



Erie Indemnity Co. Board Adopts Annual and Long-Term Incentive Plans

Erie, Pa. -- March 18, 1997 -- At their meeting on March 11, 1997, the Board of Directors of Erie Indemnity Company (Nasdaq: ERIE) approved annual and long-term incentive compensation plans for the Company's senior executives. This group of senior executives will no longer participate in the Company's existing non-incentive based profit-sharing plan.

The incentive plans are designed to promote the attainment of specific financial and operating goals and to achieve superior financial performance for the Company and its property/casualty and life insurance affiliates by offering key employees annual and long-term incentives.

Under the incentive plans, awards will be made based upon the participants' achievement of key goals at the Company and individual levels. The Board believes that a significant portion of senior management compensation should be at risk and dependent on the attainment of specific objectives, as defined by the Board. These compensation plans consider the achievement of goals as measured by revenue growth and underwriting profitability compared to a select group of peer companies. The plans' objectives also include expense management and profitability goals for Erie Indemnity Company.

"These plans focus the efforts of our senior management team on the attainment of growth and profitability objectives by placing a significant portion of their compensation at risk to meeting those objectives," said Stephen A. Milne, President and Chief Executive Officer. "These plans preserve The ERIE's historical alignment of management's interests with those of our shareholders and policyholders, which has been one of the reasons for our success."

The long-term incentive plan will become effective upon approval by the Company's shareholders at their annual meeting April 29, 1997.

Erie Indemnity Company is the principal management company for the member companies of the Erie Insurance Group, which includes the Erie Insurance Exchange, Flagship City Insurance Company, Erie Family Life Insurance Company, Erie Insurance Company, the Erie Insurance Property and Casualty Company and the Erie Insurance Company of New York.

Erie Insurance Group, based in Erie, Pennsylvania, is the 12th largest insurer of private passenger automobiles and the 23rd largest property and casualty insurer in the United States. The Group operates in nine states and the District of Columbia.