



Erie Indemnity Company's First Quarter Earnings Per Share Up 11.1 Percent

Erie, Pa. -- April 19, 2000 -- Erie Indemnity Company (Nasdaq: ERIE), the management company for the Erie Insurance Group, announced an 11.1 percent increase in earnings per share for the first quarter of 2000.

Net income for the quarter ended March 31, 2000 increased 8.3 percent to \$36,184,976, or \$0.50 per share, from \$33,407,558, or \$0.45 per share, earned during the first quarter of 1999. Earnings per share were favorably impacted by the company's stock repurchase program. The increase in net income was due to improved results in the company's management and investment operating segments and was somewhat offset by increased losses experienced in the Company's underwriting operations.

Total revenues from management operations increased \$8,768,112, or 7.0 percent, to \$134,331,427 for the first quarter of 2000. Management fee revenue, a component of total revenues from management operations, increased \$7,264,302, or 6.0 percent, in the first quarter of 2000 to \$129,098,508 from \$121,834,206 in the first quarter of 1999. The direct and affiliated assumed premium of Erie Insurance Exchange, upon which management fee revenue is based, also grew by 6.0 percent as policy-in-force counts grew by 5.5 percent from one year earlier.

The direct and affiliated assumed premiums of the Exchange grew by \$29,057,200 to \$516,394,026 for the first quarter of 2000 from \$487,336,826 in the first quarter of 1999.

The cost of management operations increased 7.1 percent from \$91,196,741 in the first quarter of 1999 to \$97,713,545 for the same period in 2000. Commission costs totaled \$65,816,070 for the first quarter of 2000, an 8.5 percent increase over the \$60,634,972 reported in the first quarter of 1999. Commission costs grew faster than the rate of growth in written premiums due to increased provisions for agent contingency awards and changes in the mix of business written.

The cost of management operations excluding commission costs increased 4.4 percent for the three months ended March 31, 2000 to \$31,897,475 from \$30,561,769 recorded in the first quarter of 1999. As a result, net revenue from the company's management operations rose 6.6 percent to \$36,617,882 for the three months ended March 31, 2000 compared to \$34,366,574 for the same period in 1999. The gross margin from management operations was steady at 27.3 percent in 2000 compared to 27.4 percent in 1999.

The company's insurance underwriting operations recorded underwriting losses of \$3,202,914 and \$607,346 in the first quarter of 2000 and 1999, respectively. The company recognized premiums earned of \$29,891,067 for the quarter ended March 31, 2000, a 4.5 percent increase over the \$28,606,923 reported in the first quarter of 1999. Reinsurance operations sustained additional loss development from catastrophic storms that devastated Europe late in December, adding about \$1.5 million in losses during the first quarter of 2000.

Net revenue from investment operations for the first quarter of 2000 increased \$4,744,449, or 32.1 percent, to \$19,514,795. Growth in the company's revenue from investment operations resulted from a \$2,255,660 increase in net realized gains on investments combined with a \$2,137,356 increase in net investment income as well as an increase in the equity in earnings of Erie Family Life Insurance Company of \$351,433 in the first quarter of 2000 when compared with the same period in 1999.

"Growth trends in our management operations are very encouraging," said Steve Milne, president and CEO of Erie Indemnity Company. "We are particularly delighted by growth in policy count and premium during the first quarter of 2000. Our agents continue to do an excellent job representing The ERIE in this competitive marketplace. Also, our entry into Wisconsin next year will assist in our long-term growth."

"Together, solid growth and superior service make up the cornerstone of The ERIE. Our positive trends reinforce our belief that consistently serving policyholders through independent agents and dedicated employees is a formula that is still both effective and cost efficient."

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 Insurance Company, Erie Insurance Property and Casualty Company, Erie Insurance Company of New York and Erie Family Life Insurance Company.

Erie Insurance Group, based in Erie, Pennsylvania, is the 13th largest insurer of private passenger automobiles and the 24th largest property and casualty insurance group in the United States. The Group operates in ten states and the District of Columbia.

"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.