

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 25, 2004

ERIE INDEMNITY COMPANY
(Exact name of registrant as specified in its charter)

PENNSYLVANIA

0-24000

25-0466020

(State or other jurisdiction of
incorporation)

(Commission
File Number)

(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

1

Item 12. Results of Operations and Financial Condition

On February 25, 2004, Erie Indemnity Company issued a press release announcing financial results for the quarter and year ended December 31, 2003. A copy of this press release is attached hereto and is incorporated herein by reference as Exhibit 99.1.

On February 26, 2004 at 10 a.m. Erie Indemnity Company will hold a telephone conference call that will be webcast and that is complimentary to the press release announcing financial results for the quarter and year ended December 31, 2003.

Exhibit Number	Description
-----	-----
99.1	Press release dated February 25, 2004

2

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ERIE INDEMNITY COMPANY

Erie Indemnity Company

(Registrant)

Date: February 25, 2004

/s/ Philip A. Garcia

(Philip A. Garcia, Executive Vice President & CFO)

Contact: Mark Dombrowski, Corporate Communications
 814-870-2285 or 1-800-458-0811, extension 2285
 mark.dombrowski@erieinsurance.com

Erie Indemnity Company Reports Fourth Quarter and Full Year 2003 Results

Erie, Pa., Feb. 25, 2004 - Erie Indemnity Company (Nasdaq: ERIE) today announced results for the fourth quarter and full-year 2003.

For the fourth quarter:

- o Net income increased to \$43.1 million, up 27.1 percent from \$33.9 million for the same period in 2002.
- o Net income per share increased to \$.61 per share, compared to \$.48 per share in the comparable quarter for 2002.
- o Management fee revenue grew by 13.7 percent.

The increase in fourth quarter net income was due to a combination of management fee growth and a significant improvement in investment performance compared to the same period in 2002.

For the full-year 2003 results, Erie Indemnity reported:

- o Net income was up by 16.0 percent to \$199.7 million, from \$172.1 million at the end of 2002.
- o Net income per share increased to \$2.81 per share at December 31, 2003, from \$2.42 at year-end 2002.

The Company's financial results were affected by several non-cash adjustments recorded in the fourth quarter. A charge to net income of \$.07 per share reduced the Company's deferred acquisition cost (DAC) asset. The principle component of DAC is the management fee paid to the Company by its wholly owned property and casualty insurance subsidiaries, resulting from the inter-company reinsurance pool. Prior to the fourth quarter 2003, these costs were deferred at the full amount of the management fee incurred by the Indemnity Company's insurance subsidiaries, which included a profit component. During the fourth quarter 2003, the DAC was adjusted to reflect only the underlying policy acquisition costs, excluding the profit component. The Company also recorded an adjustment to true-up deferred income taxes during the fourth quarter, which reduced fourth quarter earnings by \$.05 per share.

4

The adjustment was made to reflect future tax obligations that will arise when earnings from the Company's equity investment in Erie Family Life Insurance Company (EFL) are distributed. As required by GAAP, the deferred tax provision assumes undistributed earnings of EFL will be distributed in the form of dividends.

"Erie Indemnity Company continues to generate strong earnings while we focus on improving the Property & Casualty Group's underwriting profitability," noted Jeffrey A. Ludrof, president and chief executive officer. "Our revised underwriting guidelines have had the expected results of moderating new policy and new premium growth rates from the accelerated rates of 2002. Ultimately, we believe this will have a favorable impact on the steady, long-term growth and profitability of the Company," Mr. Ludrof said.

The Company disclosed in its third quarter 2003 Form 10Q it believed, under Financial Accounting Standards Board (FASB) Interpretation No. 46 (FIN 46), that the Erie Insurance Exchange (Exchange) was a variable interest entity (VIE). The Company also concluded that, under the interpretation, it was the primary beneficiary of the Exchange and, therefore, must consolidate the financial results of the Exchange with those of the Company. The Company re-evaluated its position in response to revisions made by the FASB to FIN 46 in December 2003. The FASB revised FIN 46 to provide that only the variability in decision-maker fees should be included in the calculation of the primary beneficiary of a VIE. Prior to the change, FIN 46 required that the gross fees paid to the decision maker should be included in the expected residual returns computation in determination of the primary beneficiary. As a result of our re-computation in accordance with the revision of FIN 46, we have concluded that the Company is not the primary beneficiary of the Exchange. Consequently, under FIN 46 the results of the Exchange are not to be consolidated with the results of the Company.

The following analysis is presented on a business segment basis used internally by management to monitor and evaluate results.

Details of Fourth Quarter 2003 Results - Segment Basis

- - - - -

Management operations - Segment basis

- - - - -

Management fee revenue increased 13.7 percent to \$206.7 million for the quarter ended December 31, 2003, from \$181.8 million for the same period one year ago. The property and casualty direct written premiums of the Erie Insurance Group, upon which management fee revenue is calculated, grew 11.3 percent to \$862.3 million in the fourth quarter 2003, from \$774.8 million in the fourth quarter of 2002. Management fee revenue growth was affected by a reduction in the management fee rate to 24 percent in 2003 versus the 25 percent management fee rate in 2002. In December 2003, the Company's Board of Directors voted to reduce the management fee rate beginning in 2004 to 23.5 percent. The Company's Board of Directors has the authority to change the management fee rate at its discretion; however, the maximum fee rate permissible by agreement is 25

percent. This action was taken after the Board 's consideration and review of the relative financial position of the Erie Insurance Exchange and the Erie Indemnity Company.

The fourth quarter-to-quarter comparison of management fee revenue was affected by the reduction in fourth quarter 2002 management fee revenue of \$11.9 million due to the initial recording of an allowance for returned management fees.

As an expected consequence of the focus on improving underwriting profitability, the Company has experienced a reduction in the twelve-month growth rate of policies in force due to a decline in new policies written and a lower retention rate. Policy and premium growth in 2002 were positively affected by a yearlong agency incentive contest. The year-over-year growth in policies in force was 6.7 percent at December 31, 2003, down from 9.0 percent at September 30, 2003, and 12.8 percent at December 31, 2002. New premium written declined 32.8 percent to \$98.3 million in the fourth quarter of 2003 from \$146.2 million in the fourth quarter of 2002. Personal lines new premium written declined 25.3 percent, while commercial lines new premium written declined 46.4 percent in the fourth quarter of 2003 compared to the same period in 2002. The year-over-year policy retention rate declined to 90.2 percent at December 31, 2003, from 90.6 percent at September 30, 2003, and 91.2 at December 31, 2002. In 2003, the Company suspended new agency appointments. In 2004, the Company plans to appoint about 50 new agencies.

Service Agreement revenue was down 48.6 percent to \$1.7 million on \$27.6 million in non-affiliated assumed reinsurance premiums in the fourth quarter of 2003, compared to \$3.2 million on \$46.0 million in non-affiliated assumed reinsurance premium recorded in the fourth quarter of 2002. Service charge revenue rose 30.0 percent to \$5.5 million in the fourth quarter of 2003 versus \$4.2 million for the same period in 2002.

The cost of management operations increased 15.9 percent to \$158.0 million in the fourth quarter of 2003, from \$136.3 million for the same period in 2002. Commission costs increased 18.4 percent to \$113.3 million, from \$95.7 million in the fourth quarter 2002. Commission costs in the fourth quarter of 2002 were affected by the initial recording of an allowance for returned management fees, which also required a reduction in commission expense on the returned fees. This adjustment reduced commission expense in the fourth quarter 2002 by \$5.8 million.

Fourth quarter costs of management operations, excluding commissions, increased 10.0 percent to \$44.7 million in 2003 from \$40.6 million in 2002. Personnel costs totaled \$25.9 million for the fourth quarter 2003 versus \$21.8 million in the same period in 2002, an increase of 18.3 percent. Salaries and wages rose 12.3 percent to \$19.3 million in the quarter. In response to lower policy production, as a result of the Company's underwriting profitability initiatives, the Company has substantially slowed hiring of personnel in 2004. Retirement benefit costs increased to \$1.8 million in the fourth quarter of 2003 from \$1.0 million in the fourth quarter of 2002 due to increased pension expense as a result of a lower discount rate assumption in the pension plan. Retirement benefit costs are expected to increase about \$3.1 million in 2004 over 2003 levels related to a further reduction in the discount rate assumption for the pension plan.

Insurance underwriting operations - Segment basis

- - - - -

The Company's insurance underwriting operations recorded losses of \$8.0 million and \$11.2 million in the fourth quarters of 2003 and 2002, respectively. The statutory combined ratio for the Property & Casualty Group for the fourth quarter was 102.1, compared to 139.9 for the fourth quarter of 2002. Results for the fourth quarter 2002 include the effect of reserve strengthening of prior year loss reserves.

The Company's GAAP combined ratio was 115.8 for the quarter versus 125.3 for the same quarter in 2002. The \$7.6 million adjustment to the Company's DAC is reflected in the policy acquisition and other underwriting expenses of the Insurance Underwriting Operations segment of the Company.

The Company's share of catastrophe losses totaled \$0.8 million and \$1.6 million for the three-month periods ended December 31, 2003 and 2002, respectively.

Recoveries under the excess-of-loss reinsurance agreement with the Exchange reversed by \$0.7 million in the fourth quarter 2003 versus \$0.8 million in additional recoverables recorded during the fourth quarter 2002.

Included in the Company's policy acquisition and other underwriting expenses is the property and casualty insurance subsidiaries' share of software development costs related to the eCommerce initiative. Costs associated with the eCommerce initiative totaled \$0.5 million and \$0.9 million for the fourth quarters of 2003 and 2002, respectively. These costs will continue to be incurred as the program develops.

Investment operations - Segment basis

- - - - -

Net revenue from investment operations for the fourth quarter of 2003 reflects income of \$21.8 million, compared to \$8.0 million in income for the same period in 2002. The performance of investment operations continues to benefit from improvements in the fixed income and equity markets. Net investment income increased by 3.7 percent to \$15.3 million for the quarter ended December 31, 2003, from \$14.7 million for the same period in 2002. Net realized gains on investments of \$4.6 million were recorded during the fourth quarter of 2003 compared to net realized losses of \$2.6 million for the fourth quarter of 2002. Equity in losses of limited partnerships generated losses of \$0.6 and \$4.8 million for the fourth quarters of 2003 and 2002, respectively.

The Company's earnings from its 21.6 percent equity ownership of EFL increased to \$2.4 million for the fourth quarter of 2003 from \$0.6 million in the fourth quarter 2002. Erie Family Life benefited from improved margins on interest-sensitive products and improved investment results.

Details of 2003 Year-end Results - Segment Basis

Management operations - Segment basis

Management fee revenue for 2003 was up 13.2 percent from a year earlier to \$878.4 million. For the years ended December 31, 2003 and 2002, the property and casualty direct written premiums of the Erie Insurance Group totaled \$3.7 billion and \$3.2 billion, respectively, an increase of 16.6 percent.

As an expected result of the focus on underwriting profitability, the Company has experienced a reduction in the twelve-month growth rate of policies in force due to a decline in new policies written in 2003. Total new premium written declined 13.7 percent to \$501.9 million in 2003 from \$581.5 million in 2002. Personal lines new premium written declined 8.6 percent to \$333.3 million in 2003, while commercial lines new premium written declined 22.3 percent to \$168.4 million in 2003.

The average premium per policy increased 9.3 percent to \$981 in 2003 from \$898 in 2002. For personal auto, the average premium per policy increased 7.7 percent to \$1,122 in 2003 from \$1,042 in 2002. For commercial lines, the average premium per policy increased 9.5 percent to \$2,326 in 2003 from \$2,124 in 2002.

Firming pricing for commercial and personal insurance over the last several years has allowed the Erie Insurance Group to more adequately price its products. Premium increases anticipated in 2004 due to pricing actions contemplated, filed and awaiting approval, or approved through December 31, 2003, amount to approximately \$320.3 million in premium for the Erie Insurance Group, down from \$343.3 million estimated at September 30, 2003. Projected increases have been tempered as a result of changes in the Company's competitive position in some markets.

Costs of management operations increased by 17.0 percent during 2003. Commission costs to independent agencies - which make up over half of the Company's expenses - rose 19.2 percent to \$474.8 million in 2003 from \$398.3 million for 2002.

The cost of management operations, excluding commissions, increased 11.5 percent in 2003 to \$177.5 million from \$159.1 million in 2002, due primarily to increases in personnel costs. Personnel costs increased 13.4 percent in 2003 compared to 2002 as a result of increased employee staffing levels and increased employee benefit costs. Salaries and wages rose 7.8 percent, while employee benefit costs rose 46.7 percent. Employee benefit costs rose as health plan costs increased 29.3 percent in 2003, while retirement plan costs rose 89 percent to \$6.7 million in 2003 from \$3.5 million in 2003 as a result of a lower assumed discount rate assumption for retirement plan obligations.

Information technology hardware and infrastructure expenditures related to the eCommerce program are included in the cost of management operations. These costs totaled \$0.5 million in 2003 and \$2.6 million in 2002.

Insurance underwriting operations - Segment basis

- - - - -

The Company's 5.5 percent share of Erie Insurance Group's underwriting losses totaled \$24.9 million in 2003 compared to \$27.1 million in 2002, yielding a GAAP combined ratio of 113.0 for 2003 compared to 116.5 in 2002. Although improved on a year-to-year basis, underwriting losses continued to be adversely impacted by greater than average catastrophe losses, including losses associated with Hurricane Isabel.

The statutory combined ratio for the Property & Casualty Group was 109.5 for 2003, compared to 118.5 for 2002. Reserve strengthening recorded in 2002 and 2001 appears to have been adequate as almost no adverse development of prior year loss reserves was experienced in 2003. Management's emphasis on controlling exposure growth and improving underwriting risk selection contributed to the lower 2003 result. The Group's 2003 underwriting losses resulted primarily from increases in current claims severity and catastrophe losses.

The Company's share of catastrophe losses totaled \$10.0 million and \$7.1 million, for the years ended December 31, 2003 and 2002, respectively.

Recoveries under an excess-of-loss reinsurance agreement with the Exchange for the year totaled \$6.5 million and \$8.8 million for 2003 and 2002, respectively.

For the 12 months ended December 31, 2003 and 2002, the Company's policy acquisition and other underwriting expenses were also impacted by the property and casualty insurance subsidiaries' share of costs related to the eCommerce initiative. These costs totaled \$2.5 million and \$3.9 million, respectively. Costs in the program will continue to be incurred in 2004.

In addition to the impact of the development of eCommerce on expenses, the 2004 rollout of the new agency interface system, ERIEConnection, will require significant training and orientation for agencies. During this orientation, an impact on new business production is expected as agency resources are getting acquainted with the new interface to the ERIE.

Investment operations - Segment basis

- - - - -

For the year ended December 31, 2003, net revenue from investment operations increased by 75.4 percent to \$74.2 million compared to \$42.3 million for the same period in 2002. Net realized gains on investments were \$10.4 million for the year ended December 31, 2003, compared to net realized losses of \$11.2 million at December 31, 2002. In 2003, impairment charges amounted to \$6.0 million. In 2002, net realized losses included \$25.4 million in impairment charges related primarily to bonds in the communications and energy segments. Of the \$25.4 million in impairments, \$4.8 million were related to equity securities and \$20.6 million were related to fixed income securities.

Net investment income totaled \$58.3 million for the year ended December 31, 2003, and \$55.4 million for 2002, up 5.2 percent from 2002. Included in net investment income are primarily interest and dividends on the Company's fixed maturity and equity security portfolios.

For the year ended December 31, 2003, equity in losses in limited partnerships amounted to \$2.0 million, compared to losses of \$3.7 million 2002. Equity in earnings of Erie Family Life was \$7.4 million in 2003, compared to \$1.7 million for the same period in 2002. The higher earnings from Erie Family Life resulted from significant increases in realized gains, reduced levels of realized losses on investments and continued premium growth.

During 2003, John M. Petersen, former CEO and CFO of the Company, retired as equity portfolio manager for the Erie Insurance Group. The Company completed the transition of investment management responsibilities to an initial group of new equity portfolio managers, including Mellon Capital Management, Pzena Investment Management, Alliance Capital Management, Advisory Research, Private Capital Management, Artisan Partners, TCW Asset Management and Wellington Management.

At its regular December 2003 meeting, the Board of Directors made a number of decisions related to the Company's sound financial condition, including the authorization of a \$250 million stock repurchase plan of the Company's outstanding Class A common stock through December 31, 2006.

Erie Indemnity Company provides management services to 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.

According to A.M. Best Company, Erie Insurance Group, based in Erie, Pennsylvania, is the 16th largest automobile insurer in the United States based on direct premiums written and the 20th largest property/casualty insurer in the United States based on total lines net premium written. The Group, rated A+ (Superior) by A.M. Best Company, has more than 3.7 million policies in force and operates in 11 states and the District of Columbia.

News releases and more information about Erie Insurance Group are available at <http://www.erieinsurance.com>

- -----

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Certain forward-looking statements contained herein involve risks and uncertainties. These statements include certain discussions relating to underwriting, premium and investment income volume, business strategies, profitability and business relationships and the Company's other business activities during 2003 and beyond. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expect," "plan," "intend," "anticipate," "believe," "estimate," "project," "predict," "potential" and similar expressions. These forward-looking statements reflect the Company's current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that may cause results to differ materially from those anticipated in those statements. Many of the factors that will determine future events or achievements are beyond our ability to control or predict.

STATEMENTS OF OPERATIONS
AND FINANCIAL POSITION AND OTHER INFORMATION
WILL FOLLOW

ERIE INDEMNITY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2003	2002	2003	2002
<hr/>				
OPERATING REVENUE:				
Management fee revenue	\$ 195,284	\$ 171,805	\$ 830,069	\$ 733,036
Premiums earned	50,833	44,134	191,592	163,958
Service agreement revenue	7,113	7,419	27,127	23,729
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenue	\$ 253,230	\$ 223,358	\$1,048,788	\$ 920,723
	<hr/>	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:				
Cost of management operations	\$ 149,351	\$ 128,849	\$ 616,382	\$ 526,785
Losses and loss expenses incurred	37,397	40,794	152,984	139,225
Policy acquisition and other underwriting expenses	18,810	12,021	51,112	39,861
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	\$ 205,558	\$ 181,664	\$ 820,478	\$ 705,871
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER INCOME AND EXPENSES:				
Investment income, net of expenses	\$ 15,283	\$ 14,735	\$ 58,298	\$ 55,440
Realized gains (losses) on investments	4,630	(2,609)	10,445	(11,237)
Equity in losses of limited partnerships	(566)	(4,764)	(2,000)	(3,654)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other income and expenses	\$ 19,347	\$ 7,362	\$ 66,743	\$ 40,549
	<hr/>	<hr/>	<hr/>	<hr/>
Income before income taxes and equity in earnings of Erie Family Life Insurance Company	\$ 67,019	\$ 49,056	\$ 295,053	\$ 255,401
Less: Provision for income taxes	26,130	15,716	102,237	84,886
Equity in earnings of Erie Family Life Insurance Company, net of tax	\$ 2,241	\$ 596	\$ 6,909	\$ 1,611
	<hr/>	<hr/>	<hr/>	<hr/>
Net income	\$ 43,130	\$ 33,936	\$ 199,725	\$ 172,126
	<hr/>	<hr/>	<hr/>	<hr/>
Net income per share (basic & diluted)	\$ 0.61	\$ 0.48	\$ 2.81	\$ 2.42
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average shares outstanding	70,997	70,097	70,997	71,081
	<hr/>	<hr/>	<hr/>	<hr/>
DIVIDENDS DECLARED				
Class A non-voting common	\$ 0.215	\$ 0.190	\$ 0.785	\$ 0.700
	<hr/>	<hr/>	<hr/>	<hr/>
Class B common	\$ 32.25	\$ 28.50	\$ 117.75	\$ 105.00
	<hr/>	<hr/>	<hr/>	<hr/>

Erie Indemnity Company
CONSOLIDATED STATEMENTS OF OPERATIONS - SEGMENT BASIS
(Amounts in thousands, except per share data)

	Three months ended December 31,		Twelve months ended December 31,	
	2003	2002	2003	2002
MANAGEMENT OPERATIONS				
Management fee revenue	\$ 206,651	\$ 181,805	\$ 878,380	\$ 775,700
Service agreement revenue	7,113	7,419	27,127	23,729
	-----	-----	-----	-----
Total revenue from management operations	\$ 213,764	\$ 189,224	\$ 905,507	\$ 799,429
Cost of management operations	158,044	136,348	652,256	557,445
	-----	-----	-----	-----
Income from management operations	\$ 55,720	\$ 52,876	\$ 253,251	\$ 241,984
	-----	-----	-----	-----
INSURANCE UNDERWRITING OPERATIONS				
Premiums earned	\$ 50,833	\$ 44,134	\$ 191,592	\$ 163,958
	-----	-----	-----	-----
Losses and loss adjustment expenses incurred	\$ 37,397	\$ 40,794	\$ 152,984	\$ 139,225
Policy acquisition and other underwriting expenses	21,484	14,522	63,549	51,865
	-----	-----	-----	-----
Total losses and expenses	\$ 58,881	\$ 55,316	\$ 216,533	\$ 191,090
	-----	-----	-----	-----
Underwriting loss	\$ (8,048)	\$ (11,182)	\$ (24,941)	\$ (27,132)
	-----	-----	-----	-----
INVESTMENT OPERATIONS				
Net investment income	\$ 15,283	\$ 14,735	\$ 58,298	\$ 55,440
Net realized gains (losses) on investments	4,630	(2,609)	10,445	(11,237)
Equity in earnings (losses) of limited partnerships	(566)	(4,764)	(2,000)	(3,654)
Equity in earnings of Erie Family Life Insurance Company	2,410	641	7,429	1,732
	-----	-----	-----	-----
Net revenue from investment operations	\$ 21,757	\$ 8,003	\$ 74,172	\$ 42,281
	-----	-----	-----	-----
	-----	-----	-----	-----
Income before income taxes	\$ 69,429	\$ 49,697	\$ 302,482	\$ 257,133
Provision for income taxes	26,299	15,761	102,757	85,007
	-----	-----	-----	-----
Net income	\$ 43,130	\$ 33,936	\$ 199,725	\$ 172,126
	=====	=====	=====	=====
Net income per share (basic & diluted)	\$ 0.61	\$ 0.48	\$ 2.81	\$ 2.42
	=====	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING	70,997	70,997	70,997	71,081
	=====	=====	=====	=====

Erie Indemnity Company
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands, except per share data)

	December 31, 2003 -----	December 31, 2002 -----
ASSETS		
Investments		
Fixed maturities	\$ 879,361	\$ 708,068
Equity securities		
Preferred stock	148,952	157,563
Common stock	40,451	36,515
Other invested assets	116,400	96,613
	-----	-----
Total investments	\$ 1,185,164	\$ 998,759
Cash and cash equivalents	\$ 87,192	\$ 85,712
Equity in Erie Family Life Insurance Company	56,072	48,545
Premiums receivable from policyholders	266,957	239,704
Receivables from affiliates	984,146	829,049
Other assets	175,076	155,907
	-----	-----
Total assets	\$ 2,754,607 =====	\$ 2,357,676 =====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Unpaid losses and loss adjustment expenses	\$ 845,536	\$ 717,015
Unearned premiums	449,606	393,091
Other liabilities	295,295	260,198
	-----	-----
Total liabilities	\$ 1,590,437	\$ 1,370,304
Total shareholders' equity	\$ 1,164,170	\$ 987,372
	-----	-----
Total liabilities and shareholders' equity	\$ 2,754,607 =====	\$ 2,357,676 =====
Book value per share	\$16.40	\$13.91
Shares outstanding	70,997	70,997

Erie Indemnity Company
Segment Information

Management fee revenue by line of business - Segment basis:

	Three months ended December 31, 2003	2002	% Change	Twelve months ended December 31, 2003	2002	% Change
(In thousands)						
Private passenger auto	\$ 106,408	\$ 100,640	5.7%	\$ 450,227	\$ 414,426	8.6%
Commercial auto	16,906	16,213	4.3	74,022	67,097	10.3
Homeowners	37,706	31,943	18.0	148,197	123,960	19.6
Commercial multi-peril	21,797	21,603	0.9	96,370	83,974	14.8
Workers' compensation	15,790	15,678	0.7	77,134	67,851	13.7
All other lines of business	8,344	7,628	9.4	35,430	30,292	17.0
Total	\$ 206,951	\$ 193,705	6.8	\$ 881,380	\$ 787,600	11.9
Allowance for management fee returned on cancelled policies	(300)	(11,900)	(97.5)	(3,000)	(11,900)	(74.8)
Total management fee revenue	\$ 206,651	\$ 181,805	13.7%	\$ 878,380	\$ 775,700	13.2%

Growth rate of policies in force for Property and Casualty Group insurance operations:

Date	Private passenger auto	12-mth. growth rate	Homeowners	12-mth. growth rate	All other lines of personal business	12-mth. growth rate	Total Personal Lines	12-mth. growth rate		
12/31/2001	1,432,747	7.1%	1,075,816	9.0%	215,134	11.5%	2,723,697	8.2%		
03/31/2002	1,469,617	8.3	1,104,806	10.1	222,061	12.2	2,796,484	9.3		
06/30/2002	1,512,335	9.4	1,146,639	11.4	231,951	13.4	2,890,925	10.5		
09/30/2002	1,554,425	10.4	1,190,651	13.1	240,410	14.4	2,985,486	11.8		
12/31/2002	1,591,161	11.1	1,230,895	14.4	249,544	16.0	3,071,600	12.8		
03/31/2003	1,623,429	10.5	1,263,118	14.3	257,327	15.9	3,143,874	12.4		
06/30/2003	1,650,225	9.1	1,293,575	12.8	264,423	14.0	3,208,223	11.0		
09/30/2003	1,666,285	7.2	1,316,775	10.6	269,640	12.2	3,252,700	9.0		
12/31/2003	1,672,621	5.1	1,327,842	7.9	272,547	9.2	3,273,010	6.6		
Date	CML* auto	12-mth. growth rate	CML* multi- peril	12-mth. growth rate	Workers' comp.	12-mth. growth rate	All other CML* lines of business	12-mth. growth rate	Total CML* Lines	12-mth. growth rate
12/31/2001	96,100	9.7%	166,214	11.6%	52,033	10.3%	71,539	9.9%	385,886	10.7%
03/31/2002	98,926	10.7	171,283	12.5	53,320	10.8	73,392	10.7	396,921	11.5
06/30/2002	102,447	11.6	179,761	13.9	55,607	11.9	75,884	11.7	413,699	12.6
09/30/2002	105,353	11.8	185,608	14.4	57,375	12.5	78,131	11.5	426,467	13.0
12/31/2002	108,069	12.5	190,787	14.8	58,930	13.3	79,772	11.5	437,558	13.4
03/31/2003	109,963	11.2	194,911	13.8	60,104	12.7	81,356	10.9	446,334	12.4
06/30/2003	112,911	10.2	201,614	12.2	61,932	11.4	83,826	10.5	460,283	11.3
09/30/2003	114,339	8.5	205,127	10.5	62,396	8.8	85,789	9.8	467,651	9.7
12/31/2003	115,171	6.6	206,533	8.3	62,282	5.7	86,409	8.3	470,395	7.5
Date	Total All lines	12-mth. growth rate								
12/31/2001	3,109,583	8.5%								
03/31/2002	3,193,405	9.6								
06/30/2002	3,304,624	10.8								
09/30/2002	3,411,953	11.9								
12/31/2002	3,509,158	12.8								
03/31/2003	3,590,208	12.4								
06/30/2003	3,668,506	11.0								
09/30/2003	3,720,351	9.0								
12/31/2003	3,743,405	6.7								

*CML = Commercial

Policy retention trends for Property and Casualty Group insurance operations:

Date	Private passenger auto	CML* auto	Homeowners	CML* multi-peril	Workers' comp.	All other lines of business	Total
12/31/2001	92.2%	90.5%	90.2%	88.0%	88.4%	88.2%	90.9%
03/31/2002	92.3	90.9	90.2	88.8	89.3	88.1	90.9
06/30/2002	92.4	91.1	90.4	89.0	89.5	88.3	91.0
09/30/2002	92.5	90.8	90.5	88.7	89.5	88.2	91.1
12/31/2002	92.6	91.0	90.5	88.7	89.4	88.5	91.2
03/31/2003	92.5	91.3	90.6	89.1	90.2	88.5	91.2
06/30/2003	92.2	91.1	90.5	88.4	89.4	88.4	91.0
09/30/2003	91.9	90.4	90.1	88.0	88.9	88.4	90.6
12/31/2003	91.6	89.8	89.5	87.5	88.1	88.2	90.2

*CML = Commercial

Selected financial data of Erie Insurance Exchange:

The selected financial data below is derived from the Erie Insurance Exchange's financial statements prepared in accordance with Statutory Accounting Principles. In the opinion of management, all adjustments consisting only of normal recurring accruals, considered necessary for a fair presentation have been included. The financial data set forth below is only a summary.

	Three months ended		Twelve months ended	
(In thousands) Statutory Accounting Basis	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Premiums earned	\$ 870,654	\$ 771,621	\$ 3,372,308	\$ 2,912,147
Losses and loss adjustment expenses	\$ 656,112	\$ 839,672	\$ 2,772,940	\$ 2,566,724
Insurance underwriting and other expenses	226,757	250,716	983,354	969,597
Net underwriting loss	\$ (12,215)	\$ (318,767)	\$ (383,986)	\$ (624,174)
Net investment income	60,364	49,463	232,677	216,031
Net realized gains (losses)	579,941	(64,050)	734,848	(182,381)
Federal income tax expense (benefit)	201,645	(104,137)	142,106	(173,062)
Net income (loss)	\$ 426,445	\$ (229,217)	\$ 441,433	\$ (417,462)

	As of	
(In thousands) Statutory Accounting Basis	December 31, 2003	December 31, 2002
Cash and invested assets	\$ 7,024,796	\$ 5,967,051
Total assets	8,045,626	7,007,803
Claims and unearned premium reserves	4,616,687	3,962,218
Total liabilities	5,616,541	4,892,032
Policyholders' surplus	\$ 2,429,085	\$ 2,115,771