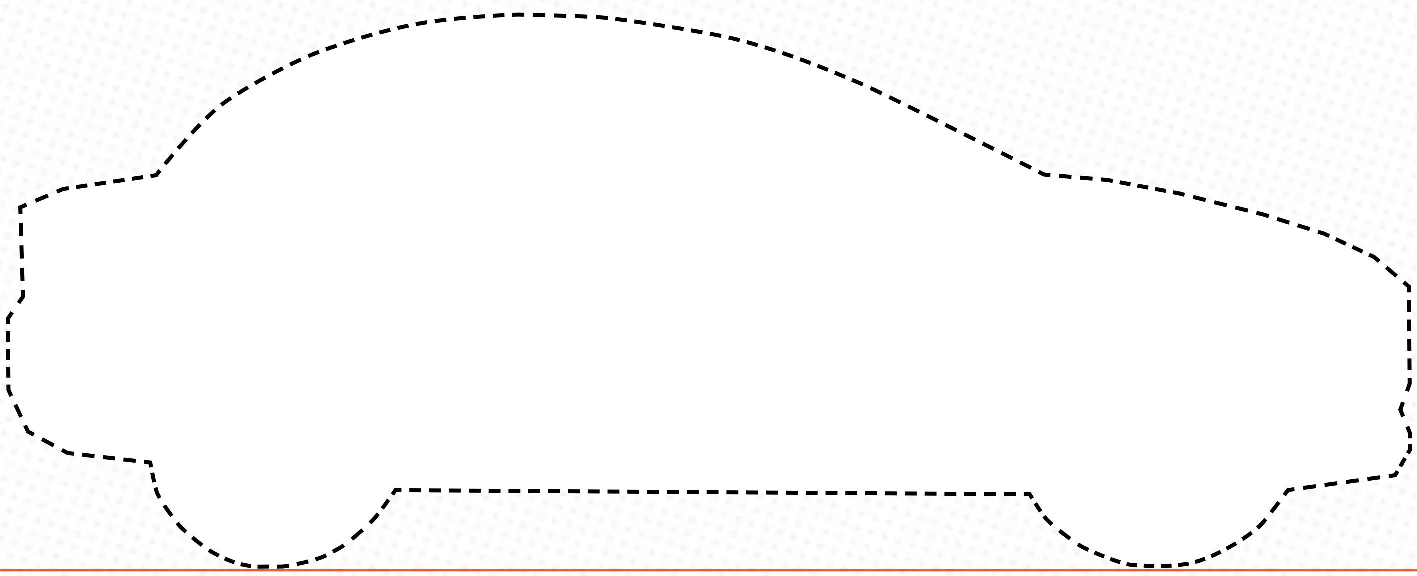
Draw your car facing right.



The Progressive Corporation Annual Report 2011


nice!
LET'S GO

1). THE REQUEST

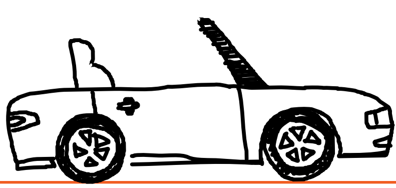
On December 13, 2011, Progressive invited customers, shareholders, employees, friends, and family to perform this simple task.

The Progressive Group of Insurance Companies, in business since 1937, is one of the country's largest auto insurance groups, the largest seller of motorcycle policies, and a market leader in commercial auto insurance based on premiums written.

Progressive is committed to becoming consumers' #1 choice for auto insurance by providing competitive rates and innovative products and services that meet drivers' needs throughout their lifetimes, including superior online and in-person customer service, and best-in-class, 24-hour claims service, such as its concierge level of claims service available at service centers located in major metropolitan areas throughout the United States.

Progressive companies offer consumers choices in how to shop for, buy, and manage their auto insurance policies. Progressive offers its products, including personal and commercial auto, motorcycle, boat, and recreational vehicle insurance, through more than 35,000 independent insurance agencies throughout the U.S. and online and by phone directly from the Company.

Personalization is an important theme in Progressive's philosophy of customer interaction. This year we commissioned digital artist Aaron Koblin to express this theme as his work utilizes crowd-sourced data to reflect on cultural trends and the changing relationship between humans and technology. In *The Single Lane Superhighway*, we invited drivers to create personal interpretations of their cars. These cars were collected on an interactive website, which will join Progressive's collection of contemporary art.



Bunny (Anika, age 30)

Truckster (TW, age 31)

Five-Year Financial Highlights

(billions – except per share amounts)

	2011	2010	2009	2008	2007
FOR THE YEAR					
Net premiums written	$ 15.1	$ 14.5	$ 14.0	$ 13.6	$ 13.8
Growth over prior year	5%	3%	3%	(1)%	(3)%
Net premiums earned	$ 14.9	$ 14.3	$ 14.0	$ 13.6	$ 13.9
Growth over prior year	4%	2%	3%	(2)%	(2)%
Total revenues	$ 15.5	$ 15.0	$ 14.6	$ 12.8	$ 14.7
Net income (loss)	$ 1.02	$ 1.07	$ 1.06	$ (.07)	$ 1.18
Per share[1]	$ 1.59	$ 1.61	$ 1.57	$ (.10)	$ 1.65
Underwriting margin	7.0%	7.6%	8.4%	5.4%	7.4%

(billions – except shares outstanding, per share amounts, and policies in force)

	2011	2010	2009	2008	2007
AT YEAR-END					
Common shares outstanding (millions)	613.0	662.4	672.6	676.5	680.2
Book value per share	$ 9.47	$ 9.13	$ 8.55	$ 6.23	$ 7.26
Consolidated shareholders' equity	$ 5.8	$ 6.0	$ 5.7	$ 4.2	$ 4.9
Market capitalization	$ 12.0	$ 13.2	$ 12.1	$ 10.0	$ 13.0
Return on average shareholders' equity					
Net income	16.5%	17.1%	21.4%	(1.5)%	19.5%
Comprehensive income	15.0%	22.3%	35.5%	(13.3)%	17.7%
Policies in force (thousands)					
Personal Lines					
Agency–auto	4,648.5	4,480.1	4,299.2	4,288.6	4,396.8
Direct–auto	3,844.5	3,610.4	3,201.1	2,824.0	2,598.5
Special lines	3,790.8	3,612.2	3,440.3	3,352.3	3,120.3
Total Personal Lines	12,283.8	11,702.7	10,940.6	10,464.9	10,115.6
Growth over prior year	5%	7%	5%	3%	4%
Commercial Auto	509.1	510.4	512.8	539.4	539.2
Growth over prior year	0%	0%	(5)%	0%	7%
Industry net premiums written[2]	NA	$ 158.9	$ 156.6	$ 158.0	$ 159.1
Market share[3]	NA	8.0%	7.7%	7.3%	7.3%

	1-Year	3-Year	5-Year
STOCK PRICE APPRECIATION (DEPRECIATION)[4]			
Progressive	.2%	12.5%	(.7)%
S&P 500	2.1%	14.1%	(.2)%

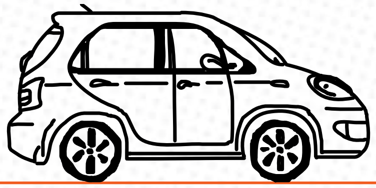
[1]Since we reported a net loss for 2008, the calculated diluted earnings per share was antidilutive; therefore, basic earnings per share is disclosed. For all other periods, diluted earnings per share is disclosed.

[2]Represents private passenger auto insurance market net premiums written as reported by A.M. Best Company, Inc.

[3]Represents Progressive's private passenger auto business, including motorcycle insurance, as a percent of the private passenger auto insurance market.

[4]Represents average annual compounded rate of increase (decrease) and assumes dividend reinvestment.

NA = Final comparable industry data will not be available until our third quarter report.



Yaaaris! (Emma, age 21)

I

need to have

my car

repaired quickly

so I can

get back to

__________.

1959 (Jrgen, age 33)

Communicating a clear picture of Progressive by stating what we try to achieve (Vision), how we interact with customers (Customer Value Proposition), and what guides our behavior (Core Values) permits all people associated with us to understand what we expect of ourselves and each other and how we conduct our business.

VISION

We seek to be an excellent, innovative, growing, and enduring business by cost-effectively and profitably reducing the human trauma and economic costs of auto accidents and other mishaps, and by building a recognized, trusted, admired, business-generating brand. We seek to maximize shareholder value and to provide a positive environment that attracts quality people who develop and achieve ambitious growth plans.

CUSTOMER VALUE PROPOSITION

Our Customer Value Proposition provides a litmus test for customer interactions and relationships and innovation.

Fast, Fair, Better That's what you can expect from Progressive. Everything we do recognizes the needs of busy consumers, who are cost-conscious, increasingly savvy about insurance, and ready for new, easy ways to quote, buy, and manage their policies, including claims service that respects their time and reduces the trauma and inconvenience of loss.

CORE VALUES

Progressive's Core Values serve as the foundation for our corporate culture. They govern our decisions and define the manner in which we conduct our business and how we interact with all interested parties. We want them understood and embraced by all Progressive people. Growth and change provide new perspective, requiring regular refinement of Core Values.

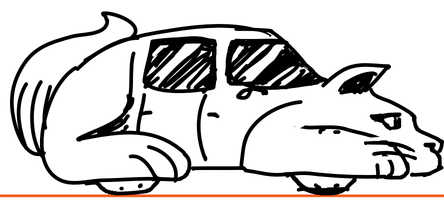
Integrity We revere honesty. We adhere to high ethical standards, provide timely, accurate, and complete financial reporting, encourage disclosing bad news, and welcome disagreement.

Golden Rule We respect all people, value the differences among them, and deal with them in the way we want to be dealt with. This requires us to know ourselves and to try to understand others.

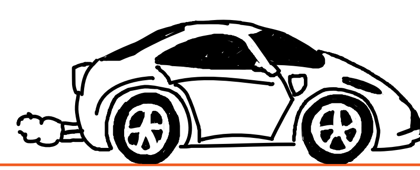
Objectives We strive to communicate clearly Progressive's ambitious objectives and our people's personal and team objectives. We evaluate performance against all these objectives.

Excellence We strive constantly to improve in order to meet and exceed the highest expectations of our customers, agents, shareholders, and people. We teach and encourage our people to improve performance and to reduce the costs of what they do for customers. We base their rewards on results and promotion on ability.

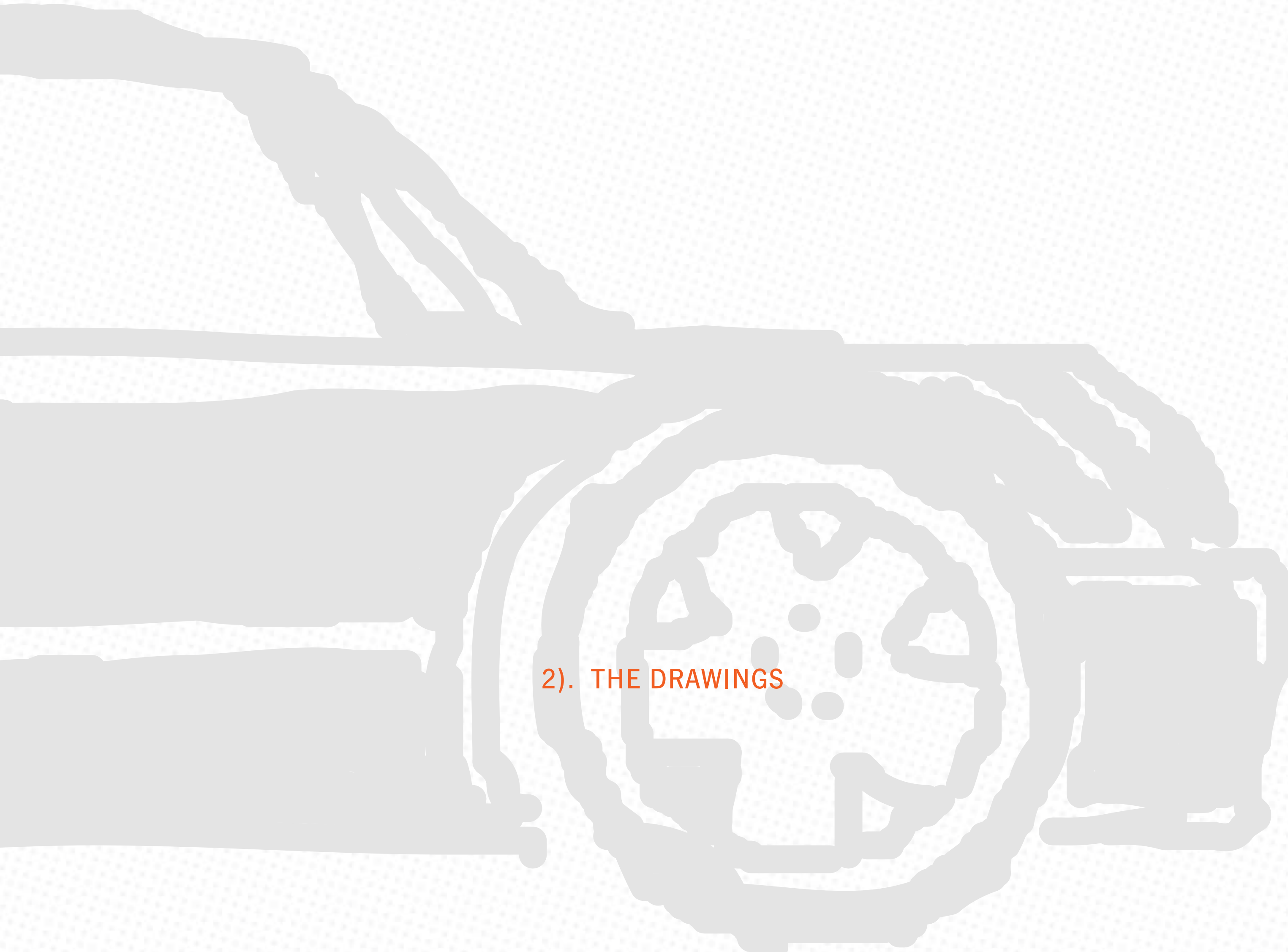
Profit We seek to earn a profit by offering consumers products and services they want. Profit is how the free-enterprise system motivates investment and rewards companies that consistently create value.



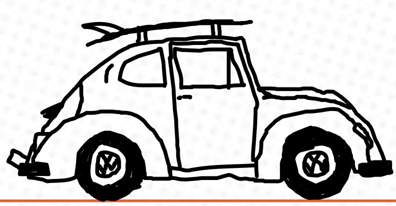
Cat Car (Feiss.be, age 33)



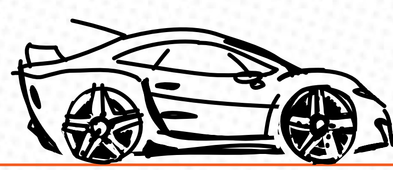
F458 (Dave, age 40)



2). THE DRAWINGS

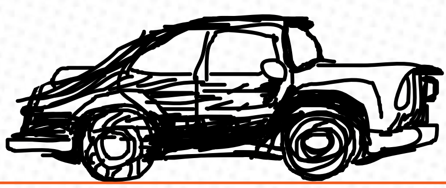


VW Beetle (Macca, age 36)

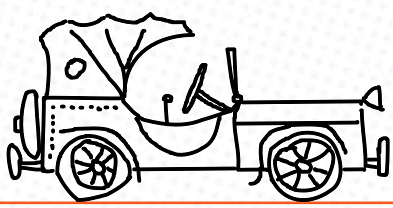


Sportive (Mac, age 18)

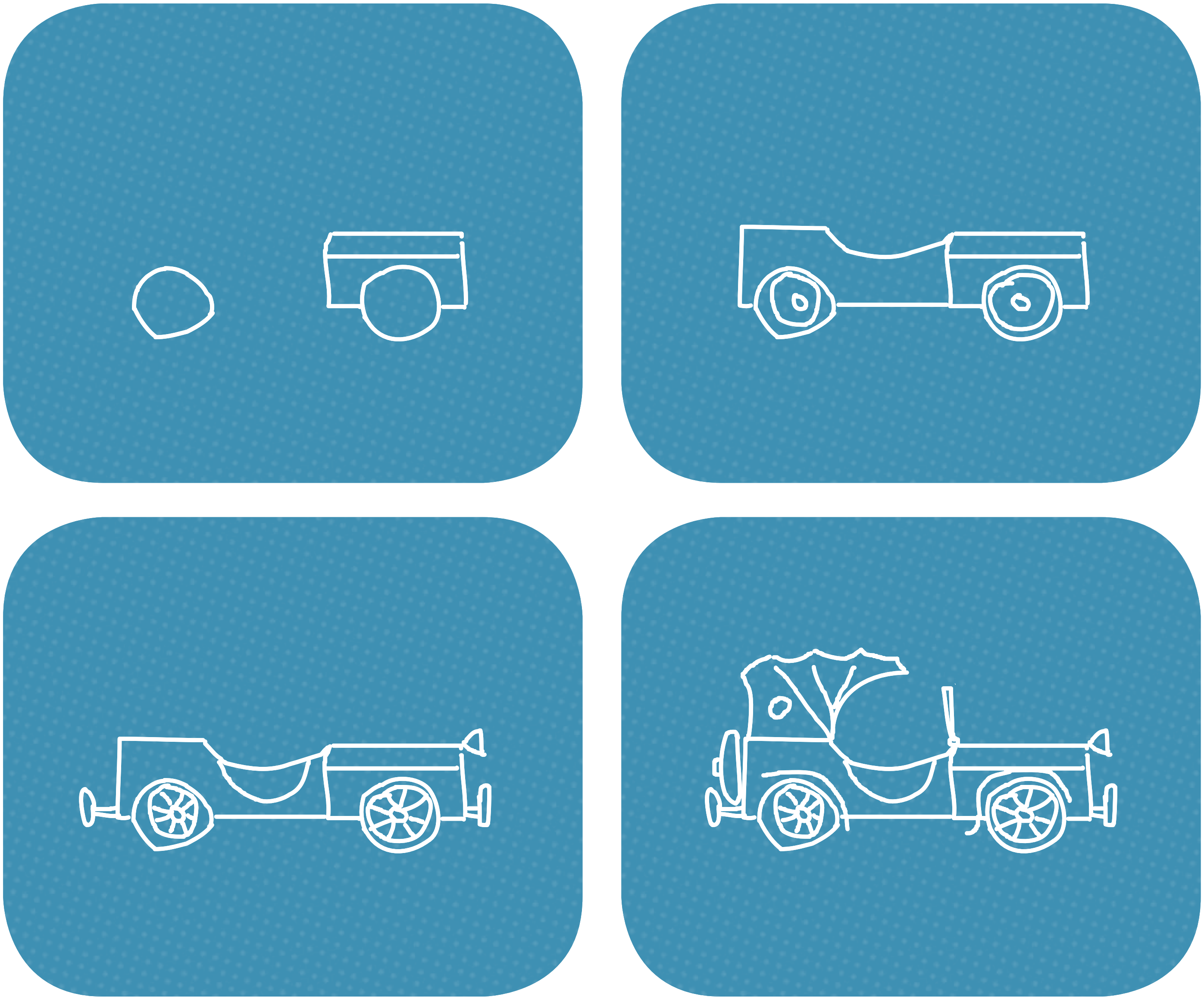
"My way *on* the highway."

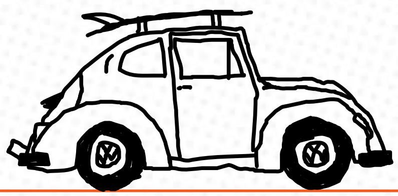


Rumpy (Jakob, age 29)

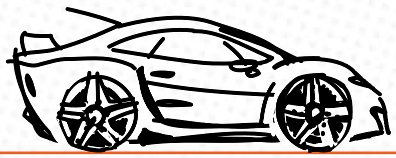


Lepro Balt (Extrater, age 93)



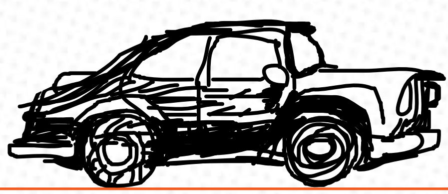


VW Beetle (Macca, age 36)



Sportive (Mac, age 18)

To reflect personalization, digital artist Aaron Koblin developed a simple drawing tool where drivers have submitted over 100,000 interpretations of cars.



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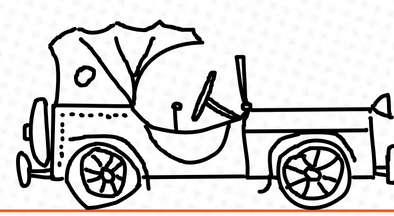
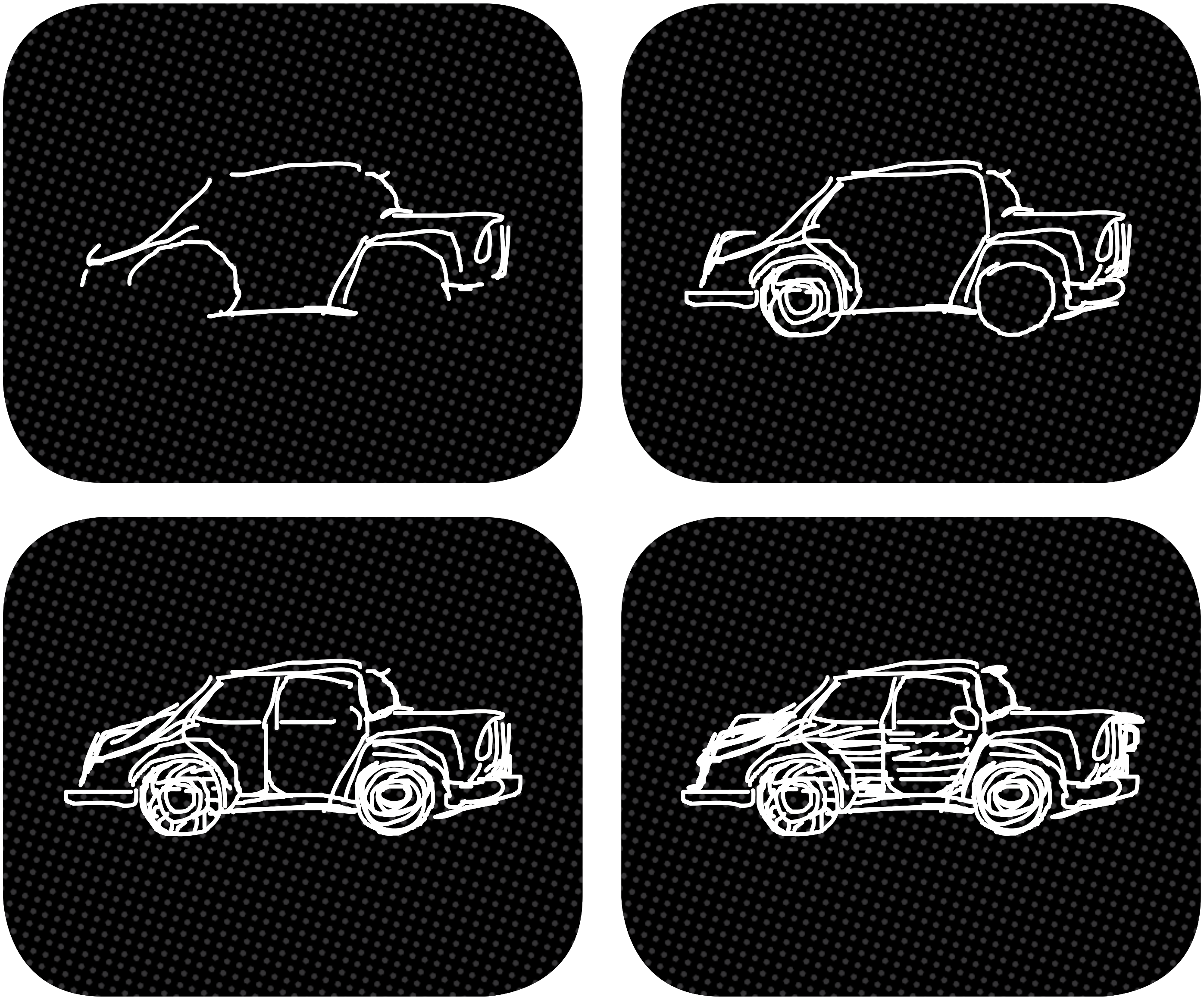
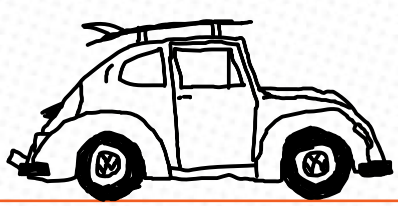
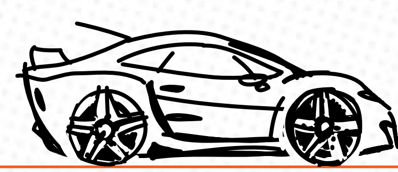


Lepro Balt (Extrater, age 93)



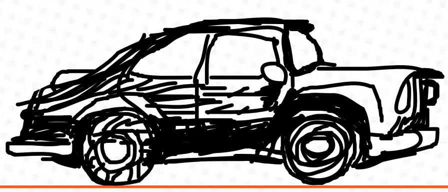


VW Beetle (Macca, age 36)



Sportive (Mac, age 18)

To reflect personalization, digital artist Aaron Koblin developed a simple drawing tool where drivers have submitted over 100,000 interpretations of cars. The imaginations and experiences of people from all walks of life produced a variety of vehicles.



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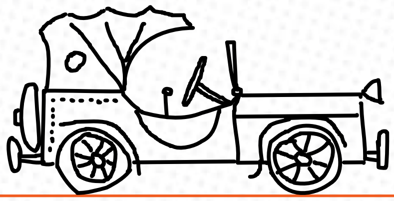
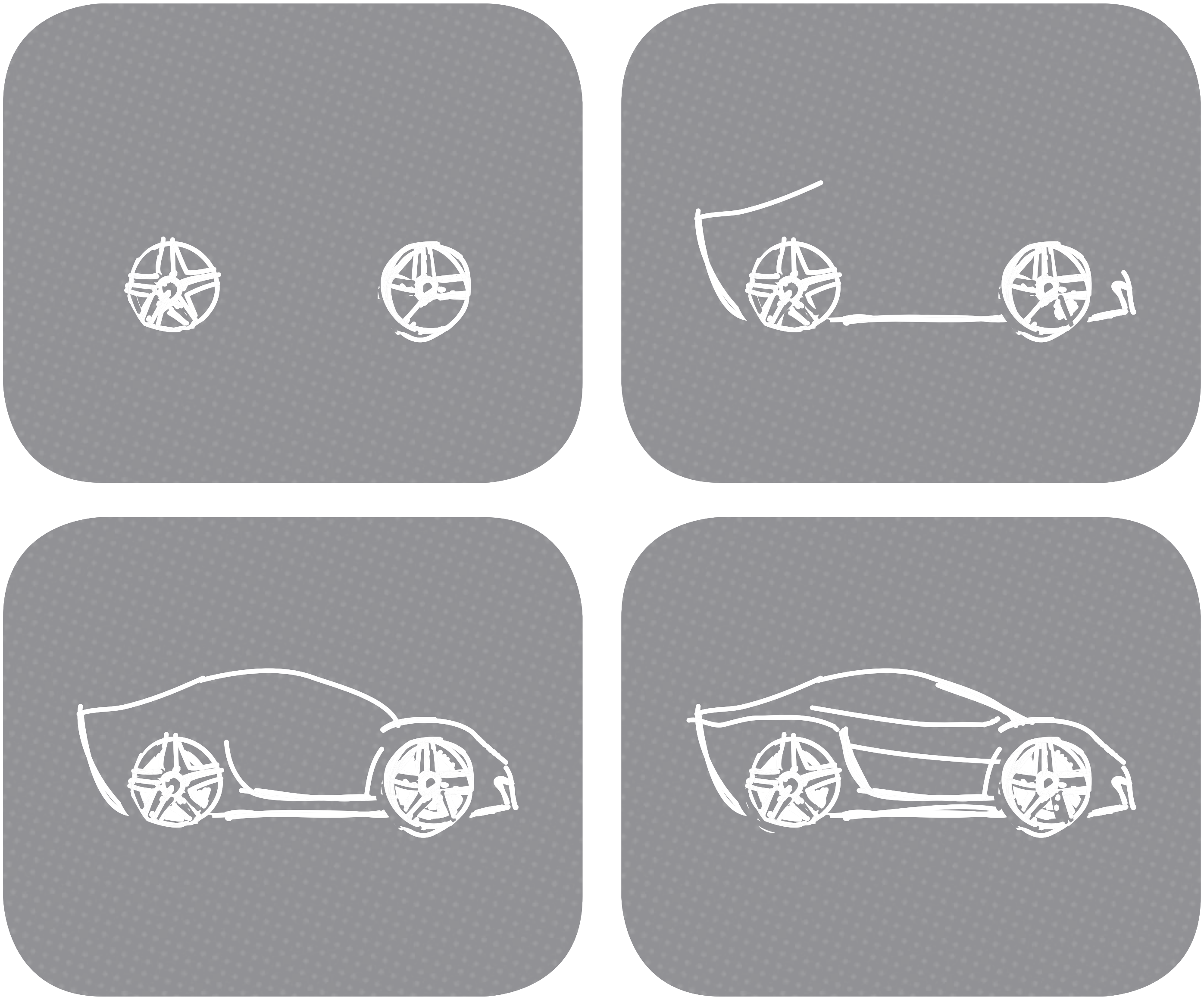
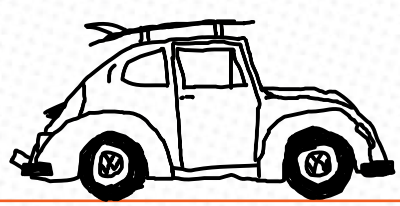
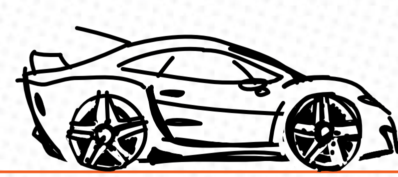


Lepro Balt (Extrater, age 93)



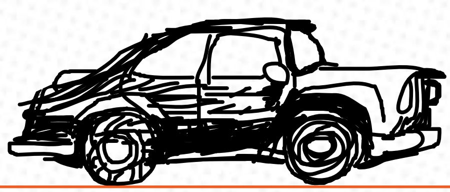


VW Beetle (Macca, age 36)



Sportive (Mac, age 18)

To reflect personalization, digital artist Aaron Koblin developed a simple drawing tool where drivers have submitted over 100,000 interpretations of cars. The imaginations and experiences of people from all walks of life produced a variety of vehicles. Sedans, race cars, roller skates, moon rovers, and even more inventive creations have joined *TheSingleLaneSuperhighway.com*.



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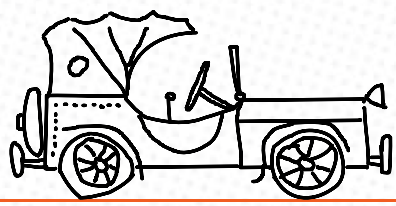
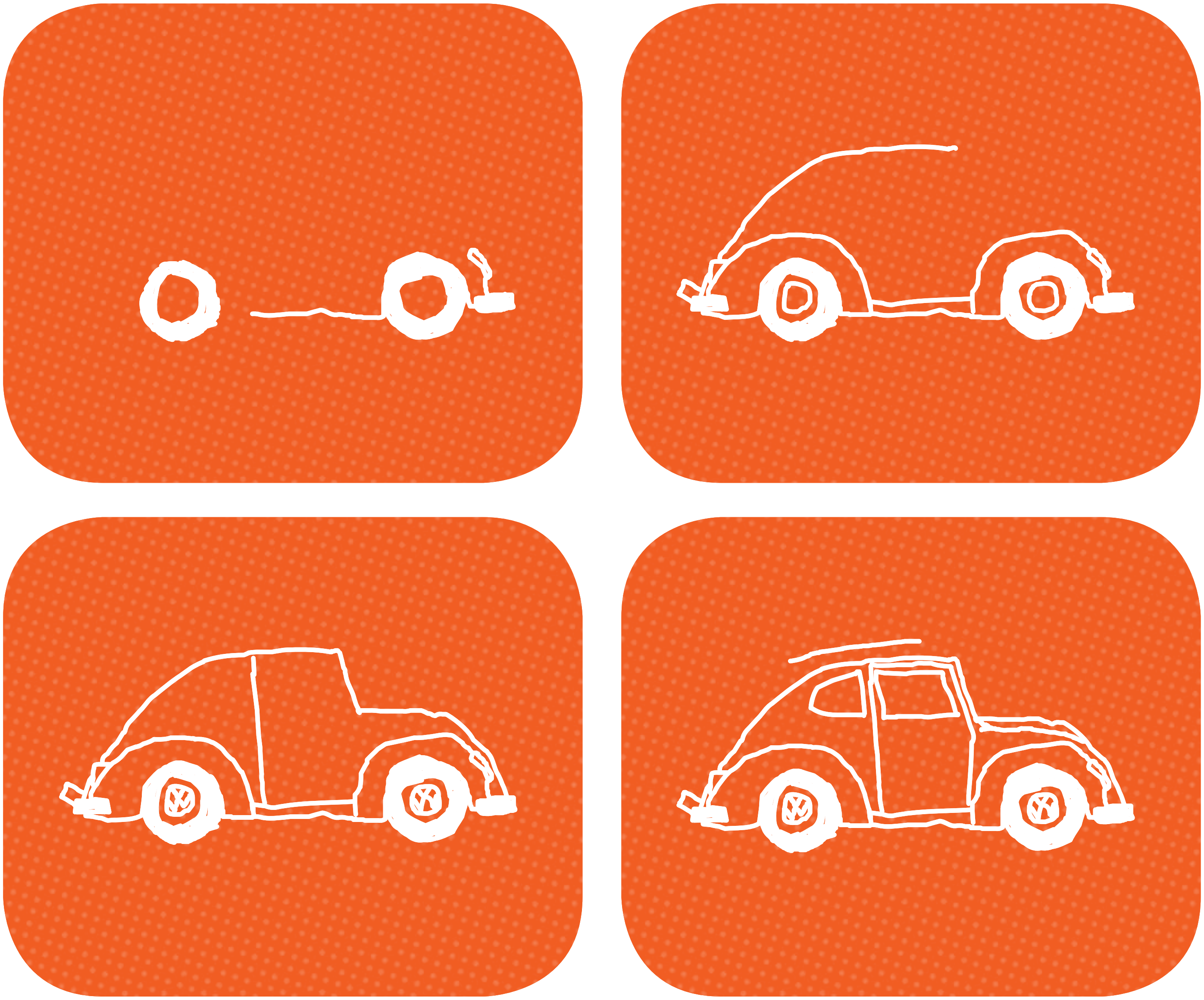
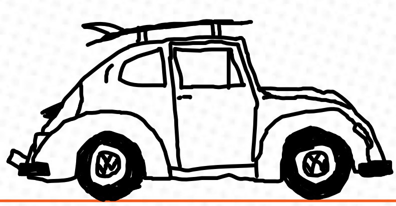
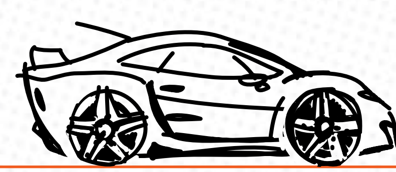


Lepro Balt (Extrater, age 93)

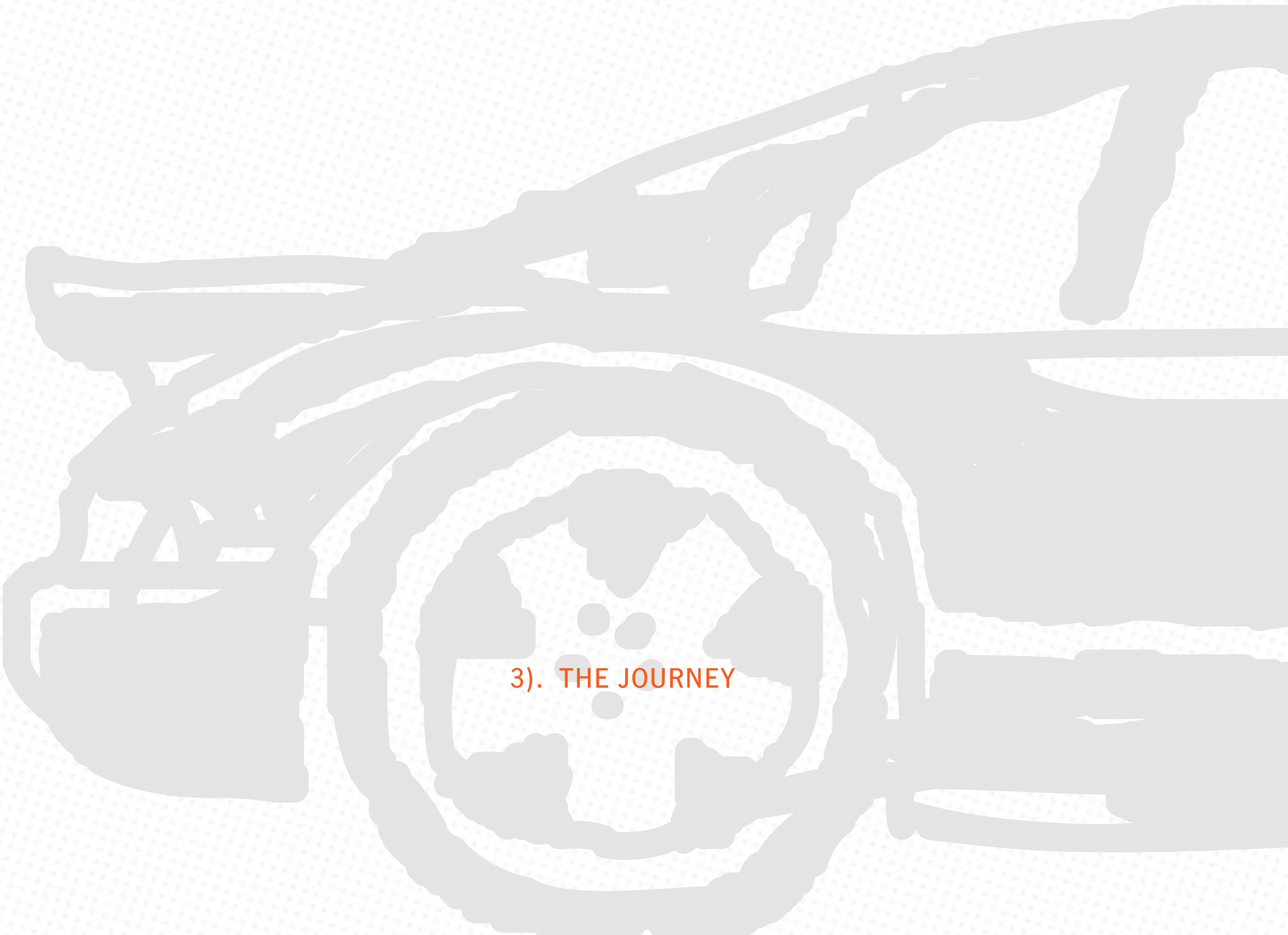




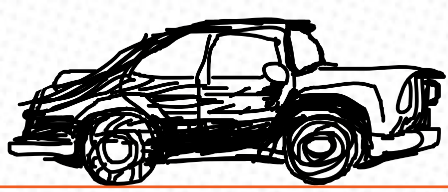
VW Beetle (Macca, age 36)

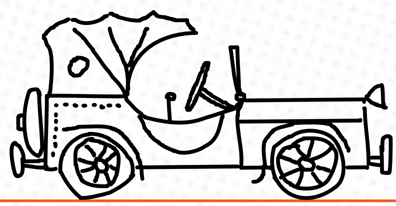


Sportive (Mac, age 18)



3). THE JOURNEY

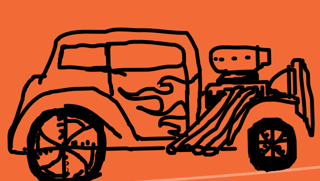




Rumpy (Jakob, age 29)

Lepro Balt (Extrater, age 93)

I’m a ________ driver. Am I eligible for a discount?



Hotrodings (Madseb, age 26)

VolvoFlo (Flo, age 31)

It's not always apparent when meaningful business history is being made and in auto insurance that's not very often, but in 2011, Progressive's introduction of Snapshot® just might qualify.

"I'm a good driver why don't I get credit for that?" "What does my age or occupation tell you about my driving?" ...and the list goes on as consumers struggle with group statistics of correlation versus their sense of controllable causes. Snapshot, and what is sure to follow in its evolution, is a meaningful start toward personalized insurance pricing based on real-time measurement of your driving behavior—the statistics of one.

The power of participation and personalization has strong appeal, no better demonstrated than when we asked customers, employees, shareholders, and directors to contribute artwork for this Annual Report. A simple request to draw online a car facing to the right resulted in tens of thousands of responses—no two the same. Objective curation of the responses has selected a sample to highlight this report—sadly mine is absent, but the point is not diminished. The numerosity of responses provides a visual clue as to the expansive power that personalization provides to segmentation in insurance pricing.

As exciting as Snapshot is, and I'll discuss it in more detail later, there is much more to reflect on for Progressive in 2011.

For the first time in Progressive's history net premiums written topped $15 billion, surpassing that mark in the closing days of the year. Earned premiums, recognized on a lag to written, finished around $14.9 billion.

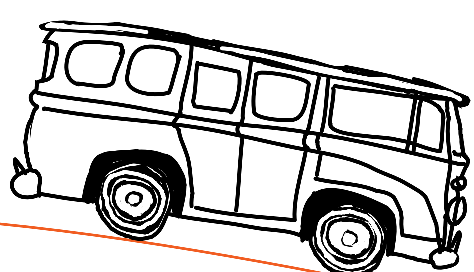
Our combined ratio of 93 was an equally satisfying result, and while three points better than the objective we communicate to shareholders, it benefited from what I would classify as generally higher-than-expected favorable development from prior year loss reserves, as those estimates were refined based on actual payment patterns. However, net of any favorable development, we outperformed our target 96 combined ratio and comfortably handled an active catastrophe year.

Net premiums written growth for the year was 5%, or alternatively about $670 million, not yet numbers that come close to taxing our ability or desire to manage growth, but a strong growth quarter to end the year was encouraging. Reporting last year I commented that, *"The closing years of the decade appear to be the approximate time frame during which industrywide profitability will once again be moderated and sustained industry premium declines will turn positive."* This appears to have some continued veracity and for Progressive the combination of growth and margin in the last few years supports our turn.

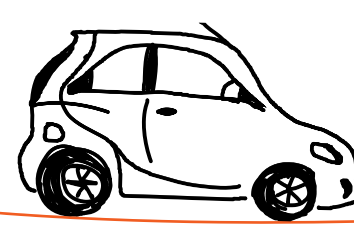
Industrywide

	Premium Growth	Combined Ratio
2006	0.4%	94.2
2007	(0.7)%	97.7
2008	(0.7)%	99.8
2009	(0.9)%	100.8
2010	1.5%	100.4

Note: Represents A.M. Best Private Passenger Auto Data.



Kombi (Leonardo, age 27)



Eco (Mary Anne, age 42)

I favor unit counts in analyzing the health of the business and for 2011 we increased our number of policies in force by about 580,000 and by extension approximately a million new customers. Combined with our internal mandate to serve all of our nearly 13 million policies over an ever increasing life expectancy, we would assess 2011 to be a healthy year—notwithstanding considerable room for improvement.

Our net income of just over $1 billion and the per-share equivalent of $1.59, aided by share repurchases, are reasonably comparable to the equivalent results from the prior two years. Thankfully nothing compares well to 2008. Our objective however, is not annual comparability but superiority. So what's in this year's results that a closer diagnostic might highlight and support the optimism I feel for the year ahead?

Closing Speed Our fourth quarter production, a composite of rate, new policies, and renewal acceptances, across all products was, at 8% written premium growth, stronger than any prior quarter for the year and, in fact, for the last 26 quarters. It's always nice to be carrying momentum as the year closes, but any projections of what this may or may not mean holds considerably less value than our ongoing monthly reporting of attained results.

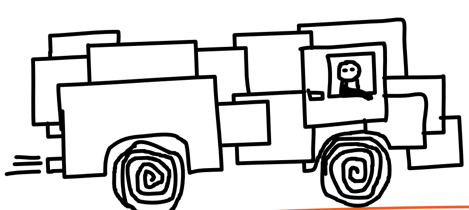
Our Agency business had and continues to maintain very steady production since regaining positive policy growth in late 2009. Meaningful trends in production in this channel are subject to many factors, perhaps the most significant of which is rate presentation and competitive positioning. We've worked diligently to ensure that, regardless of the means an agent uses to get our rates, our best product options are always presented. Our unwavering philosophy of continuous rate review by state and distribution channel often means we are taking rate ahead of competitors, but it also means that significant rate action by others may not need to be directly matched by us. While in many states 2011 rate changes were moderate, we were still advantaged by our philosophy, as several competitors in several states took needed rate actions. Our expectation that our agent-produced policies would reach an all-time high early in the year in-fact happened, and we ended the year even higher, fully correcting a negative trend in this key measure which began in 2006.

Our Direct business received a welcome lift from a very healthy shopping trend in the early part of 2010, but momentum was noticeably slowing by year-end and, as expected, carried into 2011. While attracting a healthy number of new customers in 2011, we did not match the new business application counts achieved in 2010 for much of the year. However, by the fourth quarter, we were once again posting positive new application growth. New policies are essential to maintaining a vibrant and growing book, but the flow through to renewal status is even more critical. For the year, we grew our renewal applications about 11%. The overall policies in force growth for Direct auto was an acceptable 6%, but somewhat slower than we hope many of our new product offerings would allow us to achieve.

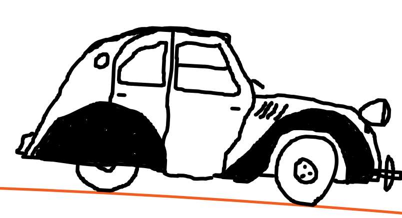
> New policies are essential to maintaining a vibrant and growing book, but the flow through to renewal status is even more critical.

Our market-leading special lines business, insuring motorcycles, recreational vehicles, boats, watercraft, and snowmobiles, finished another very successful year. We exceeded $1.2 billion in written premiums with underwriting margins considerably better than our targets. We look forward to an economy where new sales of these vehicles return to prior levels. Our special lines offerings, along with our continued growth in our Progressive Home Advantage® program, continued to drive our important multi-product household measures to new highs for the year.

After several years of really tough sledding, reflecting the economy at-large, our Commercial Auto product found new energy as the year progressed. Declining trends in premium and policies were arrested and reversed during the



Box Truck (Tom, age 21)



Dodoche (Djib, age 63)

year, and Commercial Auto finished out the year with close to 6% written premium growth, mostly driven by double-digit growth in the 3rd and 4th quarters. This growth reflects our implementation of needed pricing increases, often before our competitors, returning unit growth through new applications, and some expansion of product offerings. With significant growth comes the added concern of balanced profitability; for now, we are very satisfied that we're finding a balance that meets our objectives, but remain vigilant.

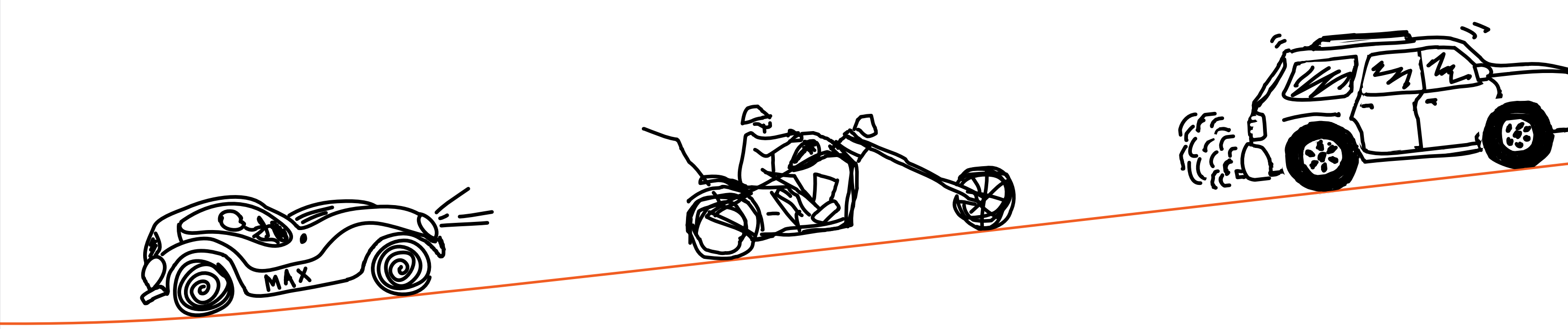
Investment Headwinds We target no specific mix of income from underwriting and investments. It's fair to suggest, however, that while underwriting income is very much in-line with long-held performance objectives, total return from our investments, a hugely important contribution to our economic model, has been both highly variable and at times, including this year, below the contribution we might desire in our more global outlook for shareholder return. With that clear recognition, and the appreciation that managing our portfolio to a very short duration for some time has left opportunity on the table, I continue to feel strongly, given the climate and uncertainty, that we have taken and will continue to take a position that will not inhibit our ability to underwrite all the business we can at an appropriately aggressive premiums-to-surplus ratio. Our fully taxable equivalent total return for the year was 3.2%, less than half the equivalent number for 2010 and the reduction was apportioned across both the fixed-income and common stock portions of the portfolio. Our preference is to avoid the price volatility of longer-duration assets at the prevailing low yields, favoring shorter duration bonds at unquestionably very low yields, but with the opportunity for faster future reinvestment. With perfect prospective information, we would all make the right choice. Without it we are guided by ensuring our underwriting franchise is a protected asset with no constraints to do what it does best.

While low yields and highly volatile equity markets made for challenging times for investment income, it provided an attractive opportunity to reassess the composition of our capital structure. We issued $500 million of 10-year senior debt to strong market acceptance and a coupon interest rate of 3.75%. With a strong capital position, well-structured portfolio, solid operations, and what to us appeared to be depressed equity valuations, including ours, we repurchased our stock after the capital raise at an accelerated rate. Consistent with our long-standing policy to repurchase shares when our capital balance, view of the future, and the company's stock price make it attractive to do so, we repurchased 51.3 million shares, for close to $1 billion, or about 7.7% of our outstanding shares at year end 2010. With those transactions, our debt-to-total capital ended the year at 29.6%, inside our 30% guidance, but was further reduced upon retirement at maturity of a $350 million tranche of our outstanding debt in early 2012.

Our best net expression of underwriting performance against our goals for the year is our Gainshare score. For 2011 the score was 1.1, mid-range on the 0 to 2 scale. Combining the Gainshare score with after-tax underwriting income and the board-established dividend target factor of $33\frac{1}{3}\%$, our variable dividend payment for 2011 was approximately $250 million or just short of 41 cents per share.

We spend significant time and effort modeling our capital requirements and sizing what we call "layers of capital" to satisfy regulatory requirements and any manner of contingencies we could envision for our business. Capital in excess of these two layers is available for share repurchases, acquisitions, and shareholder dividends. Our variable dividend has become an effective, appropriate, and now reasonably meaningful part of our capital management practices. The board has determined the parameters for 2012 will remain the same as in 2011.

With a strong and well-structured investment portfolio and capital position, we enter 2012 certainly hopeful for an improved investment environment and returns that more comfortably match the underwriting contribution, but not dependent on it.



Maxcar (Max, age 25) **Easyrider** (Leslie, age 18) **Mom's SUV** (Barrett, age 59)

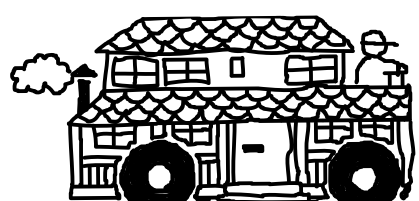
Product Potential Product design differences between auto insurance offerings are understandably obscure and certainly less obvious than those of many consumer products. While subtle for some, their importance and contribution are the very essence of success in our business. Progressive, with some justification, is well recognized in our industry as a leader in product design and price segmentation. In large part, this is the statistical matching of auto accident related costs incurred by an individual to the premium to be paid. But product design is much more than just price segmentation and for us involves the consumer and agent presentation and, increasingly so, their ability to interact with the product by selecting and packaging combinations of coverage that best meet their needs.

I doubt any year in Progressive's history has broadened the horizons of just what might be possible with future product design more than 2011.

I doubt any year in Progressive's history has broadened the horizons of just what might be possible with future product design more than 2011. The vast majority of the statistical matching in use today is based on observable and verifiable characteristics of the driver and vehicle. While admittedly, it's the science of correlation and grouping, it has extraordinary power and marginal improvements with disproportionate gains are available to those truly committed to product research and development. As good as the base science is, it lacked a meaningful direct relationship to actual driving behavior. Our work with measuring driver behavior, over now many years, provided its share of challenges, but from the earliest days suggested that, if possible and practical, the data set would expand the known universe of rating segmentation. 2011 was the year that possible and practical fully merged in our product offering of "Snapshot."

Snapshot, available in both our Agency and Direct channels, has been met with significant consumer appeal. We've seen an increasing number of Direct customers choosing to improve their initial price estimate by installing our measurement device and reporting their driving behavior. We provide the policyholder a portal view into their trip management—when, how many, how far, and selected variables of interest, which for us are a proxy for defensive driving. After 30 days, we are able to make an initial estimate of a discount that reflects the individual's driving characteristics and apply that for immediate use. A final estimate is applied to the subsequent renewal and the measurement device is returned and available for reuse, although we maintain a right for future calibration. Discounts range between 0% and 30% and the full range is effectively used. Perhaps more importantly, and you'll excuse me that certain specifics are best closely held, the expectation of getting a discount is far better than 50/50, suggesting, as I think we all intuitively know, that a smaller percentage of drivers are responsible for a disproportionate share of the costs. Identifying just who they are is the challenge we're exploring. Acceptance by agents on behalf of their customers is somewhat slower, and in many ways understandably so, but as the product feature matures, I fully expect increased consideration and use.

Snapshot is built on top of our existing product and, as such, it is an additional level of segmentation rather than a product in and of itself. The segmentation provided, however, is able to be isolated and fully analyzed and tuned. Historically, data quantity, management, and mining have been the keys to effective segmentation and real-time usage data will be no different, but the amplification of each is not for the faint of heart. The data sets are huge, requiring storage, access, and mining techniques that challenge those that only months



RaceCar (Yorick, age 37)

Caravan (Jens, age 43)

ago seemed state-of-the-art. Without data, only dangerous inferences can be drawn. Our commitment to building an initial data set has been a disciplined undertaking over several years and now, with a viable product in-market, our reward of ever expanding data is tremendous. We now measure data in miles of behavioral observation and at last count we have the equivalent of multiple round trips to Mars.

We now measure data in miles of behavioral observation and at last count we have the equivalent of multiple round trips to Mars.

Snapshot and usage-based data in auto insurance rating has been well accepted by regulators who have allowed us to protect our proprietary algorithm in 39 states and the District of Columbia, for which we are very appreciative. The U.S. patent office has equally affirmed our existing intellectual property, and has now approved one additional patent. Consumers and those who speak for them have, with few exceptions, been enthusiastic about the product, and privacy concerns, so very prominent in the early years, have been mitigated by the design and discrete monitoring periods.

Much remains to be done before the full power of usage-based segmentation will be tapped. I sense that as good as we feel today we will look back with some humility, in future years, when we realize just what has been possible.

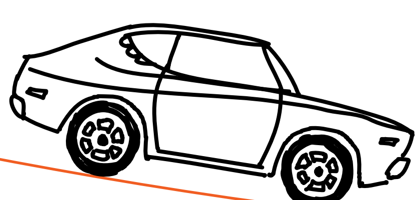
Product features and packaging, like Name Your Price®, provide consumers wishing to shop online a very real opportunity to leverage technology to their advantage and explore a range of options available to them. Agents have always provided the ability for customers to reach smart decisions on price and coverage. Now Name Your Price in combination with Snapshot provides for a powerful and compelling quote process quite unlike our competitors.

Ever increasing product complexity must be presented to consumers and agents with great, easy-to-use technology interfaces. We're fanatics about the presentation layer of our products. We receive consistent recognition in agent surveys as their leading company and equally consistent recognition as the leading insurance website by Keynote. However, the range of presentation formats has expanded greatly with tablets and smart phones and that has our full attention. More than 15% of search activity for Progressive, or other auto insurance terms, is now mobile-device based and quoting and sales attributed to mobile devices have grown at rates that make days and weeks approximate early Internet months.

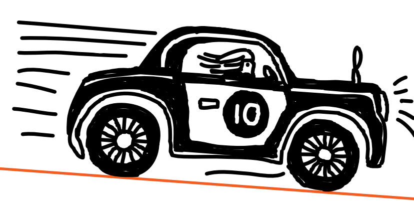
As noted last year, the potential for devices that are on your person often with a camera and location software, is a new and really exciting dimension for all aspects of our business and I suggested to expect more in 2011. I had the pleasure of being directly involved with the team leading our mobile strategy and their progress in 2011 has been nothing short of impressive. We talk in terms of "mobilize" not "miniaturize," which simply means using the capabilities versus adapting the old product and presentation to new devices and formats.

Selecting just one initiative to build on the concept of product design and presentation is our prototype application that allows a consumer to use the camera in their device to send a photo of a driver's license and similarly their current insurance card with vehicle identification number, and in return get an insurance quote returned instantaneously. A quote that then may well be further personalized by Name Your Price and Snapshot. Expect more—I think that's more...and better.

Old industries do reinvent themselves and this feels like it's going to be quite a ride.



710 (Will, age 34)



No 10 (Steffi, age 27)

Brand and Distribution Momentum An open question existed over the last decade or so—could we market and retail our product with the same success we enjoyed, more as a wholesaler, with our agents representing our consumer face? Perhaps an even more interesting question, and for me the correct one, "Could we do so while enhancing both our Agent and Direct distribution options?"—our very clear and consistently stated objective.

Our single brand multi-distribution company is a unique and valuable positioning in our space. The road was not always straight, but the result is extremely rewarding and powerful.

Today, I believe we have an answer. Progressive is a business generating brand. One that is more important than any means of distribution or product feature but in fact a clear consumer mindset about who we are as a company and what they should expect as a customer. Our Personal Lines business today is a very balanced book, between distribution options, with agent-produced auto business slightly larger at 55% of policies. Our single brand multi-distribution company is a unique and valuable positioning in our space. The road was not always straight, but the result is extremely rewarding and powerful.

Research on consumer's reactions to brands, preferences, and advertising is extensive and often constructive, but rarely definitive. We are, however, encouraged that consumer awareness of our brand is both positive and closely associated with key characteristics such as ease of doing business, distinctive product features, and exceptional service, all consistent with our intentions.

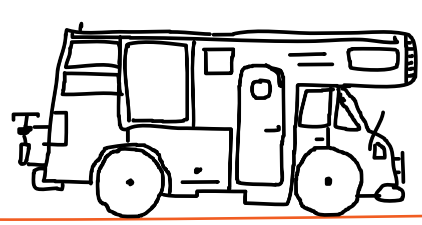
Ensuring congruity between internal and external brands with actions matching expectations has been central to our global brand development. The brand ambassador status bestowed on "Flo," our most visible employee image, is no accident and serves as a clear behavioral model for all—the substance perhaps not the humor. The importance of getting this right was highlighted in 2011 as "Flo" was voted America's #1 advertising icon (as named by *Entertainment Weekly*). I'm sure her over 3.3 million Facebook fans had something to do with that, but the point is the same.

For 2011 we had clear objectives to advance our marketing and advertising efforts.

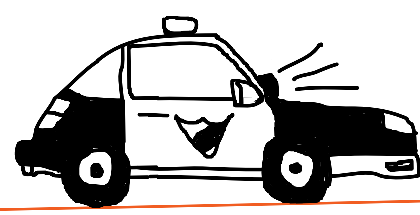
We wanted the character of "Flo" to endure and, to do so, sought to make the character richer and extend her range of interactions and messages. The results are always subject to opinion, but for me the creative developed in 2011, for use in 2011 and 2012, was some of the best in this now long running campaign. Results trump opinion, but I think consumers might agree.

We had some clear ideas about a new campaign, its target audience, and message, and tested our "Messenger" campaign late in 2010. However, we found by observing the "Messenger's" natural interaction style with all ranges of people that we had an opportunity to improve on the concept. By mid-year, we were reworking the campaign structure. The "Messenger" is now carrying his message of Progressive's savings and convenience, by interacting with prospective customers in real and unscripted settings. Choosing settings like a gas station or baggage claim at the airport, the "Messenger" can empathize with the pain points of gas prices or baggage fees and, while not able to solve them, is willing to share his savings on auto insurance to help with the burden. These true slice-of-life scenarios, where the "Messenger" can perform what we call random acts of savings, provide reactions and responses that simply could not be scripted. We're encouraged by early results and the developing acceptance of the character from "Not quite sure," to a guy who understands life and helps when he can by "saving it forward."

No campaign it would seem appeals to all and we are delighted to have additional assets for use across the range of audiences we wish to address and the media options available to us. The most enduring of our objectives is to ensure all our customer communication and messaging is integrated and presents a consistent Progressive brand, be it in print, social media, digital, or television.



Camper (Pelgrim, age 49)



Woop Woop (JWIL, age 29)

The media and advertising world is dynamic and expensive and we must be judicious in all we do. 2011 was a good year in which we took encouraging steps to ensure we have what's necessary to continue the momentum we've been building in our brand and consumer appeal.

THE PROGRESSIVE JOURNEY

Progressive will celebrate 75 years in business this year and, while I only have visibility into the last third, it is a business story of some considerable note. However, in so many ways, it feels like the story is just beginning as we adapt to the ever changing needs of the consumer, technology, and available data.

Our efforts to retain customers **must** reach the competence we exhibit in acquiring new ones, something we estimate we now lead.

More than just words, this guides our actions in every area of the company. Isolating and highlighting any such action severely understates the efforts of so many, but accepting that risk, it seems appropriate to comment on the extraordinary response of our Claims organization to the multiple catastrophes of 2011. Perhaps a strange compliment, but they made it look almost too easy. The deployment logistics and the commitment of our people to leave their regular routine and go where our customers needed them most, continues to impress me no matter how familiar I am with the planning, preparation, and expectations that are in place for such occasions. Customers know and appreciate good service and our efforts are rewarded with their increased Net Promoter® scores and renewal behavior following a satisfying claims response.

Our future won't be without challenges, but the metaphorical mountains we have climbed are meaningful; there are bigger ones yet to climb, but, as I said at our 2011 investor conference, "not many get the view from here." I hope this review of the year leaves you as optimistic as it does me.

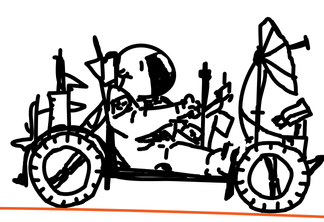
OUR PEOPLE AND CULTURE

We are Progressive and we are progressive—yes, a pithy and perhaps simple statement, but for us it's so much more. It's the crystallization of our culture and what we aspire to contribute to our industry and consumers. It's an enduring impetus to continuously refine our work environment to one where we're all motivated to do our best work, where we can grow constantly, and that others will want to join. The blend of both practical and emotional energy in the statement, effectively communicates the responsibility and self-imposed aspirations that come from our quest to be "Consumers' #1 choice for Auto Insurance." Our people, culture, and aspirations are what continue to make us special.

Nothing we have achieved has been without the efforts of so many, and I thank the people of Progressive, our agents and brokers, customers, and shareholders for their support in making this all possible.

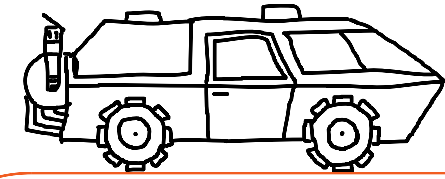
To all the people who make Progressive, progressive—
Thank You.

Glenn M. Renwick
President and Chief Executive Officer



Moon Rover (Robin, age 30)

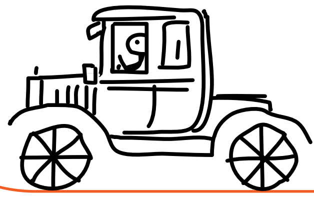
Sorta Sporty (Karen, age 28)



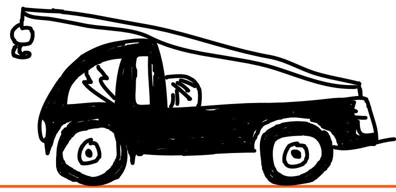
Tuff Car (LMO, age 29)

Shelby (Justin, age 36)

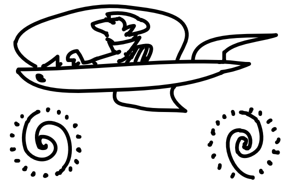
Rodder (Butchy, age 45)



Model T (Rex, age 43)

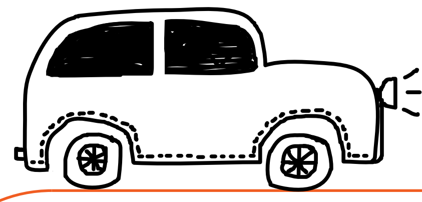


The Truck (Mo, age 32)

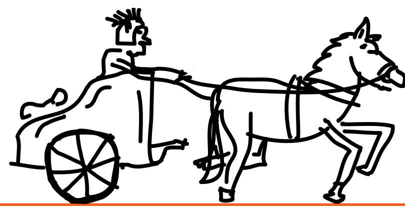


didididididi (George, age 40)

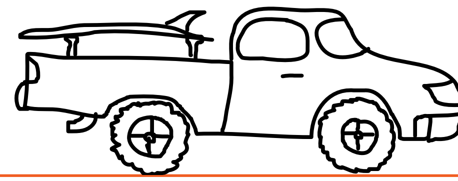
Hot Rod (Chris, age 21)



Classic Car (Benjamin, age 30)

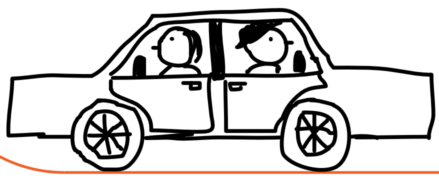


Biga (Rizk Kattar, age 35)

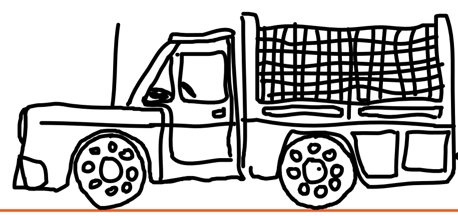


T (Todd, age 42)

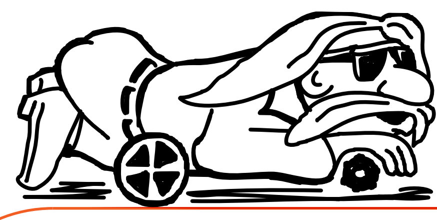
4). THE COLLECTION



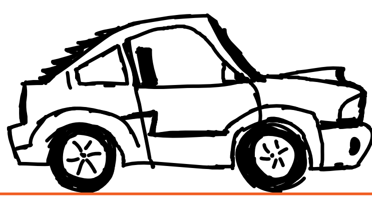
Twowaycar (Ziggy, age 19)



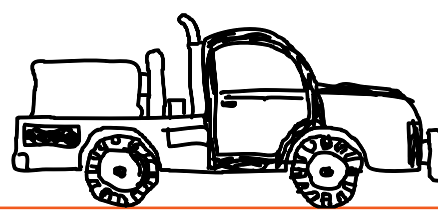
Tipper (Mark, age 49)



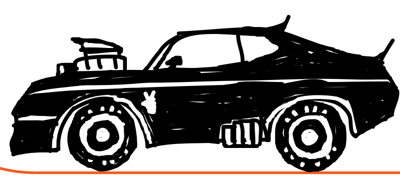
DUDE (Brian, age 41)



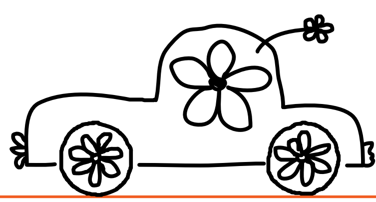
Razorback (Jimmy, age 48)



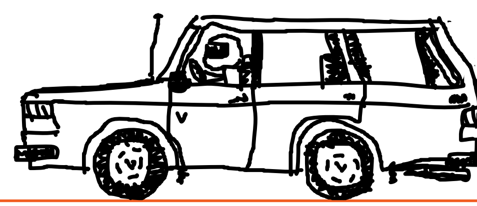
Welding Rig (Frank, age 29)



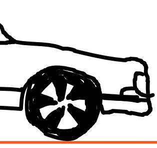
Interceptor (James, age 24)

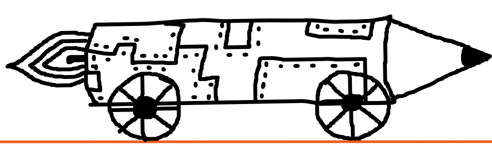


Flower Power (Diane, age 36)

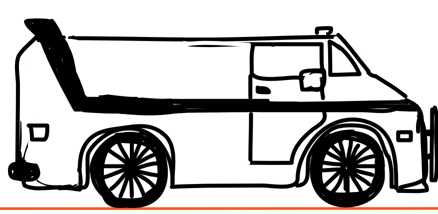


240 Love (Archie, age 28)

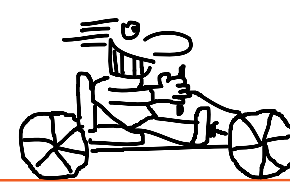




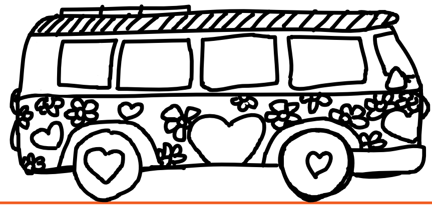
Rockcar (Michiel, age 24)

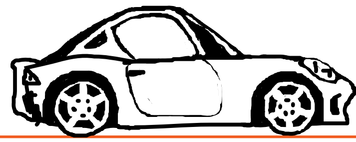


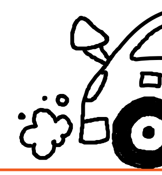
A-Team (Ad, age 22)



Eumel2000 (Klaus, age 32)



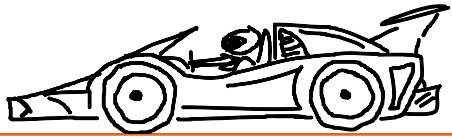




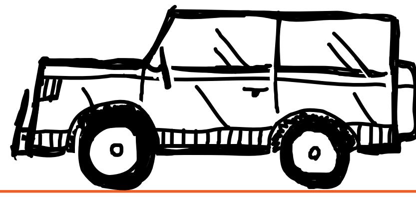
The Love Bus (Paul, age 24)

257GT (Kevin, age 29)

Ooooops! (Olivier, age 31)

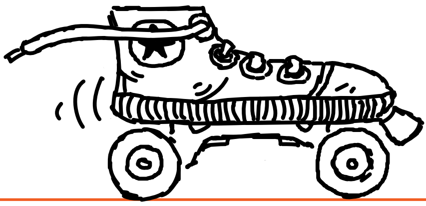


Awesome (Elias, age 24)

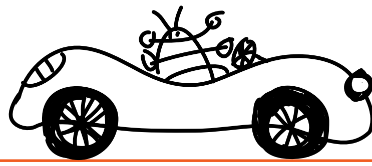


Boom Car (Pawel P, age 27)

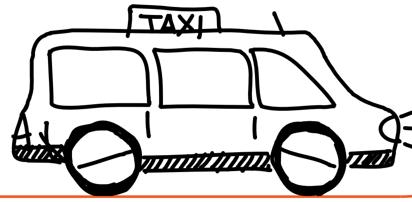
Summer (Jamie, age 31)



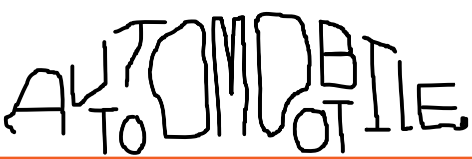
Gogoshoe (Casey, age 32)



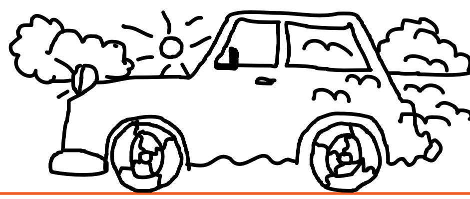
La Coucarach (Tal, age 36)



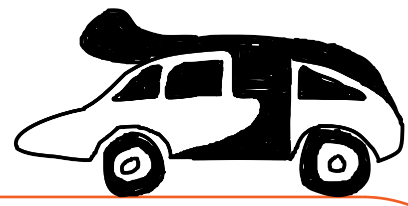
Pipi (Joe, age 32)



Typecar (Carlton, age 48)

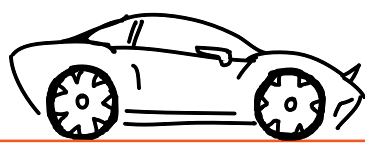


Flying By (Pedro, age 33)

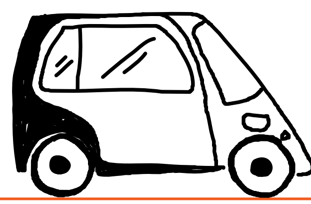


Elvis (Presley, age 76)

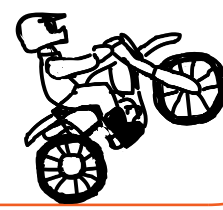
Baratinha (Alex, age 34)



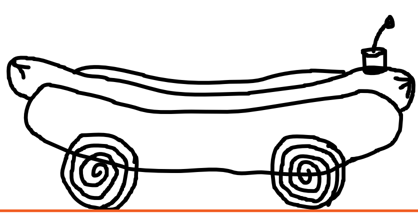
Car (Ian, age 24)



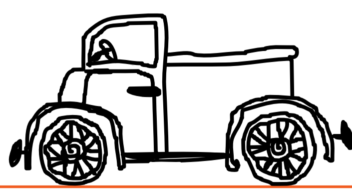
Smarty Pants (Jen, age 32)



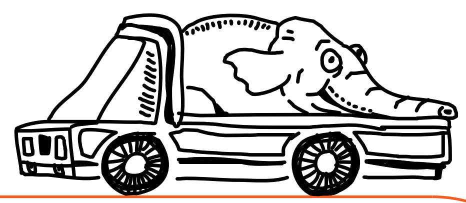
Moto Wheelie (Ryan, age 40)



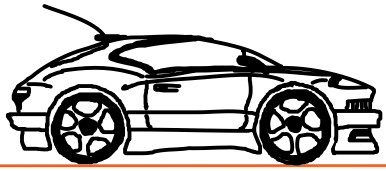
Hot Car (Frank, age 20)



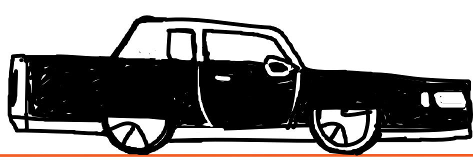
Camioneto (Nati, age 36)



Big Load (David, age 36)

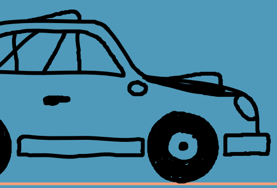


FF Thing 1 (Frank, age 38)

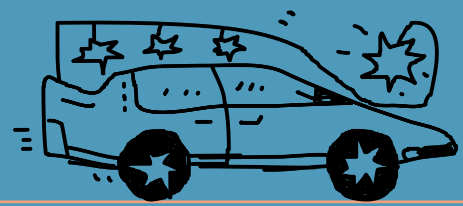


Cadd (Dennis, age 26)

Saboteur (Ken, age 33)

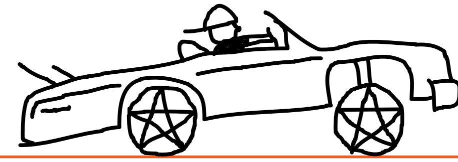


GO!GO!Racer! (Greg, age 24)



Starcar (Craig, age 31)

I switched to paperless billing. I'm saving ________.



Impala (Xeno, age 31)

Consistent achievement of superior results requires that our people understand Progressive's objectives and their specific roles, and that their personal objectives dovetail with Progressive's. Our objectives are ambitious, yet realistic. Progressive monitors its financial policies continuously and strives to meet these targets annually. Experience always clarifies objectives and illuminates better policies. We constantly evolve as we monitor the execution of our policies and progress toward achieving our objectives.

OBJECTIVES

Profitability Progressive's most important goal is for our insurance subsidiaries to produce an aggregate calendar-year underwriting profit of at least 4%. Our business is a composite of many product offerings defined in part by product type, distribution channel, geography, customer tenure, and underwriting grouping. Each of these products has targeted operating parameters based on level of maturity, underlying cost structures, customer mix, and policy life expectancy. Our aggregate goal is the balanced blend of these individual performance targets in any calendar year.

Growth Our goal is to grow as fast as possible, constrained only by our profitability objective and our ability to provide high-quality customer service. Progressive is a growth-oriented company and management incentives are tied to profitable growth.

We report Personal Lines and Commercial Auto results separately. We further break down our Personal Lines' results by channel (Agency and Direct) to give shareholders a clearer picture of the business dynamics of each distribution method and their respective rates of growth. Aggregate expense ratios and aggregate growth rates disguise the true nature and performance of each business.

FINANCIAL POLICIES

Progressive balances operating risk with risk of investing and financing activities in order to have sufficient capital to support all the insurance we can profitably underwrite and service. Risks arise in all operational and functional areas, and therefore must be assessed holistically, accounting for the offsetting and compounding effects of the separate sources of risk within Progressive.

We use risk management tools to quantify the amount of capital needed, in addition to surplus, to absorb consequences of events such as unfavorable loss reserve development, litigation, weather-related catastrophes, and investment-market corrections. Our financial policies define our allocation of risk and we measure our performance against them. If, in our view, future opportunities meet our financial objectives and policies, we will invest capital in expanding business operations. Underleveraged capital will be returned to investors. We expect to earn a return on equity greater than its cost. Presented is an overview of Progressive's Operating, Investing, and Financing policies.

OPERATING

Monitor pricing and reserving discipline

- Manage profitability targets and operational performance at our lowest level of product definition
- Sustain premiums-to-surplus ratios at efficient levels, and at or below applicable state regulations, for each insurance subsidiary
- Ensure loss reserves are adequate and develop with minimal variance

INVESTING

Maintain a liquid, diversified, high-quality investment portfolio

- Manage on a total return basis
- Manage interest rate, credit, prepayment, extension, and concentration risk
- Allocate portfolio between two groups:

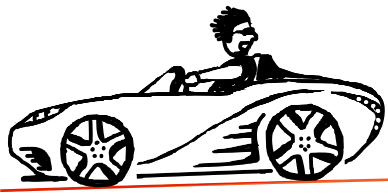
Group I – Target 0% to 25% (common equities; nonredeemable preferred stocks; redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends; and all other non-investment-grade fixed-maturity securities)

Group II – Target 75% to 100% (short-term securities and all other fixed-maturity securities)

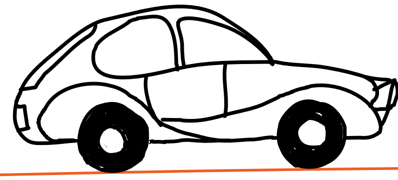
FINANCING

Maintain sufficient capital to support insurance operations

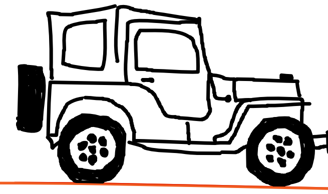
- Maintain debt below 30% of total capital at book value
- Neutralize dilution from equity-based compensation in the year of issuance through share repurchases
- Return underleveraged capital through share repurchases, extraordinary dividends, and a variable dividend program based on annual underwriting results



Rvrse Prkng (Jaden, age 22)



Childhood (Balazs, age 36)



CJ2 (Roy, age 41)

OBJECTIVES AND POLICIES SCORECARD

<table>
<tr><th>Financial Results</th><th></th><th>Target</th><th>2011</th><th>2010</th><th>2009</th><th>5 Years[1]</th><th>10 Years[1]</th></tr>
<tr><td>Underwriting margin</td><td>–Progressive</td><td>4%</td><td>7.0%</td><td>7.6%</td><td>8.4%</td><td>7.2%</td><td>9.6%</td></tr>
<tr><td></td><td>–Industry[2]</td><td>na</td><td>||||||||</td><td>(.4)%</td><td>(.8)%</td><td>1.4%</td><td>1.2%</td></tr>
<tr><td>Net premiums written growth</td><td>–Progressive</td><td>(a)</td><td>5%</td><td>3%</td><td>3%</td><td>1%</td><td>8%</td></tr>
<tr><td></td><td>–Industry[2]</td><td>na</td><td>||||||||</td><td>1%</td><td>(1)%</td><td>0%</td><td>3%</td></tr>
<tr><td>Policies in force growth</td><td>–Personal auto</td><td>(a)</td><td>5%</td><td>8%</td><td>5%</td><td>4%</td><td>8%</td></tr>
<tr><td></td><td>–Special lines</td><td>(a)</td><td>5%</td><td>5%</td><td>3%</td><td>6%</td><td>11%</td></tr>
<tr><td></td><td>–Commercial Auto</td><td>(a)</td><td>0%</td><td>0%</td><td>(5)%</td><td>0%</td><td>9%</td></tr>
<tr><td>Companywide premiums-to-surplus ratio</td><td></td><td>(b)</td><td>2.9</td><td>2.9</td><td>2.8</td><td>na</td><td>na</td></tr>
<tr><td>Investment allocation</td><td>–Group I</td><td>(c)</td><td>21%</td><td>22%</td><td>20%</td><td>na</td><td>na</td></tr>
<tr><td></td><td>–Group II</td><td>(c)</td><td>79%</td><td>78%</td><td>80%</td><td>na</td><td>na</td></tr>
<tr><td>Debt-to-total capital ratio</td><td></td><td><30%</td><td>29.6%</td><td>24.5%</td><td>27.5%</td><td>na</td><td>na</td></tr>
<tr><td>Return on average shareholders' equity</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td>–Net income</td><td>(d)</td><td>16.5%</td><td>17.1%</td><td>21.4%</td><td>15.2%</td><td>20.3%</td></tr>
<tr><td></td><td>–Comprehensive income</td><td>(d)</td><td>15.0%</td><td>22.3%</td><td>35.5%</td><td>16.2%</td><td>21.8%</td></tr>
</table>

(a) Grow as fast as possible, constrained only by our profitability objective and our ability to provide high-quality customer service.

(b) Determined separately for each insurance subsidiary.

(c) Allocate portfolio between two groups:

Group I – Target 0% to 25% (common equities; nonredeemable preferred stocks; redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends; and all other non-investment-grade fixed-maturity securities)

Group II – Target 75% to 100% (short-term securities and all other fixed-maturity securities)

Note: External data is not available to enable us to report 2009 under our current allocation strategy. For 2009, Group I included common equities, all preferred stocks, and below investment-grade fixed-maturity securities, while Group II included short-term securities and all other fixed-maturity securities.

(d) Progressive does not have a predetermined target for return on average shareholders' equity.

na = not applicable

[1]Represents results over the respective time period; growth represents average annual compounded rate of increase (decrease).

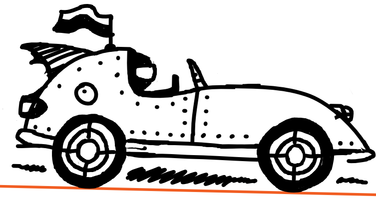
[2]Represents private passenger auto insurance market data as reported by A.M. Best Company, Inc. The industry underwriting margin excludes the effect of policyholder dividends. Final comparable industry data for 2011 will not be available until our third quarter report. The 5- and 10-year growth rates are presented on a one-year lag basis for the industry.

ACHIEVEMENTS

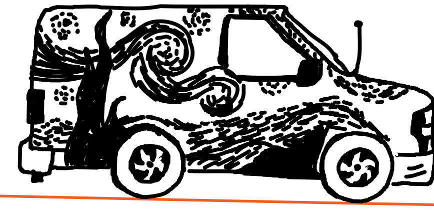
We are convinced that the best way to maximize shareholder value is to achieve these financial objectives and policies consistently. A shareholder who purchased 100 shares of Progressive for $1,800 in our first public stock offering on April 15, 1971, owned 92,264 shares on December 31, 2011, with a market value of $1,800,071, for a 19.0% compounded annual return, compared to the 6.4% return achieved by investors in the Standard & Poor's 500 during the same period. In addition, the shareholder received dividends of $36,786 in 2011, bringing their total dividends received to $379,156 since the shares were purchased.

In the ten years since December 31, 2001, Progressive shareholders have realized compounded annual returns, including dividend reinvestment, of 6.6%, compared to 2.9% for the S&P 500. In the five years since December 31, 2006, Progressive shareholders' returns were (0.7)%, compared to (0.2)% for the S&P 500. In 2011, the returns were 0.2% on Progressive shares and 2.1% for the S&P 500.

Over the years, when we have had adequate capital and believed it to be appropriate, we have repurchased our shares. In addition, as our Financial Policies state, we will repurchase shares to neutralize the dilution from equity-based compensation programs and return any underleveraged capital to investors. During 2011, we repurchased 51,298,590 common shares. The total cost to repurchase these shares was $998 million, with an average cost of $19.45 per share. Since 1971, we have spent $7.8 billion repurchasing our shares, at an average cost of $6.69 per share.



Vrooom (Milan, age 21)



Van Gogh Van (Jason, age 38)

OPERATIONS SUMMARY

Personal Lines Our focus on growing our policyholder base is now consistently resulting in more customers and more revenues. In 2011, Personal Lines added more than 580,000 policies (5%) and achieved $13.6 billion of net premiums written, a 5% increase from the previous year. After several years of erosion in written premium per policy for our auto programs, we are seeing some encouraging signs, especially in new auto business where premium per policy was up about 3% for the fourth quarter.

Industry loss costs have been rising as have industry loss ratios. That said, the personal lines insurance marketplace remains very competitive with major players increasing marketing efforts and another tier of players working hard to break in to consumers' consideration set. Agents continue to have an abundance of carriers eager to serve them in most markets.

The new business climate was tougher in 2011 than 2010, when we had more shoppers than ever before. New applications declined 1% for the year. Conversion of shoppers was up slightly from 2010 and the fourth quarter was more positive than the rest of the year in terms of year-over-year shopping trends and new business applications.

Profitability was better than our targets, driven in part by favorable loss development, which assisted our 93.2 calendar-year results by approximately 1.3 points. Our profitability was fairly consistent across products, geography, and distribution channels and we are now eager to grow in virtually all areas. This is a great statement about our field product managers, who fully own profit and growth locally and take swift action when either of those parameters is not meeting our expectations. Progress in Florida and New York, where personal injury protection is a significant exposure, has been encouraging with both states improving profitability and growing while doing so. That said, these are highly dynamic environments so we remain vigilant in both states. Also encouraging was the fact that our calendar results for Massachusetts showed us close to operating profitability and structurally in a place from which to grow.

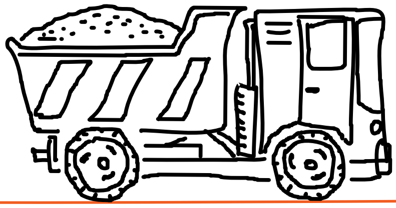
Our cost structure continues to be very competitive and we lowered what we refer to as our non-acquisition expense ratio. We think of costs other than commission and advertising as structural and reducing these will facilitate more competitive pricing and more growth going forward.

Policyholder retention results, as measured by policy life expectancy, for the year were mixed. In our Agency auto business, policyholder retention was up over 6% driven by competitive rates and product enhancements. In our Direct auto programs, retention eroded approximately 3% driven by actions we took in some key states to address profitability and some unintended consequences of "on-boarding" changes we made. We believe we have actions underway that have, or will soon have, addressed both of these opportunities in our Direct auto business. Retention for our special lines customers was down about 1%.

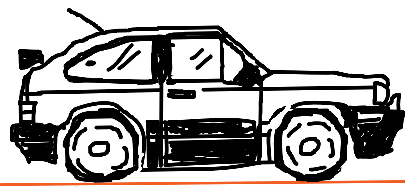
We have the luxury of distributing our products direct to consumers and through over 35,000 agents and brokers. The competition in mass-marketing personal lines insurance continues to escalate with advertising spend in our category now likely 5 times what is was 10 years ago. We continue to grow our own advertising expenditure and do so with prudence around achieving an appropriate yield. The media consumption of households continues to shift to digital and increasingly mobile, and our media placements reflect those trends.

There are two key trends within our agency force that are important to our growth—one ongoing and one reasonably new for us. The ongoing trend is the shift to the use of comparative rating systems whereby agents can easily see the most competitive price amongst carriers for specific customers. This auction environment favors companies with competitive cost structures and highly accurate segmentation systems—both of which we enjoy. The other trend for us is reasonably new and very positive—agents more consistently considering Progressive for their preferred business. This is very encouraging as this class of business is by far the largest available to us via our current distribution methods. Our share in this segment is low and naturally the opportunity for growth is significant.

We always remain diligent around rating segmentation and 2011 was no exception. Within our auto products, we added rating on occupation in 12 states, improved rating on household structure, further refined segmentation of non-indemnity costs, and began to get more facile in up-front underwriting. Our normal course and aspiration is to accept and price all risks. We've become more cognizant of applicants whose intent is not to insure but to defraud and we are taking a proactive approach to identifying the distinction. We think this focus allows for substantially more competitive pricing, especially in urban environments. In our special lines programs, we continued the roll out of rating based on operator experience and length of ownership, and we introduced optional declining deductibles in motorcycle.



Truck (Wata, age 34)



VW GTS 1989 (Mauricio, age 35)

Our Snapshot® discount national introduction went as well as we could have hoped for. Close to half of U.S. consumers are now aware of Snapshot and the percentage of our new customers that opt-in continues to grow. Almost 20,000 of our agents are now trained and certified to sell Snapshot and up-take amongst agents continues to grow as well. We are now quite efficient in the mechanics of the Snapshot experience and we are getting some benefits of scale. Our expense ratio specific to our usage-based programs was down approximately 40% in 2011 versus 2010. At the aggregate level, we also closely manage Snapshot profitability via the distribution of discounts awarded based on driving performance. Suffice it to say, we think our leadership with usage-based rating in the minds of consumers and in our operational abilities grew materially in 2011.

The digital world continues to expand and we are working hard to ensure our consumer and agent-facing technology keeps pace with developments and adoption. During the year, we expanded our mobile functionality in quoting, buying, and servicing, and the adoption rate has been impressive. A significant and quickly growing portion of our quotes, sales, bill payments, and policy changes are being transmitted via mobile devices and we expect this trend to continue. We remain committed to meeting customers' needs where, when, and how they wish to interact with us.

During 2011, we introduced the ability to scan a vehicle identification number with the camera on a mobile device and allow users to see how much it might cost to insure the vehicle. We expect this and other "mobilized" features to become an integral part of the experience we offer going forward.

Meeting our customers' broader personal lines insurance product needs is a key tactic for us and we are making excellent headway here. When a household purchases more than one product through us, our retention of that household is considerably higher than similar stand-alone policies. Our Progressive Home Advantage® program, where we "private label" other companies' property insurance products, continues to grow rapidly. Early in the year, we elevated functionality on our direct-to-consumer quoting platform that allows consumers to quote their auto and home/condo/renters insurance in a unified experience. We are also working with our agents to consistently provide them similar bundled quoting capabilities with us. Consumers are increasingly aware of our ability to meet their broader needs and our results show there is strong demand for this offering from Progressive.

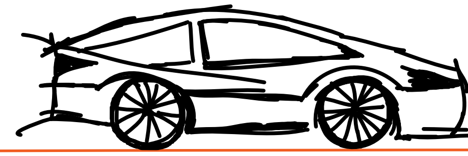
Our priorities for 2012 are consistent with 2011—retention and cost structure improvement, further penetration of multi-product households, further expansion of our mobile capabilities, extending our lead in usage-based rating, and ensuring our people thrive and grow in a great place to work.

Commercial Auto Progressive's Commercial Auto business had another year of solid profits and a return to top line growth. Our calendar-year combined ratio was 90.9 with a positive change in net premiums written of 6%. For the year, earned premiums, which follow the growth in premiums written, were down less than 1%, but turned positive in August. Expense management allowed us to lower our Commercial Auto expense ratio to 22 points, against flat earned premiums, all while incurring the cost of hiring additional staff in advance of anticipated growth.

These results were particularly satisfying in light of the prolonged market contraction experienced by the commercial auto industry since 2006 and affirmed our commitment to maintaining underwriting profit discipline through the soft market. By comparison, the commercial auto industry written premium grew a modest 0.4% through the first three quarters of 2011 and the industry loss ratio deteriorated 6 points. We anticipate the final industry premium numbers will show low single digit growth, a slight but welcome shift from four years of decline, and further deterioration in the loss ratio. The positive business momentum we built throughout the year combined with some improvement in the general economy are encouraging signs as we enter 2012.

Top line growth was driven by a healthy increase in written premium per policy of 5%. We raised rates in most states and on all business tiers in the first half of the year without undue adverse impact to policy retention. The most immediate effect of the price increases was, as anticipated, a decline in new business conversion rates. This was in part offset by increased demand in the for-hire transportation, tow, and contractor business market targets. For the year, new business applications were down 2% and policies in force were essentially flat. Those numbers obscure the positive trends which emerged in the second half of the year with solid growth in new applications (+3%) and improving year-over-year trends in policies in force. We continued to take targeted rate increases throughout the rest of the year and ended well positioned on pricing relative to underlying loss cost trends. We would hope to see considerable volume upside if market prices begin to move in the direction industry results suggest they should and many industry observers anticipate.

Baron (Beni, age 30)



Flash (Daniel, age 46)

Ongoing efforts to improve the competitiveness and value of our for-hire transportation product produced good results in the past year. We remain focused on small owner operators and fleets of one to five vehicles operating across a range of transportation sectors. In the second quarter 2011, we successfully completed our pilot for non-fleet long-haul operators and began expanding our regional trucking business to include this class. The quality and performance of this incremental business is meeting all expectations and, more significantly, has helped increase the flow of other transportation business from key agents.

We saw a nice rebound in demand in key trucking segments, including for-hire specialty and towing operations. The combination of slow, but continuing economic growth and the withdrawal of some insurance capacity from unprofitable sectors led to quote growth in these segments of our core business in the second half of 2011. This helped to reaffirm our market leading position as America's number one insurer of trucks.

We built on our emerging direct Commercial Auto business, setting new records for new business applications and policies in force. We completed the rollout of customer Internet quoting in the second quarter, which increased quote flow and lifted conversion. "Insure My Truck," Progressive's mobile quoting app for Commercial Auto insurance, was also released and became a popular download for those attending the many truck and small business specialty shows where Progressive was present during the year. Strong performance in our direct business, coupled with favorable returns on our targeted marketing investment, encourages us to increase our marketing spend and extend our brand building to a broader market. Direct distribution of Commercial Auto insurance remains an area of focus as we seek to secure the leadership position in this channel.

Increasing our market share and attracting more preferred profile business in the business auto and contractor tiers continues to be a high value opportunity. These customers often require other commercial coverage and, as demonstrated in our Personal Lines business, packaging of insurance needs is a strong characteristic of preferred business. In 2011, we expanded our Progressive Commercial Advantage℠ program to include 19 states where we can offer small business customers the opportunity to package Progressive Commercial Auto with business owners and general liability policies from partner companies. A desktop solution for independent agents was also piloted for these products with encouraging results. We are confident we have developed a scalable platform and will look to expand it with additional markets and states in 2012.

A final but significant contributor to the positive momentum we bring into 2012 is improved operating performance in our second largest Commercial Auto state, Florida. Corrective underwriting actions and improved fraud detection protocols implemented in 2010 restored Florida's profitability but with a substantial loss in customers that weighed down growth across the business. The return to profitable growth in this large and diverse market in 2011 greatly elevates our prospects for future success.

Operating Results	2011	2010	Change
PERSONAL LINES			
Net premiums written (in billions)	$ 13.6	$ 13.0	5%
Net premiums earned (in billions)	$ 13.4	$ 12.8	5%
Loss and loss adjustment expense ratio	71.6	71.4	.2 pts.
Underwriting expense ratio	21.6	21.6	0 pts.
Combined ratio	93.2	93.0	.2 pts.
Policies in force (in thousands)	12,283.8	11,702.7	5%
COMMERCIAL AUTO			
Net premiums written (in billions)	$ 1.5	$ 1.4	6%
Net premiums earned (in billions)	$ 1.5	$ 1.5	0%
Loss and loss adjustment expense ratio	68.9	65.1	3.8 pts.
Underwriting expense ratio	22.0	22.4	(.4) pts.
Combined ratio	90.9	87.5	3.4 pts.
Policies in force (in thousands)	509.1	510.4	0%

81 per hour

65 days

5). THE RESULTS

228,402

126,786

(total drawings submitted)

30+ minutes

(longest time spent drawing)

177

(countries represented)

10 seconds

(shortest time spent drawing)

81 per hour

(approximate collection rate)

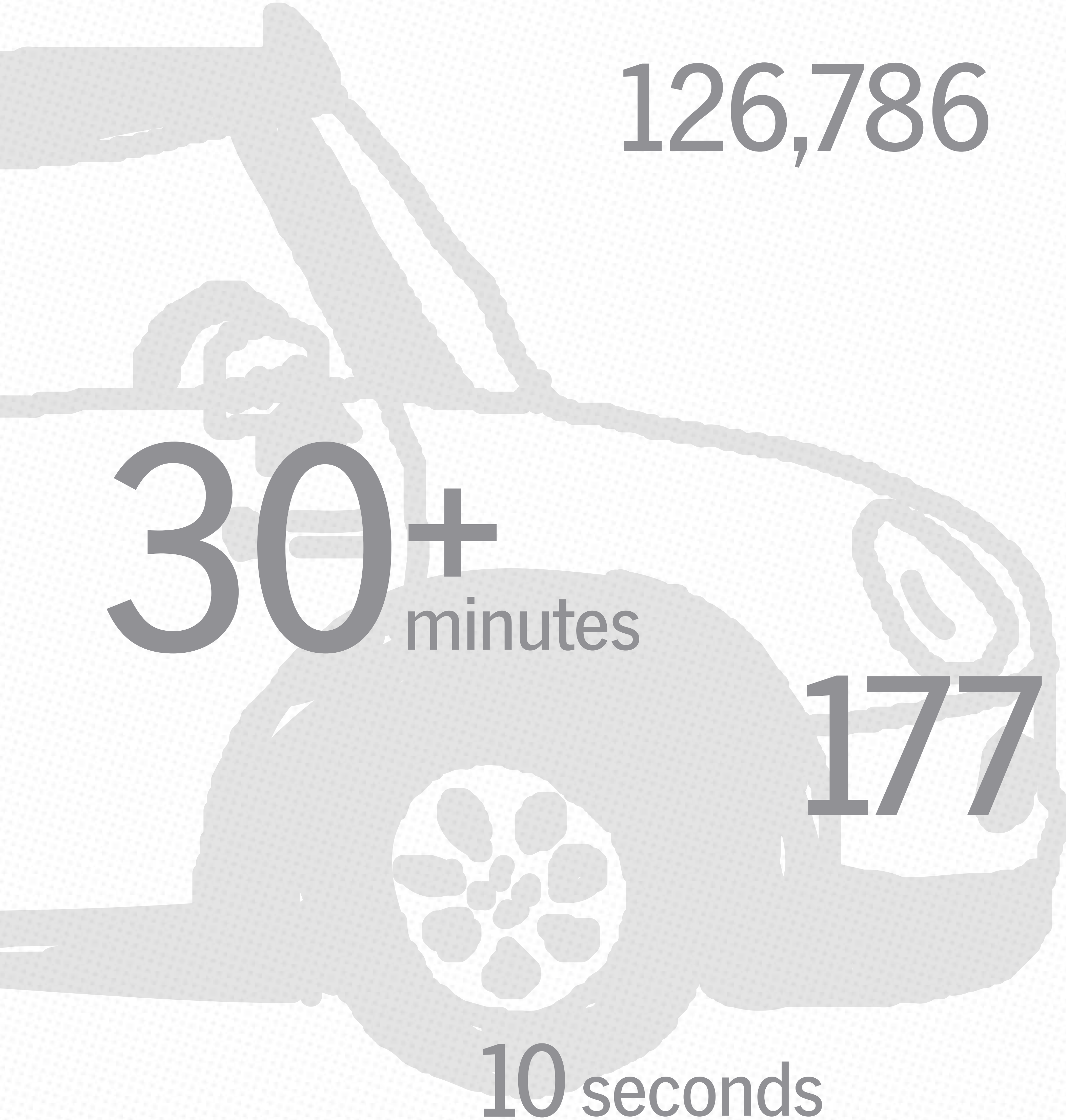
65 days

(collection period)

5). THE RESULTS

228,402

(unique visitors)



126,786

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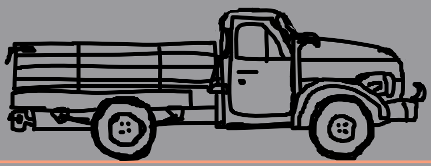
177

10 seconds



GAZ 51 (Bevbor, age 42)

Farmer Moe (Michelle, age 19)

____________ is

the most

important factor

when evaluating

insurance.

General Lee (Brian, age 35)

Basis of Presentation: The accompanying consolidated financial statements include the accounts of The Progressive Corporation, its subsidiaries, and affiliate. These financial statements should be read in conjunction with the complete Consolidated Financial Statements, including the complete Notes to the Consolidated Financial Statements, as well as Management's Discussion and Analysis of Financial Condition and Results of Operations and Supplemental Information, which are included in Progressive's 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Progressive's management is responsible for establishing and maintaining adequate internal control over financial reporting. Based on Progressive's evaluation under the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), management concluded that Progressive's internal control over financial reporting was effective as of December 31, 2011. The complete "Management's Report on Internal Control over Financial Reporting," as required by Section 404 of The Sarbanes-Oxley Act of 2002 and applicable SEC regulations, along with the related report of PricewaterhouseCoopers LLP, is presented in the 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.

CEO AND CFO CERTIFICATIONS

Glenn M. Renwick, President and Chief Executive Officer of The Progressive Corporation, and Brian C. Domeck, Vice President and Chief Financial Officer of The Progressive Corporation, have issued the certifications required by Sections 302 and 906 of The Sarbanes-Oxley Act of 2002 and applicable SEC regulations with respect to Progressive's 2011 Annual Report on Form 10-K, including the financial statements provided in this Report and in the 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement. Among other matters required to be included in those certifications, Mr. Renwick and Mr. Domeck have each certified that, to the best of his knowledge, the financial statements, and other financial information included in the Annual Report on Form 10-K, fairly present in all material respects the financial condition, results of operations, and cash flows of Progressive as of, and for, the periods presented. See Exhibits 31 and 32 to Progressive's Annual Report on Form 10-K for the complete Section 302 and 906 Certifications, respectively.

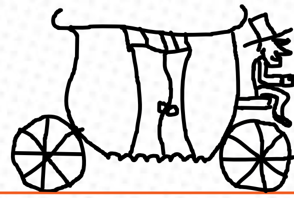
Consolidated Statements of Comprehensive Income

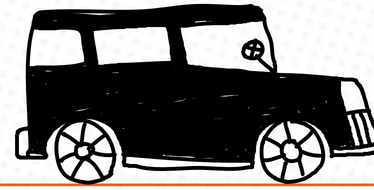
(millions – except per share amounts)

For the years ended December 31,	2011	2010	2009
REVENUES			
Net premiums earned	$ 14,902.8	$ 14,314.8	$ 14,012.8
Investment income	480.0	520.1	507.0
Net realized gains (losses) on securities:			
Other-than-temporary impairment (OTTI) losses:			
Total OTTI losses	(6.0)	(19.1)	(80.9)
Non-credit losses, net of credit losses recognized on previously recorded non-credit OTTI losses	.5	5.2	40.1
Net impairment losses recognized in earnings	(5.5)	(13.9)	(40.8)
Net realized gains (losses) on securities	108.1	110.0	67.9
Total net realized gains (losses) on securities	102.6	96.1	27.1
Service revenues	22.8	25.9	16.7
Net gains (losses) on extinguishment of debt	(.1)	6.4	0
Total revenues	15,508.1	14,963.3	14,563.6
EXPENSES			
Losses and loss adjustment expenses	10,634.8	10,131.3	9,904.9
Policy acquisition costs	1,399.2	1,359.9	1,364.6
Other underwriting expenses	1,821.5	1,740.1	1,567.7
Investment expenses	13.5	11.9	11.1
Service expenses	19.4	21.4	19.4
Interest expense	132.7	133.5	139.0
Total expenses	14,021.1	13,398.1	13,006.7
NET INCOME			
Income before income taxes	1,487.0	1,565.2	1,556.9
Provision for income taxes	471.5	496.9	499.4
Net income	1,015.5	1,068.3	1,057.5
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX			
Net unrealized gains (losses) on securities:			
Net non-credit related OTTI losses, adjusted for valuation changes	(3.6)	13.9	(15.7)
Other net unrealized gains (losses) on securities	(80.9)	323.2	712.3
Total net unrealized gains (losses) on securities	(84.5)	337.1	696.6
Net unrealized gains on forecasted transactions	(6.8)	(6.9)	(3.3)
Foreign currency translation adjustment	.1	.3	1.4
Other comprehensive income (loss)	(91.2)	330.5	694.7
Comprehensive income	$ 924.3	$ 1,398.8	$ 1,752.2
COMPUTATION OF NET INCOME PER SHARE			
Average shares outstanding – Basic	632.3	657.9	666.8
Net effect of dilutive stock-based compensation	4.6	5.4	5.4
Total equivalent shares – Diluted	636.9	663.3	672.2
Basic: Net income per share	$ 1.61	$ 1.62	$ 1.59
Diluted: Net income per share	$ 1.59	$ 1.61	$ 1.57

See Notes to the complete Consolidated Financial Statements included in Progressive's 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.

Consolidated Balance Sheets





(millions)

December 31,	2011	2010
ASSETS		
Investments–Available-for-sale, at fair value:		
Fixed maturities (amortized cost: $11,455.7 and $11,630.8)	$ 11,759.3	$ 11,850.0
Equity securities:		
Nonredeemable preferred stocks (cost: $473.7 and $601.3)	806.3	1,157.6
Common equities (cost: $1,431.0 and $1,021.7)	1,845.6	1,425.0
Short-term investments (amortized cost: $1,551.8 and $1,090.8)	1,551.8	1,090.8
Total investments	15,963.0	15,523.4
Cash	155.7	158.9
Accrued investment income	105.7	109.3
Premiums receivable, net of allowance for doubtful accounts of $124.2 and $114.9	2,929.8	2,738.4
Reinsurance recoverables, including $32.3 and $37.4 on paid losses and loss adjustment expenses	818.0	741.5
Prepaid reinsurance premiums	69.8	88.1
Deferred acquisition costs	433.6	417.2
Income taxes	208.0	189.0
Property and equipment, net of accumulated depreciation of $573.8 and $564.3	911.3	932.6
Other assets	249.9	251.9
Total assets	$ 21,844.8	$ 21,150.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unearned premiums	$ 4,579.4	$ 4,353.8
Loss and loss adjustment expense reserves	7,245.8	7,071.0
Accounts payable, accrued expenses, and other liabilities[1]	1,770.8	1,718.4
Debt[2]	2,442.1	1,958.2
Total liabilities	16,038.1	15,101.4
Common Shares, $1.00 par value (authorized 900.0; issued 797.7, including treasury shares of 184.7 and 135.3)	613.0	662.4
Paid-in capital	1,006.2	1,007.1
Retained earnings	3,495.0	3,595.7
Accumulated other comprehensive income, net of tax:		
Net non-credit related OTTI losses, adjusted for valuation changes	(5.4)	(1.8)
Other net unrealized gains (losses) on securities	688.2	769.1
Total net unrealized gains (losses) on securities	682.8	767.3
Net unrealized gains on forecasted transactions	7.9	14.7
Foreign currency translation adjustment	1.8	1.7
Total accumulated other comprehensive income	692.5	783.7
Total shareholders' equity	5,806.7	6,048.9
Total liabilities and shareholders' equity	$ 21,844.8	$ 21,150.3

[1]See *Note 12–Litigation* and *Note 13–Commitments and Contingencies*, in Progressive's 2011 Annual Report to Shareholders, for further discussion.

[2]Consists of both short- and long-term debt. See *Note 4–Debt*, in Progressive's 2011 Annual Report to Shareholders, for further discussion.

See Notes to the complete Consolidated Financial Statements included in Progressive's 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.

Consolidated Statements of Changes in Shareholders' Equity

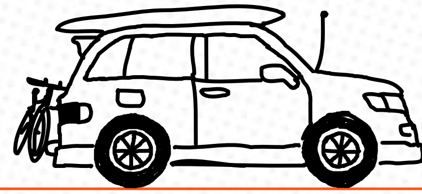
(millions – except per share amounts)

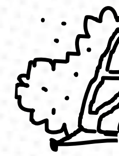
For the years ended December 31,	2011	2010	2009
COMMON SHARES, $1.00 PAR VALUE			
Balance, Beginning of year	$ 662.4	$ 672.6	$ 676.5
Stock options exercised	2.0	3.4	3.5
Treasury shares purchased	(51.3)	(13.3)	(11.1)
Net restricted stock awards issued (forfeited)	(.1)	(.3)	3.7
Balance, End of year	$ 613.0	$ 662.4	$ 672.6
PAID-IN CAPITAL			
Balance, Beginning of year	$ 1,007.1	$ 939.7	$ 892.9
Stock options exercised	20.4	23.8	15.3
Tax benefit from exercise/vesting of stock-based compensation	6.4	14.0	9.7
Treasury shares purchased	(80.7)	(19.3)	(15.0)
Net restricted stock awards (issued) forfeited	.1	.3	(3.7)
Amortization of stock-based compensation	50.3	44.8	39.2
Other	2.6	3.8	1.3
Balance, End of year	$ 1,006.2	$ 1,007.1	$ 939.7
RETAINED EARNINGS			
Balance, Beginning of year	$ 3,595.7	$ 3,683.1	$ 2,697.8
Cumulative effect of change in accounting principle	0	0	189.6
Net income	1,015.5	1,068.3	1,057.5
Cash dividends declared on common shares ($.4072, $1.3987, and $.1613 per share)	(248.1)	(924.8)	(108.5)
Treasury shares purchased	(865.8)	(226.0)	(154.5)
Other, net	(2.3)	(4.9)	1.2
Balance, End of year	$ 3,495.0	$ 3,595.7	$ 3,683.1
ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAX			
Balance, Beginning of year	$ 783.7	$ 453.2	$ (51.9)
Cumulative effect of change in accounting principle	0	0	(189.6)
Other comprehensive income (loss)	(91.2)	330.5	694.7
Balance, End of year	$ 692.5	$ 783.7	$ 453.2
Total Shareholders' Equity	$ 5,806.7	$ 6,048.9	$ 5,748.6

There are 20.0 million Serial Preferred Shares authorized; no such shares are issued or outstanding.

There are 5.0 million Voting Preference Shares authorized; no such shares have been issued.

See Notes to the complete Consolidated Financial Statements included in Progressive's 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.



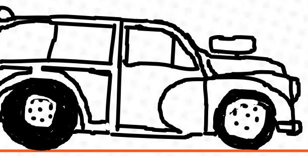


Consolidated Statements of Cash Flows

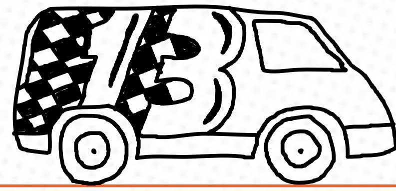
(millions)

For the years ended December 31,	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,015.5	$ 1,068.3	$ 1,057.5
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	88.5	83.1	87.3
Amortization of fixed-income securities	233.0	229.2	230.8
Amortization of stock-based compensation	50.5	45.9	40.3
Net realized (gains) losses on securities	(102.6)	(96.1)	(27.1)
Net (gains) losses on disposition of property and equipment	8.7	2.3	13.3
Net (gains) losses on extinguishment of debt	.1	(6.4)	0
Changes in:			
Premiums receivable	(191.4)	(283.6)	(46.2)
Reinsurance recoverables	(76.5)	(176.7)	(276.3)
Prepaid reinsurance premiums	18.3	(18.8)	(6.9)
Deferred acquisition costs	(16.4)	(15.0)	11.8
Income taxes	28.4	48.1	29.7
Unearned premiums	225.6	180.8	(3.0)
Loss and loss adjustment expense reserves	174.8	418.0	475.6
Accounts payable, accrued expenses, and other liabilities	35.5	210.2	(71.8)
Other, net	5.9	(10.0)	(28.2)
Net cash provided by operating activities	1,497.9	1,679.3	1,486.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases:			
Fixed maturities	(6,032.4)	(4,491.7)	(10,046.3)
Equity securities	(582.0)	(511.4)	(624.2)
Sales:			
Fixed maturities	4,442.6	3,055.8	7,950.0
Equity securities	423.5	241.9	919.4
Maturities, paydowns, calls, and other:			
Fixed maturities	1,540.9	1,341.1	842.5
Equity securities	0	0	15.7
Net sales (purchases) of short-term investments – other	(461.0)	(11.5)	75.6
Net unsettled security transactions	(.6)	(54.0)	(246.5)
Purchases of property and equipment	(78.9)	(64.7)	(66.6)
Sales of property and equipment	3.0	8.0	1.8
Net cash used in investing activities	(744.9)	(486.5)	(1,178.6)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of stock options	22.4	27.2	18.8
Tax benefit from exercise/vesting of stock-based compensation	6.4	14.0	9.7
Proceeds from debt issuance	491.9	0	0
Reacquistion of debt	(15.0)	(214.3)	0
Dividends paid to shareholders	(263.6)	(763.7)	0
Acquisition of treasury shares	(997.8)	(258.6)	(180.6)
Net cash used in financing activities	(755.7)	(1,195.4)	(152.1)
Effect of exchange rate changes on cash	(.5)	.8	1.7
Increase (decrease) in cash	(3.2)	(1.8)	157.8
Cash, Beginning of year	158.9	160.7	2.9
Cash, End of year	$ 155.7	$ 158.9	$ 160.7

See Notes to the complete Consolidated Financial Statements included in Progressive's 2011 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2012 Proxy Statement.



v8 Traveller (James, age 41)



13thvan (Al, age 30)

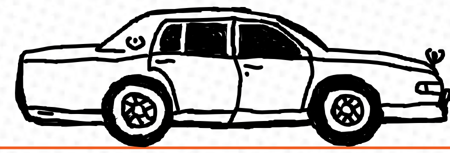
Hypnocup (PT3000, age 32)

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Statements in this report that are not historical fact are forward-looking statements that are subject to certain risks and uncertainties that could cause actual events and results to differ materially from those discussed herein. These risks and uncertainties include, without limitation, uncertainties related to estimates, assumptions, and projections generally; inflation and changes in economic conditions (including changes in interest rates and financial markets); the possible failure of one or more governmental entities to make scheduled debt payments or satisfy other obligations; the potential or actual downgrading of governmental, corporate, or other securities by a rating agency; the financial condition of, and other issues relating to the strength of and liquidity available to, issuers of securities held in our investment portfolios and other companies with which we have ongoing business relationships, including counterparties to certain financial transactions; the accuracy and adequacy of our pricing and loss reserving methodologies; the competitiveness of our pricing and the effectiveness of our initiatives to retain more customers; initiatives by competitors and the effectiveness of our response; our ability to obtain regulatory approval for requested rate changes and the timing thereof; the effectiveness of our brand strategy and advertising campaigns relative to those of competitors; legislative and regulatory developments, including, but not limited to, health care reform and tax law changes; disputes relating to intellectual property rights; the outcome of litigation pending or that may be filed against us; weather conditions (including the severity and frequency of storms, hurricanes, snowfalls, hail, and winter conditions); changes in driving patterns and loss trends; acts of war and terrorist activities; our ability to maintain the

	Stock Price				Dividends
Quarter	High	Low	Close	Rate of Return	Declared per Share
2011					
1	$ 21.24	$ 19.12	$ 21.13		$ 0
2	22.08	19.79	21.38		0
3	21.66	16.88	17.76		0
4	19.74	16.97	19.51		.4072
	$ 22.08	$ 16.88	$ 19.51	.2%	$ .4072
2010					
1	$ 19.69	$ 16.18	$ 19.09		$ 0
2	20.94	18.67	18.72		0
3	21.59	18.41	20.87		0
4	22.13	19.54	19.87		1.3987
	$ 22.13	$ 16.18	$ 19.87	16.9%	$ 1.3987

Bug (Mark, age 49)



Fleetwood (Kevin H, age 32)

uninterrupted operation of our facilities, systems (including information technology systems), and business functions; court decisions and trends in litigation and health care and auto repair costs; and other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.

COMMON SHARES AND DIVIDENDS

The Progressive Corporation's common shares are traded on the New York Stock Exchange (symbol PGR). Progressive currently has an annual variable dividend policy. We expect the Board to declare the next annual variable dividend, subject to policy limitations, in December 2012, with a record date in January 2013 and payment shortly thereafter. A complete description of our annual variable dividend policy can be found at: progressive.com/dividend.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

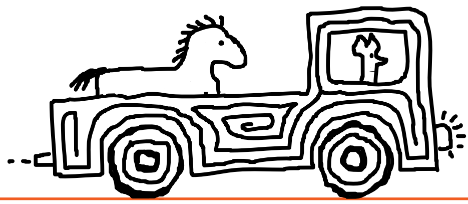
To the Board of Directors and Shareholders of The Progressive Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Progressive Corporation and its subsidiaries as of December 31, 2011 and 2010, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2011 (not presented herein) appearing in The Progressive Corporation's 2011 Annual Report to Shareholders, which is attached as an Appendix to The Progressive Corporation's 2012 Proxy Statement. In our report dated February 28, 2012, we expressed an unqualified opinion on those consolidated financial statements.

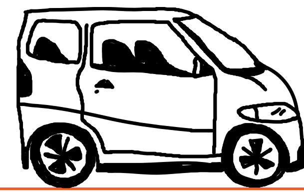
In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Cleveland, Ohio
February 28, 2012



Zebra Truck (Evelin, age 30)



Dub (Evin, age 56)

CORPORATE INFORMATION

Principal Office
The Progressive Corporation
6300 Wilson Mills Road, Mayfield Village, Ohio 44143

440-461-5000
progressive.com

Annual Meeting The Annual Meeting of Shareholders will be held at the offices of The Progressive Corporation, 6671 Beta Drive, Mayfield Village, Ohio 44143 on April 20, 2012, at 10 a.m. eastern time. There were 3,273 shareholders of record on December 31, 2011.

Shareholder/Investor Relations Progressive does not maintain a mailing list for distribution of shareholders' reports. To view Progressive's publicly filed documents, shareholders can access our website: progressive.com/sec. To view our earnings and other releases, access progressive.com/investors.

For financial-related information or to request copies of Progressive's publicly filed documents free of charge, write to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, Ohio 44143,
email: investor_relations@progressive.com or call: 440-395-2222.

For all other company information, call: 440-461-5000 or access our website at progressive.com/contactus.

Corporate Governance Progressive's Corporate Governance Guidelines and Board Committee Charters are available at: progressive.com/governance.

Charitable Contributions Progressive contributes annually to The Progressive Insurance Foundation, which provides: (i) financial support to the Insurance Institute for Highway Safety to further its work in reducing the human trauma and economic costs of auto accidents; and (ii) matching funds to eligible 501(c)(3) charitable organizations to which Progressive employees contribute.

Social Responsibility Progressive uses an interactive online format to communicate our social responsibility efforts. This report can be found at: progressive.com/socialresponsibility.

Registered Trademark Net Promoter® is a registered trademark of Satmetrix Systems, Inc.

Online Annual Report and Proxy Statement Our 2011 Annual Report to Shareholders can be found at: progressive.com/annualreport.

We have also posted copies of our 2012 Proxy Statement and 2011 Annual Report to Shareholders, in a "PDF" format, at: progressiveproxy.com.

Transfer Agent and Registrar
Registered Shareholders: If you have questions or changes to your account and your Progressive shares are registered in your name, write to: American Stock Transfer & Trust Company, Attn: Operations Center, 6201 15th Avenue, Brooklyn, NY 11219; phone: 1-866-709-7695; email: info@amstock.com; or visit their website at: www.amstock.com.

Beneficial Shareholders: If your Progressive shares are held in a brokerage or other financial institution account, contact your broker or financial institution directly regarding questions or changes to your account.

Counsel Baker & Hostetler LLP, Cleveland, Ohio

Contact Non-Management Directors Interested parties have the ability to contact the non-management directors as a group by sending a written communication clearly addressed to the non-management directors to either of the following:

Peter B. Lewis, Chairman of the Board, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or
email: peter_lewis@progressive.com.

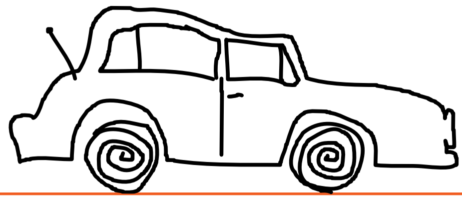
Charles E. Jarrett, Secretary, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or
email: chuck_jarrett@progressive.com.

The recipient will forward communications so received to the non-management directors.

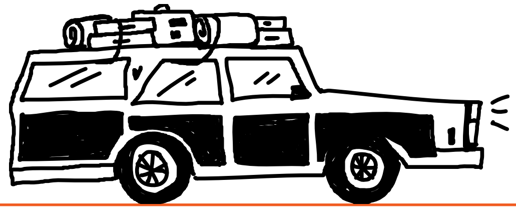
Accounting Complaint Procedure Any employee or other interested party with a complaint or concern regarding accounting, internal accounting controls, or auditing matters relating to Progressive may report such complaint or concern directly to the Chairman of the Audit Committee, as follows: Patrick H. Nettles, Ph.D., Chairman of the Audit Committee, patrick_nettles@progressive.com.

Any such complaint or concern also may be reported anonymously over the following toll-free Alert Line: 1-800-683-3604 or online at www.progressivealertline.com. Progressive will not retaliate against any individual by reason of his or her having made such a complaint or reported such a concern in good faith. View the complete procedures at progressive.com/governance.

Whistleblower Protections Progressive will not retaliate against any officer or employee of Progressive because of any lawful act done by the employee to provide information or otherwise assist in investigations regarding conduct that the employee reasonably believes to be a violation of federal securities laws or of any rule or regulation of the Securities and Exchange Commission or federal securities laws relating to fraud against shareholders. View the complete Whistleblower Protections at progressive.com/governance.



Yesteryear (Roger, age 45)



Gris (Rudy, age 58)

DIRECTORS

Stuart B. Burgdoerfer[1,6]
Executive Vice President and
Chief Financial Officer,
Limited Brands, Inc.
(retailing)

Charles A. Davis[4,5,6]
Chief Executive Officer,
Stone Point Capital LLC
(private equity investing)

Roger N. Farah[3,6]
President and Chief Operating Officer,
Ralph Lauren Corporation
(lifestyle products)

Lawton W. Fitt[4,6]
Retired Partner,
Goldman Sachs Group
(financial services)

Stephen R. Hardis[2,4,5,6]
Retired Chairman of the Board
and Chief Executive Officer,
Eaton Corporation
(manufacturing)

Peter B. Lewis[2,4,6]
Chairman of the Board,
The Progressive Corporation
(non-executive)

***Norman S. Matthews**[3,5,6]
Consultant,
Former President,
Federated Department Stores, Inc.
(retailing)

Heidi G. Miller, Ph.D.[1,6]
Retired President of International,
JPMorgan Chase & Co.
(financial services)

Patrick H. Nettles, Ph.D.[1,6]
Executive Chairman,
Ciena Corporation
(telecommunications)

Glenn M. Renwick[2]
President and Chief Executive Officer,
The Progressive Corporation

Bradley T. Sheares, Ph.D.[3,6]
Former Chief Executive Officer,
Reliant Pharmaceuticals, Inc.
(pharmaceuticals)

[1]Audit Committee Member
[2]Executive Committee Member
[3]Compensation Committee Member
[4]Investment and Capital Committee Member
[5]Nominating and Governance Committee Member
[6]Independent Director

CORPORATE OFFICERS

Glenn M. Renwick
President and Chief Executive Officer

Brian C. Domeck
Vice President and
Chief Financial Officer

Charles E. Jarrett
Vice President, Secretary,
and Chief Legal Officer

Thomas A. King
Vice President and Treasurer

Jeffrey W. Basch
Vice President and
Chief Accounting Officer

Mariann Wojtkun Marshall
Assistant Secretary

Peter B. Lewis
Chairman of the Board
(non-executive)

*In April 2012, Norman S. Matthews will retire after 31 years of service on our Board. Progressive would like to thank Mr. Matthews for his dedicated service and the many contributions he made during his tenure on the Board.

24-HOUR INSURANCE QUOTES, CLAIMS REPORTING, AND CUSTOMER SERVICE

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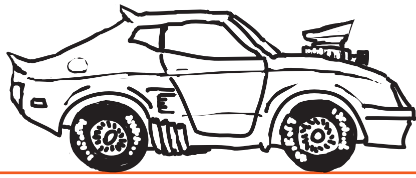
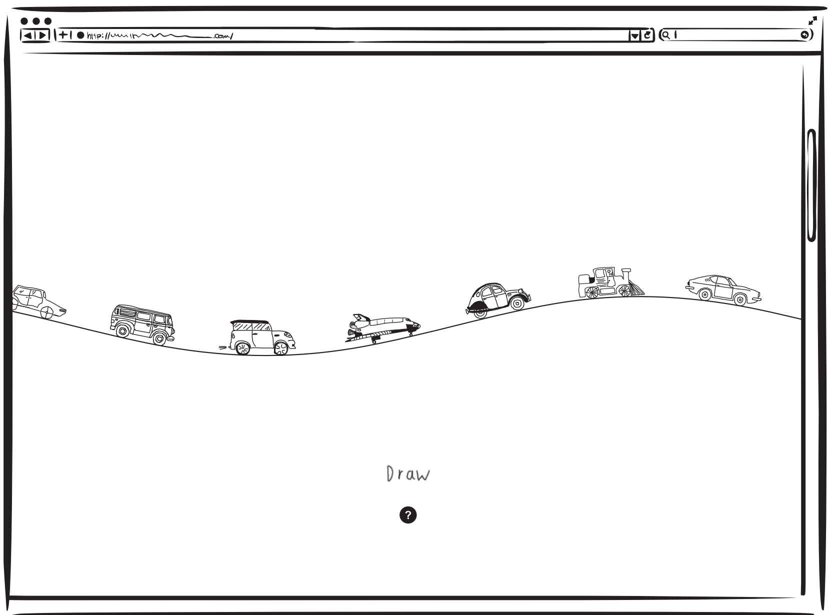


XBGT (Jorgen, age 33)



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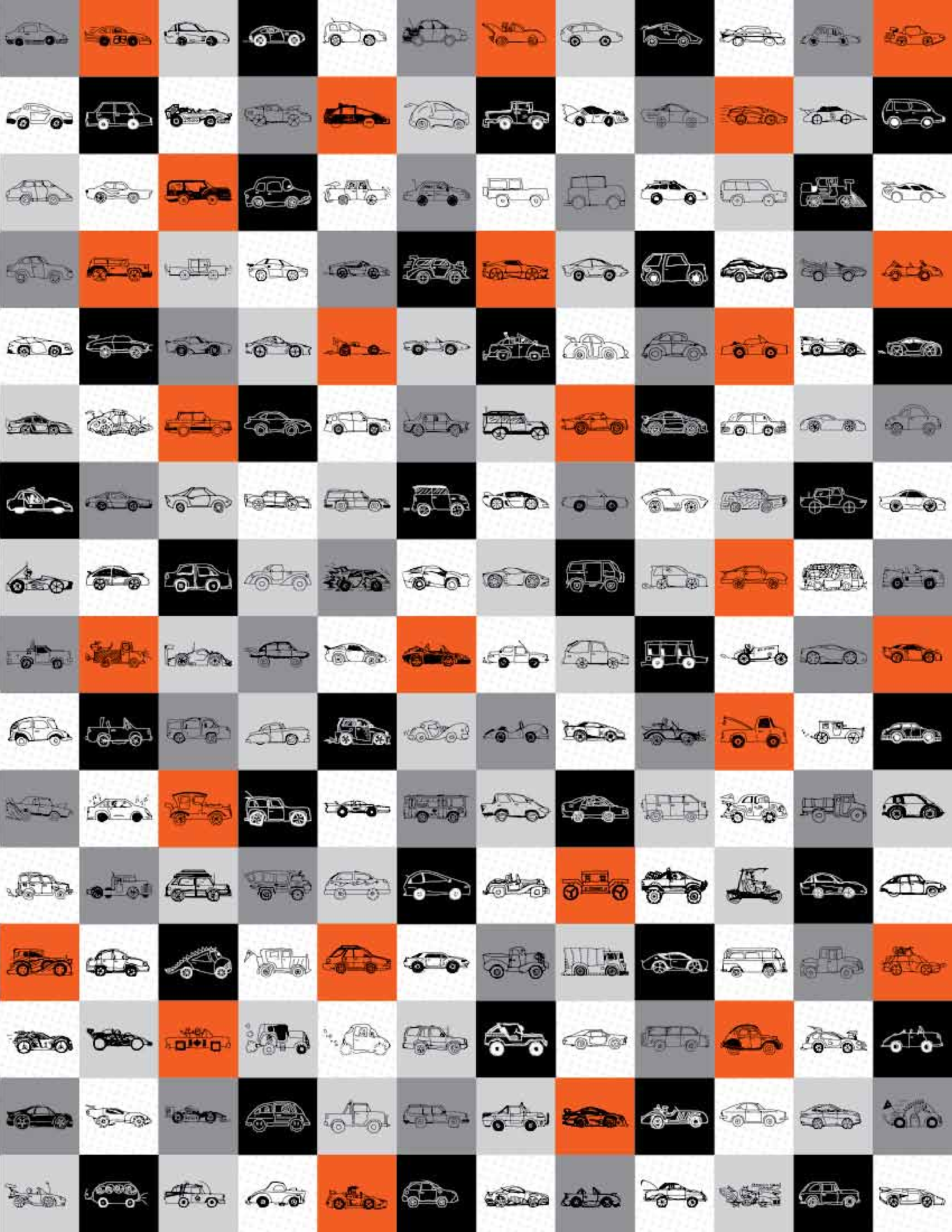
Page 28: Zoocar (Zoo, age 42); **Page 29: Scarriage** (Nathaniel, age 26) and **Night Hawk** (Jackson, age 24); **Page 30: Future Zoom!** (Atikin, age 32); **Page 31: Vacation** (Fabiano, age 23); **Back Cover: Fairlady Z32** (Ash, age 24)



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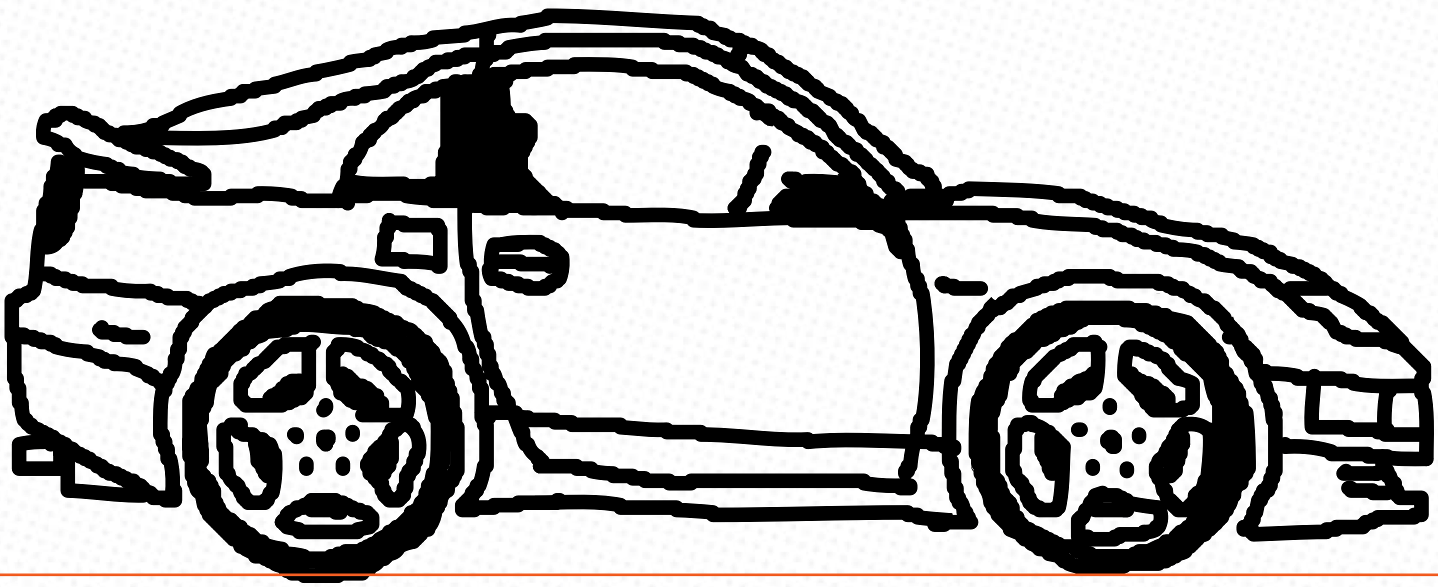

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