

Offer to Purchase, and (iii) the shareholders identified in footnotes 5 and 6 of Schedule B to the April 27, 2006 Offer to Purchase.

2. With respect to the Class, for purposes of settlement only, this Court finds and concludes that: (a) the members of the Class are so numerous that joinder of all Class members in the Action is impracticable; (b) there are questions of law and fact common to the Class; (c) the claims of Plaintiffs are typical of the claims of the Class; (d) in negotiating and entering into the Stipulation, Plaintiffs and Plaintiffs' Class Counsel, as designated in the Notice, have and will fairly and adequately represent and protect the interests of all Class members; (e) the questions of law or fact common to the members of the Class predominate over questions affecting only individual members; and (f) certifying this Action as a Class Action is superior to the other available methods for the fair and efficient adjudication of this controversy.

3. The Stipulation and Settlement set forth therein are found preliminarily to be fair, reasonable and adequate to the Class.

4. A hearing (the "Fairness Hearing") shall be held before the Honorable Sean J. McLaughlin on **July 12, 2007 at 1:00 p.m.** in Courtroom C in the United States Courthouse, 17 South Park Row, Erie, Pennsylvania 16501 (i) to determine whether the Settlement is fair, reasonable and adequate and should be approved by the Court and whether final judgment should be entered thereon; and (ii) to consider the application of counsel for Plaintiffs and the Class for an award of attorneys' fees and expenses, and an award of incentive fees to Plaintiffs. The Court may adjourn the Fairness Hearing without further notice to the members of the Class.

5. The Court approves, as to form and content, the Notice of Pendency and Proposed Settlement of Class Action (the "Notice") annexed as Exhibit A hereto and Exhibit B to the Stipulation, and finds that the mailing and distribution of the Notice substantially in the manner and form set forth in Paragraph 5-6 of this Order meets the requirements of Rule 23 of the

Federal Rules of Civil Procedure, due process and the Rules of this Court, and is the best notice practicable under the circumstances and shall constitute due and sufficient notice for all purposes to all persons entitled thereto.

6. Plaintiffs' Class Counsel, William R. Weinstein of Sanford Wittels & Heisler, LLP, is hereby empowered, subject to Court order, to supervise and administer the notice procedures as more fully set forth below:

(a) Within 10 days of the entry of this Order, Plaintiffs' Class Counsel or its designee shall cause a copy of the Notice, substantially in the form annexed hereto as Exhibit A, to be mailed by first class mail to all persons and entities who have been identified as members of the Class;

(b) To the extent necessary or appropriate in light of the information regarding the identity of Class members in Defendant's records, Plaintiffs' Class Counsel or its designee shall use reasonable efforts (i) to obtain from all banks, brokerage firms and other nominees (the "Nominees") shown by the transfer records of Erie Family Life or others to have been the owners of the shares of EFL on May 25, 2006, the names and addresses of their customers for whom they held such shares as Nominees, and may offer to defray the reasonable costs of identifying such customers; and (ii) to cause a copy of the Notice to be mailed by first-class mail to each such person at the address provided promptly after it is received. Alternatively, Plaintiffs' Class Counsel or its designee may use reasonable efforts (including offering to defray the reasonable cost of effecting such mailings) to cause the Nominees to make such mailings.

7. Plaintiff's Class Counsel may retain **RG/2** to act as Settlement Administrator for the Settlement of the Action. The Settlement Administrator shall be responsible, under the

direction of Plaintiffs' Class Counsel, for (i) the dissemination of notice to the Class in accordance with this Order, (ii) computing the proper amount of each Class member's entitlement to Settlement benefits, and (iii) distributing the Net Settlement Fund to Class members in accordance with Court order after the Settlement becomes final. At or before the Fairness Hearing, Plaintiffs' Class Counsel shall file proof, by affidavit, of the dissemination of notice. Insofar as the Settlement Administrator is not qualified to do so, Plaintiffs' Class Counsel is authorized to retain tax counsel or accountants in connection with the determination of any tax liability of the Settlement Fund, which liability is to be paid from the Settlement Fund.

8. Class members shall be afforded an opportunity to request exclusion from the Class on or before **July 2, 2007** in the manner specified in the Notice. If a request for exclusion does not include substantially the information specified in the Notice and/or is not executed or timely submitted as specified in the Notice, it shall not be a valid request for exclusion and any person who tenders an invalid request for exclusion shall be a member of the Class. Persons who timely and validly request exclusion from the Class shall not participate in and shall not be bound by the Settlement.

9. Any member of the Class who does not duly request exclusion therefrom may appear and show cause why the proposed Settlement should not be approved as fair, reasonable and adequate, or why judgment should not be entered thereon, or why Plaintiffs' counsels' application for fees and expenses and an award of incentive fees to Plaintiffs should not be granted, as requested; provided, however, that that no member of the Class or any other person shall be heard or entitled to object to the approval of the terms and conditions of the proposed Settlement, the judgment thereon approving same, or if approved, the amount of attorneys' fees and expenses and incentive fees awarded to Plaintiffs, without permission of the Court, unless

that person has (i) served by hand or by first-class mail so as to be received on or before **July 2, 2007**, a notice of intention to appear and a statement identifying the number of EFL shares owned on May 26, 2006 together with any written objection(s) and copies of the papers or briefs on which such objection(s) are based, on Plaintiffs' Class Counsel, William R. Weinstein, Esq., Sanford Wittels & Heisler, LLP, 950 Third Avenue, 10th Floor, New York, NY 10022, and upon Defendants' counsel, John J. Soroko, Esq., Duane Morris LLP, 30 South 17th Street, Philadelphia, PA 19103, and John L. Warden, Esq. Sullivan & Cromwell LLP, 125 Broad Street, New York, NY 10004; and (ii) deliver said objection(s), papers and briefs to the Clerk of the Court for the United States District Court for the Western District of Pennsylvania, Erie Division (which may be done by first class mail), so as to be received by the Clerk of the Court on or before **July 2, 2007**. Plaintiffs' Class Counsel shall ensure that any objections timely received and delivered are electronically filed with the Court. Any member of the Class who does not make his, her or its objection in the manner provided in this paragraph shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the proposed Settlement or the application of Plaintiffs' counsel for attorneys' fees and expenses and an award of incentive fees to Plaintiffs.

10. No claim form shall be required to be entitled to receive Settlement benefits in accordance with the terms of the Stipulation from any Class member who does not request exclusion.

11. All pretrial proceedings in this Action are stayed and suspended until further order of the Court. Pending the final determination of the fairness, reasonableness and adequacy of the proposed Settlement, no member of the Class may either directly, representatively, or in any other capacity prosecute, institute or commence, on behalf of that Class member or the Class,

any claim which has been or could have been asserted in this Action or any other claim arising out of or in any way related to any acts, facts, transactions, occurrences, representations or omissions or other subject matter set forth, alleged or embraced in the Amended Complaint, including but not limited to the action currently pending in the United States District Court for the Western District of Pennsylvania, Erie Division, captioned Purchase, et al., v. Ludrof, et al., 1:06-cv-00130.

12. All reasonable costs incurred in locating, identifying and notifying Class members of the proposed Settlement shall be paid in the manner set forth in Paragraph 3(c) of the Stipulation.

13. In the event the proposed Settlement is not approved by the Court, or for any reason the parties fail to obtain a Final Judgment as described in Paragraph 7 of the Stipulation, then, in either such events, the amounts remaining in the Settlement Fund after payment of the costs of locating, identifying and notifying Class member of the proposed Settlement shall be returned as provided in paragraph 10 of the Stipulation, and the Stipulation shall become null and void and of no further force and effect, and shall not be used or referred to for any purpose whatsoever. In such event, the Stipulation and all negotiations shall become null and void, and all proceedings relating thereto shall be withdrawn without prejudice as to the rights of any and all parties thereto who, in accordance with Paragraph 12 of the Stipulation, shall be restored to their respective positions existing as of the date of the Stipulation.

14. The Court reserves the right to approve the Stipulation with such modifications as may be agreed to by counsel for the parties to the Stipulation and without further notice to the members of the Class.

Dated: _____, 2007

U.S.D.J

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA**

<hr/>)
LIN LAN and J. WILLIAM MORRIS, on behalf of))
themselves and all others similarly situated,))
))
	Plaintiffs,) Civil Action No. 06-114E-SJM
	v.)
))
JEFFREY A. LUDROF, F. WILLIAM HIRT, SUSAN))
HIRT HAGEN, JONATHAN HIRT HAGEN, J. RALPH))
BORNEMAN, JR., JOHN T. BAILY, LUCIAN L.))
MORRISON, PATRICIA GARRISON-CORBIN,))
THOMAS W. PALMER, JOHN R. GRAHAM,))
C. SCOTT HARTZ, CLAUDE C. LILLY, III,))
ROBERT C. WILBURN, ERIE INDEMNITY))
COMPANY, ERIE INSURANCE EXCHANGE, and))
ERIE FAMILY LIFE INSURANCE COMPANY,))
))
	Defendants.)
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**NOTICE OF PENDENCY AND
PROPOSED SETTLEMENT OF CLASS ACTION**

TO: ALL SHAREHOLDERS OF ERIE FAMILY LIFE INSURANCE COMPANY
("EFL") ON MAY 25, 2006

IMPORTANT: PLEASE READ THIS NOTICE CAREFULLY AND IN ITS
ENTIRETY. IF YOU ARE A MEMBER OF THE CLASS, YOU
MAY BE ENTITLED TO RECEIVE MONEY PURSUANT TO
THE PROPOSED SETTLEMENT DESCRIBED HEREIN.

This Notice is given pursuant to an Order of the United States District Court for the Western District of Pennsylvania to inform you of the proposed settlement (the "Settlement") of the above-captioned class action (the "Action") for total settlement consideration of \$5,234,277.17. There will be a hearing (the "Fairness Hearing") on _____, 2007 at _____m. in Courtroom ____ in the United States Courthouse, 17 South Park Row, Erie, Pennsylvania 16501 to determine whether (1) the proposed Settlement as set forth in the Stipulation of Settlement dated April 26, 2007 (the "Stipulation") should be approved as fair, reasonable and adequate and in the best interests of class members; (2) a final judgment should be entered dismissing the Action with prejudice as to the Defendants; and (3) the request of Plaintiffs' counsel for an award of attorneys' fees and expenses and incentive fees to Plaintiffs should be granted.

NOTICE TO BROKERS AND OTHER NOMINEES

If you were a nominee for any owner of Erie Family Life common stock on May 25, 2006, you are requested, as soon as possible, to: (1) forward this Notice promptly to the Class member or, in the alternative, (2) provide Plaintiffs' Class Counsel promptly at the above address with the names and addresses of such beneficial owners, **preferably on computer-generated mailing labels**. Additional copies of this Notice may be requested **in writing** from Plaintiffs' Class Counsel. You are entitled to reimbursement of your reasonable expenses actually incurred in connection with the foregoing upon request and submission of appropriate supporting documentation to Plaintiffs' Class Counsel.

THE CLASS

By Order entered _____, 2007, the Court certified the following class for purposes of the proposed Settlement (the "Class"):

All shareholders of Erie Family Life Insurance Company (“EFL”) on May 25, 2006, excluding (i) Defendants, (ii) the other directors and executive officers of EFL and Erie Indemnity Company as listed in Schedule B to the April 27, 2006 Offer to Purchase, and (iii) the shareholders identified in footnotes 5 and 6 of Schedule B to the April 27, 2006 Offer to Purchase.

The above Class definition generally includes all shareholders of EFL on May 25, 2006, except for the Defendants listed in the caption on the front of this Notice, and a limited number of other directors and executive officers of EFL and Erie Indemnity Company and persons or entities closely affiliated with Defendants.

SUMMARY OF THE SETTLEMENT

The Stipulation provides for the payment of total Settlement Consideration equal to \$5,234,277.17 (or \$2.45 per share for 2,136,439.66 total shares held by the members of Class on May 25, 2006) in settlement of all claims that were or could have been asserted in connection with the Tender Offer and going-private Merger transaction for all of the EFL minority shares (the “Tender Offer”) completed in May 2006.

Under the terms of the proposed Settlement, if approved by the Court, no claim form or any other document is required to be filed by Class members to be entitled to participate in the Settlement. All Class members who do not request exclusion from the Class will be entitled to receive payment under the Settlement without taking any further action.

The total Settlement Consideration of \$5,234,277.17 will be paid into a settlement fund (the “Settlement Fund”) which, if the Settlement is approved by the Court, will be used to pay all costs and expenses incurred in connection with the administration of the Settlement, including the dissemination of this Notice, and the costs to distribute Settlement proceeds to Class members. Additionally, if the Settlement is approved by the Court, Plaintiffs’ counsel will seek Court approval for an award of attorneys’ fees and reimbursement of expenses, and incentive

awards for Plaintiffs Lan and Morris, to be paid from the Settlement Fund. To date, Plaintiffs' counsel have not received payment for their services in prosecuting this case, nor have they been reimbursed for their out-of-pocket expenses. Assuming that the total amount of attorneys' fees, expenses, incentive awards and costs to administer the Settlement do not exceed 33% of the Settlement Fund, then each Class member who does not request exclusion will be entitled to receive payment equal to at least \$1.64 for each share of EFL stock owned on May 25, 2006.

Class Counsel for Plaintiffs and the Class is William R. Weinstein, Esq., SANFORD WITTELS & HEISLER, LLP, 950 Third Avenue, 10th Floor, New York, NY 10022, (646) 723-2451. Class Counsel and his firm are available to answer questions from members of the Class concerning any matter contained in this Notice.

HISTORY AND BACKGROUND OF THE SETTLEMENT

This action was commenced in the United States District Court for the Western District of Pennsylvania by the filing of a class action complaint by Plaintiff Lin Lan on May 15, 2006, in which Plaintiff Lan asserted a claim generally on behalf of all similarly situated owners of the EFL minority shares for breach of fiduciary duty by Defendants in connection with the Tender Offer.

After Defendants filed an amendment to the Tender Offer documents on May 19, 2006, Plaintiffs Lin Lan and J. William Morris filed and served their First Amended Class Action Complaint ("Amended Complaint") against Defendants on May 25, 2006. Plaintiffs' Amended Complaint again asserted a claim generally on behalf of all similarly situated owners of the EFL minority shares for breach of fiduciary duty by Defendants in connection with the Tender Offer. In their Amended Complaint, Plaintiffs alleged that Defendants breached their fiduciary duties to Plaintiffs and the other similarly situated owners of the EFL minority shares, *inter alia*, by

offering an unfair and inadequate price of \$32 arrived at by unfair procedures, and by failing to provide sufficient information in the Tender Offer documents and otherwise by which the EFL shareholders could make an informed decision as to whether to tender their shares at the price offered. Plaintiffs' Amended Complaint also identified specific facts and disclosures supporting their allegations that the Tender Offer documents were unreasonably slanted to lead the EFL minority stockholders to believe that the \$32 Offer price was fair, and that the price was fairly determined.

Defendants filed and served their Answers to the Amended Complaint on June 30, 2006, and therein denied Plaintiffs' allegations and claim for breach of fiduciary duty and asserted numerous affirmative defenses to the Amended Complaint.

Plaintiffs' counsel thereafter served Defendants with requests for the production of documents, and also subpoenaed third parties who, inter alia, had served as consultants to Defendants in connection with the Tender Offer. Defendants and their consultants ultimately produced in excess of 20,000 pages of documents in response to Plaintiffs' document requests and subpoenas that were carefully reviewed by Plaintiffs' counsel in connection with the prosecution of the Action.

After the Court inquired during case conferences on August 21, 2006 and September 22, 2006 into whether this case was one where the class certification issues under Fed. R. Civ. P. 23 could be stipulated to by the parties, the parties agreed by stipulation dated and "so ordered" by the Court on October 20, 2006 to certify Plaintiffs as class representatives and William R. Weinstein as Class Counsel, pursuant to Fed. R. Civ. P. 23, with respect to the breach of fiduciary duty claim asserted in their Amended Complaint on behalf of the following class of similarly situated persons:

All shareholders of Erie Family Life on May 25, 2006, except Defendants and any person, firm, trust, corporation, or other entity related to or affiliated with any of the Defendants.

On or about August 18, 2006, the Individual Defendants (but not EFL, Erie Indemnity Company and Erie Insurance Exchange) moved to dismiss the Amended Complaint and for judgment on the pleadings pursuant to Fed. R. Civ. P. 12(c) on the grounds that Plaintiffs were precluded under Pennsylvania law from asserting claims for breach of fiduciary duty directly against the Individual Defendants. Following extensive briefing, on November 13, 2006 the Court held oral argument on the Individual Defendants' Rule 12(c) motion, and that motion remained sub judice until withdrawn without prejudice by stipulation and order entered March 2, 2007 following the parties' agreement to the material terms of the Settlement.

Shortly after Plaintiffs' filed their Amended Complaint in May 2006, another action asserting claims relating to the Tender Offer was also commenced in the United States District Court for the Western District of Pennsylvania, captioned Purchase, et al., v. Ludrof, et al., 1:06-cv-00130 ("the Purchase Action"). In addition to a claim for breach of fiduciary duty, the Purchase Action also asserted a claim under Section 14(e) of the Securities Exchange Act of 1934 (commonly known as the "Williams Act") based on allegations that Defendants knowingly and intentionally committed fraud in connection with the Tender Offer by manipulating downward to \$32 the price at which the Tender Offer was consummated, and by failing to disclose such manipulation in the Tender Offer documents, and thereby and otherwise providing false and misleadingly incomplete information to the EFL shareholders in connection with their decision whether or not to tender their EFL shares in the Tender Offer. In October 2006 all Defendants moved to dismiss the Purchase Action in its entirety (1) for failure to state a claim under the William Act upon which relief can be granted with the particularity required by

applicable law; and (2) for lack of jurisdiction with respect to the state law claim for breach of fiduciary duty. Following extensive briefing, on November 13, 2006 the Court held oral argument on the Defendants' motion to dismiss in the Purchase Action, and that motion has been sub judice since November 13, 2006. No class was ever certified by the Court in connection with the Purchase Action.

From the time that Plaintiffs filed their Amended Complaint in the Lan Action and throughout 2006 and the beginning of 2007, Plaintiffs' Class Counsel investigated and discussed with Defendants' Counsel the possibility of resolving the Action through settlement. Plaintiffs' Class Counsel and Defendants' Counsel engaged in extensive and protracted arm's-length negotiations during this period, ultimately resulting in their agreement to enter into the Stipulation and proposed Settlement. The Stipulation expressly agrees to dispose of any claim which has or could have been asserted in this Action or any other claim arising out of or in any way related to any acts, facts, transactions, occurrences, representations or omissions or other subject matter set forth, alleged or embraced in the Amended Complaint, including but not limited to the claims asserted in the Purchase Action.

Plaintiffs' Class Counsel's decision to settle the Action and all possible related claims was based on their investigation and analysis of the facts and legal principles relating to claims that were or could have been asserted in the Amended Complaint, and the underlying events and acts alleged in the Amended Complaint and the circumstances preceding and relating to the Tender Offer, including (i) the facts disclosed in the public filings made by Defendants with the SEC regarding and in connection with the Tender Offer and Defendants; (ii) the facts disclosed in the more than twenty thousand pages of documents produced by Defendants and their

consultants in response to Plaintiffs' document requests and subpoenas that were carefully reviewed by Plaintiffs' counsel in connection with the prosecution of the Action; (iii) expert analyses on the damages allegedly suffered by Plaintiffs and the Class; and (iv) a thorough study of the legal principles applicable to Plaintiffs' claims against Defendants that were or could have been brought in the Action and Defendant's defenses thereto.

Notwithstanding their belief that the breach of fiduciary duty claim asserted in the Amended Complaint has merit, Plaintiffs and their counsel recognize the expense, uncertainty and delay engendered by potential future proceedings in the Action, including a trial and the subsequent inevitable appeals. Plaintiffs and their counsel also have considered the defenses that the Defendants have interposed or could interpose to Plaintiffs' asserted and other potential claims. In view of the foregoing and the size of the recovery, Plaintiffs and their counsel have concluded that it is desirable to settle the Action on the terms and conditions set forth in the Stipulation.

Defendants have denied, and continue to deny, each and every allegation of wrongdoing made against them or that could have been made against them in the Amended Complaint, and assert that they have meritorious defenses to those claims, that their conduct has been lawful and proper in all respects, and that no person or entity has suffered any harm or damages as a result of any matter that is the subject of or underlies any of the claims against them in the Action. Defendants have entered into the Stipulation for the purpose of avoiding the continuing additional expense, inconvenience, distraction and risk of this Action, without admitting any wrongdoing whatsoever. By so doing, the Defendants desire to settle, compromise and terminate with prejudice the Action, and put to rest forever all claims which have or could have been

asserted therein or which arise from or are in any way related to the acts, facts, transactions, occurrences, representations or omissions alleged or that could have been alleged in the Amended Complaint or any other complaint that was or could have been filed regarding the Tender Offer.

SUMMARY OF THE PROPOSED SETTLEMENT AND CLASS MEMBER DISTRIBUTIONS

The terms and conditions of the proposed Settlement are set forth in the Stipulation which has been filed with the Court; the following is only a summary of its terms.

Subject to the terms and conditions of the Stipulation, defendant Erie Insurance Exchange (“Erie Exchange”), on behalf of itself and on behalf of defendants Erie Indemnity Company (“Erie Indemnity”), Erie Family Life Insurance Company (“EFL”), Jeffrey A. Ludrof, F. William Hirt, Susan Hirt Hagen, Jonathan Hirt Hagen, J. Ralph Borneman, Jr., John T. Baily, Patricia Garrison-Corbin, John R. Graham, C. Scott Hartz, Claude C. Lilly, III, Lucian L. Morrison, Thomas W. Palmer and Robert C. Wilburn (collectively referred to as “Defendants”), has agreed to pay into the Settlement Fund total Settlement Consideration equal to \$5,234,277.17 (\$2.45 per share for the 2,136,439.66 total shares held by the members of Class on May 25, 2006) in settlement of all claims that were or could have been asserted in connection with the EFL Tender Offer completed in May 2006. The Settlement Fund plus any interest earned before distribution, less the costs of notice to the Class, administration of the Settlement, any applicable taxes and related expenses, the award of attorneys’ fees and reimbursement of expenses to Plaintiffs’ counsel, and any incentive fees awarded to Plaintiffs, is referred to as the “Net Settlement Fund.”

No claim form will be required to be completed or filed in connection with the Settlement for a Class member to be entitled to receive the payment of Settlement benefits.

If the Settlement is approved by the Court, the Net Settlement Fund will be distributed by the Settlement Administrator pro rata (i.e., in accordance with the ratio of each Class member's EFL shares owned on May 25, 2006 to the 2,136,439.66 total minority EFL shares on May 25, 2006) (i) to all Class members who have not validly excluded themselves from the Settlement, and (ii) to Erie Insurance Exchange with respect to those shares owned by Class members who validly exclude themselves. Any Net Settlement Funds (other than the pro rata reversion to Erie Insurance Exchange relating to valid exclusions) not ultimately paid to Class members after the expiration of 180 days from the date of the initial distribution of the Net Settlement Fund and the completion of reasonable follow-up efforts by the Settlement Administrator will be paid to the following charity agreed to by the parties to the Stipulation: ALS Therapy Development Institute, 215 First Street, Cambridge, MA 02142.

Assuming that the total amount of attorneys' fees, expenses, Plaintiffs' incentive awards and costs to administer the Settlement do not exceed 33% of the Settlement Fund, then each Class member who does not request exclusion will receive payment equal to at least \$1.64 for each share of EFL stock owned on May 25, 2006.

Payment as set forth above pursuant to the Stipulation shall be conclusive against all Class members. No Class member or person shall have any claim against Plaintiffs' Counsel, the Settlement Administrator or other agents designated by Plaintiffs' Counsel, or any Defendant or their counsel, or the Released Parties, so long as the Class member's distribution of the Net Settlement Fund is made substantially in accordance with the Stipulation and the Settlement or any further orders of the Court.

All Class members who do not validly request exclusion will be bound by all of the terms of the Stipulation, including the terms of any judgment and release.

ATTORNEYS' FEES AND EXPENSES, AND INCENTIVE AWARDS TO PLAINTIFFS

Plaintiffs' counsel intend to make a joint application to the Court for an award of attorneys' fees in an amount not exceeding 30% of the Settlement Fund (including accrued interest) and for reimbursement of Plaintiffs' counsels' costs and expenses (including, without limitation, the fees and expenses of Plaintiffs' expert).

Additionally, Plaintiffs' counsel will seek Court approval for payment from the Settlement Fund of an incentive award of \$5,000 to Plaintiff Lin Lan, and \$2,000 to Plaintiff J. William Morris, for their efforts in connection with the prosecution of the Action.

EXCLUSION FROM THE CLASS

You may, if you so desire, request to be excluded from the Class. To do so, you must mail a **written** exclusion request to:

William R. Weinstein, Esq.
SANFORD WITTELS & HEISLER, LLP
950 Third Avenue, 10th Floor
New York, NY 10022

PLAINTIFFS' CLASS COUNSEL

John J. Soroko, Esq.,
DUANE MORRIS LLP
30 South 17th Street
Philadelphia, PA 19103

ERIE DEFENDANTS' COUNSEL

John L. Warden, Esq.
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, NY 10004

INDIVIDUAL DEFENDANTS' COUNSEL

The written request for exclusion must be signed and dated, and state: (1) your name, address and telephone number; (2) the number of shares of EFL owned on May 25, 2006, and if owned in a brokerage account, then the name of the broker and the account number in which those shares were beneficially owned; and (3) that you wish to be excluded from the Class. TO

BE VALID, A REQUEST FOR EXCLUSION MUST BE SIGNED AND DATED AND STATE ALL OF THE FOREGOING INFORMATION.

Your exclusion request must be postmarked on or before _____, 2007.

All persons who submit valid and timely requests for exclusion will have no rights under the Stipulation, will not share in the distribution of the Net Settlement Fund, and will not be bound by any judgment or release.

THE FAIRNESS HEARING

As described above, the Court has scheduled a hearing on _____, 2007 to consider the fairness, reasonableness and adequacy of the proposed Settlement and to consider the application of Plaintiffs' counsel for an award of attorneys' fees and expenses and incentive fees to Plaintiffs. The Fairness Hearing may be adjourned by the Court without further notice to the members of the Class.

It is not necessary for any member of the Class to appear at the Fairness Hearing. If you do not appear, you will be represented by Plaintiffs' Class Counsel, William R. Weinstein, Esq., SANFORD WITTELS & HEISLER, LLP, 950 Third Avenue, 10th Floor, New York, NY 10022.

Any member of the Class who does not timely request exclusion may, however, appear at the Fairness Hearing, in person or by counsel, and show cause why the proposed Settlement should not be approved as fair, reasonable and adequate, or why judgment should not be entered thereon, or why Plaintiffs' counsels' application for fees and expenses and an award of incentive fees to Plaintiffs should not be granted as requested; provided, however, that that no member of the Class or any other person shall be heard or entitled to object to the approval of the terms and conditions of the proposed Settlement, the judgment thereon approving same, or if approved, the amount of attorneys' fees and expenses and incentive fees awarded to Plaintiffs, unless that

person has served by hand or by first-class mail in writing, so as to be received on or before _____, 2007: (a) a notice of intention to appear; (b) a statement identifying the number of EFL shares owned on May 26, 2006; (c) a statement specifying the Class member's objections to the Settlement, and /or the application of Plaintiffs' counsel for fees and expenses and an award of incentive fees to Plaintiffs; and (d) all other documents and writings which such Class member desires the Court to consider, upon:

William R. Weinstein, Esq.
SANFORD WITTELS & HEISLER, LLP
950 Third Avenue, 10th Floor
New York, NY 10022

PLAINTIFFS' CLASS COUNSEL

John J. Soroko, Esq.,
DUANE MORRIS LLP
30 South 17th Street
Philadelphia, PA 19103

ERIE DEFENDANTS' COUNSEL

John L. Warden, Esq.
SULLIVAN & CROMWELL LLP
125 Broad Street
New York, NY 10004

INDIVIDUAL DEFENDANTS' COUNSEL

and filed said objection(s), papers and briefs with the Clerk of the Court for the United States District Court for the Western District of Pennsylvania, Erie Division, United States Courthouse, 17 South Park Row, Erie, Pennsylvania 16501 (which may be done by first class mail), so as to be received by the Clerk of the Court on or before _____, 2007. Any such objection should bear the caption "Lan v. Ludrof, et al., No. 06-114E-SJM."

Any member of the Class who does not make his, her or its objection in this manner shall be deemed to have waived such objection and shall forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the proposed Settlement or the

application of Plaintiffs' counsel for attorneys' fees and expenses and an award of incentive fees to Plaintiffs.

THE JUDGMENT AND RELEASE

If the Court approves the Settlement provided for in the Stipulation, a final judgment or judgments will be entered (1) approving the proposed Settlement; (2) dismissing with prejudice as to all Defendants the Amended Complaint; and (3) awarding Plaintiffs' counsel such attorneys' fees and expenses, and awarding Plaintiffs such incentive fees, as the Court deems appropriate.

Additionally, Plaintiffs and all other members of the Class who have not been excluded from the Class, on behalf of themselves, their respective heirs, executors, attorneys and administrators, successors and/or assigns of any person(s) they represent (collectively the "Releasing Parties"), in any and every capacity whatsoever, shall be deemed to have fully, finally, and irrevocably released, relinquished and forever discharged the Defendants and any person, firm, trust, corporation, or other entity related to, affiliated with, employed by, or acting as an officer, director, attorney, insurer or agent for, any of the Defendants, including but not limited to each of the named Defendants and the Erie Pension Plan (collectively, the "Released Parties") from all claims (including unknown claims), demands, rights, liabilities and causes of action of every nature and description whatsoever, asserted or that might have been asserted, including, without limitation, claims for breach of fiduciary duty, fraud, negligent misrepresentation, or violations of state or federal statutes, regulations or principles of common law, by any Plaintiff or Class member against Defendants or the Released Parties arising out of, relating to, in connection with or concerning in any respect or any aspect the Tender Offer and going-private Merger transaction for all of the minority shares of EFL, including but not limited

to the claims that were brought or could have been brought in the Action regarding the Tender Offer, the written materials concerning the Tender Offer or the price offered or paid for the minority shares of EFL in connection with the Tender Offer, and also including but not limited to any claims that were brought or could have been brought in the action currently pending in the United States District Court for the Western District of Pennsylvania, Erie Division, captioned Purchase, et al., v. Ludrof, et al., 1:06-cv-00130.

NO CLAIM FORM IS REQUIRED TO BE ENTITLED TO RECEIVE PAYMENT

UNDER THE SETTLEMENT

Under the terms of the proposed Settlement, if approved by the Court, no claim form or any other document is required to be filed by Class members to be entitled to participate in the Settlement. All Class members who do not request exclusion from the Class will be entitled to receive payment under the Settlement without taking any further action.

Assuming that the total amount of attorneys' fees, expenses, incentive awards and costs to administer the Settlement do not exceed 33% of the Settlement Fund, then each Class member who does not request exclusion will be entitled to receive payment equal to at least \$1.64 for each share of EFL stock owned on May 25, 2006.

INQUIRIES

For more information regarding the Action, you may review the pleadings, the Stipulation and other papers on file with the Court. These documents may be inspected during normal business hours at the Office of the Clerk of the Court for the United States District Court for the Western District of Pennsylvania, Erie Division, United States Courthouse, 17 South Park Row, Erie, Pennsylvania 16501.

Additionally, a copy of the Amended Complaint and Stipulation can be viewed on the internet by going to the website of Plaintiffs' Class Counsel: www.nydclaw.com.

ALL QUESTIONS CONCERNING THIS NOTICE, THE ACTION OR THE PROPOSED SETTLEMENT AND THE FAIRNESS HEARING SHOULD BE DIRECTED TO PLAINTIFFS' CLASS COUNSEL:

William R. Weinstein, Esq.
SANFORD WITTELS & HEISLER, LLP
950 Third Avenue, 10th Floor
New York, NY 10022
(646) 723-2451

PLEASE DO NOT CONTACT THE COURT OR THE CLERK OF THE COURT.

Dated: Erie, Pennsylvania
_____, 2007

BY ORDER OF THE UNITED STATES
DISTRICT COURT FOR THE WESTERN
DISTRICT OF PENNSYLVANIA