



Erie Indemnity Increases Dividend and Management Fee

Erie, Pa.-- Dec. 17, 1997 -- At the December 16, 1997 regular meeting of the board of directors of the Erie Indemnity Company (Nasdaq: ERIE), the board approved an increase in shareholders' dividends. In separate action, the board increased the management fee charged the Erie Insurance Exchange.

In light of the company's strong financial performance during 1997, the board of directors increased the regular quarterly dividend from \$.095 to \$.1075 on each Class A share and from \$14.25 to \$16.125 on each Class B share, payable January 20, 1998 to shareholders of record as of January 6, 1998 with a dividend ex-date of January 2, 1998. This represents an approximate 13.2 percent increase over the current dividend amounts.

After a review of the relative financial position of the Erie Insurance Exchange and the Erie Indemnity Company, the board voted to increase the management fee charged the Erie Insurance Exchange from 24 percent to 24.25 percent for the period beginning January 1, 1998 through December 31, 1998. However, the Company's board of directors has the authority to change the management fee at its discretion. The maximum management fee permissible under the subscribers agreement with the Erie Insurance Exchange is 25 percent.

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 24th largest property and casualty insurer in the United States. The Group operates in nine states and the District of Columbia. Erie Indemnity Company's class A non-voting common stock is listed on the Nasdaq National Market under the symbol "ERIE."