

The Progressive Corporation  
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### PROGRESSIVE REPORTS OCTOBER RESULTS

MAYFIELD VILLAGE, OHIO -- November 14, 2012 -- The Progressive Corporation today reported the following results for October 2012:

(millions, except per share amounts and ratios; unaudited)	October 2012	October 2011	Change
Net premiums written	\$ 1,571.9	\$ 1,454.7	8 %
Net premiums earned	\$ 1,575.2	\$ 1,448.5	9 %
Net income	\$ 76.3	\$ 55.7	37 %
Per share	\$ .13	\$ .09	39 %
Total pretax net realized gains (losses) on securities (including net impairment losses)	\$ 24.3	\$ 10.5	131 %
Combined ratio	96.5	96.7	(.2)pts.
Average diluted equivalent shares	605.3	614.8	(2)%

(thousands; unaudited)	October 2012	October 2011	Change
<b><u>Policies in Force:</u></b>			
Agency – auto	4,830.9	4,647.7	4 %
Direct – auto	4,014.0	3,837.4	5 %
Total personal auto	8,844.9	8,485.1	4 %
Total special lines	3,973.6	3,821.8	4 %
Total Personal Lines	12,818.5	12,306.9	4 %
Total Commercial Auto	524.3	512.9	2 %

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 “Comprehensive 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**  
**COMPREHENSIVE INCOME STATEMENT**

**October 2012**

(millions)

(unaudited)

	<b>Current Month</b>	<b>Comments on Monthly Results<sup>1</sup></b>
Net premiums written	\$ 1,571.9	
Revenues:		
Net premiums earned	\$ 1,575.2	
Investment income	32.1	
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	0	
Net impairment losses recognized in earnings	0	
Net realized gains (losses) on securities	24.3	
Total net realized gains (losses) on securities	24.3	
Service revenues	3.2	
Total revenues	1,634.8	
Expenses:		
Losses and loss adjustment expenses	1,205.9	
Policy acquisition costs	136.9	
Other underwriting expenses	176.6	
Investment expenses	1.8	
Service expenses	3.3	
Interest expense	10.2	
Total expenses	1,534.7	
Income before income taxes	100.1	
Provision for income taxes	23.8	Reflects a \$9 million tax benefit related to dividends to be paid to our Employee Stock Ownership Plan (ESOP), pursuant to the special dividend declared in October.
Net income	76.3	
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities:		
Net non-credit related OTTI losses, adjusted for valuation changes	0	
Other net unrealized gains (losses) on securities	(27.0)	
Total net unrealized gains (losses) on securities	(27.0)	
Net unrealized gains on forecasted transactions	(.1)	
Foreign currency translation adjustment	(.1)	
Other comprehensive income (loss)	(27.2)	
Total comprehensive income	\$ 49.1	

<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 2011 audited consolidated financial statements included in our 2011 Shareholders' Report, which can be found at [www.progressive.com/annualreport](http://www.progressive.com/annualreport).

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

**October 2012 Year-to-Date**

(millions)

(unaudited)

	Year-to-Date		% Change
	2012	2011	
Net premiums written	\$ 14,105.3	\$ 13,063.2	8
Revenues:			
Net premiums earned	\$ 13,487.6	\$ 12,574.4	7
Investment income	368.3	397.7	(7)
Net realized gains (losses) on securities:			
Other-than-temporary impairment (OTTI) losses:			
Total OTTI losses	(6.0)	(6.0)	0
Non-credit losses, net of credit losses recognized on previously recorded non-credit OTTI losses <sup>1</sup>	(.7)	.9	NM
Net impairment losses recognized in earnings	(6.7)	(5.1)	31
Net realized gains (losses) on securities	275.7	88.7	211
Total net realized gains (losses) on securities	269.0	83.6	222
Service revenues	31.5	18.9	67
Gains (losses) on extinguishment of debt	(1.8)	(.1)	1700
Total revenues	14,154.6	13,074.5	8
Expenses:			
Losses and loss adjustment expenses	10,080.2	9,019.5	12
Policy acquisition costs	1,218.3	1,181.5	3
Other underwriting expenses	1,644.3	1,543.9	7
Investment expenses	13.1	11.3	16
Service expenses	31.0	15.9	95
Interest expense	103.4	108.5	(5)
Total expenses	13,090.3	11,880.6	10
Income before income taxes	1,064.3	1,193.9	(11)
Provision for income taxes	334.8	379.4	(12)
Net income	729.5	814.5	(10)
Other comprehensive income (loss), net of tax:			
Net unrealized gains (losses) on securities:			
Net non-credit related OTTI losses, adjusted for valuation changes	4.8	(4.6)	NM
Other net unrealized gains (losses) on securities	182.0	(63.6)	NM
Total net unrealized gains (losses) on securities	186.8	(68.2)	NM
Net unrealized gains on forecasted transactions	(1.6)	(6.3)	(75)
Foreign currency translation adjustment	.2	.2	0
Other comprehensive income (loss)	185.4	(74.3)	NM
Total comprehensive income	\$ 914.9	\$ 740.2	24

NM = Not Meaningful

<sup>1</sup>A negative amount for the period reflects credit losses reclassified from other comprehensive income that exceeded the amount of non-credit OTTI losses recognized in other comprehensive income during the period.

**THE PROGRESSIVE CORPORATION AND SUBSIDIARIES**  
**COMPUTATION OF NET INCOME AND COMPREHENSIVE INCOME PER SHARE**  
**&**  
**INVESTMENT RESULTS**  
**October 2012**  
(millions – except per share amounts)  
(unaudited)

The following table sets forth the computation of net income per share and comprehensive income per share:

	<b>Current Month</b>	<b>Year-to-Date</b>	
		<b>2012</b>	<b>2011</b>
Net income	\$ 76.3	\$ 729.5	\$ 814.5
Per share:			
Basic	\$ .13	\$ 1.21	\$ 1.28
Diluted	\$ .13	\$ 1.20	\$ 1.27
Comprehensive income	\$ 49.1	\$ 914.9	\$ 740.2
Per share:			
Diluted	\$ .08	\$ 1.50	\$ 1.15
Average shares outstanding - Basic	600.3	603.9	637.4
Net effect of dilutive stock-based compensation	5.0	4.3	4.3
Total equivalent shares - Diluted	605.3	608.2	641.7

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

	<b>Current Month</b>	<b>Year-to-Date</b>	
		<b>2012</b>	<b>2011</b>
Fully taxable equivalent total return:			
Fixed-income securities	.3 %	5.0 %	2.9 %
Common stocks	(1.6)%	14.4 %	1.8 %
Total portfolio	.1 %	6.1 %	2.7 %
Pretax annualized investment income book yield	2.4 %	2.9 %	3.2 %

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

**October 2012**

(\$ in millions)

(unaudited)

Current Month						
	Personal Lines Business			Commercial	Other	Companywide
	Agency	Direct	Total	Auto Business	Businesses <sup>1</sup>	Total
Net Premiums Written	\$ 798.0	\$ 607.9	\$ 1,405.9	\$ 166.0	\$ 0	\$ 1,571.9
% Growth in NPW	8 %	9 %	8 %	7 %	NM	8 %
Net Premiums Earned	\$ 795.0	\$ 614.8	\$ 1,409.8	\$ 165.4	\$ 0	\$ 1,575.2
% Growth in NPE	8 %	9 %	8 %	14 %	NM	9 %
<b>GAAP Ratios</b>						
Loss/LAE ratio	77.2	77.3	77.2	70.4	NM	76.6
Expense ratio	20.2	18.7	19.6	22.8	NM	19.9
Combined ratio	97.4	96.0	96.8	93.2	NM	96.5
<b>Actuarial Adjustments<sup>2</sup></b>						
Reserve Decrease/(Increase)						
Prior accident years						\$ .3
Current accident year						10.7
Calendar year actuarial adjustment	\$ 2.8	\$ 5.3	\$ 8.1	\$ 2.9	\$ 0	\$ 11.0
<b>Prior Accident Years Development</b>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ .3
All other development						(14.3)
Total development						\$ (14.0)
Calendar year loss/LAE ratio						76.6
Accident year loss/LAE ratio						75.7
<b>Statutory Ratios</b>						
Loss/LAE ratio						76.6
Expense ratio						19.6
Combined ratio						96.2

<sup>1</sup> The other businesses generated an underwriting loss of \$0.4 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**

**October 2012 Year-to-Date**

(\$ in millions)

(unaudited)

	Year-to-Date					
	Personal Lines Business			Commercial	Other	Companywide
	Agency	Direct	Total	Auto Business	Businesses <sup>1</sup>	Total
Net Premiums Written	\$ 7,093.9	\$ 5,504.3	\$ 12,598.2	\$ 1,507.1	\$ 0	\$ 14,105.3
% Growth in NPW	7 %	8 %	7 %	14 %	NM	8 %
Net Premiums Earned	\$ 6,827.3	\$ 5,274.9	\$ 12,102.2	\$ 1,384.6	\$ 0.8	\$ 13,487.6
% Growth in NPE	6 %	8 %	7 %	12 %	NM	7 %
<b><u>GAAP Ratios</u></b>						
Loss/LAE ratio	75.6	74.2	75.0	72.4	NM	74.8
Expense ratio	20.6	21.7	21.1	22.4	NM	21.2
Combined ratio	96.2	95.9	96.1	94.8	NM	96.0
<b><u>Actuarial Adjustments<sup>2</sup></u></b>						
Reserve Decrease/(Increase)						
Prior accident years						\$ 57.3
Current accident year						(29.6)
Calendar year actuarial adjustment	\$ 3.1	\$ 21.8	\$ 24.9	\$ 3.0	\$ (.2)	\$ 27.7
<b><u>Prior Accident Years Development</u></b>						
Favorable/(Unfavorable)						
Actuarial adjustment						\$ 57.3
All other development						(109.2)
Total development						\$ (51.9)
Calendar year loss/LAE ratio						74.8
Accident year loss/LAE ratio						74.4
<b><u>Statutory Ratios</u></b>						
Loss/LAE ratio						74.8
Expense ratio						20.5
Combined ratio						95.3
<b><u>Statutory Surplus</u></b>						
						\$ 5,844.4
NM = Not Meaningful						

<sup>1</sup> Year to date, the other businesses generated an underwriting loss of \$3.5 million.

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

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

(millions – except per share amounts)  
(unaudited)

	October 2012
<b>CONDENSED GAAP BALANCE SHEET:</b>	
Investments – Available-for-sale, at fair value:	
Fixed maturities <sup>1</sup> (amortized cost: \$11,949.1)	\$ 12,371.6
Equity securities:	
Nonredeemable preferred stocks <sup>1</sup> (cost: \$410.8)	828.4
Common equities (cost: \$1,116.3)	1,622.8
Short-term investments (amortized cost: \$2,517.1)	2,517.1
Total investments <sup>2, 3</sup>	17,339.9
Net premiums receivable	3,347.4
Deferred acquisition costs	460.6
Other assets <sup>3, 4</sup>	2,454.5
Total assets	\$ 23,602.4
Unearned premiums	\$ 5,197.8
Loss and loss adjustment expense reserves <sup>4</sup>	7,857.2
Other liabilities	1,872.2
Dividend payable <sup>5</sup>	604.8
Debt	2,062.8
Shareholders' equity	6,007.6
Total liabilities and shareholders' equity	\$ 23,602.4

Common shares outstanding	604.8
Shares repurchased – October	0
Average cost per share	\$ 0
Book value per share	\$ 9.93
Trailing 12-month return on average shareholders' equity	
Net income	15.0 %
Comprehensive income	17.8 %
Net unrealized pretax gains (losses) on investments	\$ 1,337.8
Increase (decrease) from September 2012	\$ (41.6)
Increase (decrease) from December 2011	\$ 287.3
Debt-to-total capital ratio	25.6 %
Fixed-income portfolio duration	1.8 years
Weighted average credit quality	AA-
Year-to-date Gainshare factor	1.14

<sup>1</sup> As of October 31, 2012, we held certain hybrid securities and recognized a change in fair value of \$8.8 million as a realized gain during the period we held these securities.

<sup>2</sup> Includes \$6.2 billion of short-term investments and U.S. Treasury securities.

<sup>3</sup> Total investments exclude \$46.4 million of net unsettled security transactions, which are included in “other assets” as of October 31, 2012.

<sup>4</sup> Loss and loss adjustment expense reserves are stated gross of reinsurance recoverables on unpaid losses of \$849.4 million, which are included in “other assets.”

<sup>5</sup> Reflects the \$1.00 per common share special cash dividend declared by the Board of Directors in October 2012, with a record date of November 21, 2012 and a payable date of November 29, 2012; amount is estimated based on the number of shares outstanding at October 31, 2012.

## **Monthly Commentary**

- During October, we incurred catastrophe losses of about \$55 million, or 3.5 loss ratio points, related to Superstorm Sandy, compared to catastrophe losses of \$6 million, or 0.4 points, in October 2011. New York and New Jersey accounted for nearly 80% of the total losses for the month. Year-to-date, we have incurred about \$230 million, or 1.7 points, of catastrophe losses, compared to \$204 million, or 1.6 points, last year.

## **Events**

We are currently scheduled to release November results on Wednesday, December 12, 2012, before the market opens.

## **About Progressive**

Celebrating its 75<sup>th</sup> anniversary in 2012, The Progressive Group of Insurance Companies makes it easy to understand, buy, and use auto insurance. Progressive offers choices so consumers can reach it whenever, wherever, and however it's most convenient—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. It's 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.*