

The Progressive Corporation  
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**PROGRESSIVE REPORTS DECEMBER RESULTS AND ANNUAL DIVIDEND AMOUNT**

MAYFIELD VILLAGE, OHIO -- January 19, 2012 -- The Progressive Corporation today reported the following results for December and the fourth quarter 2011:

(millions, except per share amounts and ratios; unaudited)	Month			Quarter		
	2011	2010	Change	2011	2010	Change
Net premiums written	\$ 1,011.5	\$ 929.1	9 %	\$ 3,538.1	\$ 3,276.0	8 %
Net premiums earned	\$ 1,164.7	\$ 1,112.6	5 %	\$ 3,776.9	\$ 3,623.6	4 %
Net income	\$ 76.3	\$ 112.8	(32)%	\$ 256.7	\$ 299.2	(14)%
Per share	\$ .12	\$ .17	(27)%	\$ .42	\$ .45	(8)%
Pretax net realized gains (losses) on securities (including net impairment losses)	\$ (23.1)	\$ 22.9	NM	\$ 29.5	\$ 77.9	(62)%
Combined ratio	91.2	92.2	(1.0) pts.	93.0	93.1	(.1) pts.
Average equivalent shares	611.6	659.2	(7)%	613.4	659.7	(7)%
NM = Not Meaningful						

(in thousands; unaudited)	December 2011	December 2010	Change
<b><u>Policies in Force:</u></b>			
Agency – Auto	4,648.5	4,480.1	4 %
Direct – Auto	3,844.5	3,610.4	6 %
Total Personal Auto	8,493.0	8,090.5	5 %
Total Special Lines	3,790.8	3,612.2	5 %
Total Personal Lines	12,283.8	11,702.7	5 %
Total Commercial Auto	509.1	510.4	0 %

Progressive offers insurance to personal and commercial auto drivers throughout the United States. Our Personal Lines business writes insurance for personal autos and recreational vehicles. Our Commercial Auto business writes primary liability, physical damage, and other auto-related insurance for autos and trucks owned by small businesses.

See the “Income Statements” and “Supplemental Information” for further month and year-to-date information and the “Monthly Commentary” at the end of this release for additional discussion.

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**INCOME STATEMENT**

**December 2011**

(millions – except per share amounts)

(unaudited)

	<b>Current Month</b>	<b>Comments on Monthly Results<sup>1</sup></b>
Net premiums written	\$ 1,011.5	
Revenues:		
Net premiums earned	\$ 1,164.7	
Investment income	39.9	
Net realized gains (losses) on securities:		
Other-than-temporary impairment (OTTI) losses:		
Total OTTI losses	0	
Non-credit losses, net of credit losses recognized on previously recorded non-credit OTTI losses	(.)4	
Net impairment losses recognized in earnings	(.)4	
Net realized gains (losses) on securities	(22.7)	
Total net realized gains (losses) on securities	(23.1)	
Service revenues	2.1	
Total revenues	1,183.6	
Expenses:		
Losses and loss adjustment expenses	818.3	
Policy acquisition costs	108.8	
Other underwriting expenses	135.1	
Investment expenses	1.2	
Service expenses	1.9	
Interest expense	12.1	
Total expenses	1,077.4	
Income before income taxes	106.2	
Provision for income taxes	29.9	The lower effective tax rate reflects the benefit related to dividends to be paid to our Employee Stock Ownership Plan (ESOP).
Net income	\$ 76.3	
<b>COMPUTATION OF EARNINGS PER SHARE</b>		
Basic:		
Average shares outstanding	606.3	
Per share	\$ .13	
Diluted:		
Average shares outstanding	606.3	
Net effect of dilutive stock-based compensation	5.3	
Total equivalent shares	611.6	
Per share	\$ .12	

<sup>1</sup>See the Monthly Commentary at the end of this release for additional discussion. For a description of our reporting and accounting policies, see Note 1 to our 2010 audited consolidated financial statements included in our 2010 Shareholders' Report, which can be found at [www.progressive.com/annualreport](http://www.progressive.com/annualreport).

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**INCOME STATEMENTS**

**Year Ended December 2011**

(millions – except per share amounts)

(unaudited)

	Year		% Change
	2011	2010	
Net premiums written	\$ 15,146.6	\$ 14,476.8	5
Revenues:			
Net premiums earned	\$ 14,902.8	\$ 14,314.8	4
Investment income	480.0	520.1	(8)
Net realized gains (losses) on securities:			
Other-than-temporary impairment (OTTI) losses:			
Total OTTI losses	(6.0)	(19.1)	(69)
Non-credit losses, net of credit losses recognized on previously recorded non-credit OTTI losses	<u>.5</u>	<u>5.2</u>	(90)
Net impairment losses recognized in earnings	(5.5)	(13.9)	(60)
Net realized gains (losses) on securities	<u>108.1</u>	<u>110.0</u>	(2)
Total net realized gains (losses) on securities	102.6	96.1	7
Service revenues	22.8	25.9	(12)
Net gains (losses) on extinguishment of debt	<u>(.1)</u>	<u>6.4</u>	NM
Total revenues	<u>15,508.1</u>	<u>14,963.3</u>	4
Expenses:			
Losses and loss adjustment expenses	10,634.8	10,131.3	5
Policy acquisition costs	1,399.2	1,359.9	3
Other underwriting expenses	1,821.5	1,740.1	5
Investment expenses	13.5	11.9	13
Service expenses	19.4	21.4	(9)
Interest expense	<u>132.7</u>	<u>133.5</u>	(1)
Total expenses	<u>14,021.1</u>	<u>13,398.1</u>	5
Income before income taxes	1,487.0	1,565.2	(5)
Provision for income taxes	471.5	496.9	(5)
Net income	<u>\$ 1,015.5</u>	<u>\$ 1,068.3</u>	(5)
<b>COMPUTATION OF EARNINGS PER SHARE</b>			
Basic:			
Average shares outstanding	<u>632.3</u>	<u>657.9</u>	(4)
Per share	<u>\$ 1.61</u>	<u>\$ 1.62</u>	(1)
Diluted:			
Average shares outstanding	632.3	657.9	(4)
Net effect of dilutive stock-based compensation	<u>4.6</u>	<u>5.4</u>	(15)
Total equivalent shares	<u>636.9</u>	<u>663.3</u>	(4)
Per share	<u>\$ 1.59</u>	<u>\$ 1.61</u>	(1)

NM = Not Meaningful

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**INCOME STATEMENT – OTHER INFORMATION**

**December 2011**

(millions – except per share amounts)

(unaudited)

The following table sets forth the comprehensive income for the period:

	<b>Current Month</b>	<b>Year</b>	
		<b>2011</b>	<b>2010</b>
Net income	\$ 76.3	\$ 1,015.5	\$ 1,068.3
After-tax changes in:			
Net unrealized gains (losses) on securities	34.9	(84.2)	340.5
Net non-credit related OTTI losses	.3	(.3)	(3.4)
Total net unrealized gains (losses) on securities	35.2	(84.5)	337.1
Net unrealized gains on forecasted transactions	(.3)	(6.8)	(6.9)
Foreign currency translation adjustment	0	.1	.3
Comprehensive income	<u>\$ 111.2</u>	<u>\$ 924.3</u>	<u>\$ 1,398.8</u>
Per share	<u>\$ .18</u>	<u>\$ 1.45</u>	<u>\$ 2.11</u>

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

	<b>Current Month</b>	<b>Year</b>	
		<b>2011</b>	<b>2010</b>
Fully taxable equivalent total return:			
Fixed-income securities	.5 %	3.4 %	6.9 %
Common stocks	.8 %	2.5 %	17.0 %
Total portfolio	.5 %	3.2 %	7.8 %
Pretax annualized investment income book yield	3.2 %	3.2 %	3.5 %

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**

**December 2011**

(\$ in millions)

(unaudited)

Current Month						
	Personal Lines Business			Commercial Auto Business	Other Businesses <sup>1</sup>	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 518.3	\$ 392.6	\$ 910.9	\$ 100.6	\$ 0	\$ 1,011.5
% Growth in NPW	7 %	9 %	8 %	16 %	NM	9 %
Net Premiums Earned	\$ 592.6	\$ 454.8	\$ 1,047.4	\$ 117.1	\$ .2	\$ 1,164.7
% Growth in NPE	3 %	6 %	5 %	6 %	NM	5 %
<b><u>GAAP Ratios</u></b>						
Loss/LAE ratio	71.4	70.8	71.1	62.3	NM	70.3
Expense ratio	21.1	20.6	20.9	21.2	NM	20.9
Combined ratio	92.5	91.4	92.0	83.5	NM	91.2
<b><u>Actuarial Adjustments<sup>2</sup></u></b>						
Reserve Decrease/(Increase)						
Prior accident years						\$ 1.0
Current accident year						22.4
Calendar year actuarial adjustment	\$ 4.2	\$ 8.2	\$ 12.4	\$ 11.0	\$ 0	\$ 23.4
<b><u>Prior Accident Years Development</u></b>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ 1.0
All other development						4.7
Total development						\$ 5.7
Calendar year loss/LAE ratio						70.3
Accident year loss/LAE ratio						70.8
<b><u>Statutory Ratios</u></b>						
Loss/LAE ratio						70.3
Expense ratio						22.7
Combined ratio						93.0

<sup>1</sup> The other businesses generated an underwriting loss of \$0.5 million for the month. Combined ratios and % growth are not meaningful (NM) due to the low level of premiums earned by, and the variability of loss costs in, such businesses.

<sup>2</sup> Represents adjustments solely based on our corporate actuarial reviews.

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**  
**Year Ended December 2011**  
(\$ in millions)  
(unaudited)

	Year					
	Personal Lines Business			Commercial Auto Business	Other Businesses <sup>1</sup>	Companywide Total
	Agency	Direct	Total			
Net Premiums Written	\$ 7,705.8	\$ 5,906.4	\$ 13,612.2	\$ 1,534.3	\$ .1	\$ 15,146.6
% Growth in NPW	3 %	7 %	5 %	6 %	NM	5 %
Net Premiums Earned	\$ 7,627.4	\$ 5,803.7	\$ 13,431.1	\$ 1,467.1	\$ 4.6	\$ 14,902.8
% Growth in NPE	3 %	7 %	5 %	0 %	NM	4 %
<b><u>GAAP Ratios</u></b>						
Loss/LAE ratio	71.8	71.4	71.6	68.9	NM	71.4
Expense ratio	20.8	22.5	21.6	22.0	NM	21.6
Combined ratio	92.6	93.9	93.2	90.9	NM	93.0
<b><u>Actuarial Adjustments<sup>2</sup></u></b>						
Reserve Decrease/(Increase)						
Prior accident years						\$ 151.7
Current accident year						91.7
Calendar year actuarial adjustment	\$ 81.2	\$ 104.4	\$ 185.6	\$ 59.0	\$ (1.2)	\$ 243.4
<b><u>Prior Accident Years Development</u></b>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ 151.7
All other development						90.3
Total development						\$ 242.0
Calendar year loss/LAE ratio						71.4
Accident year loss/LAE ratio						73.0
<b><u>Statutory Ratios</u></b>						
Loss/LAE ratio						71.4
Expense ratio						21.5
Combined ratio						92.9
<b><u>Statutory Surplus<sup>3</sup></u></b>						
						\$ 5,269.2
NM = Not Meaningful						

<sup>1</sup> For the year, the other businesses generated an underwriting loss of \$5.5 million.

<sup>2</sup> Represents adjustments solely based on our corporate actuarial reviews.

<sup>3</sup> During December, our insurance subsidiaries declared \$357.7 million of dividends, net of capital contributions, of which \$345.1 million were paid during the month; the remaining \$12.6 million will be paid in January 2012.

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**BALANCE SHEET AND OTHER INFORMATION**

(millions – except per share amounts)  
(unaudited)

	December 2011
<b>CONDENSED GAAP BALANCE SHEET:</b>	
Investments – Available-for-sale, at fair value:	
Fixed maturities <sup>1</sup> (amortized cost: \$11,455.7)	\$ 11,759.3
Equity securities:	
Nonredeemable preferred stocks <sup>1</sup> (cost: \$473.7)	806.3
Common equities (cost: \$1,431.0)	1,845.6
Short-term investments (amortized cost: \$1,551.8)	1,551.8
Total investments <sup>2,3,4</sup>	15,963.0
Net premiums receivable	2,929.8
Deferred acquisition costs	433.6
Other assets <sup>3,5</sup>	2,518.4
Total assets	\$ 21,844.8
Unearned premiums	\$ 4,579.4
Loss and loss adjustment expense reserves <sup>5</sup>	7,245.8
Other liabilities	1,521.2
Dividend payable	249.6
Debt <sup>6</sup>	2,442.1
Shareholders' equity	5,806.7
Total liabilities and shareholders' equity	\$ 21,844.8

Common shares outstanding	613.0
Shares repurchased – December	1.7
Average cost per share	\$ 18.94
Book value per share	\$ 9.47
Trailing 12-month return on average shareholders' equity	
Net income	16.5 %
Comprehensive income	15.0 %
Net unrealized pretax gains (losses) on investments	\$ 1,050.5
Increase (decrease) from November 2011	\$ 54.2
Increase (decrease) from December 2010	\$ (130.0)
Debt-to-total capital ratio <sup>6</sup>	29.6 %
Fixed-income portfolio duration	1.9 years
Weighted average credit quality	AA-
Year-to-date Gainshare factor	1.10

<sup>1</sup> As of December 31, 2011, we held certain hybrid securities and recognized a change in fair value of \$0.3 million as a realized gain during the period we held these securities.

<sup>2</sup> Includes \$4.5 billion of short-term investments and U.S. Treasury securities.

<sup>3</sup> Total investments exclude \$46.9 million of net unsettled security transactions, which are included in “other assets” as of December 31, 2011.

<sup>4</sup> Includes \$2.0 billion, net of unsettled security transactions, of investments in a consolidated, non-insurance subsidiary of the holding company.

<sup>5</sup> Loss and loss adjustment expense reserves are stated gross of reinsurance recoverables on unpaid losses of \$785.7 million, which are included in “other assets.”

<sup>6</sup> At December 31, 2011, debt included \$350 million of 6.375% Senior Notes, which were retired in January 2012 at maturity.

## Monthly Commentary

- On December 9, 2011, the Board of Directors declared an annual variable dividend to be paid on February 3, 2012, to shareholders of record at the close of business on January 26, 2012 (ex-dividend date of January 24, 2012). The amount of the dividend is \$.4072 per common share, or an estimated \$249.6 million in the aggregate, and is reflected in our 2011 financial statements. The dividend was calculated using the following formula, as specified by the Board in its December dividend declaration:

Dividend Amount Per Share	=	After-Tax Underwriting Income	X	33 1/3% Target	X	Gainshare Factor
Common Shares Outstanding on 12/31/11						

Applying full year 2011 financial results, the dividend was calculated as follows:

\$.4072/share	=	\$680.7 million	X	33 1/3%	X	1.10
613.0 million						

## Events

We are currently scheduled to release January results on Wednesday, February 15, 2012, before the market opens.

Progressive is scheduled to hold a one-hour conference call to address questions on Thursday, March 1, 2012, at 9:00 a.m., eastern time, subsequent to the posting of our 2011 Shareholders' Report online and the filing of our 2011 Annual Report on Form 10-K with the SEC. Registration for the teleconference and webcast will be available at <http://investors.progressive.com/events.aspx> in February 2012.

## About Progressive

The Progressive Group of Insurance Companies makes it easy to understand, buy, and use auto insurance. Progressive offers choices so consumers can reach us whenever, wherever, and however it's most convenient for them—online at <http://www.progressive.com>, by phone at 1-800-PROGRESSIVE, or in-person with a local agent.

Progressive offers insurance for personal and commercial autos and trucks, motorcycles, boats, recreational vehicles, and homes. We're the fourth largest auto insurer in the country, the largest seller of motorcycle insurance, and a leader in commercial auto insurance. Progressive also offers car insurance online in Australia at <http://www.progressiveonline.com.au>.

Founded in 1937, Progressive continues its long history of offering shopping tools and services that save customers time and money, like Name Your Price<sup>®</sup>, the Snapshot Discount<sup>®</sup>, and a concierge level of claims service.

The Common Shares of The Progressive Corporation, the Mayfield Village, Ohio-based holding company, trade publicly at NYSE:PGR.

**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 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 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.