system of low fixed minimum capital and surplus requirements on a state-by-state basis. At December 31, 2000, the Company's property/casualty insurance subsidiaries' RBC levels are all substantially in excess of levels that would require regulatory action.

REINSURANCE

The property/casualty insurers managed by the Company do not maintain any ceded reinsurance treaties with unaffiliated insurers due to their strong surplus position, the cost of reinsurance, and low ratio of the premium writings to surplus. The Company does not believe the absence of ceded reinsurance treaties will have a material adverse effect, over the long term, on the results of operations of the insurance companies managed by the Company. However, the absence of such treaties could have an adverse effect on the results of operations of the insurance companies managed by the Company in a given year if the frequency or severity of claims were substantially higher than historical averages because of an unusual event or series of events.

Erie Insurance Company and Erie Insurance Company of New York have in effect an all-lines aggregate excess of loss reinsurance agreement with the Exchange. Under the agreement, Erie Insurance Company and Erie Insurance Company of New York reinsure their net retained share of the intercompany reinsurance pool. Once Erie Insurance Company and Erie Insurance Company of New York have sustained ultimate net losses in any applicable accident year that exceed an amount equal to 72.5 percent of Erie Insurance Company and Erie Insurance Company of New York's net premiums earned in that period, the Exchange will be liable for 95.0 percent of the amount of such excess up to, but not exceeding, an amount equal to 95.0 percent of 15.0 percent of Erie Insurance Company's and Erie Insurance Company of New York's net premiums earned. Erie Insurance Company and Erie Insurance Company of New York retain losses equal to 5.0 percent of the ultimate net loss in excess of the retention under the contract. The annual premium for this reinsurance treaty is subject to a minimum premium of $800,000. The annual premium for this agreement increased 5.8 percent to $1,267,781 in 2000 from $1,198,522 in 1999 and increased 3.5 percent from $1,158,245 in 1998. There were no loss recoveries by Erie Insurance Company or Erie Insurance Company of New York under this agreement in 2000, 1999 or 1998. This reinsurance treaty is excluded from the intercompany reinsurance pooling arrangement described earlier.

FACTORS THAT MAY AFFECT FUTURE RESULTS

MANAGEMENT OPERATIONS

Management fee rate. The management fee paid to the Company as attorney-in-fact for the Exchange is subject to approval by the Company's Board of Directors. The rate may be changed periodically by the Board at its discretion but may not exceed 25.0 percent. The Board considers several factors in determining the management fee rate, including the relative financial position of the Exchange and the Company and the long-term capital needs of the Exchange in order to foster growth and competitiveness as well as maintain its superior financial strength. Because the management fee revenue from the Exchange provides the majority of the Company's revenue, the income of the Company is dependent upon the ability of the Exchange to offer competitive insurance products in the marketplace.

Competition. In 1999, intense price competition in several of Erie Insurance Group's major lines of business affected the growth in premiums. While competitive conditions persist, the year 2000 saw a hardening in the commercial market forcing companies to raise premium rates. While the market has moderated in personal lines, it is only a slight moderation and there is reason to believe it could reintensify. Pricing strategies of the Company take a long-term view of the marketplace, avoiding sudden and disruptive pricing actions. Further, an increasing number of companies are concentrating significant capital on e-commerce strategies, abandoning traditional sales efforts and putting more emphasis on direct sales. The Company has developed an e-commerce strategy and is leveraging technology to support its business model of doing business through independent Agents. Sound underwriting practices and pricing philosophies allow Erie Insurance Group to maintain its competitive position and market share. Future competitive markets for insurance products could cause downward pressure on insurance prices and on the Company's fees from management operations.

INSURANCE OPERATIONS

Geographic expansion. On March 7, 2000, the Company announced the Erie Insurance Group's intention to expand its operations into Wisconsin. Wisconsin will be the eleventh state served by the Group, in addition to the District of Columbia. Beginning in the third quarter of 2001, the Group intends to write all lines of insurance it currently offers, including auto, home, business, life and annuities, in Wisconsin.

Incurred But Not Reported (IBNR) losses. The insurance companies owned and managed by the Company are exposed to new claims on previously closed files and to larger than historical settlements on pending and unreported claims. The Company is exposed to increased losses by virtue of its 5.5 percent participation in the intercompany reinsurance pooling agreement with the Exchange.

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REGULATORY

Financial services reform. Federal legislative initiatives on financial services reform, begun in 1997, culminated in the enactment in 1999 of Senate Bill 900, the Financial Services Modernization Act, which significantly changes the way insurance companies, banks and securities firms are regulated. The elimination of some regulatory barriers to banks entering the insurance market, privacy initiatives concerning the consumer data held by financial institutions and the interjection of federal government agencies into the traditionally state regulated insurance industry may materially change the ground rules under which insurance products are marketed.

Additionally, current and future proposed federal measures may affect the way the property/casualty and life insurance industries distribute, price and service their products. These proposals may include possible changes to the tax laws governing the taxation of insurance companies, proposals regarding natural disaster protection and insurance, tort reform and the use of credit history, the Auto-Choice Reform Act (see below), urban insurance issues (see below) and the enforcement of territorial underwriting in personal lines of business are other regulatory issues facing the insurance industry.

Urban insurance issues. Federal regulators have heightened their scrutiny of the property/casualty insurance industry, particularly its underwriting and marketing practices relative to homeowners insurance. Assertions have been made and complaints filed against various insurers for an alleged practice called "redlining," a term used to describe an insurer's illegal and unfair discrimination against minority communities that are typically located in economically depressed inner cities. The Department of Housing and Urban Development has initiated much of the action at the federal level, with enforcement by the United States Department of Justice. A number of complaints have culminated in consent decrees under which insurers have agreed to pay substantial sums of money.

Auto Choice Reform Act. One of the more recent attempts at insurance regulation by the federal government is a bill that was introduced in the last Congress and is expected to be reintroduced in this Congress, and is known as the "Auto Choice Reform Act." The bill offers consumers a choice between traditional automobile insurance (i.e., a tort liability system) or coverage at a reduced premium under a personal protection policy that allows insureds to recover economic damages from their insurer but requires them to relinquish their right to sue or be sued for noneconomic damages. States could "opt out" of such a system by passing legislation to do so. Federal legislation that mandates automobile premium rate reductions would adversely affect the management fee revenue of the Company and could affect its insurance underwriting profitability.

Ohio judicial rulings. The Company is exposed to potential liabilities involving Ohio uninsured and underinsured motorist losses. A December 2000 ruling by the Ohio Supreme Court (Linko v. Indemnity Ins. Co. of North America) may nullify coverage limits that were previously selected by insureds. These limits were relied upon in settling past claims. There are uncertainties inherent in identifying affected claimants, in estimating how many will submit a claim, and in estimating the settlement value of claims submitted.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. Many factors could cause future results to differ materially from those discussed. Examples of such factors include variations in catastrophe losses due to changes in weather patterns or other natural causes; changes in insurance regulations or legislation that disadvantage the members of the Group in the marketplace and recession; economic conditions or stock market changes affecting pricing or demand for insurance products or ability to generate investment income. Growth and profitability have been and will be potentially materially affected by these and other factors.

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GLOSSARY OF SELECTED INSURANCE TERMS

ASSUME: To receive from an insurer or a reinsurer all or part of the insurance or reinsurance written by an insurance or reinsurance entity.

ATTORNEY-IN-FACT: Legal entity (Erie Indemnity Company, a corporate attorney-in-fact) that is legally appointed by another (subscribers of the Exchange) to transact business on its behalf.

CEDE: To transfer to an insurer or a reinsurer all or part of the insurance or reinsurance written by an insurance or reinsurance entity.

DIRECT PREMIUMS WRITTEN: Premiums on policies written by an insurer, excluding premiums for reinsurance assumed or ceded by an insurer.

GAAP COMBINED RATIO: Ratio of acquisition and underwriting expenses, losses and loss adjustment expenses incurred to premiums earned, computed under Generally Accepted Accounting Principles.

GROSS MARGINS FROM MANAGEMENT OPERATIONS: Net revenues from management operations divided by total revenues from management operations.

INCURRED BUT NOT REPORTED: Estimated liabilities established by an insurer to reflect the losses estimated to have occurred but that are not yet known by the insurer.

LOSSES: An occurrence that is the basis for submission of a claim. Losses may be covered, limited or excluded from coverage, depending on the terms of the policy. "Loss" also refers to the amount of the insurer's liability arising out of the occurrence.

LOSS ADJUSTMENT EXPENSES (LAE): The expenses of settling claims, including legal and other fees and expenses, and the portion of general expenses allocated to claim settlement costs.

LOSS RESERVES: Estimated liabilities established by an insurer to reflect the estimated cost of claims payments and the related expenses that ultimately will be incurred in respect of insurance it has written.

NAIC: The National Association of Insurance Commissioners, an association of the top regulatory officials of all 50 states and the District of Columbia organized to promote consistency of regulatory practices and statutory accounting practices throughout the United States.

PROPERTY/CASUALTY INSURANCE: Casualty insurance indemnifies an insured against legal liability imposed for losses caused by injuries to third persons (i.e., not the policyholder). It includes, but is not limited to, employers' liability, workers' compensation, public liability, automobile liability and personal liability. Property insurance indemnifies a person with an insurable interest in tangible property for his property loss, damage or loss of use.

RECIPROCAL INSURANCE EXCHANGE: An unincorporated group of persons known as subscribers who, under a common name, exchange insurance contracts with each other for the purpose of providing indemnity among themselves from losses through a common attorney-in-fact. Each subscriber gives a power of attorney under which the attorney-in-fact represents each subscriber in exchanging insurance contracts with the other subscribers.

REINSURANCE: An instrument under which an insurer cedes to another insurer all or a portion of the risk insured and conveys/pays to that other insurer a portion of the premium received from the insured. Reinsurance makes the assuming reinsurer liable to the extent of the coverage ceded. However, in the event the reinsurer is unable to pay the assumed portion of the loss, the ceding insurer would be responsible for the entire loss.

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Selected Segment Information

The direct written premiums of the Erie Insurance Group have a direct impact on the Company's management fee revenue and consequently the Company's management operations . The Company's insurance underwriting operations are impacted by the mix of the Group's direct written premium. Below is a summary of direct written premiums of the Erie Insurance Group by state and line of business.

	Years Ended December 31		
	2000	1999	1998
Premiums written as a percent of total by state:			
District of Columbia	0.3%	0.2%	0.2%
Illinois	0.6	0.2	0.0
Indiana	4.0	3.9	3.8
Maryland	11.9	11.9	11.7
New York	2.7	2.2	1.3
North Carolina	4.6	4.1	3.3
Ohio	8.0	7.9	7.6
Pennsylvania	53.9	55.6	58.1
Tennessee	1.4	1.3	1.2
Virginia	8.0	8.1	8.1
West Virginia	4.6	4.6	4.7
	100.00%	100.00%	100.00%
Premiums written by line of business:			
Personal:			
Automobile	56.9%	59.5%	62.1%
Homeowners	16.1	15.7	14.3
Other	1.3	0.9	0.9
Total Personal	74.3%	76.1%	77.3%
Commercial:			
Automobile	7.8%	7.3%	6.9%
Workers' Compensation	7.2	6.5	6.4
Commercial multi-peril	9.1	8.3	7.4
Other	1.6	1.8	2.0
Total Commercial	25.7%	23.9%	22.7%
	100.0%	100.0%	100.0%

The growth rate of Policies in Force and policy retention trends can impact the Company's management and property/casualty operating segments. Below is a summary of each by line of business for the Erie Insurance Group's property/casualty business.

	Years Ended December 31 (amounts in thousands)		
	2000	1999	1998
Policy Totals			
Personal Policy Totals	2,471	2,329	2,222
Commercial Policy Totals	395	361	337
Total Policies in Force	2,866	2,690	2,559
Policy Retention Percentage			
Personal Policy Retention Percentages	91.5%	91.0%	90.4%
Commercial Policy Retention Percentages	85.9%	84.1%	82.9%
Total Policy Retention Percentages	91.0%	90.5%	89.9%

Index to Graphs included in the Management's Discussion and Analysis

Graph #1

ERIE INSURANCE GROUP
Organizational Structure/Major Business Units

Property/Casualty Insurance	Pooling Participation
Erie Insurance Exchange	94.5%
Erie Insurance Company***	5.0%
Erie Insurance Company of New York**	0.5%
Erie Insurance Property & Casualty Company***	0.0%
Flagship City Insurance Company*	0.0%

*Wholly-owned by Erie Insurance Exchange
**Wholly-owned by Erie Insurance Company
***Wholly-owned by Erie Indemnity Company

Management Operations

Erie Indemnity Company is the Attorney-in-Fact for the Erie Insurance Exchange (A Reciprocal Insurance Exchange)

Life Insurance Operations

Erie Family Life Insurance Company

53.5% ownership by Erie Insurance Exchange
21.6% ownership by Erie Indemnity Company

Graph #2

NET REVENUE FROM MANAGEMENT OPERATIONS AND GROSS MARGINS
(In millions of dollars, except ratios)

	1998	1999	2000
Net Revenue from Management Operations	$145.2	$148.5	$158.7
Gross Margin from Management Operations	28.9%	28.1%	27.6%

Graph #3

REVENUE FROM INVESTMENT OPERATIONS
(In millions of dollars)

	1998	1999	2000
Net Realized Gain on Investments	$7.2	$14.8	$17.0
Equity in Earnings of EFL	$4.8	$5.0	$5.5
Equity in Earnings of Limited Partnership	$0.1	$0.6	$4.7
Net Investment Income	$38.6	$43.3	$48.4

Graph #4

DIVERSIFICATION OF FIXED MATURITIES
at December 31, 2000

U.S. Industrial & Miscellaneous	50%
Special Revenue	22%
States & Political Subdivisions	10%
Redeemable preferred stock	6%
Foreign	6%
Other	6%

Graph #5

QUALITY* OF FIXED MATURITIES
Carrying Value

Aaa/AAA	28%
Aa/AA	14%
A	23%
Baa/BBB	32%
Ba/BB or lower	3%

* As rated by Standard & Poor's or Moody's Investor's Service, Inc.

Graph #6

TERM TO MATURITY OF FIXED MATURITIES
Carrying Value *

2001	7%
2002-2006	38%
2007-2011	27%
Subsequent to 2011	28%

* Based on contractual maturity date at December 31, 2000

Graph #7

DIVERSIFICATION OF EQUITY SECURITIES
at December 31, 2000 - Carrying Value

(1) U.S. Industrial & Miscellaneous	42%
(1) U.S. Banks, Trusts & Insurance Co's	2%
(1) Foreign	2%
(2) U.S. Industrial & Miscellaneous	30%
(2) Foreign	13%
(2) U.S. Banks, Trusts & Insurance Co's	11%

(1) Common Stock
(2) Preferred Stock

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REPORT OF MANAGEMENT

The management of Erie Indemnity Company is responsible for the preparation of information included in the financial statements in this Annual Report to Shareholders. The financial statements have been prepared in conformity with Generally Accepted Accounting Principles. The balances in the financial statements are developed from the financial records of the Company and reflect estimates using judgment where amounts cannot be measured precisely or for transactions not yet complete.

The Company's system of internal control is designed to safeguard Company assets from unauthorized use or disposition and to provide for proper authorization, execution and recording of Company transactions. Company personnel design, maintain and monitor internal control on an ongoing basis. In addition, the Company's internal auditors review and report on the functioning of various aspects of internal control.

The Audit Committee of the Board of Directors, composed of outside directors, meets periodically with the Company's management, internal auditors and independent auditors to review the work of each and to inquire as to their assessment of the performance of Company financial personnel. The independent auditors and internal auditors have full and free access to the Audit Committee, without the presence of management, to discuss results of work performed and communicate other appropriate matters.

/s/ Stephen A. Milne
Stephen A. Milne
President and Chief Executive Officer
February 5, 2001

/s/ Philip A. Garcia
Philip A. Garcia
Executive Vice President and Chief Financial Officer
February 5, 2001

/s/ Timothy G. NeCastro
Timothy G. NeCastro
Senior Vice President and Controller
February 5, 2001

INDEPENDENT AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholders
Erie Indemnity Company
Erie, Pennsylvania

We have audited the accompanying Consolidated Statements of Financial Position of Erie Indemnity Company and subsidiaries as of December 31, 2000 and 1999, and the related Consolidated Statements of Operations, Shareholders' Equity, and Cash Flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Erie Indemnity Company and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

/s/ Brown,Schwab, Bergquist & Co.
Brown, Schwab,Bergquist & Co.

Erie, Pennsylvania
February 5, 2001

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ERIE INDEMNITY COMPANY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of December 31, 2000 and 1999
(Dollars in thousands)

ASSETS	2000	1999
Investments:		
Fixed maturities at fair value (amortized cost of $524,172 and $489,394, respectively)	$ 531,546	$ 485,522
Equity securities at fair value (cost of $184,968 and $171,495, respectively)	204,446	215,383
Limited partnerships	68,242	39,116
Real estate mortgage loans	6,581	8,230
Total investments	$ 810,815	$ 748,251
Cash and cash equivalents	38,778	24,214
Accrued investment income	9,087	7,998
Premiums receivable from Policyholders	156,269	140,868
Prepaid federal income taxes	3,604	2,975
Reinsurance recoverable from Erie Insurance Exchange	412,050	365,217
Note receivable from Erie Family Life Insurance Company	15,000	15,000
Other receivables from Erie Insurance Exchange and affiliates	119,959	105,752
Reinsurance recoverable non-affiliates	712	912
Deferred policy acquisition costs	13,202	11,405
Property and equipment	13,856	15,261
Equity in Erie Family Life Insurance Company	42,331	37,007
Other assets	44,936	43,934
Total assets	$ 1,680,599	$ 1,518,794

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LIABILITIES AND SHAREHOLDERS' EQUITY	2000	1999
LIABILITIES		
Unpaid losses and loss adjustment expenses	$ 477,879	$ 432,895
Unearned premiums	263,855	237,452
Commissions payable and accrued	96,823	92,874
Accounts payable and accrued expenses	30,476	24,187
Deferred income taxes	7,161	11,805
Dividends payable	9,839	8,853
Employee benefit obligations	15,551	13,129
Total liabilities	$ 901,584	$ 821,195
SHAREHOLDERS' EQUITY		
Capital stock		
Class A common, stated value $.0292 per share; authorized 74,996,930 shares; 67,032,000 shares issued; 64,056,323 and 65,131,501 shares outstanding in 2000 and 1999, respectively	$ 1,955	$ 1,955
Class B common, stated value $70 per share; authorized 3,070 shares; 3,070 shares issued and outstanding	215	215
Additional paid-in capital	7,830	7,830
Accumulated other comprehensive income	23,182	26,581
Retained earnings	831,552	715,348
Total contributed capital and retained earnings	$ 864,734	$ 751,929
Treasury stock, at cost, 2,975,677 shares repurchased in 2000 and 1,900,499 shares repurchased in 1999	(85,719)	(54,330)
Total shareholders' equity	$ 779,015	$ 697,599
Total liabilities and shareholders' equity	$ 1,680,599	$ 1,518,794

See accompanying notes to consolidated financial statements

INCORPORATED BY REFERENCE, PAGE 30 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

ERIE INDEMNITY COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2000, 1999 and 1998
(Amounts in thousands, except per share data)

	2000	1999	1998
MANAGEMENT OPERATIONS:			
Management fee revenue	$ 551,646	$ 513,375	$ 489,147
Service agreement revenue	22,662	15,441	13,879
Total revenue from management operations	$ 574,308	$ 528,816	$ 503,026
Cost of management operations	415,562	380,298	357,783
Net revenue from management operations	$ 158,746	$ 148,518	$ 145,243
INSURANCE UNDERWRITING OPERATIONS:			
Premiums earned	$ 123,708	$ 117,224	$ 112,939
Losses and loss adjustment expenses incurred	$ 99,564	$ 87,719	$ 79,881
Policy acquisition and other underwriting expenses	34,546	33,044	32,491
Total losses and expenses	$ 134,110	$ 120,763	$ 112,372
Underwriting (loss) gain	($ 10,402)	($ 3,539)	$ 567
INVESTMENT OPERATIONS:			
Net investment income	$ 48,401	$ 43,344	$ 38,548
Net realized gain on investments	16,968	14,746	7,164
Equity in earnings of Erie Family Life Insurance Company	5,492	5,045	4,777
Equity in earnings of limited partnerships	4,733	641	58
Net revenue from investment operations	$ 75,594	$ 63,776	$ 50,547
Income before income taxes	$ 223,938	$ 208,755	$ 196,357
Provision for income taxes	71,545	65,649	61,806
NET INCOME	$ 152,393	$ 143,106	$ 134,551
Net income per share	$ 2.12	$ 1.95	$ 1.81
Weighted average shares outstanding (Note 2)	71,954	73,487	74,400

See accompanying notes to consolidated financial statements

INCORPORATED BY REFERENCE, PAGE 33 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

ERIE INDEMNITY COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years Ended December 31, 2000, 1999 and 1998
(Dollars in thousands, except per share data)

	Total Shareholders' Equity	Comprehensive Income	Retained Earnings	Accumulated Other Comprehensive Income
Balance, January 1, 1998	$ 539,383	$	$ 500,359	$ 29,024
Comprehensive income				
Net income	134,551	$ 134,551	134,551	
Other comprehensive income, net of tax	11,154	11,154		11,154
Comprehensive income		$ 145,705		
Dividends:				
Class A $.4425 per share	(29,662)		(29,662)	
Class B $66.375 per share	(203)		(203)	
Balance, December 31, 1998	$ 655,223		$ 605,045	$ 40,178
Comprehensive income				
Net income	143,106	$ 143,106	143,106	
Other comprehensive loss, net of tax	(13,597)	(13,597)		(13,597)
Comprehensive income		$ 129,509		
Purchase of treasury stock	(54,330)			
Dividends:				
Class A $.495 per share	(32,575)		(32,575)	
Class B $74.25 per share	(228)		(228)	
Balance, December 31, 1999	$ 697,599		$ 715,348	$ 26,581
Comprehensive income				
Net income	152,393	$ 152,393	152,393	
Other comprehensive loss, net of tax	(3,399)	(3,399)		(3,399)
Comprehensive income		$ 148,994		
Purchase of treasury stock	(31,389)			
Dividends:				
Class A $.5575 per share	(35,932)		(35,932)	
Class B $83.625 per share	(257)		(257)	
Balance, December 31, 2000	$ 779,015		$ 831,552	$ 23,182

INCORPORATED BY REFERENCE, PAGE 33 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

	Class A Common	Class B Common	Additional Paid-in-Capital	Treasury Stock
Balance, January 1, 1998	$ 1,955	$ 215	$ 7,830	$ 0
Comprehensive income				
Net income				
Other comprehensive income, net of tax				
Comprehensive income				
Dividends:				
Class A $.4425 per share				
Class B $66.375 per share				
Balance, December 31, 1998	$ 1,955	$ 215	$ 7,830	$ 0
Comprehensive income				
Net income				
Other comprehensive loss, net of tax				
Comprehensive income				
Purchase of treasury stock				(54,330)
Dividends:				
Class A $.495 per share				
Class B $74.25 per share				
Balance, December 31, 1999	$ 1,955	$ 215	$ 7,830	($ 54,330)
Comprehensive income				
Net income				
Other comprehensive loss, net of tax				
Comprehensive income				
Purchase of treasury stock				(31,389)
Dividends:				
Class A $.5575 per share				
Class B $83.625 per share				
Balance, December 31, 2000	$ 1,955	$ 215	$ 7,830	($ 85,719)

See accompanying notes to consolidated financial statements

ERIE INDEMNITY COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2000, 1999 and 1998
(Dollars in thousands)

	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 152,393	$ 143,106	$ 134,551
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,745	1,766	2,001
Deferred income tax (benefit) expense	(2,112)	(1,311)	4,677
Amortization of deferred policy acquisition costs	22,793	22,507	21,357
Realized gain on investments	(16,968)	(14,746)	(7,164)
Net amortization of bond (discount) premium	(43)	80	(89)
Undistributed earnings of Erie Family Life	(4,020)	(3,696)	(3,551)
Deferred compensation	642	1,212	1,081
Increase in accrued investment income	(1,089)	(745)	(1,124)
Increase in receivables	(76,240)	(6,274)	(1,387)
Policy acquisition costs deferred	(24,591)	(23,049)	(21,936)
Increase in prepaid expenses and other assets	(939)	(6,185)	(10,194)
Increase in accounts payable and accrued expenses	8,068	3,343	6,646
Increase in commissions payable and accrued	3,950	7,868	3,855
Increase in income taxes recoverable	(629)	(466)	(827)
Increase in loss reserves	44,984	6,730	12,756
Increase in unearned premiums	26,403	7,469	9,846
Net cash provided by operating activities	$ 135,347	$ 137,609	$ 150,498
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchase of investments (Note 3)	($ 52,789)	($ 75,081)	($ 115,999)
Purchase of property and equipment	(308)	(444)	(394)
Purchase of computer software	(1,032)	(4,194)	(3,865)
Loans to agents	(1,781)	(3,459)	(2,431)
Collections on agent loans	1,719	2,582	1,644
Net cash used in investing activities	($ 54,191)	($ 80,596)	($ 121,045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders	($ 35,203)	($ 32,049)	($ 29,021)
Purchase of treasury stock	(31,389)	(54,330)	0
Net cash used in financing activities	($ 66,592)	($ 86,379)	($ 29,021)
Net increase (decrease) in cash and cash equivalents	$ 14,564	($ 29,366)	$ 432
Cash and cash equivalents at beginning of year	24,214	53,580	53,148
Cash and cash equivalents at end of year	$ 38,778	$ 24,214	$ 53,580

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:
Cash paid during the years ended December 31, 2000, 1999 and 1998 for income taxes was $74,286, $67,495 and $57,929, respectively.

See accompanying notes to consolidated financial statements

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
All dollar amounts are in thousands except per share data

NOTE 1. NATURE OF BUSINESS

Erie Indemnity Company (Company) is the attorney-in-fact for the Erie Insurance Exchange (Exchange), a reciprocal insurance exchange. The Company earns a management fee for administrative and underwriting services provided to the Exchange and its affiliates. The Exchange is a property/casualty insurer rated A++ Superior by A. M. Best. See also Note 10.

The Company's property/casualty insurance subsidiaries share proportionately in the results of all property/casualty insurance underwriting operations of the Exchange. The Exchange, Erie Insurance Company (EIC), a wholly-owned subsidiary of the Company, and the Erie Insurance Company of New York (EINY), a wholly-owned subsidiary of the EIC, are part of an intercompany pooling agreement. Under this agreement, EIC and EINY cede 100% of their property/casualty insurance business, including property/casualty insurance operations assets and liabilities, to the Exchange. The Exchange retrocedes to EIC and EINY a specified percentage (5% for EIC and .5% for EINY during 2000, 1999 and 1998) of all pooled property/casualty insurance business, including insurance operations assets and liabilities. Insurance ceded by EIC and EINY to the Exchange does not relieve EIC and EINY from their primary liability as the original insurers. See also Note 12.

The property/casualty insurers operate in ten states and the District of Columbia. Business consists, to a large extent, of private passenger and commercial automobile, homeowners and workers' compensation insurance in Pennsylvania, Ohio, West Virginia, Maryland and Virginia.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles that differ from statutory accounting practices prescribed or permitted for insurance companies by regulatory authorities.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts reported in prior years have been reclassified to conform to the current year's financial statement presentation.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments and cash equivalents

Fixed maturities determined by management not to be held-to-maturity and marketable equity securities are classified as available-for-sale. Equity securities consist primarily of common and nonredeemable preferred stocks while fixed maturities consist of bonds, notes and redeemable preferred stock. Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of deferred tax, reported as a separate component of comprehensive income and shareholders' equity. There are no securities classified as "trading" or "held-to-maturity."

Realized gains and losses on sales of investments, including losses from declines in value of specific securities determined by management to be other-than-temporary, are recognized in income on the specific identification method. Interest and dividend income is recorded as earned.

Limited partnerships include U.S. and foreign private equity, real estate and fixed income investments. The private equity limited partnerships invest in small- to medium-sized companies. The private equity limited partnerships are carried at their estimated market values with unrealized gains and losses, net of deferred taxes, reflected in shareholders' equity in accumulated other comprehensive income. Investment income or loss is recognized on the sale of the equity investment. Real estate and fixed income limited partnerships are recorded using the equity method, which approximates the Company's share of the carrying value of the partnership.

Mortgage loans on commercial real estate are recorded at unpaid balances, adjusted for amortization of premium or discount. A valuation allowance would be provided for impairment in net realizable value based on periodic valuations as needed.

Cash equivalents include, primarily, investments in bank money market funds.

Fair value of financial instruments

Fair values of available-for-sale securities are based on quoted market prices, where available, or dealer quotations. The carrying amounts reported in the Consolidated Statements of Financial Position approximate fair value. The carrying value of receivables and liabilities arising in the ordinary course of business approximates fair value.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred policy acquisition costs

Commissions and other costs of acquiring insurance that vary with, and are primarily related to, the production of new and renewal business are deferred and amortized over the terms of the policies or reinsurance treaties to which they relate. The amount of costs to be deferred would be reduced to the extent future policy premiums and anticipated investment income would not exceed related losses, expenses and Policyholder dividends. Amortization expense equaled $22,793, $22,507 and $21,357 in 2000, 1999 and 1998, respectively.

Insurance liabilities

Losses refer to amounts paid or expected to be paid for events which have occurred. The cost of investigating, resolving and processing these claims are referred to as loss adjustment expenses. A liability is established for the total unpaid cost of losses and loss adjustment expenses, including events occurring in current and prior years.

The liability for losses and loss adjustment expenses includes an amount determined from loss reports and individual cases and an amount, based on past experience, for losses incurred but not reported. Inflation is provided for in the reserving function through analysis of costs, trends and reviews of historical reserving results. Such liabilities are necessarily based on estimates and, while management believes the amount is appropriate, the ultimate liability may differ from the amounts provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed, and any adjustments are reflected in current earnings. Loss reserves, as permitted by insurance department statute, are set at full expected cost except for loss reserves for workers' compensation which have been discounted at 2.5% in 2000 and 1999. Unpaid losses and loss adjustment expenses in the Consolidated Statements of Financial Position were reduced by $1,509 and $1,377 at December 31, 2000 and 1999, respectively, due to discounting. The reserves for losses and loss adjustment expenses are reported net of receivables for salvage and subrogation of $3,349 and $3,128 at December 31, 2000 and 1999, respectively.

Environmental-related claims

In establishing the liability for unpaid losses and loss adjustment expenses related to environmental claims, management considers facts currently known and the current state of the law and coverage litigation. Liabilities are recognized for known claims (including the cost of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and management can reasonably estimate its liability. In addition, liabilities have been established to cover additional exposures on both known and unasserted claims. Estimates of the liabilities are reviewed and updated continually. The total amount of the Company's property/casualty subsidiaries' share of paid losses and loss reserves pertaining to environmental-related claims is immaterial.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liability for guaranty fund and other assessments

The Company's property/casualty insurance subsidiaries may be required, under the solvency or guaranty laws of the various states in which they are licensed, to pay assessments up to prescribed limits to fund Policyholder losses or liabilities of insolvent insurance companies. Certain states permit these assessments, or a portion thereof, to be recovered as an offset to future premium taxes. Assessments are recognized when they are imposed or information indicates it is probable one will be imposed, or an event obligating the Company has occurred and the amount can be reasonably estimated. The estimated liability for guaranty fund and other assessments at December 31, 2000 and 1999 totaled $592 and $867, respectively.

Reinsurance

The Consolidated Statements of Operations are presented net of reinsurance activities. Gross losses and expenses incurred are reduced for amounts expected to be recovered under reinsurance agreements. Reinsurance transactions are recorded "gross" on the Consolidated Statements of Financial Position. Estimated reinsurance recoverables and receivables for ceded unearned premiums are recorded as assets with liabilities recorded for related unpaid losses and expenses and unearned premiums.

Income taxes

Provisions for income taxes include deferred taxes resulting from changes in cumulative temporary differences between the tax bases and financial statement bases of assets and liabilities. Deferred taxes are provided on a liability method, whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Property and equipment

Property and equipment are stated at cost. Improvements and replacements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation of property and equipment is computed using straight line and accelerated methods over the estimated useful lives of the assets. The costs and accumulated depreciation and amortization of property sold or retired are removed from the accounts and gains or losses, if any, are reflected in earnings for the year.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Software development costs, primarily salaries and benefits, totaling $7,797 and $7,298, are included in property and equipment at December 31, 2000 and 1999, respectively. Software development costs capitalized during 2000 and 1999 amounted to $499 and $3,659, respectively. These costs are amortized on a straight line basis over the expected life of the applications once the software is ready for intended use.

Property and equipment as of December 31 is summarized as follows:

	2000	1999
Land	$ 737	$ 737
Buildings	5,863	5,861
Leasehold improvements	322	303
Computer software	17,723	16,691
Computer equipment	3,706	3,419
Transportation equipment	450	450
	$ 28,801	$ 27,461
Less accumulated depreciation	14,945	12,200
	$ 13,856	$ 15,261

Revenue recognition

The Securities and Exchange Commission issued Statement of Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." The SAB states that revenue should not be recognized until it is realized or realizable and earned. Cited in the SAB are certain criteria that generally should be met to determine when revenue is realized or realizable and earned. The Company periodically evaluates its revenue recognition practices. Management believes such practices are in compliance with the provisions of this SAB.

Recognition of management fee revenue

A management fee is charged to the Exchange for administrative and underwriting services. The fee is recorded as revenue, computed as a percentage of Exchange direct and affiliated assumed premiums written recognized at the beginning of policy inception or renewal.

Recognition of premium revenues and losses

Property and liability premiums are generally recognized as revenue on a pro rata basis over the policy term.

Unearned premiums are established for the unexpired portion of premiums written. Losses and loss adjustment expenses are recorded as incurred. Premiums earned and losses and loss adjustment expenses incurred are reflected in the Consolidated Statements of Operations net of amounts ceded to the Exchange. See also Note 12.

Earnings per share

Earnings per share is based on the weighted average number of Class A shares outstanding, giving effect to the conversion of the weighted average number of Class B shares outstanding at a rate of 2,400 Class A shares for one Class B share. The total weighted average number of Class A equivalent shares outstanding (including conversion of Class B shares) was 71,954,402, 73,486,572, and 74,400,000 during 2000, 1999 and 1998, respectively.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS

The following tables summarize the cost and market value of available-for-sale securities at December 31, 2000 and 1999:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2000				
Fixed Maturities:				
U.S. treasuries & government agencies	$ 11,216	$ 420	$ 24	$ 11,612
States & political subdivisions	50,337	1,656	34	51,959
Special revenue	110,855	3,779	68	114,566
Public utilities	23,221	550	207	23,564
U. S. industrial & miscellaneous	267,231	4,770	5,940	266,061
Foreign	30,082	238	406	29,914
Total bonds	$ 492,942	$ 11,413	$ 6,679	$ 497,676
Redeemable preferred stock	31,230	3,341	701	33,870
Total fixed maturities	$ 524,172	$ 14,754	$ 7,380	$ 531,546
Equity Securities:				
Common stock:				
U. S. banks, trusts & insurance companies	$ 3,651	$ 422	$ 275	$ 3,798
U. S. industrial & miscellaneous	63,662	38,286	15,343	86,605
Foreign	7,100	581	2,719	4,962
Nonredeemable preferred stock:				
U. S. banks, trusts & insurance companies	22,094	97	66	22,125
U. S. industrial & miscellaneous	62,266	1,987	3,119	61,134
Foreign	26,195	217	590	25,822
Total equity securities	$ 184,968	$ 41,590	$ 22,112	$ 204,446
Total available-for-sale securities	$ 709,140	$ 56,344	$ 29,492	$ 735,992

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 1999				
Fixed Maturities:				
U.S. treasuries & government agencies	$ 11,029	$ 136	$ 114	$ 11,051
States & political subdivisions	52,064	1,477	423	53,118
Special revenue	120,170	2,487	561	122,096
Public utilities	20,909	17	608	20,318
U. S. industrial & miscellaneous	232,458	1,644	6,926	227,176
Foreign	21,593	83	933	20,743
Total bonds	$ 458,223	$ 5,844	$ 9,565	$ 454,502
Redeemable preferred stock	31,171	657	808	31,020
Total fixed maturities	$ 489,394	$ 6,501	$ 10,373	$ 485,522
Equity Securities:				
Common stock:				
U. S. banks, trusts & insurance companies	$ 3,887	$ 3,631	$ 362	$ 7,156
U. S. industrial & miscellaneous	56,035	51,194	4,097	103,132
Foreign	4,948	1,000	437	5,511
Non redeemable preferred stock:				
U. S. banks, trusts & insurance companies	38,708	615	2,629	36,694
U. S. industrial & miscellaneous	61,109	894	5,341	56,662
Foreign	6,808	25	605	6,228
Total equity securities	$ 171,495	$ 57,359	$ 13,471	$ 215,383
Total available-for-sale securities	$ 660,889	$ 63,860	$ 23,844	$ 700,905

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

The amortized cost and estimated fair value of fixed maturities at December 31, 2000, by remaining contractual term to maturity, are shown below.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 34,726	$ 34,660
Due after one year through five years	201,924	204,307
Due after five years through ten years	142,011	144,611
Due after ten years	145,511	147,968
	$ 524,172	$ 531,546

Changes in unrealized gains consist of the following for the years ended December 31:

	2000	1999	1998
Equity securities	($ 24,410)	$ 11,061	$ 11,818
Fixed maturities	11,246	(24,123)	3,415
Limited partnerships	5,930	1,616	32
Equity in unrealized gains (losses) of Erie Family Life Insurance Company	2,005	(9,473)	1,895
Deferred federal income tax benefit (expense)	1,830	7,322	(6,006)
(Decrease) increase in unrealized gains	($ 3,399)	($ 13,597)	$ 11,154

Sources of net investment income for the years ended December 31 are as follows:

	2000	1999	1998
Fixed maturities	$ 34,445	$ 30,547	$ 25,562
Equity securities	11,034	10,104	8,227
Cash equivalents and other	3,416	3,222	5,198
Total investment income	$ 48,895	$ 43,873	$ 38,987
Investment expense	494	529	439
Net investment income	$ 48,401	$ 43,344	$ 38,548

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

The components of equity in earnings of limited partnerships as reported on the Consolidated Statement of Operations for the years ended December 31 are as follows:

	2000	1999	1998
Private equity	$ 1,464	($ 354)	($ 367)
Real estate	1,926	905	387
Fixed income	1,343	90	38
Total equity in earnings of limited partnerships	$ 4,733	$ 641	$ 58

The cost of limited partnerships included in the Consolidated Statements of Financial Position at December 31, 2000 and 1999 is $60,661 and $37,465, respectively. These limited partnerships have a fair value of $68,242 and $39,116, at December 31, 2000 and 1999, respectively.

Net purchases of investments as presented in the Consolidated Statements of Cash Flows consist of the following for the years ended December 31:

	2000	1999	1998
Purchase of investments:			
Fixed maturities	($ 153,029)	($ 162,769)	($ 132,217)
Equity securities	(54,649)	(71,637)	(90,404)
Mortgage loans	0	(66)	(160)
Limited partnerships	(29,486)	(21,308)	(12,787)
Total purchases	($ 237,164)	($ 255,780)	($ 235,568)
Sales/Maturities of investments:			
Sales of fixed maturities	$ 61,333	$ 30,927	$ 19,103
Calls of fixed maturities	59,570	64,094	26,045
Equity securities	55,596	84,187	70,848
Mortgage loans	1,649	123	265
Limited partnerships	6,227	1,368	3,308
Total sales/maturities	$ 184,375	$ 180,699	$ 119,569
Net purchase of investments	($ 52,789)	($ 75,081)	($ 115,999)

INCORPORATED BY REFERENCE, PAGES 38 AND 39 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. INVESTMENTS (CONTINUED)

Realized gains and losses on investments reflected in operations are summarized below for the years ended December 31:

	2000	1999	1998
Realized gains:			
Fixed maturities	$ 2,921	$ 712	$ 809
Equity securities	18,070	18,437	9,663
Other invested assets	0	0	688
Total gains	$ 20,991	$ 19,149	$ 11,160
Realized losses:			
Fixed maturities	$ 311	$ 87	$ 1
Equity securities	3,712	4,316	3,397
Other invested assets	0	0	598
Total losses	$ 4,023	$ 4,403	$ 3,996
Net realized gain on investments	$ 16,968	$ 14,746	$ 7,164

During 2000, the Company began participating in a securities lending program whereby certain securities from its portfolio are loaned to other institutions for short periods of time through a lending agent. A fee is paid to the Company by the borrower. Collateral that exceeds the market value of the loaned securities is maintained by the lending agent. The Company has an indemnification agreement with the lending agent in the event a borrower becomes insolvent or fails to return securities. At December 31, 2000, the Company had loaned securities with a market value of $31,776 and secured collateral of $33,468. The borrower of the securities is not permitted to sell or replace the security on loan.

NOTE 4. COMPREHENSIVE INCOME

Comprehensive income is defined as any change in equity from transactions and other events originating from nonowner sources. The components of other comprehensive income follow for the years ended December 31:

	2000	1999	1998
Unrealized holding gains (losses) arising during period	$ 11,739	($ 6,173)	$ 24,324
Less: reclassification adjustment for gains included in net income	(16,968)	(14,746)	(7,164)
Net unrealized holding (losses) gains arising during period	($ 5,229)	($ 20,919)	$ 17,160
Income tax benefit (expense) related to unrealized gains or losses	$ 1,830	$ 7,322	($ 6,006)
Other comprehensive (loss) income, net of tax	($ 3,399)	($ 13,597)	$ 11,154

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. EQUITY IN ERIE FAMILY LIFE INSURANCE COMPANY

The Company owns 21.63% of Erie Family Life Insurance Company's (EFL) common shares outstanding, which is accounted for using the equity method of accounting. EFL is a Pennsylvania-domiciled life insurance company operating in nine states and the District of Columbia.

The following represents condensed financial information for EFL on a GAAP basis:

	2000	1999	1998
Investments	$ 881,069	$ 817,460	$ 774,882
Total assets	1,020,343	954,532	917,606
Liabilities	824,623	783,429	735,075
Shareholders' equity	195,720	171,103	182,531
Revenues	115,373	102,924	96,210
Net income	25,390	23,325	22,085
Comprehensive income (loss)	31,421	(5,191)	27,821
Dividends paid to shareholders	6,662	6,096	5,529

The Company's share of EFL's net unrealized gains or (losses) on securities is reflected in shareholders' equity as $801, ($502) and $5,656 at December 31, 2000, 1999 and 1998, respectively.

NOTE 6. BENEFIT PLANS

Pension plan for Employees

The Company has a noncontributory-defined benefit pension plan covering substantially all Employees of the Company. Information about this plan follows for the years ended December 31:

	2000	1999
Net periodic benefit or cost:		
Service cost	$ 5,862	$ 6,518
Interest cost	6,851	6,627
Expected return on plan assets	(12,322)	(10,862)
Amortization of prior service cost	530	530
Recognized actuarial gain	(2,670)	(1,035)
Amortization of unrecognized initial net asset	(234)	(234)
Net periodic (benefit) cost	($ 1,983)	$ 1,544

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BENEFIT PLANS (CONTINUED)

	2000	1999
Fair value of plan assets:		
Fair value of plan assets at January 1	$ 160,385	$ 133,377
Actual return on plan assets	11,688	25,732
Employer (refunds) contributions	(127)	3,000
Benefits paid	(310)	(1,724)
Fair value of plan assets at December 31	$ 171,636	$ 160,385
Projected benefit obligation:		
Benefit obligation at January 1	$ 94,560	$ 100,281
Service cost	5,862	6,518
Interest cost	6,851	6,627
Amendments	0	1,231
Actuarial gain	(2,966)	(18,373)
Benefits paid	(310)	(1,724)
Projected benefit obligation at December 31	$ 103,997	$ 94,560
Funded status:		
Funded status at December 31	$ 67,639	$ 65,825
Unrecognized net actuarial gain	(54,943)	(55,280)
Unrecognized prior service cost	3,101	3,630
Unrecognized initial net asset	(701)	(935)
Net asset recognized on Consolidated Statements of Financial Position	$ 15,096	$ 13,240

The plan assets include cash, treasury bonds, corporate bonds, common and preferred stocks and mortgages.

The 1999 amendment amount relates to an increase in monthly benefits to retired employees.

Assumptions used in accounting for the pension plan were as follows:

	2000	1999
Weighted average discount rate used to measure projected benefit obligation	7.50%	7.50%
Weighted average rate of compensation increase used to measure projected benefit obligation	5.00%	5.00%
Weighted average expected long-term rate of return on plan assets	8.25%	8.25%

The Company's funding policy is to contribute amounts sufficient to meet ERISA funding requirements plus such additional amounts as may be determined to be appropriate.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BENEFIT PLANS (CONTINUED)

The pension plan purchases individual annuities periodically from EFL to settle retiree benefit payments. Such purchases equaled $5,627, $5,322 and $6,413 in 2000, 1999 and 1998, respectively. These are non-participating annuity contracts under which EFL has unconditionally contracted to provide specified benefits to beneficiaries in return for a fixed premium from the plan. However, the plan remains the primary obligor to the beneficiaries and a contingent liability exists in the event EFL could not honor the annuity contracts. The benefit obligation has been reduced for these annuities purchased for retirees.

The accumulated benefit obligation is the present value of all benefits attributed to the plan for services rendered based on current and past compensation levels. The obligation was $64,959 and $57,824 as of December 31, 2000 and 1999, respectively.

Pension plans for senior and executive officers and outside directors

The Company has an unfunded supplemental pension plan for its senior and executive officers and an unfunded pension plan for its outside directors. Information about the plans follow for the years ended December 31:

	2000	1999
Net periodic benefit or cost:		
Service cost	$ 467	$ 448
Interest cost	854	715
Amortization of prior service cost	459	527
Recognized actuarial loss	367	454
Net periodic cost	$ 2,147	$ 2,144
Benefit obligation:		
Benefit obligation at January 1	$ 10,028	$ 10,101
Service cost	467	448
Interest cost	854	715
Amendments	611	0
Actuarial loss (gain)	852	(736)
Benefits paid	(116)	(500)
Benefit obligation at December 31	$ 12,696	$ 10,028
Funded status:		
Funded status at December 31	($ 12,696)	($ 10,028)
Unrecognized net actuarial loss	3,601	3,086
Unrecognized prior service cost	2,924	2,772
Net liability recognized on Consolidated Statements of Financial Position	($ 6,171)	($ 4,170)
Amounts recognized in the Consolidated Statements of Financial Position consist of:		
Employee benefit obligation	($ 8,656)	($ 6,794)
Other assets	2,485	2,624
Net amount recognized	($ 6,171)	($ 4,170)

The amendment amount relates primarily to two additional participants in the plan for 2000.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BENEFIT PLANS (CONTINUED)

The weighted average discount rate used for purposes of determining the projected benefit obligation of the officers' supplemental pension plan was 7.50% in 2000 and 1999. The weighted average rate of compensation increase used to measure the projected benefit obligation of the officers' supplemental pension plan was 5.0% in 2000 and 1999.

The accumulated benefit obligation was $8,656 and $6,794, respectively, as of December 31, 2000 and 1999.

Post-retirement benefits other than pensions

The Company provides post-retirement medical coverage for eligible retired Employees and eligible dependents. The benefits are unfunded as the Company pays the obligations when due. Actuarially determined costs are recognized over the period the Employee provides service to the Company. Information about this plan follows for the years ended December 31:

	2000	1999
Net periodic benefit or cost:		
Service cost	$ 400	$ 383
Interest cost	385	311
Amortization of prior service cost	(37)	(37)
Recognized actuarial gain	(27)	(31)
Net periodic cost	$ 721	$ 626
Change in benefit obligation:		
Benefit obligation at January 1	$ 4,745	$ 5,034
Service cost	400	383
Interest cost	385	311
Actuarial loss (gain)	434	(862)
Benefits paid	(161)	(121)
Benefit obligation at December 31	$ 5,803	$ 4,745
Funded status:		
Funded status at December 31	($ 5,803)	($ 4,745)
Unrecognized net actuarial gain	(726)	(1,187)
Unrecognized prior service costs	(366)	(403)
Net liability recognized on Consolidated Statements of Financial Position	($ 6,895)	($ 6,335)

The cash payments for such benefits were $161, $121 and $112 in 2000, 1999 and 1998, respectively.

The weighted average discount rate used to measure the accumulated post-retirement benefit obligation was 7.50% in 2000 and 1999. The December 31, 2000 accumulated benefit obligation was based on an 8.0% increase in the cost of covered health care benefits during 2000. The expected health care cost trend rate assumption for 2001 is 7.5%. This rate is assumed to decrease gradually to 5% per year in 2006 and to remain at that level thereafter.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. BENEFIT PLANS (CONTINUED)

	2000	1999
Effect on total of service and interest cost components:		
1% Increase	$ 126	$ 119
1% Decrease	(106)	(99)
Effect on post-retirement benefit obligation:		
1% Increase	$ 814	$ 688
1% Decrease	(695)	(584)

Employee savings plan

The Company has an Employee Savings Plan for its Employees. Eligible participants were permitted to make contributions of 1% to 8% of compensation to the plan on a pre-tax salary reduction basis in accordance with provisions of Section 401(k) of the Internal Revenue Code during the years 2000 and 1999. The Company matched one-half of the participant contributions up to 6% of compensation. All full-time Employees were eligible to participate in the plan. Effective January 2001, the maximum percentage that eligible participants are permitted to contribute to the Plan was increased to 15%. The Company match was also changed to 100% of the participant contributions up to 3% of compensation and 50% of participant contributions over 3% and up to 5% of compensation. Additionally, regular part-time Employees will be eligible to participate in the Plan. The Company's matching contributions to the plan in 2000, 1999 and 1998 were $3,499, $3,245 and $3,069, respectively. Employees are permitted to invest a portion of employer contributions in the Class A common stock of the Company. The plan acquires shares in the open market necessary to meet the obligations of the plan.

Management incentive plans and deferred compensation

The Company has separate annual and long-term incentive plans and a deferred compensation plan, which are available for key management employees. The incentive plans link awards to current year and three-year performance period targets. The awards are settled with cash and Company stock. The Company purchases its stock in the open market when awards are settled in stock. The Company accrues estimated compensation expense in the applicable performance period based on its best estimate of the achievement of the performance targets. Expense recorded in 2000, 1999 and 1998 relating to these incentive and deferred compensation plans equaled $3,445, $3,352 and $2,614. The Company also has a deferred compensation plan for certain of its outside directors. Such charges deferred during 2000, 1999, and 1998 with related earnings, amounted to $78, $241 and $203, respectively.

Health and dental benefits

The Company has self-funded health and dental care plans for all of its Employees and eligible dependents. Estimated unpaid claims incurred are accrued as a liability at December 31, 2000 and 1999. Operations were charged $17,456, $14,756 and $13,057 in 2000, 1999 and 1998, respectively, for the cost of health and dental care provided under these plans.

All liabilities for the above mentioned plans are presented in total for all employees of the Group. Estimated amounts that will be reimbursed by the Exchange and EFL when the benefits are paid have been netted against the Company's liabilities and established as liabilities on the books of the Exchange and EFL.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. INCOME TAXES

The provision for income taxes consists of the following for the years ended December 31:

	2000	1999	1998
Federal income taxes:			
Current	$ 73,657	$ 66,960	$ 57,129
Deferred	(2,112)	(1,311)	4,677
	$ 71,545	$ 65,649	$ 61,806

A reconciliation of the provision for income taxes with amounts determined by applying the statutory federal income tax rates to pre-tax income is as follows:

	2000	1999	1998
Income tax at statutory rates	$ 78,378	$ 73,051	$ 68,725
Deduct:			
Tax-exempt interest	(3,046)	(3,229)	(3,192)
Dividends received deduction	(2,160)	(2,064)	(1,782)
Other	(1,627)	(2,109)	(1,945)
Provision for income taxes	$ 71,545	$ 65,649	$ 61,806

Temporary differences and carryforwards, which give rise to deferred tax assets and liabilities, are as follows for the years ended December 31:

	2000	1999
Deferred tax assets:		
Loss reserve discount	$ 3,965	$ 3,602
Unearned premiums	4,286	3,968
Employee benefit plan obligations	4,111	3,445
Other	1,655	622
Total deferred tax assets	$ 14,017	$ 11,637
Deferred tax liabilities:		
Deferred policy acquisition costs	$ 4,621	$ 3,992
Unrealized gains	12,051	14,583
Pension and other benefits	2,438	2,376
Capitalized salaries and benefits	660	950
Accrual of discount	452	577
Property and equipment	584	269
Other	372	695
Total deferred tax liabilities	$ 21,178	$ 23,442
Net deferred income tax liability	$ 7,161	$ 11,805

The Company, as a corporate attorney-in-fact for a reciprocal insurer, is not subject to state corporate taxes.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8. CAPITAL STOCK

Class A and B shares

Holders of Class B shares may, at their option, convert their shares into Class A shares at the rate of 2,400 Class A shares for each Class B share. There is no provision for conversion of Class A shares to Class B shares and Class B shares surrendered for conversion cannot be reissued. Each share of Class A common stock outstanding at the time of the declaration of any dividend upon shares of Class B common stock shall be entitled to a dividend payable at the same time, at the same record date, and in an amount at least equal to 2/3 of 1% of any dividend declared on each share of Class B common stock. The Company may declare and pay a dividend in respect of Class A common stock without any requirement that any dividend be declared and paid in respect of Class B common stock. Sole voting power is vested in Class B common stock except insofar as any applicable law shall permit Class A common stock to vote as a class in regards to any changes in the rights, preferences and privileges attaching to Class A common stock.

Redemption provisions

The Erie Indemnity Company Stock Redemption Plan entitles heirs of shareholders to cause the Company to redeem shares of stock of the Company at a price equal to the fair market value of the stock as determined by the Board's sole discretion after consideration of certain factors at time of redemption. The redemption amount is limited to an aggregation of: (1) $10 million and (2) an additional annual amount as determined by the Board in its sole discretion, not to exceed 20% of the Company's net income from management operations during the prior fiscal year. This aggregate amount is reduced by redemption amounts paid. However, at no time shall the aggregate redemption limitation exceed 20% of the Company's retained earnings determined as of the close of the prior year. In addition, the plan limits the repurchase from any single shareholder's estate to 33% of total shareholdings of such shareholder. On April 28, 1998, the Board approved an increase in the redemption amount of $17,792 to $58,797. On April 27, 1999 the Board approved an increase in the redemption amount of $19,190 to $77,987. No shares have ever been redeemed by the Company under the redemption plan.

Stock repurchase plan

In December 1998, the Board of Directors of the Company approved a stock repurchase plan beginning January 1, 1999, under which the Company may repurchase as much as $70 million of its outstanding Class A common stock through December 31, 2001. At its regular quarterly meeting on March 7, 2000, the Board announced expanded authorization for share repurchases up to an additional $50 million of its outstanding Class A common stock through December 31, 2002. Treasury shares are recorded on the Consolidated Statements of Financial Position at cost. In 2000 there were 1,075,178 shares repurchased at a total cost of $31,389, or an average price per share of $29.19. Since its inception, 2,975,677 shares have been repurchased at a total cost of $85,719, or an average price per share of $28.81. The Company may purchase the shares from time to time in the open market or through privately negotiated transactions, depending on prevailing market conditions and alternative uses of the Company's capital.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

The following table provides a reconciliation of beginning and ending loss and loss adjustment expense liability balances for the Company's wholly-owned property/casualty insurance subsidiaries.

	2000	1999	1998
Total unpaid losses and loss adjustment expenses at January 1, gross	$ 432,895	$ 426,165	$ 413,409
Less reinsurance recoverables	337,911	334,708	323,910
Net balance at January 1	94,984	91,457	89,499
Incurred related to:			
Current accident year	93,416	88,422	80,627
Prior accident years	6,148	(703)	(746)
Total incurred	99,564	87,719	79,881
Paid related to:			
Current accident year	53,251	50,560	46,645
Prior accident years	38,985	33,632	31,278
Total paid	92,236	84,192	77,923
Net balance at December 31	102,312	94,984	91,457
Plus reinsurance recoverables	375,567	337,911	334,708
Total unpaid losses and loss adjustment expenses at December 31, gross	$ 477,879	$ 432,895	$ 426,165

The 2000 incurred losses related to prior years are due to adverse development of reinsurance losses from the catastrophic storms in Europe in December 1999, combined with increased loss severity in private passenger automobile and in commercial lines.

NOTE 10. RELATED PARTY TRANSACTIONS

Management fee

A management fee is charged to the Exchange for administrative and underwriting services. The fee is recorded as revenue and is a percentage of Exchange direct and affiliated assumed premiums written. The percentage rate is adjusted periodically within specified limits by the Company's Board of Directors. The management fee was charged to the Exchange at the following rates:

January 1, 1998 to December 31, 1998 - 24.25%
January 1, 1999 to December 31, 1999 - 25.00%
January 1, 2000 to December 31, 2000 - 25.00%

In December 2000, the Board of Directors elected to maintain the 25% management fee rate for all of 2001. The Company's Board of Directors may change the management fee rate at its discretion, but it may not exceed 25%.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. RELATED PARTY TRANSACTIONS (CONTINUED)

Service agreement revenue

A service agreement fee is charged to the Exchange to compensate the Company for its management of non-affiliated assumed reinsurance business on behalf of the Exchange. The Company receives a fee of 7% of voluntary reinsurance premiums assumed from non-affiliated insurers and is responsible for accounting and operating expenses in connection with the administration of this business. Service agreement fee revenue amounted to $10,149, $8,158 and $6,715 in 2000, 1999 and 1998, respectively.

Also included in service agreement revenue are service charges collected from Policyholders as reimbursement for the costs incurred by the Company in providing extended payment terms on policies written by the insurers managed by the Company. In June 2000, this administrative fee collected from Policyholders increased from $2 to $3 per installment for policies renewing in most states. Service charge revenue amounted to $12,513, $7,283 and $7,164 in 2000, 1999 and 1998, respectively.

Expense reimbursements

The Company pays for and is reimbursed by the Exchange for expenses incurred in connection with adjustment of claims and administrative services and by EFL for administrative expenses. Reimbursements are made to the Company from these affiliates monthly. The amounts of such expense reimbursements were as follows for the years ended December 31:

	2000	1999	1998
Erie Insurance Exchange	$ 142,519	$ 136,045	$ 123,577
Erie Family Life	18,631	14,740	14,305
Total reimbursements	$ 161,150	$ 150,785	$ 137,882

Office leases

The Company occupies certain office facilities owned by the Exchange and EFL. The Company leases office space on a year-to-year basis from the Exchange. Rent expenses under these leases totaled $10,703, $10,320 and $11,344 in 2000, 1999 and 1998, respectively. The Company has a lease commitment until 2008 with EFL for a branch office. Rentals paid to EFL under this lease totaled $309 in 2000, $303 in 1999 and $343 in 1998.

Note receivable from EFL

The Company is due $15 million from EFL in the form of a surplus note. The note bears an annual interest rate of 6.45% and all payments of interest and principal of the note may be repaid only out of unassigned surplus of EFL and are subject to prior approval of the Pennsylvania Insurance Commissioner. Interest on the surplus note is scheduled to be paid semi-annually. The note will be payable on demand on or after December 31, 2005. During 2000, 1999 and 1998, EFL paid interest to the Company totaling $968 each year.

Structured settlements with EFL

The Erie Insurance Group affiliated property/casualty insurance companies periodically purchase annuities from EFL in connection with the structured settlement of claims. The Company's pro-rata share (5.5%) of such annuities purchased equaled $889, $1,282 and $984 in 2000, 1999 and 1998, respectively.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. RECEIVABLES FROM ERIE INSURANCE EXCHANGE AND CONCENTRATIONS OF CREDIT RISK

Financial instruments, which potentially expose the Company to concentrations of credit risk, include unsecured receivables from the Exchange. A significant amount of the Company's revenue and receivables are from the Exchange and affiliates.

Management fee and expense reimbursements due from the Exchange were $117,962 and $104,264 in 2000 and 1999, respectively. A receivable from EFL for expense reimbursements totaled $1,997 at December 31, 2000 compared to $1,488 at December 31, 1999. The Company also has a receivable due from the Exchange for reinsurance recoverable from losses and unearned premium balances ceded to the pool totaling $412,050 and $365,217 in 2000 and 1999, respectively.

Premiums receivable from Policyholders at December 31, 2000 and 1999 equaled $156,269 and $140,868, respectively. A significant amount of these receivables are ceded to the Exchange as part of the intercompany pooling arrangement.

NOTE 12. REINSURANCE

EIC and EINY have an intercompany reinsurance pooling agreement with the Exchange, whereby EIC and EINY cede all of their direct property/casualty insurance to the Exchange, except for the annual premium under the all-lines aggregate excess of loss reinsurance agreement discussed below. EIC and EINY then assume 5% and 0.5%, respectively, of the total of the Exchange's insurance business (including the business assumed from EIC and EINY). The companies settle accounts between them by payment of such amounts within 30 days after the end of each quarterly accounting period.

EIC and EINY have in effect an all-lines aggregate excess of loss reinsurance agreement with the Exchange. Under this agreement, EIC and EINY reinsure their net retained share of the intercompany reinsurance pool such that once EIC and EINY have sustained ultimate net losses in any applicable accident year that exceed an amount equal to 72.5% of EIC and EINY's net premiums earned in that period, the Exchange will be liable for 95% of the amount of such excess, up to but not exceeding, an amount equal to 95% of 15% of EIC and EINY's net premium earned. Losses equal to 5% of the net ultimate net loss in excess of the retention under the contract are retained net by EIC and EINY. The annual premium is subject to a minimum premium of $800. This reinsurance treaty is excluded from the intercompany pooling agreement. The annual premium paid to the Exchange for the agreement totaled $1,268, $1,199 and $1,158 in 2000, 1999 and 1998 respectively. There were no loss recoveries by EIC or EINY under the agreement for 2000, 1999 or 1998.

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. REINSURANCE (CONTINUED)

To the extent the Exchange assumes reinsurance business from affiliated and nonaffiliated sources, the Company participates because of its pooling agreement with the Exchange. Similarly, the Company also participates in the business ceded from the Exchange. Reinsurance premiums, commissions, expense reimbursements and reserves related to reinsurance business are accounted for on bases consistent with those used in accounting for the original policies issued and the terms of the reinsurance contracts. Premiums ceded to the Exchange have been reported as a reduction of premium income. The Company's property and liability reinsurance assumed from foreign insurance companies is accounted for using the periodic method, whereby premiums are recognized as revenue over the policy term, and claims, including an estimate of claims incurred but not reported, are recognized as they occur. The amount of reinsurance business assumed from foreign insurance companies is not significant.

Reinsurance contracts do not relieve the Company from its primary obligations to Policyholders. A contingent liability exists with respect to reinsurance receivables in the event reinsurers are unable to meet their obligations under the reinsurance agreements.

The following summarizes insurance and reinsurance activities for the Company:

	2000	1999	1998
Premiums Earned:			
Direct	$ 377,570	$ 351,228	$ 338,162
Assumed nonaffiliates	4,824	5,380	4,889
Ceded to Erie Insurance Exchange	(382,394)	(356,608)	(343,051)
Assumed from Erie Insurance Exchange	123,708	117,224	112,939
Net	$ 123,708	$ 117,224	$ 112,939
Losses and Loss Adjustment Expenses Incurred:			
Direct	$ 325,644	$ 264,177	$ 269,710
Assumed nonaffiliates	3,956	6,512	3,912
Ceded to Erie Insurance Exchange	(329,600)	(270,689)	(273,622)
Assumed from Erie Insurance Exchange	99,564	87,719	79,881
Net	$ 99,564	$ 87,719	$ 79,881

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. STATUTORY INFORMATION

The Company prepares its statutory financial statements in accordance with accounting practices prescribed by the Pennsylvania Insurance Department. Prescribed Statutory Accounting Practices (SAP) include state laws, regulations, and general administration rules, as well as a variety of publications from the National Association of Insurance Commissioners (NAIC). In 1998, the NAIC completed a process to codify statutory accounting practices for certain insurance enterprises (Codification). These codified statutory accounting principles will be effective January 1, 2001. The Codification will result in changes to the Company's statutory-basis financial statements. The most significant change will be the recording of statutory deferred taxes which will result in an increase to surplus of the Company's property/casualty insurance subsidiaries of $4,940 as of January 1, 2001.

Accounting principles used to prepare statutory financial statements differ from financial statements prepared on the basis of generally accepted accounting principles.

Consolidated balances including amounts reported by the consolidated and unconsolidated insurance subsidiaries on the statutory basis would be as follows:

	2000	1999	1998
Shareholders' equity at December 31,	$ 767,894	$ 688,802	$ 638,859
Net income for the year ended December 31,	150,942	142,615	135,603

The amount of dividends the Company's Pennsylvania-domiciled property/casualty subsidiaries, EIC and Erie Insurance Property & Casualty Company, can pay without the prior approval of the Pennsylvania Insurance Commissioner is limited by Pennsylvania regulation to not more than the greater of: (a) 10% of its statutory surplus as reported on its last annual statement, or (b) the net income as reported on its last annual statement. The amount of dividends that the Erie Insurance Company's New York-domiciled property/casualty subsidiary, EINY, can pay without the prior approval of the New York Superintendent of Insurance is limited to the lesser of (a) 10% of its statutory surplus as reported on its last annual statement, or (b) 100% of its adjusted net investment income during such period. At December 31, 2000, the maximum dividend the Company could receive from its property/casualty insurance subsidiaries was $9,454. No dividends were paid to the Company from its property/casualty insurance subsidiaries in 2000 or 1999.

The amount of dividends EFL, a Pennsylvania-domiciled life insurer, can pay to its shareholders without the prior approval of the Pennsylvania Insurance Commissioner is limited by statute to the greater of: (a) 10% of its statutory surplus as regards Policyholders as shown on its last annual statement on file with the commissioner, or (b) the net income as reported for the period covered by such annual statement, but shall not include pro rata distribution of any class of the insurer's own securities. Accordingly, the Company's share of the maximum dividend payout which may be made in 2001 without prior Pennsylvania Commissioner approval is $4,122. Dividends to the Company totaled $1,472 in 2000 and $1,349 in 1999.

INCORPORATED BY REFERENCE, PAGE 46 OF THE COMPANY'S 2000 ANNUAL REPORT TO SHAREHOLDERS

ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. SEGMENT INFORMATION

The Company operates its business as two reportable segments - management operations and property/casualty insurance operations. The Company's principal operations consist of serving as attorney-in-fact for the Exchange, which constitutes its management operations. The Company's property/casualty insurance operations arise through direct business of its subsidiaries and by virtue of a pooling agreement between its subsidiaries and the Exchange. The performance of the personal lines and commercial lines is evaluated based upon the underwriting results as determined under statutory accounting practices (SAP) for the total pooled business of the Group.

Summarized financial information for these operations is presented below.

	2000	1999	1998
Management operations:			
Revenue:			
Primary operations	$ 574,308	$ 528,816	$ 503,026
Net revenue from investment operations	57,213	47,011	33,660
Total revenue	$ 631,521	$ 575,827	$ 536,686
Income before taxes	$ 215,959	$ 195,529	$ 178,903
Net income	$ 145,851	$ 133,235	$ 120,939
Property/casualty operations:			
Revenue:			
Premiums earned:			
Commercial lines	$ 28,456	$ 25,147	$ 24,853
Personal lines	89,369	87,334	84,485
Reinsurance	7,880	6,185	5,339
Total premiums earned (SAP)	125,705	118,666	114,677
GAAP adjustments	(1,997)	(1,442)	(1,738)
Total premiums earned (GAAP)	123,708	117,224	112,939
Net revenue from investment operations	18,381	16,765	16,887
Total revenue	$ 142,089	$ 133,989	$ 129,826
Losses and expenses:			
Commercial lines	$ 31,914	$ 26,726	$ 22,879
Personal lines	92,012	85,512	83,747
Reinsurance	12,203	9,225	6,338
Total losses and expenses (SAP)	136,129	121,463	112,964
GAAP adjustments	(2,019)	(700)	(592)
Total losses and expenses (GAAP)	$ 134,110	$ 120,763	$ 112,372
Income before taxes	$ 7,979	$ 13,226	$ 17,454
Net income	$ 6,542	$ 9,871	$ 13,612

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ERIE INDEMNITY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2000				
Net revenue from management operations	$ 36,618	$ 43,310	$ 44,417	$ 34,401
Underwriting loss	(3,203)	(1,590)	(2,742)	(2,867)
Net revenue from investment operations	19,515	20,658	18,986	16,435
Income before income taxes	52,930	62,378	60,661	47,969
Net income	$ 36,185	$ 42,518	$ 41,192	$ 32,498
Net income per share	$ 0.50	$ 0.59	$ 0.57	$ 0.45
Comprehensive income	$ 50,036	$ 35,093	$ 41,565	$ 22,300
1999				
Net revenue from management operations	$ 34,367	$ 40,587	$ 41,945	$ 31,619
Underwriting (loss) gain	(607)	1,113	(1,580)	(2,465)
Net revenue from investment operations	14,770	16,177	16,450	16,379
Income before income taxes	48,530	57,877	56,815	45,533
Net income	$ 33,407	$ 39,225	$ 38,425	$ 32,049
Net income per share	$ 0.45	$ 0.53	$ 0.52	$ 0.44
Comprehensive income	$ 31,897	$ 32,180	$ 26,295	$ 39,137
1998				
Net revenue from management operations	$ 33,761	$ 39,065	$ 40,047	$ 32,370
Underwriting gain (loss)	1,428	(307)	(97)	(457)
Net revenue from investment operations	11,317	13,554	11,847	13,829
Income before income taxes	46,506	52,312	51,797	45,742
Net income	$ 31,699	$ 35,470	$ 35,697	$ 31,685
Net income per share	$ 0.43	$ 0.47	$ 0.48	$ 0.43
Comprehensive income	$ 40,641	$ 35,165	$ 23,990	$ 45,909

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MARKET PRICE OF AND DIVIDENDS ON THE COMMON STOCK AND RELATED SHAREHOLDER MATTERS

COMMON STOCK PRICES

The Class A non-voting common stock of the Company trades on The NASDAQ Stock MarketSM under the symbol "ERIE." The following sets forth the range of high and low trading prices by quarter as reported by The NASDAQ Stock Market.

Class A Trading Price	2000		1999	
	Low	High	Low	High
First Quarter	26 1/4	32 5/8	26 7/8	32 3/4
Second Quarter	27 1/2	32 7/8	26 3/8	28 1/2
Third Quarter	28 1/4	32 1/8	26 1/4	33
Fourth Quarter	23 7/8	30	29 1/2	34

No established trading market exists for the Class B voting common stock.

On February 18, 1997, the Executive Committee of the Board of Directors approved an enhancement to the Company's 401(K) plan for Employees which permits participants to invest a portion of the Company's contributions to the plan in shares of Erie Indemnity Class A common stock. The plan's trustee was authorized to buy Erie Indemnity Company Class A common stock on behalf of 401(K) plan participants beginning May 8, 1997.

In December 1998, the Board of Directors of the Company approved a stock repurchase plan beginning January 1, 1999, under which the Company may repurchase as much as $70 million of its outstanding Class A common stock through December 31, 2001. At its regular quarterly meeting on March 7, 2000, the Board announced expanded authorization for share repurchases up to an additional $50 million of its outstanding Class A common stock through December 31, 2002. Treasury shares are recorded on the Consolidated Statements of Financial Position at cost. In 2000 there were 1,075,178 shares repurchased at a total cost of $31,389,218, or an average price per share of $29.19. Since its inception, 2,975,677 shares have been repurchased at a total cost of $85,719,349, or an average price per share of $28.81. The Company may purchase the shares from time to time in the open market or through privately negotiated transactions, depending on prevailing market conditions and alternative uses of the Company's capital.

COMMON STOCK DIVIDENDS

The Company historically has declared and paid cash dividends on a quarterly basis at the discretion of the Board of Directors. The payment and amount of future dividends on the common stock will be determined by the Board of Directors and will depend on, among other things, earnings, financial condition and cash requirements of the Company at the time such payment is considered, and on the ability of the Company to receive dividends from its subsidiaries, the amount of which is subject to regulatory limitations. Dividends declared for each class of stock during 2000 and 1999 are as follows:

Dividends Declared

2000:	Class A Share	Class B Share
First Quarter	$ .1350	$ 20.250
Second Quarter	.1350	20.250
Third Quarter	.1350	20.250
Fourth Quarter	.1525	22.875
	$ .5575	$ 83.625

1999:	Class A Share	Class B Share
First Quarter	$ .1200	$ 18.000
Second Quarter	.1200	18.000
Third Quarter	.1200	18.000
Fourth Quarter	.1350	20.250
	$ .4950	$ 74.250

American Stock Transfer & Trust Company serves as the Company's transfer agent and registrar.

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

Registrant owns 100% of the outstanding stock of the following companies:

Name	State of Formation
Erie Insurance Property & Casualty Company	Pennsylvania
Erie Insurance Company	Pennsylvania
EI Holding Corp.	Delaware
EI Service Corp.	Pennsylvania
Erie Insurance Company of New York - Wholly-owned by Erie Insurance Company	New York

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DECEMBER 31, 2000 FORM 10-K AND RESTATED SUMMARY INFORMATION FOR THE YEARS ENDED DECEMBER 31,1999 AND 1998 FOR THE ERIE INDEMNITY COMPANY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K

0000922621
ERIE INDEMNITY COMPANY
1,000

YEAR	YEAR	YEAR
DEC-31-2000	DEC-31-1999	DEC-31-1998
DEC-31-2000	DEC-31-1999	DEC-31-1998
531,546	485,522	441,353
0	0	0
0	0	0
204,446	215,383	202,804
6,581	8,230	8,287
0	0	0
810,815	748,251	669,938
38,778	24,214	53,580
712	912	939
13,202	11,405	10,863
1,680,599	1,518,794	1,454,062
477,879	432,895	426,165
263,855	237,452	229,687
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
2,170	2,170	2,170
862,564	749,759	653,053
1,680,599	1,518,794	1,454,062
123,708	117,224	112,939
53,134	49,030	43,383
16,968	14,746	7,164
0	0	0
99,564	87,719	79,881
34,546	33,044	32,491
0	0	0
223,938	208,755	196,357
71,545	65,649	61,806
0	0	0
0	0	0
0	0	0
0	0	0
152,393	143,106	134,551
2.12	1.95	1.81
2.12	1.95	1.81
432,895	426,165	413,409
93,416	88,422	80,627
6,148	(703)	(746)
53,251	50,560	46,645
38,985	33,632	31,278
477,879	432,895	426,165
(6,300)	(1,100)	2,100