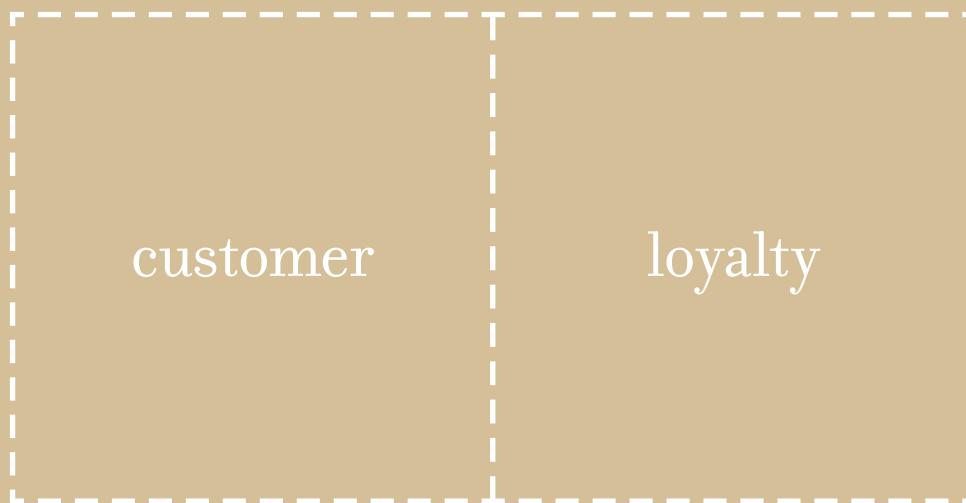


I was quite impressed with the efficiency and speed with which my claim was handled after Hurricane Katrina. I also appreciated that my monthly payment was lowered per my good driving record. That's a lovely incentive to join Drive. Progressive has always been great. When I had an accident, I was treated with respect and great follow-up. Your rates are competitive and your customer service recommended it to a friend last night. I look forward to keeping my business with Progressive for a long time. I THINK PROGRESSIVE DIRECT IS A GOOD COMPANY. I'VE HAD A COUPLE OF ACCIDENTS OVER THE PAST 6 YEARS, AND EACH TIME THE CLAIMS WERE HANDLED VERY QUICKLY. THAT WAS PRETTY IMPRESSIVE. **The service was outstanding.** I have found Progressive to be very user-friendly, both online and on the phone. My questions have been answered every time I have called and I have not felt like I am just an account number. *Every company has never had with your company has been extremely positive. Your employees are always extremely courteous. They have never made me feel as if I was not the most important customer.* I APPRECIATE THE REPRESENTATIVE WAS FRIENDLY AND HELPFUL THROUGHOUT. I ALSO APPRECIATE THE PAYMENT CONFIRMATION. **We have been Progressive customers for about eight years now and we have never had any problems.** The rates are low and we have seen our rates drop each year with our good driving records. Your various programs fit the unique needs of today's unique families. *I love the ability to access Progressive online—to pay my bill, review my policy or make changes anytime, and if needed, I can speak with a representative at anytime. I have only ever encountered extremely friendly and helpful people.* THE WHOLE PROCESS WAS SO FAST, I COULDN'T ASK FOR MORE! **Most insurance companies should follow your lead.** Your Website was very easy to use. **Progressive is one of the best, if not the best, in service.** THE WHOLE PROCESS WAS VERY USER-FRIENDLY. **I couldn't be happier with Progressive.** I love the easy access and the ability to pay when it was needed. **Great service that hardly any other companies can learn from you.** My experience with my agent has been nothing but exemplary. It's very easy. More than that! I feel like I get a good rate and I don't have to worry about my policy—you guys take care of it. **Insurance is always a pain in the neck. You make it easy.** **Keep up the good work. the best first impression was always a pain in the neck.** I think your company of the leading insurance companies. WE WERE VERY GRATEFUL TO OUR CLAIMS REPRESENTATIVE WAS AWESOME. *I really like being able to renew my policy at midnight, making it easy. I line with ease. This Progressive.* Prompt, friendly staff. It doesn't get any better than that! EVERY ASPECT OF MY RELATIONSHIP WITH PROGRESSIVE HAS BEEN EXTREMELY POSITIVE. *I enjoy the extra policy cards that are sent to me, and how I can get them online, at any time.* This is a great company. I will be a

efficiency

respect

PHONE AND DIDN'T HAVE TO LEAVE WORK. THE  
 PAYMENT CONFIRMATION. **We have been Progressive**  
 rates are low and we have seen our rates drop each  
 today's unique families. *I love the ability to access Progressive*  
*with a representative at anytime. I have only ever encoun-*  
 FRIENDLY, EASY AND CHEAP. FOR A BUSY 22-YEAR OLD,  
 lead. Your Website was very easy  
 WHOLE PROCESS WAS VERY  
 You've provided a  
 I love the easy  
 GREAT SERVICE  
 SON IF I NEED  
 that hardly  
 You make  
 companies  
 Progressive  
 easy and  
 to worry  
 Insurance  
 it easy.  
 any has  
 insurers.  
 WHEN OUR  
 AND EFFICIENT.  
 in my pajamas,  
 love being able  
 was one of the  
 courteous, cost-  
 get any better  
 PROGRESSIVE HAS  
 cards that are  
 time. This is a



The Progressive Group of Insurance Companies, in business since 1937, is the country's third largest auto insurance group based on premiums written. Progressive is committed to becoming consumers' #1 choice for auto insurance by providing competitive products and rates that meet drivers' needs throughout their lifetimes, superior online and in-person customer service, and best-in-class, 24-hour claims service, including its concierge level of claims service available at service centers throughout the United States.

Progressive companies offer U.S. consumers choices in how to shop for, buy and manage their auto insurance policies. The Agency Business sells Progressive Drive Insurance private passenger auto insurance through more than 30,000 independent insurance agencies. The Direct Business sells Progressive Direct® private

passenger auto insurance online at [progressive.com](http://progressive.com) and by phone at 1-800-PROGRESSIVE. Each business makes independent decisions about private passenger auto insurance product design and pricing. Both businesses also offer Progressive's other products, including Progressive Commercial, Progressive Motorcycle and Progressive Boat.

In this report, Progressive is honoring the customers we are privileged to serve. To do that, we commissioned artist Julie Moos to photograph some of our current customers as a permanent reminder that each is an individual. To be an enduring company, we must understand each customer, treat them as we would like to be treated, earn their respect and build customer loyalty. Julie's work will join Progressive's growing collection of contemporary art.

PROJECT MANAGER

VEHICLE  
volkswagen jetta

CUSTOMER  
10 years

PURCHASED POLICY  
agent

LANDSCAPER

VEHICLE  
cadillac deville

CUSTOMER  
7 years

PURCHASED POLICY  
phone

SYSTEM ANALYST

VEHICLE  
pontiac grand prix

CUSTOMER  
4 years

PURCHASED POLICY  
online

TEACHER

VEHICLE  
dodge intrepid

CUSTOMER  
2 years

PURCHASED POLICY  
online

BIRD BREEDER

VEHICLE  
ford aerostar

CUSTOMER  
6 years

PURCHASED POLICY  
agent

TRUCK DRIVER

VEHICLE  
buick lesabre custom

CUSTOMER  
3 years

PURCHASED POLICY  
phone

HAIRDRESSER

VEHICLE  
honda accord

CUSTOMER  
4 years

PURCHASED POLICY  
agent

ENGINEER

VEHICLE  
chevrolet trailblazer

CUSTOMER  
8 years

PURCHASED POLICY  
phone

LOAN OFFICER

VEHICLE  
ford escape xls

CUSTOMER  
1½ years

PURCHASED POLICY  
online + phone

MACHINIST

VEHICLE  
chevrolet silverado

CUSTOMER  
21 years

PURCHASED POLICY  
phone + agent

DAY CARE PROVIDER

VEHICLE  
ford explorer

CUSTOMER  
6 years

PURCHASED POLICY  
phone

PLUMBER

VEHICLE  
dodge grand caravan

CUSTOMER  
2 years

PURCHASED POLICY  
online



# Five-Year Financial Highlights

(billions—except per share amounts)

	2006	2005	2004	2003	2002
<b>For the Year</b>					
Net premiums written	\$ 14.1	\$ 14.0	\$ 13.4	\$ 11.9	\$ 9.5
Growth over prior year	1%	5%	12%	26%	30%
Net premiums earned	\$ 14.1	\$ 13.8	\$ 13.2	\$ 11.3	\$ 8.9
Growth over prior year	3%	5%	16%	28%	24%
Total revenues	\$ 14.8	\$ 14.3	\$ 13.8	\$ 11.9	\$ 9.3
Net income	\$ 1.65	\$ 1.39	\$ 1.65	\$ 1.26	\$ .67
Underwriting margin	13.3%	11.9%	14.9%	12.7%	7.6%
Net income per share <sup>1</sup>	\$ 2.10	\$ 1.74	\$ 1.91	\$ 1.42	\$ .75

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

	2006	2005	2004	2003	2002
<b>At Year-End</b>					
Common Shares outstanding (millions)	748.0	789.3	801.6	865.8	871.8
Book value per share	\$ 9.15	\$ 7.74	\$ 6.43	\$ 5.81	\$ 4.32
Consolidated shareholders' equity	\$ 6.8	\$ 6.1	\$ 5.2	\$ 5.0	\$ 3.8
Market capitalization	\$ 18.1	\$ 23.0	\$ 17.0	\$ 18.1	\$ 10.8
Return on average shareholders' equity	25.3%	25.0%	30.0%	29.1%	19.3%
Policies in Force (thousands)					
Personal Lines					
Agency—Auto	4,433.1	4,491.4	4,244.9	3,965.7	3,385.6
Direct—Auto	2,428.5	2,327.7	2,084.1	1,852.2	1,541.3
Special Lines	2,879.5	2,674.9	2,351.3	1,990.0	1,642.2
Total Personal Lines	9,741.1	9,494.0	8,680.3	7,807.9	6,569.1
Growth over prior year	3%	9%	11%	19%	22%
Commercial Auto	503.2	468.2	420.2	365.1	288.9
Growth over prior year	7%	11%	15%	26%	38%
Market share <sup>2</sup>	7.6%	7.6%	7.5%	6.9%	6.0%
Industry net premiums written <sup>3</sup>	\$ 161.1	\$ 159.5	\$ 157.3	\$ 151.2	\$ 139.7

1-Year                      3-Year                      5-Year

## Stock Price Appreciation<sup>4</sup>

Progressive	(17.0)%	5.2%	14.4%
S&P 500	15.8%	10.4%	6.2%

<sup>1</sup>Presented on a diluted basis.

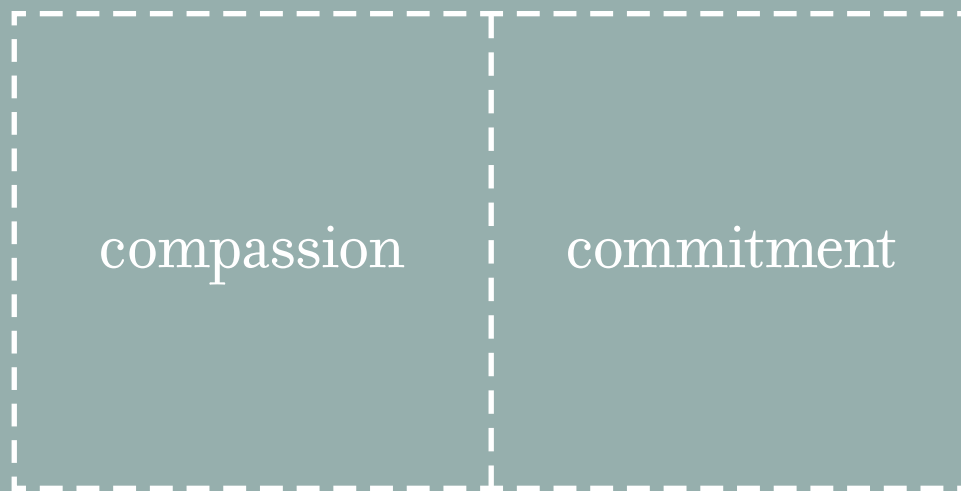
<sup>2</sup>Represents Progressive's Personal Lines Businesses as a percent of the U.S. personal auto insurance market; 2006 is estimated.

<sup>3</sup>Represents U.S. personal auto insurance market net premiums written as reported by A.M. Best Company, Inc.; 2006 is estimated.

<sup>4</sup>Represents average annual compounded rate of increase and assumes dividend reinvestment.

All share and per share amounts were adjusted for the May 18, 2006, 4-for-1 stock split.

## Vision and Values



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.

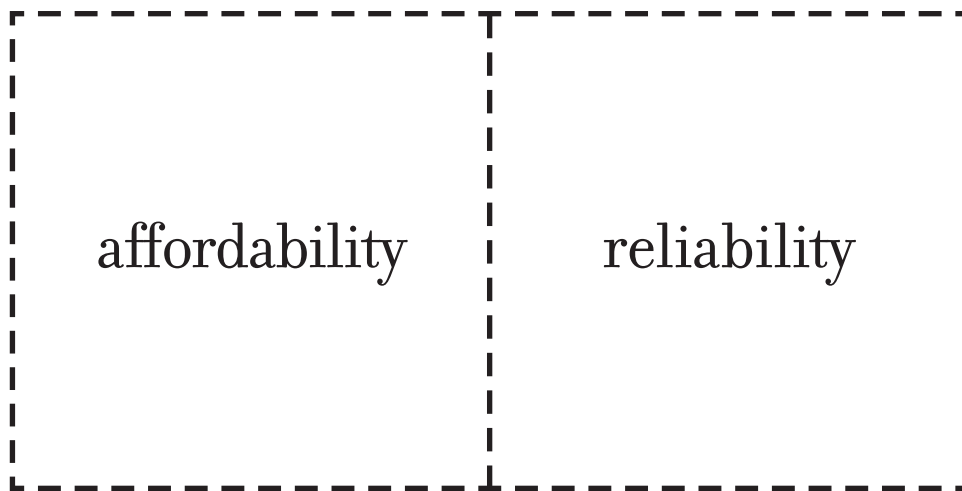
### VISION

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 the highest 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* The opportunity to earn a profit is how the competitive free-enterprise system motivates investment to enhance human health and happiness. Expanding profits reflect our customers' and claimants' increasingly positive view of Progressive.

## Letter to Shareholders

expectation

satisfaction

*An Auto Insurance Commercial Every Fourteen Seconds!*  
This was an interesting factoid gleaned recently during the course of evaluating advertising agencies. Without validating the claim, directionally it captures one of the most observable macro changes in our industry over the past few years. In 2006, few consumers escaped an auto insurer's message as just about every conceivable impression space has been used to capture consumers' interest. Why now? What's changed?

Three years ago, I wrote that 2003 would be the second year of underwriting profitability in the auto insurance industry for the past 25. Since then, the industry has gone on to four consecutive years of underwriting profitability. Based on where we start 2007, the odds look good for a "five-peat" (I hope that's not trademarked!). With favorable underwriting results and a stable outlook, the competition for consumers has increased dramatically. With consumers in demand, price pressure was sure to follow. While simple characterizations about pricing don't capture individual market and segment level detail, a second notable macro change is that the industry-wide earned premium for 2006 may well be lower than 2005, a first in at least 25 years.



Under these market conditions 2006 was a good, not great, year for Progressive. Our calendar-year underwriting profit margin remained exceptionally strong at 13.3%, still far outstripping our long-term target of 4%. Combined with investment returns for the year, net income was up 18% over last year to \$1.65 billion, or up 21% to \$2.10 per share. Our return on shareholders' equity was 25.3%, consistent with our five-year average. Less exciting was the slow growth in premiums, which on a written and earned basis grew about 1% and 3%, respectively. Our growth in policies, my preferred measure, tells much the same story, with our Personal Lines book increasing 3% and Commercial Auto about 7%. I've said many times that our culture thrives on profitable growth, and while understandable given market conditions, these growth numbers and trends do not meet our expectations.

#### MARKET CONDITIONS

The well-documented reduction in claims frequency over what is now several years is clearly the underlying driver of industrywide favorable results and limited upward pressure on premiums. At this time last year, I reported that our view continued to be that we would slowly return to more normal operating margins by allowing expected increases in severity, and potentially frequency, to absorb the margin in excess of our target rather than immediately price it away. That forecast, at least in the months that followed, proved to be incorrect. Since no significant change in frequency or notable acceleration in severity appeared to emerge, our view of the future and our game plan needed re-evaluation. At the annual investors' meeting, I announced that our efforts to fully explain and calibrate frequency reductions, while interesting, had been inconclusive. Obvious contributors of decreased frequency include vehicle safety, road design, driver education, more vehicles per household, and gas price fluctuations, but the amalgamation of these

factors does not lend itself easily to a reliable forecast. What is more apparent to us now is that these drivers were, in many cases, structural changes and distinguishable from the observable insurance cycle. The prospect for future advances, especially in vehicle safety, suggest that even further reductions in frequency and injury severity are plausible, though difficult to forecast.

We also assessed that failing to respond to stepped-up advertising efforts and the increased potential for our customers to search for lower prices in the marketplace when we could profitably meet or beat competitive offers, was no longer the correct strategy. While rates for a majority of consumers were relatively stable, marketing messaging was at an all-time high. Unlike other industries, our marketing efforts are unlikely to create increased overall demand, rather the expected outcome is more about moving around the available pool of consumers. Conscious that not all price reductions result in good trade-offs, we challenged ourselves to assess our

market pricing relative to our goal of a 96 combined ratio and to make trade-offs that were acceptable and smart. Accordingly, we placed increased emphasis on competitive pricing for our current customers to ensure their likelihood of staying with us.

This reassessment of frequency and severity trends in our business means we will "play-it-as-we-see-it" and, more importantly, we are prepared to react quickly when we see a change. Our personal auto policy periods are short, providing greater flexibility to price correctly. Our controls and analytic review of profitability by sub-segments of our book are robust. We believe our ability to recognize trends is better than our ability to predict them, and our product management, technology and operational groups are all capable of reacting quickly. We are at our best when the market conditions require nimbleness. Each of our product lines has acted on the reassessed game plan and a review is provided in the Operations Summary section provided later in this report.

Provide our customers the  
best claims service available in  
the industry.

Make all of our customer  
interactions as pleasant, accurate  
and efficient as possible.

#### STRATEGIES AND EMPHASIS

Long before 2006 started, we recognized that growth, and the attendant issues in managing growth, would not be the primary focus for the year but rather we would give maximum effort to key initiatives we believed would shape the company for the future and, in some cases, provide a distinct competitive advantage. We concentrated on claims, developing a marketing culture and focusing on long-term customer satisfaction that will lead to increased retention.



*Claims* Our emphasis on quality claims handling and superior customer experiences continues to meet our expectations, and I never tire of reporting that year-after-year our assessments on both measures exceed prior highs. Going forward, our emphasis will be to ensure quality and service levels are maintained in balance with a cost structure that contributes to, and strengthens, our market competitiveness.

Our biggest strategic contribution to facilitating this balance took a huge step forward in 2006 with the opening of 29 new concierge claims centers. We now operate 53 such claims centers nationally in 41 metropolitan markets. Long-term followers of Progressive know that this initiative has gone from concept, to market test, to a 20 operation burn-in period to, now, full-scale deployment. Each phase tested our thesis that this concept is capable of creating a really meaningful and valued change in the consumer experience, while reducing the frictional costs associated with claims handling, all while leveraging our scale to economic and competitive advantage. I could not be more pleased that we have now reached a market penetration where we can declare and advertise that this is our primary approach to damage assessment and facilitation of repair in a growing number of markets. We will incorporate this distinctive offering as part of our ongoing advertising and brand communication.

Treat others as we would like  
to be treated; it's key to delivering  
on our brand promise.

*Marketing Culture* I have said that as a business we are good at three things that really matter: allocating costs between consumers in ways that best match their expected costs; managing the claims and administrative costs that must ultimately be allocated; and providing superior consumer experiences. In 2006, we added the need to become equally good at marketing as we are in other skill areas to the “things-that-really-matter” list. We have good reason to be pleased with how the Progressive brand has developed in the last decade or so, but as with all things that show opportunity for improvement, we took stock of the relevance of our message and actions in today’s marketplace. In doing so, we saw opportunities to advance in many areas ranging from market intelligence gathering, to consumer feedback, to consistency of brand communication, to retailing of product features, to a more effective use of our skills and talents. In the latter part of 2006, we dedicated resources to take a pragmatic look at all marketing and brand activities, and to confirm or amend as necessary the foundation of our brand and consumer promise. A few highlights are important to share.

Perhaps the most significant finding is the powerful association consumers and agents have with the Progressive name. Our 2004 introduction of our Agency Business brand, Drive® Insurance from Progressive had, for some, de-emphasized Progressive and created unintended separation from our claims service. In response, in February 2007, we announced that we repositioned the Progressive name in the name of all products we sell, allowing agents to more effectively leverage the power of the Progressive name as our single brand name. Progressive Drive Insurance is the name of the private passenger auto product sold through independent agents. This

preserves the agent-specific product identity for our private passenger auto product that we desire, while increasing the emphasis on the Progressive name. Progressive Direct is the name used for the private passenger auto product sold directly by the company online and by phone. Progressive Commercial, Progressive Motorcycle, Progressive RV, Progressive Boat, etc. are the names of our non-private passenger auto products sold by agents and directly. A change of this nature was not something we expected so soon after market introduction of the Drive name, but with an increasing focus on our concierge claims service and other aspects of the Progressive brand, we wanted all customers to associate with the Progressive name and have our agents offer to their customers one more strong reason to buy Progressive.

The images in this report are those of real customers, reinforcing that a marketing culture for us starts with respect for the customer and an increased appreciation of the relevance of our product and what works and what doesn’t.

*It’s about you. And it’s about time.*<sup>SM</sup> is our new advertising tagline, but it’s much more than that; it’s a positioning we will challenge ourselves to live up to.

Our work around reaffirming and challenging our brand promise to consumers includes ensuring that all our internal pricing and customer experience actions are consistent with the brand. Predictably, we have opportunities to improve. Pleasantly, we confirmed that we offer distinctive benefits that are truly valued by consumers, and greater opportunity to ensure we present our full story. With the assistance of new advertising and creative resources, we expect to advance quickly on closing identified gaps.

availability

courtesy

honesty

security

**Retention** I have reported on retention activities and their importance for some time, and we have had some successes at improving internal processes and eliminating what last year I called “friendly fire.” That said, we have yet to make substantial progress in moving our retention measures and now realize additional root cause issues exist.

To quantify how we are doing on customer focus and retention efforts, we rolled out a companywide deployment of a “Net Promoter Score” in 2006. Underlying this concept is our belief that the strength of response to a single question, “*How likely is it that you would recommend insurance from Progressive to a friend or colleague?*,” can provide substantial amounts of information about those consumers who identify themselves as promoters, detractors or simply indifferent. A referral, or willingness to refer, speaks volumes about an individual’s attitude toward the company. When further sliced and diced to every possible consumer grouping, and correlated with the multitude of customer experiences we provide, this knowledge trumps the array of inconsistent and often annoying consumer

surveys that preceded it. Moreover, it has created a companywide customer measure that has quickly taken on the importance of other key cultural imperatives. We no longer debate the academic pros and cons of internal and external survey data. Rather, we are committed to maximizing the benefits from this singular approach. From what we have seen so far, this is more than an interesting cosmetic measure; this is something that contributes to a marketing culture.

It is not an unfair characterization to suggest that Progressive’s culture and business practices, in part, reflect our beginnings and history as an acquirer of new customers with relatively short tenure. Transforming our focus to build on that acquisition culture and more effectively blend it with the necessary changes to retain customers for more of their insurable lives is proving to be more than just a subtle change. By our best estimates, Progressive has acquired more new customers per year than any auto insurer in recent years. Marketing to our existing customers, done well by many of our competitors, is an area of exponential internal attention,

which in combination with our acquisition skill, provides for very exciting growth potential.

We believe we get many benefits by being a pure-play in auto insurance and have no plans to deviate from that course, but we are also aware of consumer needs for other products and the retention differences that come as a result of having multiple relationships with the same customer. During the year, we introduced a Progressive-underwritten Personal Umbrella product in our Agency Business and entered into a joint marketing relationship with Homesite Insurance Group for Agency and Direct Business customers interested in a homeowners policy. The economic contribution of these ventures to date is far too small for comment, but both represent additional efforts to strengthen our ability to meet long-term customer needs.

Our Gainshare measure, highlighted last year as our way to calibrate the business gain made in any calendar year, for 2007 will reflect our internal emphasis on retention and the customer. The general construct remains the same, but two important tuning changes have

## Make car insurance simple in the eyes of the customer.

been made. Growth, and our stated goal to profitably grow as fast as possible, will be calibrated for Gainshare in terms of number of policies rather than in just dollar terms — a simple change intended to reinforce the importance of every customer interaction. We will also begin to disaggregate new and renewal policy populations and focus on the growth of each, with a weighting between the two reflective of the importance of the cultural shift toward increased retention of current customers. The loss of a current customer replaced with a new customer, while a numerical offset, is not a brand or economic offset we are happy with.

In about the last 20-some years, Progressive has doubled in size five times — each doubling more challenging than the last. During 2006, we blueprinted the plan for our next doubling incorporating many of the issues touched on above. While we are cognizant of our size, market conditions and the strength of competition, we are confident a Progressive of twice our current size can be a very real outcome with quality execution on our challenges.

#### INVESTMENT AND CAPITAL MANAGEMENT

Our investment portfolio made a greater contribution to our results this year with a total return of 7.4%, up considerably from the 4.0% produced in 2005. Investment income was up a healthy 21% for the year. Our common stock portfolio generated a return of 16.3%, largely tracking the general market. We continued to maintain a high-quality, relatively short-duration fixed-income portfolio. As the market price for risk declined during the year, we further reduced our exposure, ending the year with a weighted average credit quality of AA+, up from AA at the end of 2005. Fixed-income returns were strong on an absolute basis at 5.9% and very strong for the level of risk assumed.

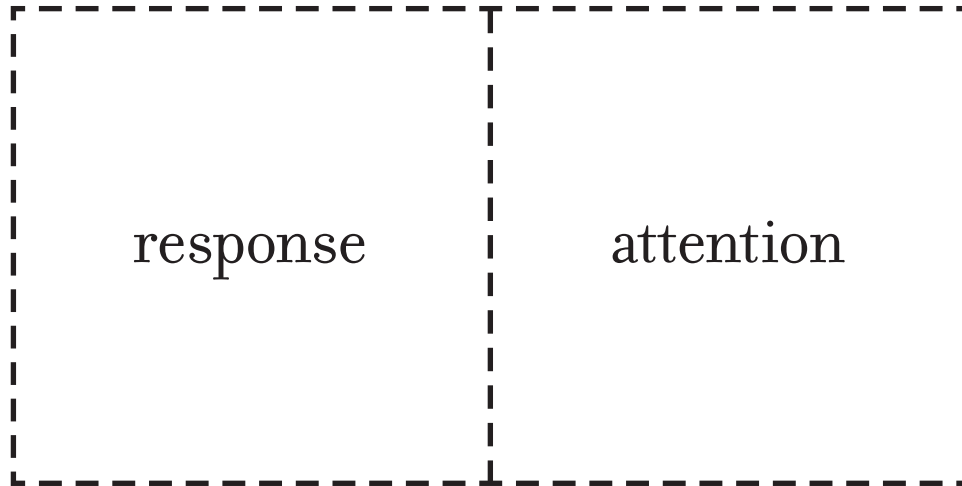
Early in the year, shareholders approved an authorization to increase the number of shares outstanding and the Board of Directors subsequently approved a 4:1 stock split, which was effective in May. Based on our long-standing and continuing position on

capital management — to repurchase shares when our capital balances, view of the future and the stock's price make it attractive — we repurchased 39.1 million shares during the year, or a little over 6% of the outstanding balance at the start of the year. The average repurchase price was just under \$25, on a split-adjusted basis.

We ended the year in a very strong capital position, with no constraints on any business opportunities, and a debt-to-total capital ratio below 15%. Our capital strategy preference is to maximize operating leverage (i.e., ratio of net premiums written to statutory surplus), while maintaining relatively low financial leverage, and we continue to expend considerable effort to assess capital needs under a variety of operating and external contingencies. We believe we have opportunities to extend our operating leverage and will continue to manage our capital to that objective.

As part of our capital planning process, we announced last year that we would introduce a variable annual dividend based on our Gainshare factor. During 2006, we published the year-to-date Gainshare factor in our monthly reporting to provide shareholders some familiarity with the measure and its relative volatility. We closed the year with a factor of 1.18.

The Board of Directors has established that the 2007 variable dividend will be based on 20% of after-tax underwriting profit multiplied by the companywide Gainshare factor for 2007 and paid in early February 2008. Based on similar parameters and the 1.18 factor of 2006, if the dividend policy had been in effect for the year, the dividend would have been about \$.39 per share. We will continue to publish the year-to-date Gainshare factor and full details of underwriting performance rather than provide any guidance on dividend expectations.



#### LOOKING FORWARD

Forward-looking statements and earnings guidance are not something anyone would associate with Progressive and we think for good reason. However, this letter to all shareholders serves as a good forum to tell our story as we see it — the results, the opportunities and, most importantly, the organization's sense of optimism for the future.

We are continuously motivated by our aspiration of becoming Consumers' #1 Choice for Auto Insurance throughout their insurable lives. While our growth in 2006 did not match our aspirations, the positive introspection that has resulted at all levels is exactly the attitude that is expected. Our Core Value of Excellence — continuously doing better than we have done before — is both demanding and a challenge that Progressive people love to embrace.

We tend to celebrate our successes quickly and then move on to our opportunities. As summarized in this report, we have several opportunity areas with tremendous upside potential. We enter 2007 with some exciting changes, an emphasis on capitalizing on claims strategies that have been developed over the past several years, a renewed focus on marketing and brand development, and an increased commitment to achieve meaningful progress toward the cultural shift necessary to make longer tenure for our customers possible and desirable.

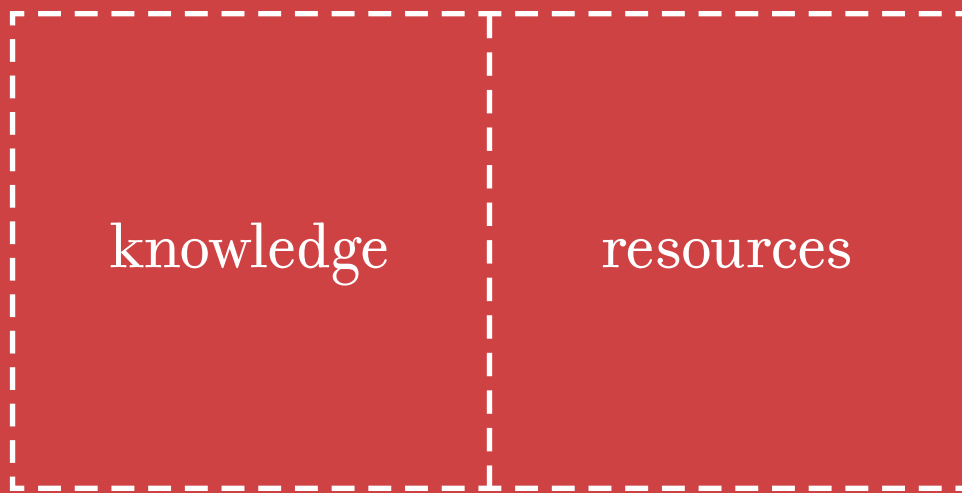
Everything we have achieved is a result of the efforts of the nearly 28,000 Progressive people whom we sincerely thank for our business results and for continuing to make Progressive an environment where people enjoy working hard and are motivated to do their best work as well as an environment others want to join.

Equally important is our appreciation for the customers we are privileged to serve, the agents and brokers who choose to represent us and shareholders who support what we are doing.

A handwritten signature in black ink, appearing to read "Glenn M. Renwick".

Glenn M. Renwick  
President and Chief Executive Officer

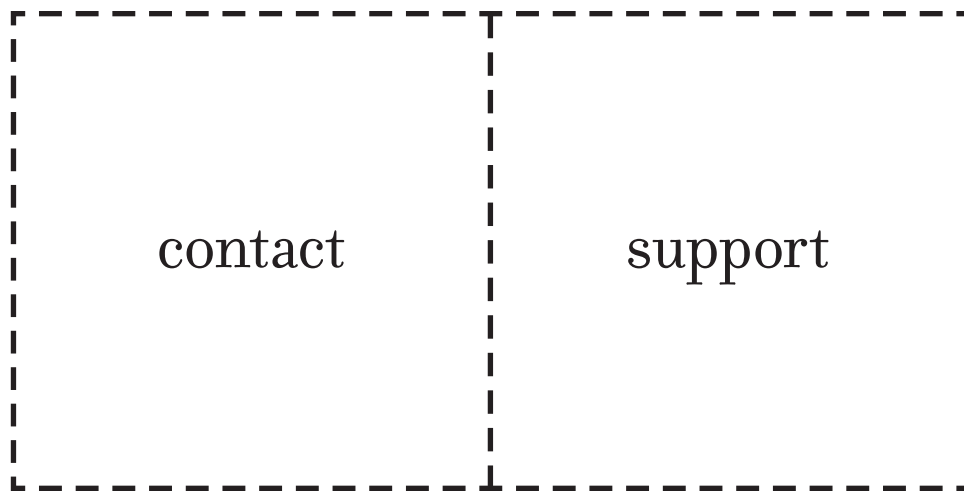
## Objectives, Policies and Operations Summary



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.

We recognize that the dynamics of each distribution channel are very different and, therefore, have established a product management system responsible for achieving stated financial objectives over rolling five-year periods. 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 foreseeable 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.

<i>Operating</i> Monitor pricing and reserving discipline	<i>Investing</i> Maintain a liquid, diversified, high-quality investment portfolio	<i>Financing</i> Maintain sufficient capital to support insurance operations
<ul style="list-style-type: none"><li>- Manage profitability targets and operational performance at our lowest level of product definition</li><li>- Sustain premiums-to-surplus ratios at efficient levels, and below applicable state regulations, for each insurance subsidiary</li><li>- Ensure loss reserves are adequate and develop with minimal variance</li></ul>	<ul style="list-style-type: none"><li>- Manage on a total return basis</li><li>- Target an allocation of 75% to 100% for fixed-income securities with the balance in common equities</li><li>- Manage interest rate, credit, prepayment, extension and concentration risk</li></ul>	<ul style="list-style-type: none"><li>- Maintain debt below 30% of total capital at book value</li><li>- Neutralize dilution from equity-based compensation in the year of issuance through share repurchases</li><li>- Return underleveraged capital through share repurchases and a variable dividend program based on annual underwriting results</li></ul>

OBJECTIVES AND POLICIES SCORECARD

Financial Results	Target	2006	2005	2004	5 Years <sup>1</sup>	10 Years <sup>1</sup>
Underwriting margin—Progressive	4%	13.3%	11.9%	14.9%	12.4%	9.4%
— Industry <sup>2</sup>	na	7.0%	4.9%	5.7%	3.2%	(.1)%
Net premiums written growth	(a)	1%	5%	12%	14%	15%
Policies in force growth— Personal Auto	(a)	1%	8%	9%	11%	13%
— Special Lines	(a)	8%	14%	18%	16%	15%
— Commercial Auto	(a)	7%	11%	15%	19%	21%
Companywide premiums-to-surplus ratio	(b)	2.8	3.0	2.9	na	na
Investment allocation-fixed:equity	(c)	84%:16%	85%:15%	86%:14%	na	na
Debt-to-total capital ratio	< 30%	14.8%	17.4%	19.9%	na	na
Return on average shareholders' equity (ROE) <sup>3</sup>	(d)	25.3%	25.0%	30.0%	26.1%	21.5%
Comprehensive ROE <sup>4</sup>	(d)	28.4%	24.1%	30.4%	27.9%	22.9%

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

<sup>(b)</sup> Determined separately for each insurance subsidiary.

<sup>(c)</sup> Allocate 75% to 100% in fixed-income securities with the balance in common equities.

<sup>(d)</sup> Progressive does not have a predetermined target for ROE.

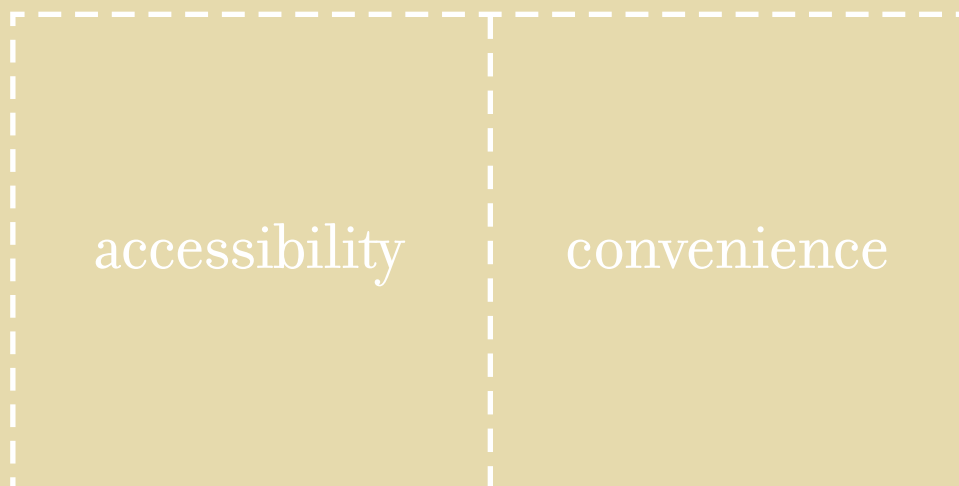
na = not applicable

<sup>1</sup> Represents results over the respective time period; growth represents average annual compounded rate of increase.

<sup>2</sup> Represents the U.S. personal auto insurance industry; 2006 is estimated.

<sup>3</sup> Based on net income.

<sup>4</sup> Based on comprehensive income. Comprehensive ROE is consistent with Progressive's policy to manage on a total return basis and better reflects growth in shareholder value. For a reconciliation of net income to comprehensive income and for the components of comprehensive income, see Progressive's *Consolidated Statements of Changes in Shareholders' Equity* and *Note 10—Other Comprehensive Income*, respectively, which can be found in the complete Consolidated Financial Statements and Notes included in Progressive's 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.



Meet or exceed expectations to  
become Consumers' #1 Choice  
for Auto Insurance.

Be smart about doing  
business to keep policies  
competitively priced.

#### 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, 2006, with a market value of \$2,234,634, for a 22.1% compounded annual return, compared to the 7.7% return achieved by investors in the Standard & Poor's 500 during the same period. In addition, the shareholder received dividends of \$2,999 in 2006, bringing total dividends received to \$37,334 since the shares were purchased.

In the ten years since December 31, 1996, Progressive shareholders have realized compounded annual returns, including dividend reinvestment, of 16.0%, compared to 8.4% for the S&P 500. In the five years since December 31, 2001, Progressive shareholders' returns

were 14.4%, compared to 6.2% for the S&P 500. In 2006, the returns were (17.0)% on Progressive shares and 15.8% 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 2006, we repurchased 39,069,743 Common Shares, with 3,182,497 repurchased prior to the stock split and 35,887,246 repurchased after the stock split. The total cost to repurchase these shares was \$1.2 billion, with an average cost, on a split-adjusted basis, of \$24.98 per share. We did not split our treasury shares. Since 1971, we have spent \$4.6 billion repurchasing our shares, at an average cost of \$4.60 per share, on a split-adjusted basis.

## OPERATIONS SUMMARY

*Agency Business* 2006 results for our Agency Business reflected increased competition and declining premium per policy. While performance did not meet our expectations for unit and revenue growth, we can report sustained profitability with a combined ratio of 88.1. Auto policies in force and net earned premium both declined 1% while the special lines business continued to build on its market-leading position, growing policies by 8%. The underwriting expense ratio increased only slightly to 20.3, a positive in an environment of declining average premium.

We used the slower-growth year to affirm our strategy, improve our easy-to-use position in agents' offices, introduce new products and evaluate our brand architecture to ensure it is working for our agents and their customers.

We are committed to being a low-cost provider with superior service that is broadly available through independent insurance agents and other intermediaries. To that end, we began a systematic approach of pricing all product segments closer to their target combined ratios. While this move is driven by sustained lower loss trends, we remain flexible so that we can respond if loss costs increase. We also focused product development efforts on increased customer retention. Agents will see the benefits of these efforts in 2007 and beyond.

We deployed real-time rating for comparative raters and Web-based agencies, positioning us well for the future. On ForAgentsOnly.com

(FAO), the primary interface between us and agents, we made quotes faster and more accurate by increasing our real-time use of external databases and, in early 2007, we will introduce electronic signature functionality for both new agent appointments and new business applications.

Two new products, designed to increase the number of personal auto policies written, were introduced. Personal Umbrella is now available in five states with more coming in 2007. And, we reached agreement with Homesite Insurance to provide a homeowners product to select agents in three states. The coordinated quoting platform and multi-policy discounts will make it easy for agents to quote and sell a virtual auto/home package using FAO.

During the year we undertook a comprehensive assessment of our Agency brand — Drive® Insurance from Progressive. This work led to repositioning the Progressive name in the names of all products we sell through agents, including naming the private passenger auto product written through agents Progressive Drive Insurance. Agents and their customers identify with the Progressive name and this move to a single brand reinforces the strong Progressive identity. This change also allows agents to better leverage our unique concierge level of claims service available through more than 50 Progressive service centers throughout the country to satisfy — and retain — their customers.

	2006	2005	Change
Net premiums written (in billions)	\$ 7.9	\$ 8.0	(2)%
Net premiums earned (in billions)	\$ 7.9	\$ 8.0	(1)%
Loss and loss adjustment expense ratio	67.8	69.1	(1.3) pts.
Underwriting expense ratio	20.3	20.2	.1 pts.
Combined ratio	88.1	89.3	(1.2) pts.
Auto policies in force (in thousands)	4,433.1	4,491.4	(1)%

**Direct Business** In 2006, the Direct Business continued to generate excellent profitability with a combined ratio of 86.9. Growth, however, did not meet our expectations as policies in force grew only 4% as a result of fewer new customers and some degradation in retention rates of existing customers. A reduction in quotes drove the new customer decline and more than offset an increase in the rate of conversion. On a relative basis, we saw a greater decline in phone quotes than Internet quotes in 2006. We are seeing the majority of our new customers not only beginning their shopping process on the Internet, but they are also fully initiating their policies online.

During the first half of 2006, average premium per policy was fairly stable to slightly increasing. We began lowering rates in the latter half of the year to move closer to our pricing targets. For the year, average premium dropped 2% for new customers and 1% for renewal customers. Total premium earned for the year grew 6% relative to 2005.

Our expense ratio increased slightly due to higher levels of advertising that delivered diminished returns relative to 2005. The dramatic increase in competitors' advertising spend that we first noted in 2005 continued through 2006 and will likely continue in 2007. Our media mix continued to shift toward the Internet and away from more traditional means such as direct mail. And, in October, we retained a new primary advertising agency and have subsequently migrated to a new overall Progressive brand positioning characterized by our new tagline, "It's about you. And it's about time.<sup>SM</sup>"

In addition, we rolled out our patented usage-based discount program, TripSense<sup>®</sup>, in two more states, bringing the total to three states, and remain committed to a usage-based approach because it helps to give drivers control over what they pay. During the year, we were also awarded a patent on functionality available at our online customer service site, available at progressive.com.

	2006	2005	Change
Net premiums written (in billions)	\$ 4.4	\$ 4.2	4%
Net premiums earned (in billions)	\$ 4.3	\$ 4.1	6%
Loss and loss adjustment expense ratio	66.8	68.4	(1.6) pts.
Underwriting expense ratio	20.1	19.9	.2 pts.
Combined ratio	86.9	88.3	(1.4) pts.
Auto policies in force (in thousands)	2,428.5	2,327.7	4%

Continue to offer choices in  
how to shop for, buy and own  
a Progressive policy.

## Build easy-to-use technology that gives customers control.

**Commercial Auto** Competitors were very aggressive in 2006 as once again the industry enjoyed strong profits. Reductions in rate continued in 2006 and will likely extend into the early part of 2007. As a result of overall declining premium per policy, we expect no growth in the \$30 billion commercial auto market in 2006, following the market decline experienced in 2005. However, supported by our entry into New Jersey and a strong position in the specialty trucking market, Commercial Auto's net premiums written grew 5% to \$1.9 billion with policies in force rising 7%. With our growth, we believe it is likely we ended 2006 in a virtual dead heat with St. Paul Travelers and Zurich for market leadership.

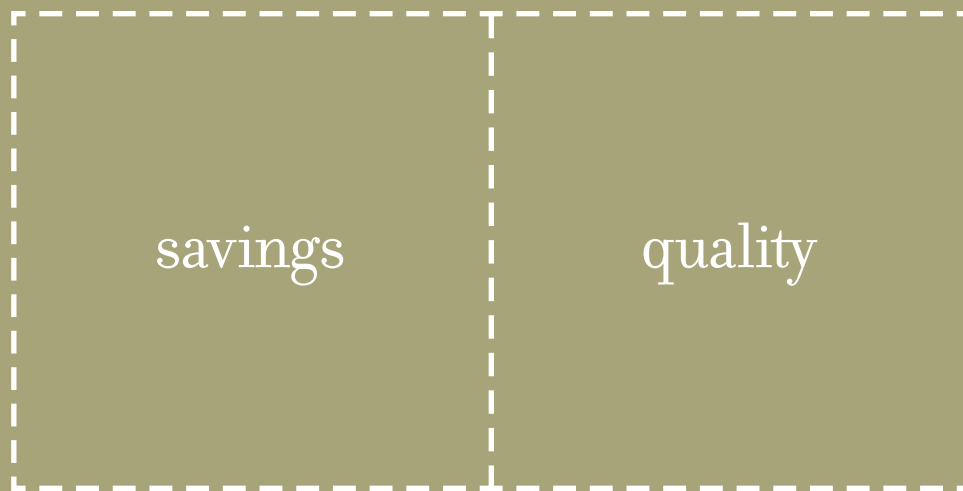
Our profits were very strong as decreased accident frequency and a cautious approach to the trade off of rate for volume led to a combined ratio of 80.2. However, we experienced a decline in the rate of new business growth and, more notably, a reduction in the proportion of customers who choose to renew their policies. We are moving quickly to address these issues. For the first four months of 2007, we

have an aggressive schedule that will provide the large majority of our current customers with a more competitive rate as well as position us more favorably with potential new customers. At the same time, we are enhancing distribution by adding new agents and doubling the commercial account managers serving independent agents throughout the country. We also entered Massachusetts in January.

We do not expect to reach our long-term goals by rate alone. Our growth over these past few years has given us the additional data needed to segment our customers more finely. This enables us to deliver services, products and rates that align more closely to the needs of specific business groups. Later this year we will be offering select customer groups best-in-class coverages and services. In addition, we continue to invest in training more claims representatives in specific commercial auto estimating and repair processes. We expect that these efforts will deepen our relationships with customers and agents as well as extend average policy life as we deliver a more compelling business value proposition.

	2006	2005	Change
Net premiums written (in billions)	\$ 1.9	\$ 1.8	5%
Net premiums earned (in billions)	\$ 1.9	\$ 1.7	11%
Loss and loss adjustment expense ratio	61.0	62.4	(1.4) pts.
Underwriting expense ratio	19.2	19.7	(.5) pts.
Combined ratio	80.2	82.1	(1.9) pts.
Policies in force (in thousands)	503.2	468.2	7%

## Consolidated Financial Statements



*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 complete Notes to the Consol-

idated 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 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.



# Consolidated Statements of Income

(millions—except per share amounts)

For the years ended December 31,	2006	2005	2004
<b>Revenues</b>			
Net premiums earned	\$ 14,117.9	\$ 13,764.4	\$ 13,169.9
Investment income	647.8	536.7	484.4
Net realized gains (losses) on securities	(9.7)	(37.9)	79.3
Service revenues	30.4	40.2	48.5
Total revenues	14,786.4	14,303.4	13,782.1
<b>Expenses</b>			
Losses and loss adjustment expenses	9,394.9	9,364.8	8,555.0
Policy acquisition costs	1,441.9	1,448.2	1,418.0
Other underwriting expenses	1,402.8	1,312.2	1,238.6
Investment expenses	11.9	12.1	13.9
Service expenses	24.4	24.6	25.0
Interest expense	77.3	82.6	80.8
Total expenses	12,353.2	12,244.5	11,331.3
<b>Net income</b>			
Income before income taxes	2,433.2	2,058.9	2,450.8
Provision for income taxes	785.7	665.0	802.1
Net income	\$ 1,647.5	\$ 1,393.9	\$ 1,648.7
<b>Computation of Earnings Per Share</b>			
Basic:			
Average shares outstanding	774.3	787.7	851.5
Per share	\$ 2.13	\$ 1.77	\$ 1.94
Diluted:			
Average shares outstanding	774.3	787.7	851.5
Net effect of dilutive stock-based compensation	9.5	11.6	13.3
Total equivalent shares	783.8	799.3	864.8
Per share	\$ 2.10	\$ 1.74	\$ 1.91

All share and per share amounts were adjusted for the May 18, 2006, 4-for-1 stock split.

See notes to the complete consolidated financial statements included in Progressive's 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.

# Consolidated Balance Sheets

(millions)

December 31,	2006	2005
<b>Assets</b>		
Investments – Available-for-sale, at fair value:		
Fixed maturities (amortized cost: \$9,959.6 and \$10,260.7)	\$ 9,958.9	\$ 10,221.9
Equity securities:		
Preferred stocks (cost: \$1,761.4 and \$1,217.0)	1,781.0	1,220.3
Common equities (cost: \$1,469.0 and \$1,423.4)	2,368.1	2,058.9
Short-term investments (amortized cost: \$581.0 and \$773.5)	581.2	773.6
Total investments	14,689.2	14,274.7
Cash	5.6	5.6
Accrued investment income	134.4	133.1
Premiums receivable, net of allowance for doubtful accounts of \$122.0 and \$116.3	2,498.2	2,500.7
Reinsurance recoverables, including \$72.4 and \$58.5 on paid losses	433.8	405.7
Prepaid reinsurance premiums	89.5	103.7
Deferred acquisition costs	441.0	444.8
Income taxes	16.8	138.3
Property and equipment, net of accumulated depreciation of \$557.0 and \$562.0	973.4	758.7
Other assets	200.2	133.3
Total assets	<u>\$ 19,482.1</u>	<u>\$ 18,898.6</u>
<b>Liabilities and Shareholders' Equity</b>		
Unearned premiums	\$ 4,335.0	\$ 4,335.1
Loss and loss adjustment expense reserves	5,725.0	5,660.3
Accounts payable, accrued expenses and other liabilities	1,390.0	1,510.8
Debt <sup>1</sup>	1,185.5	1,284.9
Total liabilities	12,635.5	12,791.1
Shareholders' equity:		
Common Shares, \$1.00 par value (authorized 900.0 and 600.0; issued 798.7 and 213.1, including treasury shares of 50.7 and 15.8)	748.0	197.3
Paid-in capital	847.4	848.2
Unamortized restricted stock <sup>2</sup>	—	(62.7)
Accumulated other comprehensive income:		
Net unrealized gains on securities	596.8	390.1
Net unrealized gains on forecasted transactions	7.5	8.6
Retained earnings	4,646.9	4,726.0
Total shareholders' equity	6,846.6	6,107.5
Total liabilities and shareholders' equity	<u>\$ 19,482.1</u>	<u>\$ 18,898.6</u>

<sup>1</sup>Includes current and non-current debt. See Note 4—Debt, in Progressive's 2006 Annual Report to Shareholders, for further discussion.

<sup>2</sup>Reclassified pursuant to the adoption of SFAS 123(R); See Note 1—Reporting and Accounting Policies, "Stock-Based Compensation," in Progressive's 2006 Annual Report to Shareholders, for further discussion.

See notes to the complete consolidated financial statements included in Progressive's 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.

# Consolidated Statements of Changes in Shareholders' Equity

(millions—except per share amounts)

For the years ended December 31,	2006	2005	2004
<b>Retained Earnings</b>			
Balance, Beginning of year	\$ 4,726.0	\$ 3,812.9	\$ 3,729.8
Net income	1,647.5	1,393.9	1,648.7
Cash dividends on Common Shares (\$.0325, \$.0300 and \$.0275 per share)	(25.0)	(23.7)	(23.3)
Treasury shares purchased <sup>1,2</sup>	(1,111.6)	(457.0)	(1,542.4)
Capitalization of stock split	(585.9)	—	—
Other, net <sup>3</sup>	(4.1)	(.1)	.1
Balance, End of year	\$ 4,646.9	\$ 4,726.0	\$ 3,812.9
<b>Accumulated Other Comprehensive Income (Loss), Net of Tax</b>			
Balance, Beginning of year	\$ 398.7	\$ 444.8	\$ 425.0
Changes in:			
Net unrealized gains on securities	206.7	(45.0)	16.9
Net unrealized gains on forecasted transactions	(1.1)	(1.1)	(1.0)
Foreign currency translation adjustment	—	—	3.9
Other comprehensive income	205.6	(46.1)	19.8
Balance, End of year	\$ 604.3	\$ 398.7	\$ 444.8
Comprehensive Income	\$ 1,853.1	\$ 1,347.8	\$ 1,668.5
<b>Common Shares, \$1.00 Par Value</b>			
Balance, Beginning of year	\$ 197.3	\$ 200.4	\$ 216.4
Stock options exercised	3.7	1.6	2.1
Treasury shares purchased <sup>1,2</sup>	(39.1)	(5.2)	(18.6)
Restricted stock issued, net of forfeitures	.2	.5	.5
Capitalization of stock split	585.9	—	—
Balance, End of year	\$ 748.0	\$ 197.3	\$ 200.4
<b>Paid-in Capital</b>			
Balance, Beginning of year	\$ 848.2	\$ 743.3	\$ 688.3
Stock options exercised	39.6	42.6	49.6
Tax benefits from exercise/vesting of stock-based compensation	38.8	41.2	44.3
Treasury shares purchased <sup>1,2</sup>	(63.8)	(20.6)	(67.5)
Restricted stock issued, net of forfeitures	(.2)	41.7	27.3
Amortization of stock-based compensation	27.8	—	—
SFAS 123(R) reclass <sup>4</sup>	(51.5)	—	—
Other <sup>3</sup>	8.5	—	1.3
Balance, End of year	\$ 847.4	\$ 848.2	\$ 743.3
<b>Unamortized Restricted Stock</b>			
Balance, Beginning of year	\$ (62.7)	\$ (46.0)	\$ (28.9)
Restricted stock issued, net of forfeitures	—	(42.2)	(40.6)
Restricted stock market value adjustment	—	(8.2)	(.3)
Amortization of restricted stock	—	33.7	23.8
SFAS 123(R) reclass <sup>4</sup>	62.7	—	—
Balance, End of year	\$ —	\$ (62.7)	\$ (46.0)
Total Shareholders' Equity	\$ 6,846.6	\$ 6,107.5	\$ 5,155.4

<sup>1</sup>Progressive did not split its treasury shares in conjunction with the May 18, 2006, 4-for-1 stock split. In 2006, we repurchased 3,182,497 Common Shares prior to the stock split and 35,887,246 Common Shares subsequent to the stock split.

<sup>2</sup>Includes 16.9 million Common Shares purchased pursuant to a "Dutch auction" tender offer in 2004; these shares were purchased at a price of \$88 per share, on a pre-split basis, for a total cost of \$1.5 billion.

<sup>3</sup>Primarily reflects activity associated with our deferred compensation plans.

<sup>4</sup>Upon adoption of SFAS 123(R), companies were required to eliminate any unearned compensation (i.e., contra-equity) accounts against the appropriate equity accounts. As a result, as of January 1, 2006, we were required to reclassify \$62.7 million of "Unamortized restricted stock," of which \$51.5 million related to equity awards and \$11.2 million related to liability awards.

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 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.

# Consolidated Statements of Cash Flows

(millions)

For the years ended December 31,	2006	2005	2004
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 1,647.5	\$ 1,393.9	\$ 1,648.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	103.4	92.4	99.4
Amortization of fixed maturities	225.6	189.6	168.9
Amortization of stock-based compensation	27.6	33.7	23.8
Net realized (gains) losses on securities	9.7	37.9	(79.3)
Net loss on disposition of property and equipment	.9	—	—
Changes in:			
Unearned premiums	(1)	227.1	213.3
Loss and loss adjustment expense reserves	64.7	374.7	709.3
Accounts payable, accrued expenses and other liabilities	7.1	49.5	70.2
Prepaid reinsurance premiums	14.2	16.1	(5.1)
Reinsurance recoverables	(28.1)	(24.1)	(110.3)
Premiums receivable	2.5	(213.5)	(207.6)
Deferred acquisition costs	3.8	(12.6)	(19.9)
Income taxes	10.1	(140.0)	98.5
Tax benefits from exercise/vesting of stock-based compensation <sup>1</sup>	—	41.2	44.3
Other, net	(64.3)	(71.9)	8.3
Net cash provided by operating activities	2,024.6	1,994.0	2,662.5
<b>Cash Flows from Investing Activities</b>			
Purchases:			
Fixed maturities	(6,294.9)	(9,154.4)	(6,686.3)
Equity securities	(1,131.6)	(852.9)	(678.3)
Short-term investments—auction rate securities	(2,999.3)	(7,935.3)	(6,890.1)
Sales:			
Fixed maturities	5,668.2	7,068.6	5,885.7
Equity securities	323.1	152.3	876.3
Short-term investments—auction rate securities	3,215.5	8,053.4	6,552.4
Maturities, paydowns, calls and other:			
Fixed maturities	686.1	572.6	639.7
Equity securities	223.5	114.4	78.2
Net sales (purchases) of short-term investments—other	(22.3)	491.8	(390.9)
Net unsettled security transactions	(116.6)	126.6	(43.2)
Purchases of property and equipment	(334.3)	(219.3)	(192.0)
Sale of property and equipment	15.4	36.1	—
Net cash used in investing activities	(767.2)	(1,546.1)	(848.5)
<b>Cash Flows from Financing Activities</b>			
Proceeds from exercise of stock options	43.3	44.2	51.7
Tax benefits from exercise/vesting of stock-based compensation <sup>1</sup>	38.8	—	—
Payments of debt	(100.0)	—	(206.0)
Dividends paid to shareholders	(25.0)	(23.7)	(23.3)
Acquisition of treasury shares	(1,214.5)	(482.8)	(1,628.5)
Net cash used in financing activities	(1,257.4)	(462.3)	(1,806.1)
Increase (decrease) in cash	—	(14.4)	7.9
Cash, Beginning of year	5.6	20.0	12.1
Cash, End of year	\$ 5.6	\$ 5.6	\$ 20.0

<sup>1</sup>Reclassified pursuant to the adoption of SFAS 123(R).

See notes to the complete consolidated financial statements included in Progressive's 2006 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2007 Proxy Statement.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

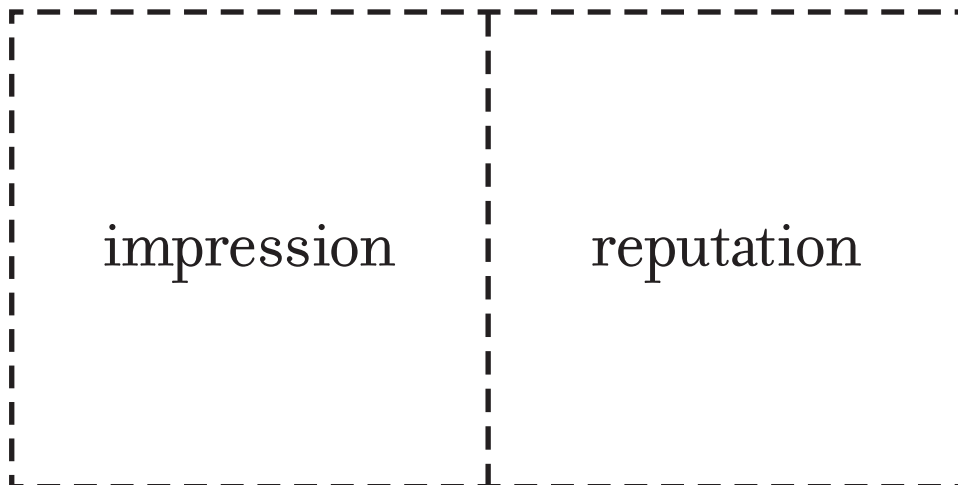
The Progressive Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of The Progressive Corporation as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006, management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2006; and in our report dated February 28, 2007, we expressed unqualified opinions thereon. The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting referred to above (not presented herein) appear in The Progressive Corporation's 2006 Annual Report to Shareholders, which is attached as an Appendix to The Progressive Corporation's 2007 Proxy Statement.

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, 2007



#### 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, 2006. 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 2006 Annual Report to Shareholders, which is attached as an Appendix in Progressive's 2007 Proxy Statement.

#### CEO AND CFO CERTIFICATIONS

Glenn M. Renwick, President and Chief Executive Officer of The Progressive Corporation, and W. Thomas Forrester, 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 2006 Annual Report on Form 10-K, including the financial statements provided in this Report and in the 2006 Annual Report to Shareholders, which is attached as an Appendix in Progressive's 2007 Proxy Statement. Among other matters required to be included in those certifications, Mr. Renwick and Mr. Forrester 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.

In addition, Mr. Renwick submitted his annual certification to the New York Stock Exchange (NYSE) on May 19, 2006, stating that he was not aware of any violation by Progressive of the NYSE corporate governance listing standards, as required by Section 303A.12(a) of the NYSE Listed Company Manual.

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

Statements in this Summary Annual 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 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; 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. Reported results, therefore, may appear to be volatile in certain accounting periods.

COMMON SHARES

The Progressive Corporation's Common Shares (symbol PGR) are traded on the New York Stock Exchange. Progressive announced a change to an annual dividend policy starting in 2007. For 2007, the record date for the dividend is expected to be in December 2007, subject to Board approval, with payment expected in February 2008.

Quarter	High	Low	Stock Price Close	Rate of Return	Dividends per Share
<b>2006</b>					
1	\$ 30.09	\$ 25.25	\$ 26.07		\$ .00750
2	27.86	25.25	25.71		.00750
3	25.84	22.18	24.54		.00875
4	25.54	22.19	24.22		.00875
	\$ 30.09	\$ 22.18	\$ 24.22	(17.0)%	\$ .03250
<b>2005</b>					
1	\$ 23.12	\$ 20.35	\$ 22.94		\$ .00750
2	25.22	21.88	24.70		.00750
3	26.83	23.43	26.19		.00750
4	31.23	25.76	29.20		.00750
	\$ 31.23	\$ 20.35	\$ 29.20	37.9%	\$ .03000

# Corporate Information

**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, 2007, at 10 a.m. eastern time. There were 3,921 shareholders of record on December 31, 2006.

**Principal Office** The principal office of The Progressive Corporation is at 6300 Wilson Mills Road, Mayfield Village, Ohio 44143.

**Phone** 440-461-5000  
**Web site** progressive.com

**Counsel** Baker & Hostetler LLP,  
Cleveland, Ohio

**Customer Service and Claims Reporting**  
For 24-Hour Customer Service or to report a claim, contact:

PERSONAL LINES  
**Private Passenger Auto/Special Lines Agency Business**  
Progressive® Drive® Insurance/  
Progressive Motorcycle,  
Progressive RV, etc.  
1-800-925-2886  
driveinsurance.com

**Direct Business**  
Progressive Direct®/  
Progressive Motorcycle,  
Progressive RV, etc.  
1-800-PROGRESSIVE (1-800-776-4737)  
progressive.com

COMMERCIAL AUTO  
**Agency Business**  
1-800-444-4487  
progressivecommercial.com

**Direct Business**  
1-800-895-2886  
progressivecommercial.com

**Transfer Agent and Registrar**

REGISTERED SHAREHOLDERS  
If your Progressive shares are registered in your name, contact National City Bank regarding questions or changes to your account: National City Bank, Dept. 5352, Shareholder Services Operations, P.O. Box 92301, Cleveland, Ohio 44193-0900. Phone: 1-800-622-6757 or e-mail: shareholder.inquiries@nationalcity.com.

BENEFICIAL SHAREHOLDERS

If your Progressive shares are held in a brokerage account, contact your broker directly regarding questions or changes to your account.

**Corporate Governance** Progressive's Corporate Governance Guidelines and Board committee charters are available at: progressive.com/governance, or may be requested in print by writing to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, Ohio 44143.

**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:

Philip A. Laskawy, Chairman of the Audit Committee, c/o Ernst & Young, 5 Times Square, New York, New York 10036, Phone: 212-773-1300, e-mail: philip\_laskawy@progressive.com.

Any such complaint or concern also may be reported anonymously over the following toll-free Alert Line: 1-800-683-3604. 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.

**Charitable Contributions** Progressive does not contribute or provide financial support to any outside organizations. However, 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.

**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 Web site: progressive.com/sec. To view our earnings and other releases, access progressive.com/investors.

To request copies of Progressive's publicly filed documents, write to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, Ohio 44143, e-mail: investor\_relations@progressive.com or call: 440-395-2258.

For financial-related information, call: 440-395-2222 or e-mail: investor\_relations@progressive.com.

For all other Company information, call: 440-461-5000 or e-mail: webmaster@progressive.com.

**Registered Trademarks** Progressive® and Drive® are registered trademarks. Net Promoter® is a registered trademark of Satmetrix Systems, Inc.

**Interactive Annual Report** The Progressive Corporation's 2006 Annual Report, in an interactive format, can be found at: progressive.com/annualreport.



## Directors and Officers

### DIRECTORS

Charles A. Davis<sup>3,5,6</sup>  
Chief Executive Officer,  
Stone Point Capital LLC  
(private equity investing)

Stephen R. Hardis<sup>2,4,5,6</sup>  
Lead Director,  
Axcelis Technologies, Inc.  
(manufacturing)

Bernadine P. Healy, M.D.<sup>1,6</sup>  
Health Editor and Medical Columnist,  
U.S. News & World Report  
(publishing)

Jeffrey D. Kelly<sup>2,4,6</sup>  
Vice Chairman and  
Chief Financial Officer,  
National City Corporation  
(commercial banking)

Abby F. Kohnstamm<sup>6</sup>  
President and Chief Executive Officer,  
Abby F. Kohnstamm & Associates, Inc.  
(marketing consulting)

Philip A. Laskawy<sup>1,6</sup>  
formerly Chairman and  
Chief Executive Officer,  
Ernst & Young LLP  
(professional services)

Peter B. Lewis<sup>2,6,7</sup>  
Chairman of the Board

Norman S. Matthews<sup>3,5,6</sup>  
Consultant, formerly President,  
Federated Department Stores, Inc.  
(retailing)

Patrick H. Nettles, Ph.D.<sup>1,6</sup>  
Executive Chairman,  
Ciena Corporation  
(telecommunications)

Glenn M. Renwick<sup>2</sup>  
President and Chief Executive Officer

Donald B. Shackelford<sup>4,6</sup>  
Chairman,  
Fifth Third Bank, Central Ohio  
(commercial banking)

Bradley T. Sheares, Ph.D.<sup>3,6</sup>  
Chief Executive Officer,  
Reliant Pharmaceuticals, Inc.  
(pharmaceuticals)

<sup>1</sup>Audit Committee member  
<sup>2</sup>Executive Committee member  
<sup>3</sup>Compensation Committee member  
<sup>4</sup>Investment and Capital  
Committee member  
<sup>5</sup>Nominating and Governance  
Committee member  
<sup>6</sup>Independent director  
<sup>7</sup>Non-executive chairman

### CORPORATE OFFICERS

Glenn M. Renwick  
President and  
Chief Executive Officer

W. Thomas Forrester  
Vice President and  
Chief Financial Officer  
(retiring effective March 2007\*)

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

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

\*Beginning March 2007,  
Brian C. Domeck will assume the  
role of Chief Financial Officer.

### 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 and sent to any of the following:

Peter B. Lewis, Chairman of the Board, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or e-mail: peter\_lewis@progressive.com.

Philip A. Laskawy, Chairman of the Audit Committee, The Progressive Corporation, c/o Ernst & Young, 5 Times Square, New York, New York 10036 or e-mail: philip\_laskawy@progressive.com.

Charles E. Jarrett, Corporate Secretary, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or e-mail: chuck\_jarrett@progressive.com.

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

BARTENDER

VEHICLE  
chevrolet s-10

CUSTOMER  
6 years

PURCHASED POLICY  
agent

IT PROGRAMMER

VEHICLE  
honda cr-v

CUSTOMER  
6 years

PURCHASED POLICY  
online

STUDENT

VEHICLE  
mazda 3

CUSTOMER  
4 years

PURCHASED POLICY  
agent

YOUTH MINISTER

VEHICLE  
honda civic lx

CUSTOMER  
4 years

PURCHASED POLICY  
phone

HEALTH CARE WORKER

VEHICLE  
chevrolet venture

CUSTOMER  
3 years

PURCHASED POLICY  
online

MEDICAL SECRETARY

VEHICLE  
ford ranger super cab

CUSTOMER  
3 years

PURCHASED POLICY  
agent

HOMEMAKER

VEHICLE  
toyota camry

CUSTOMER  
7 years

PURCHASED POLICY  
agent

COMPUTER SALES REP

VEHICLE  
chevrolet cavalier

CUSTOMER  
4 years

PURCHASED POLICY  
online + agent

RETAIL MANAGER

VEHICLE  
saturn sc2

CUSTOMER  
6 years

PURCHASED POLICY  
phone

BUILDING INSPECTOR

VEHICLE  
yamaha roadster

CUSTOMER  
3 years

PURCHASED POLICY  
phone

LAB TECHNICIAN

VEHICLE  
harley-davidson fxef

CUSTOMER  
2 years

PURCHASED POLICY  
phone

CONSULTANT

VEHICLE  
lincoln ls

CUSTOMER  
8 years

PURCHASED POLICY  
agent



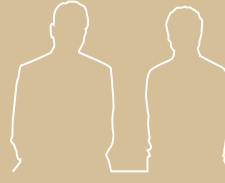
# Credits



DAVID and KRISTEN  
2



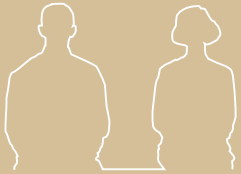
MEL and ELIZABETH  
3



RONALD and KIM  
6 | 7



CHARLES and DONALD  
8



CLYDE and GAIL  
13



MONICA and MELISSA  
13



TERRY and KRISTEN  
16



MARIO and NICOLE  
18



JESSICA and ROBERT  
19



TRU and DAVID  
22



RICHARD and HANS  
28 | 29



ROY and BONNIE  
30



JACKIE and CRYSTAL  
37

DAVID 46, Information Technology Manager, Yamaha WVT1100, 6-month customer KRISTEN 44, Homemaker, Volvo XC70, 3-year customer MEL 60, Retired Engineer, Honda ST1100, 15-year customer ELIZABETH 22, Student, Honda Accord, 4-year customer RONALD 69, Life Insurance Sales Representative, Volkswagen, 10-year customer KIM 28, Teacher, Nissan Altima, 1-year customer CHARLES 49, Motor Inspector, Ford F-150, 6-year customer DONALD 48, Disabled Assembly Electrician, Chevy S-10, 3-year customer CLYDE 48, Information Technology Manager, Honda Civic, 1-year customer GAIL 40, Interior Designer, Chrysler PT Cruiser, 3-year customer MONICA 40, Homemaker, Mitsubishi Montero Sport, 14-year customer MELISSA 31, Homemaker, Dodge Neon, 2½-year customer TERRY 42, Public Service, Polaris Sportsman, 1-year customer KRISTEN 26, Tutor, Honda Civic EX, 2-year customer MARIO 25, Soldier, Chevrolet C1500 Tahoe, 3-year customer NICOLE 28, Insurance Accountant, Honda Civic LX, 4-year customer JESSICA 21, Retail Customer Service Representative, Kawasaki EX250F, 8-month customer ROBERT 58, Retired Telecommunications Technician, Chevrolet Malibu, 9-year customer TRU 40, Computer Analyst, Honda Element, 8-year customer DAVID 38, Broker, Lincoln LS, 8-year customer RICHARD 60, Retired Receiving Manager, Ford Ranger XLT, 7-year customer HANS 72, Retired Automotive Supervisor, Ford F-250, 2-year customer ROY 31, Child Welfare, Cadillac STS, 9-year customer BONNIE 42, Health Care Administrator, Chevy Blazer, 4-year customer JACKIE 32, Retail Manager, Infinity QX4, 6-year customer CRYSTAL 26, Senior Administrative Assistant, Toyota Solara, 1-year customer

We have been very, very impressed with the service and coverage of our policy. My wife had an accident earlier in the year and we dreaded getting our next renewal bill. To our amazement, our premium actually dropped \$100 or so, rather than the large increase we expected. Before we had thought about shopping around and changing coverage, but now you have a customer for life. *I have greatly appreciated the service that Progressive Direct has provided me—the convenience of electronic service, but also local representation when I needed to utilize my insurance benefits.* DRIVE INSURANCE HAS ALWAYS SUPPORTED US. ALL PERSONS WHO INTERACTED WITH US WERE PROFESSIONAL AND UNDERSTANDING. THAT IS WHAT WE LOOK FOR IN AN AUTO INSURANCE COMPANY. **It may have been a while ago, but you guys did such a great job of handling my accident—I will never forget it. You made it so much less painful than it could have been. I will probably never leave! I recommend you all the time. Your rates seem fair and your customer service cannot be beat!** I have been very happy with Drive. I've never had to file a claim and my rates haven't ever gone up. In fact, the last time they went down! I have referred a friend to Progressive before and he to was very pleased. They saved him an average of \$28 a month. *I have been treated extremely well by Progressive. I had two no-fault accidents within seven weeks of each other last year and I was treated wonderfully after each incident. I originally switched to Progressive because I got a better rate than I had with my previous insurance company, but I will remain a customer because of your great customer service.* I HAVE NO COMPLAINTS ABOUT PROGRESSIVE. I LOVE THAT I CAN PAY DIRECTLY THROUGH MY BANK ACCOUNT, AND THAT I AM ALWAYS REMINDED OF WHEN A WITHDRAWAL IS BEING MADE. **My local agent is great. He is the reason I am with Progressive. While your Web site is nice, I am still a customer due to the personal relationship that has developed between myself and my agent.** I enjoy the ease of using the Internet to communicate, review and change my policy. I have also found, via the one accident that my daughter had with my vehicle, that Progressive is fast and aggressive in all claims, and that they did an extremely good job with minimal disruption to my daily activities. I think one of the things I like is that Progressive is always there for me, without being in my face everyday. And that is a real plus in my hectic life. *I have been with Progressive for years and they have always been very efficient in handling my claims and questions.* MY CAR WAS HIT WHILE I WAS SHOPPING ONE DAY AND THE PROGRESSIVE PEOPLE WERE VERY POLITE, UNDERSTANDING AND THOROUGH. THE MECHANIC/BODY SPECIALIST THEY RECOMMENDED WAS ALSO VERY PROFESSIONAL AND ACCOMMODATING. **I was involved in a very serious accident on October 5, 2006. My representative had the perfect blend of compassion and professionalism and made a very difficult situation much better.** Our encounters have been few, but your approach seems both thorough and reliable. Given our property insurance needs, it would be nice if we could have our various policies with a single carrier. *Drive Insurance has the best rates for motorcycles in Colorado, hands down! I've checked all the other insurance providers and Drive Insurance offered the lowest rates for the exact same coverage.* I HAVE HAD PROGRESSIVE SINCE I FIRST STARTED DRIVING, ABOUT 10 YEARS AGO. I HAVE NEVER HAD A PROBLEM. IN FACT, EVERYONE I HAVE EVER DEALT WITH HAS BEEN MORE THAN COURTEOUS. I WOULDN'T CHANGE INSURANCE COMPANIES EVEN IF I FOUND CHEAPER RATES. **I took out a policy three hours before my car was involved in an accident where my daughter was critically injured. As you can imagine, it was a nightmare. The next day I spoke with a claims representative who had so much compassion. It has been four months and my daughter has had a miraculous recovery. Progressive, so far, is the only insurance company that has stepped up to the plate and paid what needed to be paid. I am so thankful, with all the stress our family was put through. Progressive helped calm our minds and spirit. We will always be grateful to Progressive for honoring the policy and having some of the best people who handled a tough situation with an amazing amount of class.** Last winter, I was in two accidents within about one month of each other. Progressive was extremely efficient in servicing my car and giving me options. I was also quite happy with both representatives. They were very patient with my questions regarding services and charges. The terms of my policy were always explained to me clearly, when I asked. *Whenever I call, the customer service representatives are always pleasant and have the answers to my questions.* I HAVE FOUND THAT WHEN I HAVE ANY QUESTIONS OR NEED ASSISTANCE, PROGRESSIVE IS VERY RESPONSIVE TO MY NEEDS. **I have long been quite satisfied with Progressive and the way that my insurance policy has been administered. Thank you for your care and courtesy.** Telephone assistance people are always friendly, very professional and have or always get answers to my questions. *I have already recommended Progressive to someone. They were able to cut their motorcycle insurance rate in half!* I HAVE BEEN VERY HAPPY WITH PROGRESSIVE; NO MORE SO THAN THIS PAST APRIL WHEN MY SON WAS INVOLVED IN AN ACCIDENT. THE AGENT I SPOKE WITH (VERY EARLY IN THE MORNING) WAS EXTREMELY KIND, HELPFUL AND PATIENT. IT MEANT A LOT TO US AT AN EXTREMELY STRESSFUL TIME AND WE ARE VERY HAPPY CUSTOMERS. **Progressive is one of the easiest insurance companies I've ever had to deal with. The direct withdrawal from my bank account is a no brainer—every month, at the same time. It's one less bill I have to worry about. You were very responsive when my son had accidents, and your rates after his accidents were still reasonable. I love being able to conduct most of my business over the Internet. I was previously an agent so I understand my coverages. Since I don't need help, I can do everything myself when it is convenient for me. If I ever go back into the business, I want to work for you.** QUICK RESPONSE AND YOU ACTUALLY CAME TO ME WHEN I HAD MY ACCIDENT IN 2005. VERY COMMENDABLE. **My wife and daughter were in an accident and we were impressed at how quickly we were helped. Progressive jumped right in and took care of us within a week.** Signing up for insurance with Drive was awesome and easy. *Especially after Hurricane Katrina Progressive had been very helpful and took care of insurance claims in the quickest manner possible. That shows their concern for customer satisfaction.* I HAVE HAD A GOOD RELATIONSHIP WITH PROGRESSIVE AND ALL MY NEEDS HAVE BEEN TAKEN CARE OF QUICKLY AND PROFESSIONALLY. I WILL NEVER CHANGE COMPANIES. **Progressive was wonderful when I had a very traumatic accident several years ago. The staff that worked with me was very kind and considerate. I always recommend Progressive to anyone who asks about insurance.** I like the fast response I get when I call to make changes to my policy. I also like being notified each month when my payment is being drafted. That way I can keep up with what's

**PROGRESSIVE®**

The Progressive Corporation 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 440.461.5000 progressive.com