

The Progressive Corporation
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FOR IMMEDIATE RELEASE

MAYFIELD VILLAGE, OHIO -- August 18, 2005 -- The Progressive Corporation today reported the following results for July 2005:

(millions, except per share amounts and ratios)	July 2005	July 2004	Change
Net premiums written	\$1,403.2	\$1,298.8	8%
Net premiums earned	1,337.8	1,257.1	6%
Net income	143.9	168.1	(14)%
Per share	.72	.77	(6)%
Combined ratio	86.9	82.6	(4.3) pts.

See the "Income Statements" for further month and year-to-date information.

The Company offers insurance to personal and commercial auto drivers throughout the United States. The Company's Personal Lines business units write insurance for private passenger automobiles and recreation vehicles. The Company's Commercial Auto business unit writes primary liability, physical damage and other auto-related insurance for automobiles and trucks owned by small businesses. See "Supplemental Information" for month and year-to-date results.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
INCOME STATEMENT

July 2005

(millions – except per share amounts)

(unaudited)

	Current Month ¹	Comments on Monthly Results
Direct premiums written	<u>\$1,431.3</u>	
Net premiums written	<u>\$1,403.2</u>	
Revenues:		
Net premiums earned	\$1,337.8	
Investment income	42.8	
Net realized gains (losses) on securities	2.8	
Service revenues	3.9	
Total revenues	<u>1,387.3</u>	
Expenses:		
Losses and loss adjustment expenses	905.6	
Policy acquisition costs	140.8	
Other underwriting expenses	115.7	
Investment expenses	1.1	
Service expenses	2.3	
Interest expense	6.9	
Total expenses	<u>1,172.4</u>	
Income before income taxes	214.9	
Provision for income taxes	71.0	
Net income	<u>\$143.9</u>	
COMPUTATION OF EARNINGS PER SHARE		
Basic:		
Average shares outstanding	<u>196.0</u>	
Per share	<u>\$.73</u>	
Diluted:		
Average shares outstanding	196.0	
Net effect of dilutive stock-based compensation	2.9	
Total equivalent shares	<u>198.9</u>	
Per share	<u>\$.72</u>	

¹ For a description of the Company's reporting and accounting policies, see Note 1 to the Company's 2004 audited consolidated financial statements included in the Company's 2004 Shareholders' Report, which can be found at progressive.com/annualreport.

The following table sets forth the investment results for the month:

Fully taxable equivalent total return:	
Fixed-income securities	(.3)%
Common stocks	4.0%
Total portfolio	.3%
Pretax recurring investment book yield	3.8%

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
INCOME STATEMENTS

July 2005 Year-to-Date

(millions – except per share amounts)
(unaudited)

	Year-to-Date		%
	2005	2004	
Direct premiums written	\$8,787.9	\$8,141.8	8
Net premiums written	<u>\$8,602.1</u>	<u>\$7,937.7</u>	8
Revenues:			
Net premiums earned	\$8,141.6	\$7,584.6	7
Investment income	293.0	279.6	5
Net realized gains (losses) on securities	9.2	55.5	(83)
Service revenues	25.4	29.2	(13)
Total revenues	<u>8,469.2</u>	<u>7,948.9</u>	7
Expenses:			
Losses and loss adjustment expenses	5,338.8	4,848.8	10
Policy acquisition costs	863.1	817.1	6
Other underwriting expenses	781.3	707.5	10
Investment expenses	7.0	7.7	(9)
Service expenses	14.3	14.4	(1)
Interest expense	48.4	46.9	3
Total expenses	<u>7,052.9</u>	<u>6,442.4</u>	9
Income before income taxes	1,416.3	1,506.5	(6)
Provision for income taxes	465.4	492.1	(5)
Net income	<u>\$950.9</u>	<u>\$1,014.4</u>	(6)
COMPUTATION OF EARNINGS PER SHARE			
Basic:			
Average shares outstanding	197.8	216.3	(9)
Per share	<u>\$4.81</u>	<u>\$4.69</u>	3
Diluted:			
Average shares outstanding	197.8	216.3	(9)
Net effect of dilutive stock-based compensation	2.9	3.5	(17)
Total equivalent shares	<u>200.7</u>	<u>219.8</u>	(9)
Per share	<u>\$4.74</u>	<u>\$4.62</u>	3

The following table sets forth the investment results for the year-to-date period:

	2005	2004
Fully taxable equivalent total return:		
Fixed-income securities	1.9%	1.6%
Common stocks	4.4%	(.6)%
Total portfolio	2.3%	1.4%
Pretax recurring investment book yield	3.9%	3.8%

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION

July 2005
(\$ in millions)
(unaudited)

Current Month						
	Personal Lines			Commercial Auto	Other Businesses ¹	Companywide Total
	Agency	Direct	Total	Business		Total
Net Premiums Written	\$802.9	\$425.0	\$1,227.9	\$172.9	\$2.4	\$1,403.2
% Growth in NPW	4%	15%	8%	10%	NM	8%
Net Premiums Earned	\$775.5	\$397.7	\$1,173.2	\$162.1	\$2.5	\$1,337.8
% Growth in NPE	3%	12%	6%	11%	NM	6%
<u>GAAP Ratios</u>						
Loss/LAE ratio	68.5	66.8	67.9	66.1	NM	67.7
Expense ratio	19.3	19.1	19.3	18.5	NM	19.2
Combined ratio	87.8	85.9	87.2	84.6	NM	86.9
<u>Actuarial Adjustments²</u>						
Reserve Decrease/(Increase)						
Prior accident years						\$9.0
Current accident year						13.6
Calendar year actuarial adjustment	\$14.0	\$8.0	\$22.0	\$.5	\$.1	\$22.6
<u>Prior Accident Years Development</u>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$9.0
All other development						25.9
Total development						\$34.9
Calendar year loss/LAE ratio						67.7
Accident year loss/LAE ratio						70.3
<u>Statutory Ratios</u>						
Loss/LAE ratio						67.7
Expense ratio						18.2
Combined ratio						85.9

NM = Not Meaningful

¹ Amounts primarily include professional liability insurance for community banks and the Company's run-off businesses. The other businesses generated an underwriting profit of \$.5 million for the month.

² Represents adjustments solely based on the Company's corporate actuarial review.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
July 2005 Year-to-Date
(\$ in millions)
(unaudited)

	Year-to-Date					
	Personal Lines			Commercial Auto Business	Other Businesses ¹	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$4,951.0	\$2,544.0	\$7,495.0	\$1,093.2	\$13.9	\$8,602.1
% Growth in NPW	5%	14%	8%	15%	NM	8%
Net Premiums Earned	\$4,766.8	\$2,389.4	\$7,156.2	\$969.3	\$16.1	\$8,141.6
% Growth in NPE	4%	12%	7%	12%	NM	7%
<u>GAAP Ratios</u>						
Loss/LAE ratio	66.0	66.7	66.2	61.5	NM	65.6
Expense ratio	20.5	19.8	20.3	19.9	NM	20.2
Combined ratio	86.5	86.5	86.5	81.4	NM	85.8
<u>Actuarial Adjustments</u> ²						
Reserve Decrease/(Increase)						
Prior accident years						\$78.0
Current accident year						24.6
Calendar year actuarial adjustment	\$59.9	\$26.8	\$86.7	\$14.0	\$1.9	\$102.6
<u>Prior Accident Years Development</u>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$78.0
All other development						159.4
Total development						\$237.4
Calendar year loss/LAE ratio						65.6
Accident year loss/LAE ratio						68.5
<u>Statutory Ratios</u>						
Loss/LAE ratio						65.6
Expense ratio						19.2
Combined ratio						84.8
Statutory surplus						\$5,643.7

<u>Policies in Force</u>	July 2005	July 2004	Change
(in thousands)			
Agency – Auto	4,492	4,201	7%
Direct – Auto	2,282	2,012	13%
Other Personal Lines ³	2,646	2,306	15%
Total Personal Lines	9,420	8,519	11%
Commercial Auto Business	459	410	12%

NM = Not Meaningful

¹The other businesses generated an underwriting profit of \$8.9 million.

²Represents adjustments solely based on the Company's corporate actuarial review.

³Includes insurance for motorcycles, recreation vehicles, mobile homes, watercraft, snowmobiles and similar items.

THE PROGRESSIVE CORPORATION AND SUBSIDIARIES
BALANCE SHEET AND OTHER INFORMATION

(millions— except per share amounts)
(unaudited)

	July 2005
CONDENSED GAAP BALANCE SHEET:¹	
Investments - Available-for-sale, at market:	
Fixed maturities (amortized cost: \$9,869.0)	\$9,858.7
Equity securities:	
Preferred stocks (cost: \$1,182.1)	1,185.4
Common equities (cost: \$1,401.2)	2,008.1
Short-term investments (amortized cost: \$2,400.7)	2,401.3
Total investments ²	15,453.5
Net premiums receivable	2,585.2
Deferred acquisition costs	475.3
Other assets	1,462.0
Total assets	\$19,976.0
Unearned premiums	\$4,567.2
Loss and loss adjustment expense reserves	5,572.8
Other liabilities ²	2,872.2
Debt	1,284.7
Shareholders' equity	5,679.1
Total liabilities and shareholders' equity	\$19,976.0

Common Shares outstanding	197.2
Shares repurchased – July	.6
Average cost per share	\$98.72
Book value per share	\$28.80
Trailing 12-month return on average shareholders' equity	29.2%
Net unrealized pre-tax gains on investments	\$600.5
Increase (decrease) from June 2005	\$(12.7)
Increase (decrease) from December 2004	\$(68.9)
Debt to total capital ratio	18.4%
Fixed-income portfolio duration	2.8 years
Weighted average credit quality	AA+

¹Pursuant to SFAS 113, "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts," loss and loss adjustment expense reserves are stated gross of reinsurance recoverables on unpaid losses of \$338.2 million.

²Amounts include net unsettled security acquisitions, including repurchase commitments, of \$1,330.6 million.

Monthly Commentary

- The Company has no additional commentary regarding July results.

The Progressive Group of Insurance Companies, in business since 1937, ranks third in the nation for auto insurance based on premiums written and provides drivers with competitive rates and 24/7, in-person and online service. The companies that offer insurance directly (by phone at 1-800-PROGRESSIVE and online at progressivedirect.com) market their products and services under the Progressive DirectSM brand, while the companies that offer insurance through more than 30,000 independent insurance agencies market their products and services under the Drive[®] Insurance from Progressive brand. The Common Shares of The Progressive Corporation, the Mayfield Village, Ohio-based holding company, are publicly traded at NYSE:PGR. More information can be found at progressive.com, including a guide to interpreting the monthly reporting package.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Statements in this release 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 accuracy and adequacy of the Company's pricing and loss reserving methodologies; pricing competition and other initiatives by competitors; the Company's ability to obtain regulatory approval for requested rate changes and the timing thereof; the effectiveness of the Company's advertising campaigns; legislative and regulatory developments; disputes relating to intellectual property rights; the outcome of litigation pending or that may be filed against the Company; 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; the Company's ability to maintain the uninterrupted operation of its 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 by the Company in releases and publications, and in 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. Reported results, therefore, may appear to be volatile in certain accounting periods.