



First Quarter Earnings Up 12.4 Percent

Erie, Pa. -- April 22, 1998 -- Erie Indemnity Company (Nasdaq: ERIE), the management company for the Erie Insurance Group, announced a 12.4 percent increase in earnings for the first quarter of 1998.

Net income for the quarter ended March 31, 1998 increased to \$31,699,059 or \$.43 per share, from \$28,210,795 or \$.38 per share earned during the first quarter of 1997. The increase in net income was driven by improved results in all three of the company's operating segments. The gains generated by the management and investment operations were enhanced by improved underwriting results in the first quarter of 1998.

"During the first quarter of 1998, our underwriting territories located in the eastern United States were spared the severe weather that plagued most of the western and southern United States," said Stephen A. Milne, President and Chief Executive Officer of Erie Insurance Group. "We are pleased with our underwriting results for the quarter as well as the continued growth in our management and investment operations."

Total revenues from management operations increased \$5,561,843, or 4.8 percent to \$120,696,937 for the first quarter of 1998. Costs of management operations increased 4.3 percent to \$86,936,086 in the first quarter of 1998 from \$83,381,036 for the same period in 1997. As a result, net revenues from the company's management operations rose 6.3 percent to \$33,760,851 for the three months ended March 31, 1998 compared to \$31,754,058 for the same period in 1997. The gross margin from management operations increased to 28.0 percent in 1998 from 27.6 percent in 1997.

The company's insurance underwriting operations recorded a gain of \$1,427,481 during the first quarter of 1998 compared to a loss of \$47,913 in the first quarter of 1997. The mild weather conditions experienced in the company's operating territories combined with improved claims and reunderwriting programs initiated in recent years resulted in a decrease in the loss and loss adjustment expenses incurred of 2.1 percent to \$18,497,390 in the first quarter of 1998 compared to \$18,897,779 for the same period in 1997. The company recognized premiums earned of \$27,461,062 for the quarter ended March 31, 1998, a 6.2 percent increase over the \$25,850,574 reported in the first quarter of 1997.

Revenues from investment operations for the first quarter of 1998 increased 17.4 percent to \$11,316,917 from \$9,636,429 posted in the first quarter of 1997. These results were fueled by a 18.1 percent increase in interest and dividends combined with a 47.7 percent increase in earnings from the investment in Erie Family Life Insurance Company. Non-recurring realized gains on investments were \$996,778 in the first quarter of 1998.

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 12th largest insurer of private passenger automobiles and the 24th largest property and casualty insurance group in the United States. The Group operates in nine states and the District of Columbia.