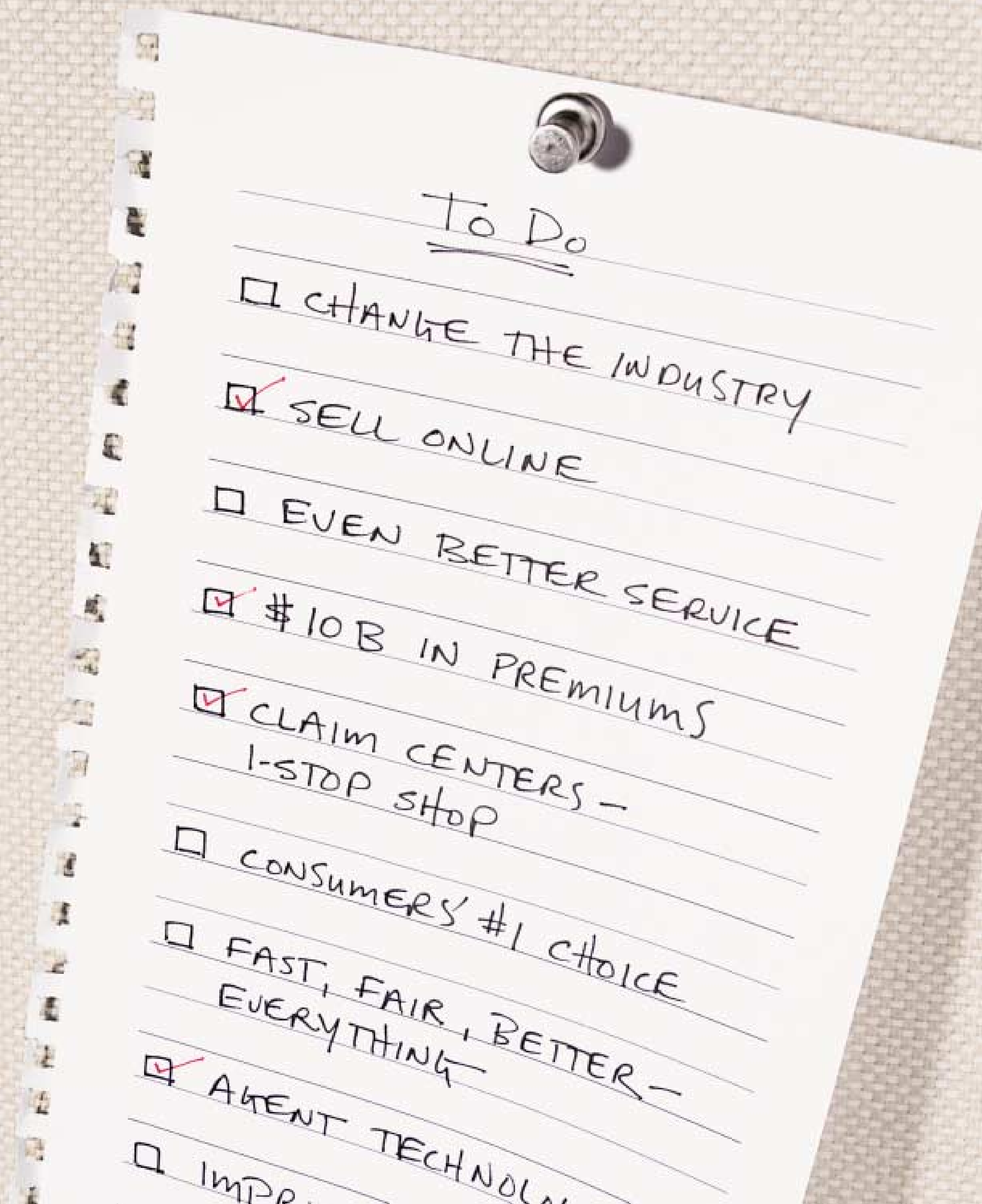
THE PROGRESSIVE CORPORATION 2003 ANNUAL REPORT



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- ABOUT PROGRESSIVE -

Since the Progressive insurance organization began business in 1937, we have been innovators—growing into new markets and pioneering new ways to meet consumers' needs. In 1956, Progressive Casualty Insurance Company was founded to be among the first specialty underwriters of nonstandard auto insurance. Today, The Progressive Corporation's 68 subsidiaries and an affiliate offer competitive rates and 24-hour, in-person and online services to all drivers throughout the United States.

Artist Carlos Vega embraces our chosen theme, *a work in progress*, through his painterly use of the collage process—which incorporates layering and juxtaposition of everyday materials found on his recent visit to Progressive's offices. His path of invention, assemblage and discovery serves as a visual metaphor for Progressive's ever-evolving business. Vega's work will now become a part of Progressive's growing collection of contemporary art. For a brief history of Progressive's art collection, please visit art.progressive.com.

PROGRESSIVE'S CULTURE OF SELF-EXAMINATION AND CONTINUOUS IMPROVEMENT LED US TO THE THEME OF "A WORK IN PROGRESS" FOR THIS YEAR'S ANNUAL REPORT. OUR GOAL IS NOT MERELY TO RESPOND TO TRENDS IN OUR INDUSTRY, RATHER, IT IS TO STAY AHEAD OF MARKET DEMANDS THROUGH THE ONGOING AND PROACTIVE INITIATIVES WE TAKE TO EXCEED OUR CUSTOMERS' EXPECTATIONS. IT'S A PROCESS THAT DEMANDS CONTINUOUS CHANGE AND CONTINUOUS IMPROVEMENT. EACH YEAR WE MAKE PROGRESS ON MANY IMPORTANT FRONTS, YET FEW ARE EVER COMPLETE AND MANY REQUIRE LONG-TERM DETERMINATION AND COMMITMENT. OUR "TO DO LIST" HAS FEWER CHECKS THAN OPPORTUNITIES.

* FIVE-YEAR FINANCIAL HIGHLIGHTS

(billions—except per share amounts)

	2003	2002	2001	2000	1999
FOR THE YEAR					
Net premiums written	$ 11.9	$ 9.5	$ 7.3	$ 6.2	$ 6.1
Growth over prior year	26%	30%	17%	1%	16%
Net premiums earned	$ 11.3	$ 8.9	$ 7.2	$ 6.3	$ 5.7
Growth over prior year	28%	24%	13%	12%	15%
Total revenues	$ 11.9	$ 9.3	$ 7.5	$ 6.8	$ 6.1
Net income	$ 1.26	$ .67	$ .41	$ .05	$ .30
Underwriting margin	12.7%	7.6%	4.8%	(4.4)%	1.7%
Net income per share[1]	$ 5.69	$ 2.99	$ 1.83	$ .21	$ 1.32

(billions—except shares outstanding and per share amounts)

	2003	2002	2001	2000	1999
AT YEAR-END					
Common Shares outstanding (millions)	216.4	218.0	220.3	220.6	219.3
Book value per share	$ 23.25	$ 17.28	$ 14.76	$ 13.01	$ 12.55
Consolidated shareholders' equity	$ 5.0	$ 3.8	$ 3.3	$ 2.9	$ 2.8
Market capitalization	$ 18.1	$ 10.8	$ 11.0	$ 7.6	$ 5.3
Return on average shareholders' equity	29.1%	19.3%	13.5%	1.7%	10.9%
Market share[2]	7.0%	6.0%	5.1%	4.7%	4.8%
Industry net premiums written[3]	$ 149.5	$ 139.6	$ 127.9	$ 119.6	$ 118.6

	1-YEAR	3-YEAR	5-YEAR
STOCK PRICE APPRECIATION (DEPRECIATION)[4]			
Progressive	68.7%	34.4%	8.4%
S&P 500	28.6%	(4.0)%	(.6)%

[1]Presented on a diluted basis.

[2]Represents Progressive's Personal Lines business.

[3]Represents personal auto insurance market net premiums written as reported by A.M. Best Company Inc.; 2003 is estimated.

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

All share and per share amounts were adjusted for the April 22, 2002, 3-for-1 stock split.

COMMUNICATING A CLEAR PICTURE OF PROGRESSIVE BY STATING WHAT WE TRY TO ACHIEVE (VISION), HOW WE INTERACT WITH CUSTOMERS (CUSTOMER VALUE PROPOSITION), WHAT GUIDES OUR BEHAVIOR (CORE VALUES), AND WHAT OUR PEOPLE EXPECT TO ACCOMPLISH AND HOW WE EVALUATE PERFORMANCE (OBJECTIVES), PERMITS ALL PEOPLE ASSOCIATED WITH PROGRESSIVE TO UNDERSTAND THEIR ROLES AND TO ENJOY THEIR CONTRIBUTIONS.

- 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 which attracts quality people who develop and achieve ambitious growth plans.

- CUSTOMER VALUE PROPOSITION -

Our Customer Value Proposition provides a litmus test for customer interactions, 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 easy, new 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 are pragmatic statements of what works best for us in the real world. They govern our decisions and behavior. 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, 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.

☐ CHANGE THE INDUSTRY
DRIVE-IN CLAIMS, PRICING SEGMENTATION, 24/7 SERVICE, COMPARISON RATES AND OPTIONS IN HOW TO BUY ARE A FEW OF THE WAYS WE HAVE BROUGHT CHANGE TO THE INDUSTRY. WE SEE OURSELVES AS CHANGE AGENTS AND WORK TO CONTINUOUSLY CHANGE AND IMPROVE OUR INDUSTRY.

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 are committed to achieving 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.

Profitability Progressive's most important goal is for its insurance subsidiaries to produce an aggregate calendar year 4% underwriting profit. Our business is a composite of many product offerings defined in part by product type, distribution channel, geography, tenure of the customer 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. Overall, we had an underwriting profit of 12.7% in 2003, and an underwriting profit of 5.8% for the past five years and 6.5% for the past ten years. Estimated industry results for the personal auto insurance market for the same periods were underwriting gains (losses) of .9%, (4.6)% and (2.9)%, respectively.

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. Personal Lines and Commercial Auto net premiums written grew 26% and 35%, respectively, in 2003. For a further breakdown of the Agency and Direct results, see *Operations Summary*, beginning on page 24, and *Management's Discussion and Analysis* included in the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.

Financial Policies Progressive balances risk in underwriting 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 the Company. 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. Any 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 Underwriting, Investing and Financing policies.

UNDERWRITING

Monitor pricing and reserving discipline

> Manage profitability targets and operational performance at our lowest level of product definition

> Sustain premiums-to-surplus ratios at efficient levels, and below applicable state regulations, for each insurance subsidiary

> Ensure loss reserves are adequate and develop with minimal variance

INVESTING

Maintain a liquid, diversified, high quality investment portfolio

> Manage on a total return basis

> Target an 85%:15% allocation for fixed income securities and common equities

> Manage interest rate, credit, prepayment and concentration risk

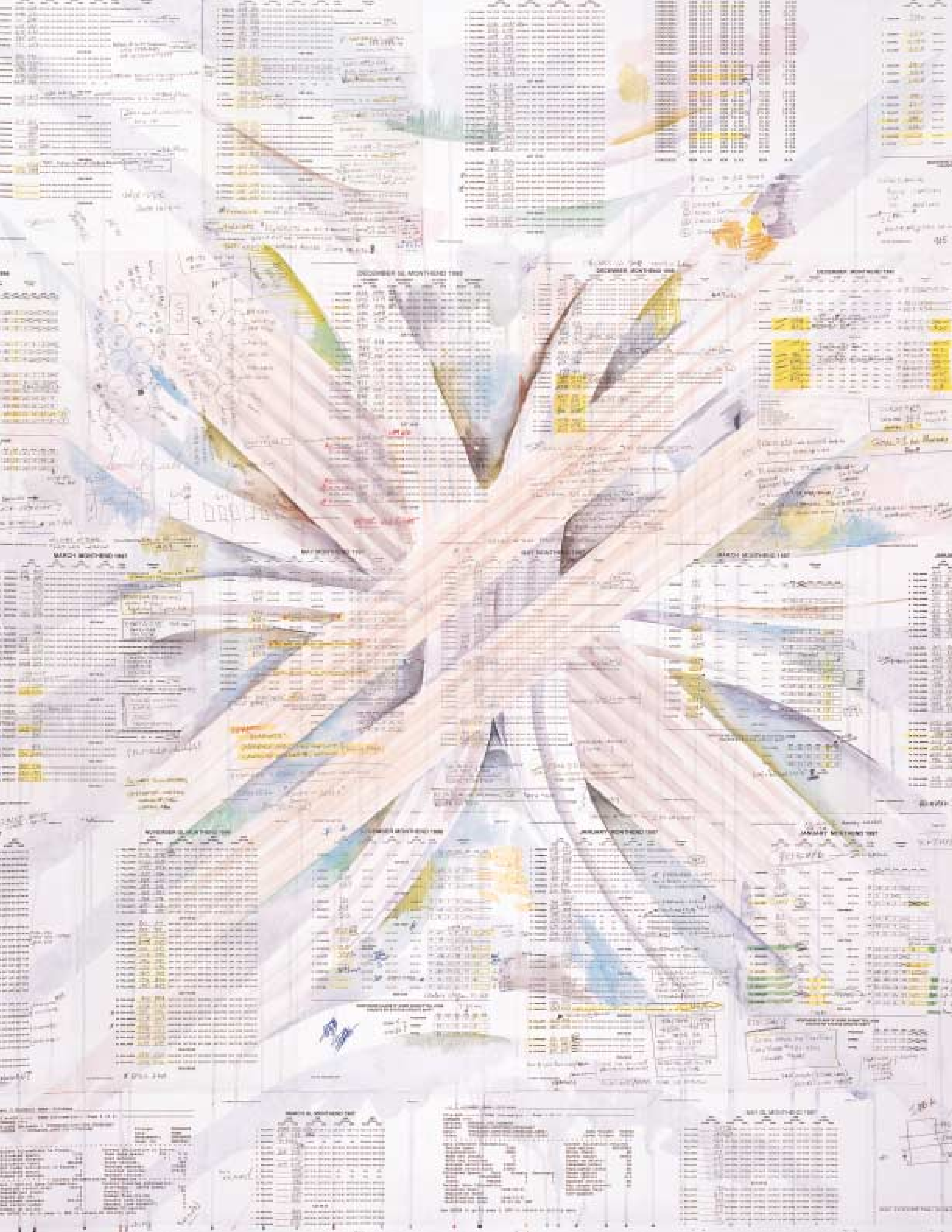
FINANCING

Maintain sufficient capital to support insurance operations

> Maintain debt below 30% of total capital at book value

> Neutralize dilution from equity-based compensation through share repurchases

> Pay modest, increasing cash dividends and split stock when the share price exceeds $100 for a reasonable period of time


DECEMBER GL MONTHEND 1996
MARCH MONTHEND 1997
JANUARY MONTHEND 1997

- OBJECTIVES AND POLICIES SCORECARD -

	TARGET	2003	2002	2001
Underwriting margin	4%	12.7%	7.6%	4.8%
Net premiums written growth	(a)	26%	30%	17%
Companywide premiums-to-surplus ratio	(b)	2.6	2.8	2.7
Investment allocation—fixed:equity	85%:15%	84%:16%	87%:13%	84%:16%
Debt-to-total capital ratio	<30%	23%	28%	25%
Return on average shareholders' equity (ROE)[1]		29.1%	19.3%	13.5%
Comprehensive ROE[2]		35.0%	20.5%	15.5%

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

(b) Determined separately for each insurance subsidiary.

1 Based on net income.

2 Based on comprehensive income. Comprehensive ROE is consistent with the Company'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 the Company's *Consolidated Statement 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 the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.

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 23,066 shares on December 31, 2003, with a market value of $1,928,100, for a 23.8% compounded annual return, compared to the 7.6% return achieved by investors in the Standard & Poor's 500 during the same period. In addition, the shareholder received dividends of $2,307 in 2003, bringing total dividends received to $29,030 since the shares were purchased.

In the ten years since December 31, 1993, Progressive shareholders have realized compounded annual returns, including dividend reinvestment, of 20.4%, compared to 11.0% for the S&P 500. In the five years since December 31, 1998, Progressive shareholders' returns were 8.4%, compared to a negative .6% for the S&P 500. In 2003, the returns were 68.7% on Progressive shares and 28.6% 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. Since 1971, we spent $1.3 billion repurchasing our shares, at an average cost of $5.98 per share. During 2003, we repurchased 4,950,362 Common Shares. The total cost to repurchase these shares was $316.8 million with an average cost of $64.00 per share.

☑ SELL ONLINE

AN INCREASING NUMBER OF OUR DIRECT CUSTOMERS CHOOSE TO GO ONLINE TO SHOP FOR OR BUY THEIR AUTO INSURANCE. IT'S EASY TO USE AND THERE'S LOTS OF INFORMATION. THE GOMEZ SCORECARD™ HAS ACKNOWLEDGED PROGRESSIVE.COM AS #1 EIGHT CONSECUTIVE TIMES.

LETTER TO SHAREHOLDERS

SOMETIMES THINGS JUST CLICK – IN 2003 THINGS CLICKED FOR PROGRESSIVE.

THE PROFITABLE GROWTH PHASE OF THE INSURANCE CYCLE, HIGHLIGHTED IN MY LETTER LAST YEAR, CONTINUED FOR PROGRESSIVE IN 2003 AND, REMARKABLY, GOT BETTER. OUR MARKET POSITIONING AND ONGOING EFFORTS TO CULTIVATE COMPETITIVE ADVANTAGES IN PRICING, CLAIMS HANDLING AND BRAND DEVELOPMENT ARE WORKING WELL AND CONTINUE TO PLAY OUT AS PLANNED. FORTUITOUSLY, AUTOMOBILE ACCIDENT FREQUENCY FELL TO THE LOWEST LEVEL IN RECENT HISTORY. AS A RESULT, NET INCOME INCREASED 88% OVER LAST YEAR TO $1.26 BILLION AND NET WRITTEN PREMIUMS GREW 26% TO $11.9 BILLION.

SETTING ASIDE THE TAIL WIND PROVIDED BY REDUCED ACCIDENT FREQUENCY, 2003 WAS BY ANY MEASURE ANOTHER GREAT YEAR FOR PROGRESSIVE.

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CASH DISBURSEMENTS
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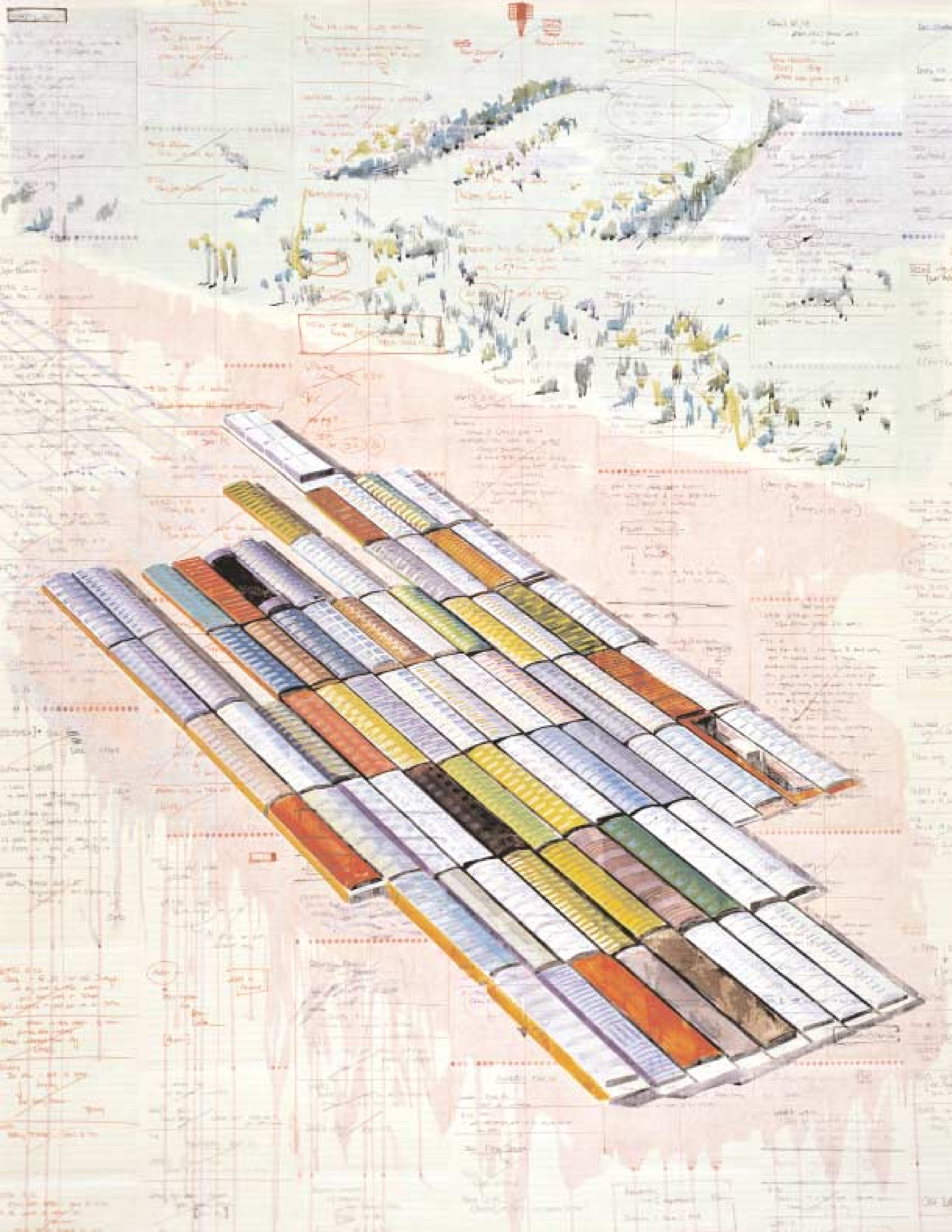
43
45
59



- WHAT WORKED -

Every area of the Company functioned extraordinarily well and our fundamental strategy of seeking continuous, incremental gains on all business agendas is working. However, there are some conditions so critical to attaining the combination of growth and profit we have achieved that they deserve highlighting.

Improved Claims Quality Claims represent three-quarters of our cost structure. Maintaining accurate, timely loss settlements becomes an increasing challenge in the face of rapid growth. We entered 2003 with over 3,000 recently hired claim representatives and hiring rates continued at a torrid pace through mid-2003. We were determined not to allow the quality of claim handling to deteriorate. Our pricing assumes that future claim handling quality will be consistent with that which produced historical data. If future claim handling quality cannot support pricing assumptions, we simply cannot grow profitably—and for Progressive there is no alternative. Our appetite for future growth will always be regulated by our most current assessment of claim handling quality.

During 2003, we hired and trained another 3,300 new claims resolution representatives, refined almost all aspects of our claims experience and, by our own demanding calibration, improved the handling on our nearly 3.3 million claim features. It was not all clear sailing. Early in the year we determined that the rate of available growth in Texas had the potential to outpace our ability to maintain consistent claim quality. Consistent with our growth objective, *grow as fast as possible, constrained only by our profit objective and our ability to provide high quality service*, we constrained growth in Texas for six months while we deployed additional staff and management to ensure the level of quality we expect. The action plan and employee response was Progressive at its best. We lifted growth restrictions by mid-year and completed the year with NWP growth in excess of 30% in Texas. I believe it is fair to say, thus far, our insistence on growth with no give back in quality has been a good bet.

☐ EVEN BETTER SERVICE
YOU DON'T BUY AUTO INSURANCE BECAUSE YOU THINK YOU'RE GOING TO HAVE AN ACCIDENT. BUT WHEN YOU DO, THE LEVEL OF SERVICE OUGHT TO BE EXCEPTIONAL. A CUSTOMER CARE PHILOSOPHY AND SUPERIOR TECHNOLOGY HELPS US TO ASPIRE TO "VIRTUALLY PERFECT" SERVICE.

☑ $10 BILLION IN PREMIUMS

TO COMMEMORATE THIS EVENT, WE CREATED A SMALL ART PIECE DEPICTING OUR CORE VALUES AND A 1937 (OUR FIRST YEAR OF BUSINESS) ERA DIARY TURNED TO PAGE 96 (OUR PROFITABILITY GOAL) WITH AN ENTRY FOR 2003 RECOGNIZING THIS MILESTONE AND THE CONTRIBUTIONS OF ALL THE MEN AND WOMEN OF PROGRESSIVE WHO MADE IT POSSIBLE.

The Product Management System Our product management system is responsible for achieving our most important objective, *at least a 4% underwriting profit on all products*. Individual product managers typically manage a product offering in one or two states (e.g., commercial auto in Florida, or agency auto in Arizona). These managers receive support from dedicated product design and pricing groups. In 2003, we performed over 200 rate and program revisions designed to maintain rate adequacy and reflect our best rating science in the markets we serve.

Their collective actions are impressive:

Agency Auto 45 out of 48 states were profitable; only three of the profitable states did not meet our profit objective.

Direct Auto All states were profitable; only one failed to meet our profit objective.

Special Lines (motorcycle, recreation vehicles and watercraft insurance) Offered in 48 states, had two unprofitable states and two additional states not meeting our profitability objective.

Commercial Auto Offered in 42 states and was profitable in 37 states with only one other not meeting our profitability objective.

In no state was there reason for extra concern. I share this information to highlight the operating discipline we bring to all products. We never use one state or product to subsidize another, which is central to the quality of our results and their ability to be reproduced.

In 2003, with the advantage of increasing size, we refined the controls used to evaluate intra-product performance. Our focus on clear goals, execution at the product manager level, along with continuing advances in rating and product diagnostics, allow us to feel comfortable with rapid growth. The responsibilities and challenges in the product manager role that first attracted me to the Company in 1986 are today more complex, analytically challenging, visible, and I believe, rewarding. This key role at Progressive allows us to attract and retain talented people who may not otherwise have chosen the insurance field.

Improved Customer Retention The combined growth in Progressive policies in force over the past three years is 57%—a lot of new customers. Our goal to be Consumers' No. 1 Choice for Auto Insurance demands that we not only attract new customers, but also that we make it attractive for them to stay. The economics of growth through retention increases, which fueled part of our 2003 performance, are some of the most compelling in our business model.

Answering the question, "Are customers staying with Progressive longer?" seems simple. It is not. An apparent increase in retention could represent selling proportionately more policies to a class of customers more likely to stay with us. Much like the focus on profitability targets, meaningful information is only available through analysis at the detail level. We intensely review retention data and have taken numerous actions to encourage customers to stay with us. We can happily conclude that during this cumulative growth period, the propensity for customers to stay with us has increased. Recent data suggest the rate of increase from 2002 through the first half 2003 has flattened some, and this issue has our full attention. Understanding retention behavior, measuring it, and estimating policy life and lifetime premium at an ever-increasing level of detail and accuracy provides us with ongoing opportunities for improvements.

We seek to become Consumers' No. 1 Choice for Auto Insurance through creation of a consumer proposition that is faster, fairer and better than any competitive offering. As such, Progressive remains a work in progress. Our history has been built around a clear focus on our goals, an understanding of the priority among them and a determination to improve the auto insurance experience for customers. The symbolism of a "To Do List" on the cover of this report conveys some of the many opportunities yet available to us.

In its simplest form, our business model must do two important things:

Reduce Costs and Allocate Costs Accurately Our product-focused business units continue to seek ways to advance the science of rate making to get accurate cost-based pricing at the lowest level our data will support. Sophisticated pricing allows us to grow quickly while avoiding adverse selection. Accurate cost allocation within our Agency and Direct businesses maximize the advantages of both distribution channels.

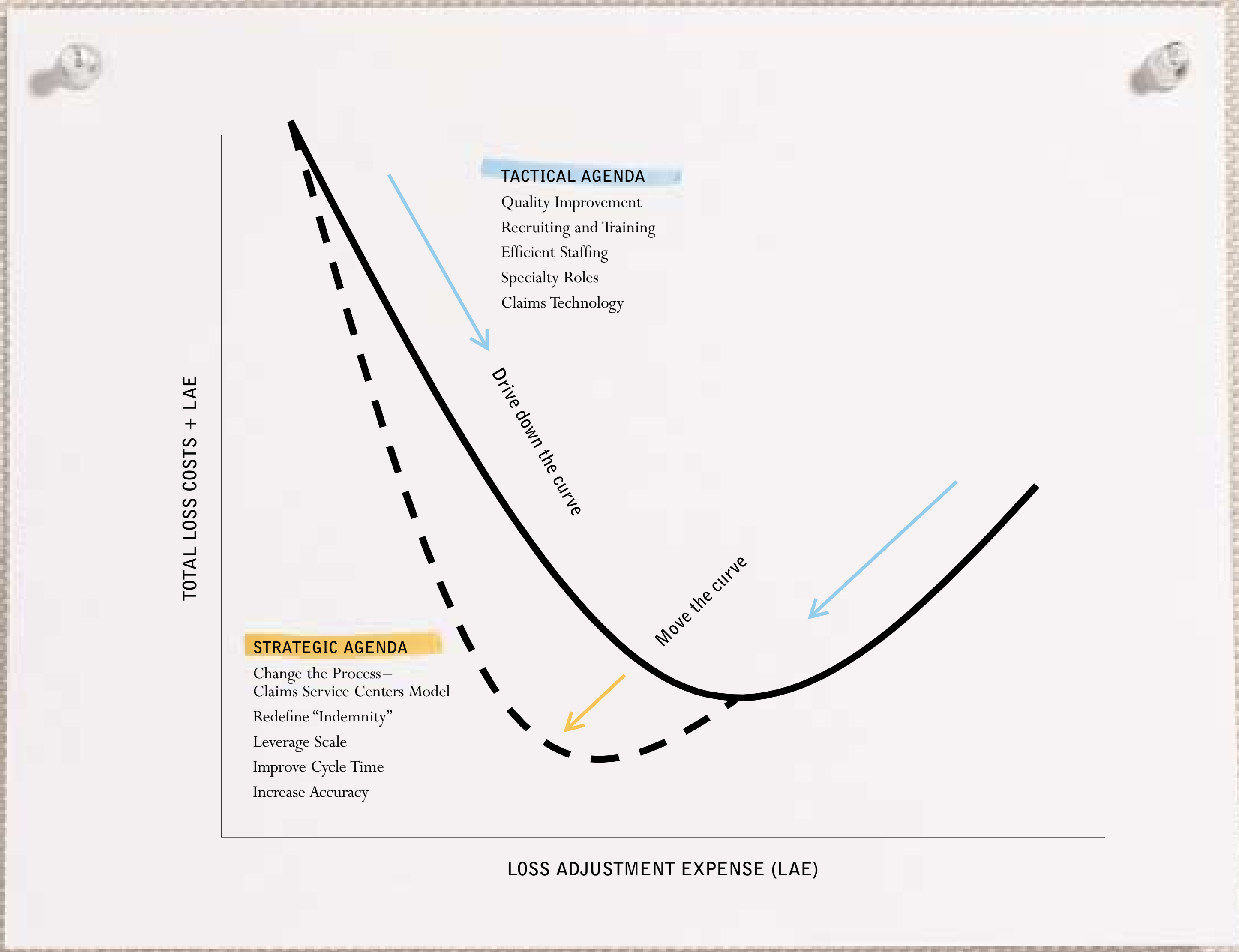
In 2003, we made significant progress in our Claims Service Center model, designed to provide end-to-end resolution for auto physical damage losses, by opening 12 new centers for a total of 19. I believe these centers are a credit to the organization, and have produced some superior outcomes. There is little question in my mind that these centers will positively change auto insurance and our cost structure. We expected and are finding benefits from improved efficiency, increased accuracy, reduced rework, improvements in repair cycle time and greater brand distinction.

There is an interesting relationship between total loss costs and the level of loss adjustment expense that is difficult to define accurately. We will be obsessive about seeking the appropriate balance as we pace our expansion. More now than ever, we are solving the right problem for consumers—getting them back to pre-accident condition versus just paying the cost to repair their car. Our ability to do this will improve with scale.

Our skill in acquiring new customers is not yet matched by an equivalent intensity around designing policies to best meet customers' evolving needs. We recognize well the economic leverage of further retention improvements and perhaps more importantly the negative brand costs of any failure to meet customer expectations. Competitive prices are a necessary condition but alone are not sufficient to achieve the retention levels we believe are possible. We are committed to understanding the subtleties of this opportunity.

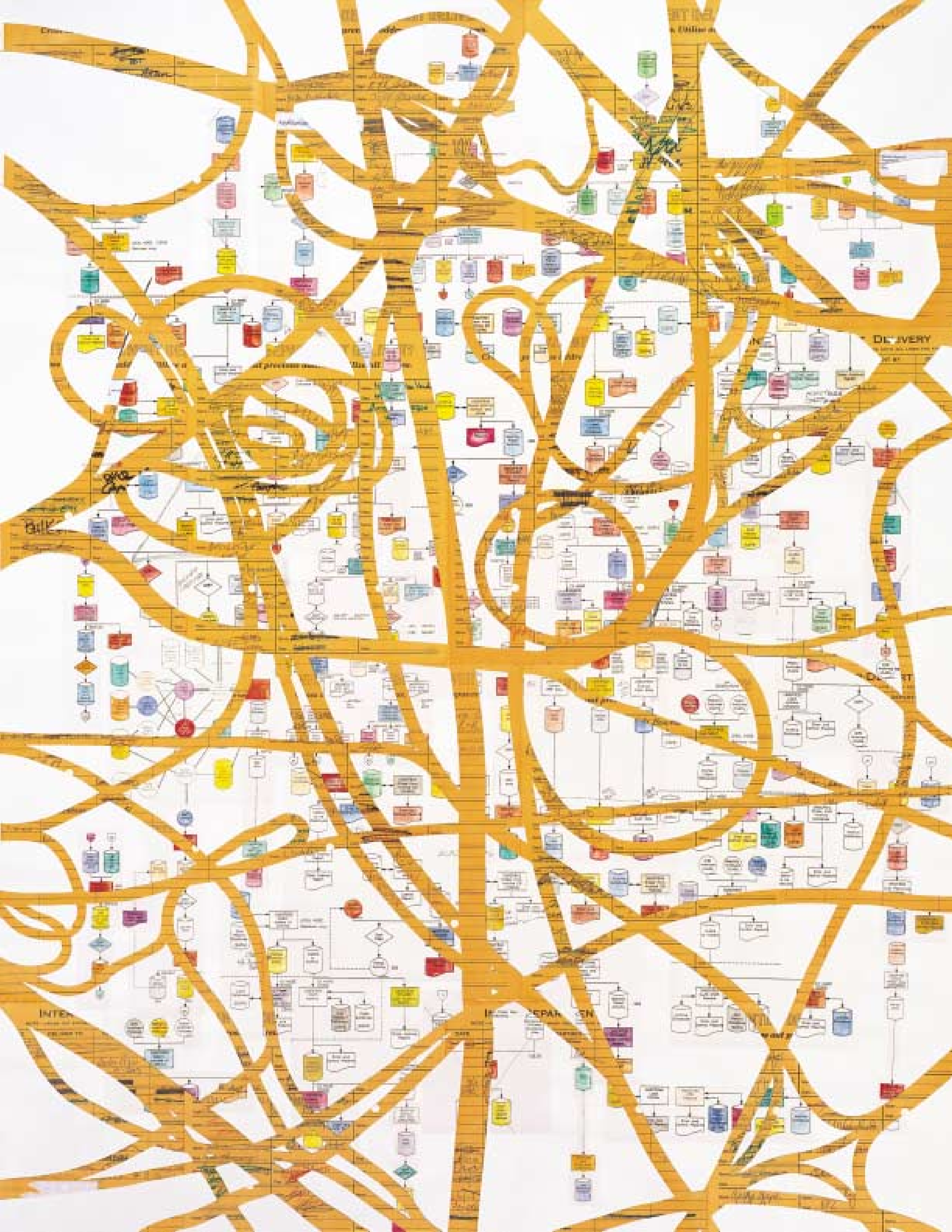
Our growing number of Progressive employee customers (myself included) are, with my encouragement, becoming our toughest critics on product and service details that could enhance the customer experience. We aspire to be recognized as the preeminent consumer franchise in auto insurance and understand this requires an extraordinary commitment to service delivery. Our surveys all show improving customer service, but valid complaints and certain survey data tell us our task is still far from done. We have committed a significant amount of talent and resources to improving all of our customer contacts.

I have often described Progressive as a technology company in the auto insurance business. Much of what we have achieved has been made possible by our talented information technology staff, and we certainly would not have been able to support our growth without extraordinary commitment to our technology capacity and capabilities. We see the future with our agents being very dependent on technology and are developing applications that allow us and our agents to do more, easier and at less cost. We are placing equal emphasis on infrastructure platforms to maintain strategic or cost advantages. For example, we are months away from replacing a billing system that does not provide the flexibility we need in today's world of bill payment options. Within 2004, our claims group will deploy new technology that better reflects the process and workflow of our claims handling. Our continuous investment in technology over the past several years has positioned us well to remain a leader in technology solutions for service delivery to both our customers and agents, and we are committed to a level of technology investment that ensures we never constrain the business.



☑ CLAIM CENTERS – 1 STOP SHOP

AFTER AN ACCIDENT, CUSTOMERS WANT ONE THING – THEIR CAR FIXED, FAST. WITH OUR CLAIMS SERVICE CENTERS WE ADD AN UNPARALLELED LEVEL OF ONE-STOP CONVENIENCE FOR CUSTOMERS. DROP IT OFF, PICK UP A RENTAL, AND COME BACK WHEN YOUR CAR'S BEEN REPAIRED AND INSPECTED. AND, BY THE WAY, THE WORK IS GUARANTEED.


DELIVERY

- MARKET CONDITIONS -

Market conditions evolved dramatically in 2003. Competitors enjoyed the benefits of reduced frequency and generally improved pricing. We expect the 2003 industry-wide combined ratio for personal auto will be less than 100%—the second time in 25 years. We cannot predict future accident frequency rates, just as we failed to predict the extent to which frequency has fallen. However, the outlook appears generally favorable and accident severity is well in check. Given this scenario, we expect the advantages we have enjoyed due to our early positioning and rate adequacy will diminish to some degree. Nevertheless, we believe we are well positioned to advance our game plan and grow at several times the industry growth rate. Our strong margins will allow us to focus on retaining customers and to introduce new product improvements faster. Our business goals remain the same and over time we expect to see our underwriting margins moving closer to our planned 4%. Our focus remains on auto insurance and striving to be the best auto insurance choice for all consumers.

We believe the U.S. personal auto insurance market will continue to consolidate with the top 15 or 20 players growing at the expense of smaller players. Success in the auto sector will increasingly require scale and superior execution in information technology, pricing segmentation, claims handling and brand development. Progressive, the #1 writer of auto insurance through independent agencies, the #3 direct writer and #3 overall, is well positioned to execute on these requirements for success, allowing us to build sustainable margin advantages over many competitors and to reduce our exposure to the amplitude of industry profit and growth cyclicality.

PRIVATE PASSENGER AUTO RANKINGS

		Market Share
1	State Farm	20.1%
2	Allstate	11.4%
3	Progressive	7.0%
4	GEICO	5.4%
5	Nationwide	4.6%
6	USAA	3.8%
7	Farmers/Zurich	3.8%
8	Liberty Mutual	2.5%
9	AIG	2.4%
10	American Family	2.1%

Based on estimated 2003 net premiums written.

PRIVATE PASSENGER AUTO RANKINGS
(For Illustrative Purposes Only)

		Market Share
1	State Farm	20.1%
2	Allstate	11.4%
3	GEICO[1]	5.4%
4	Progressive - Agency	4.8%
5	Nationwide	4.6%
6	USAA[1]	3.8%
7	Farmers/Zurich	3.8%
8	Liberty Mutual	2.5%
9	AIG	2.4%
10	Progressive - Direct	2.2%

Presents rankings if Progressive's Agency and Direct businesses were reported separately.

[1]Classified as direct writers

- CAPITAL MANAGEMENT -

Our investment and capital management strategy remains squarely focused on ensuring insurance operations have sufficient capital to support all the insurance we can profitably underwrite and service. We ended 2003 with $12.5 billion in invested assets, up from $10.3 billion in December 2002. On the same basis, shareholders' equity was $5 billion, up from $3.8 billion.

We revised two Financial Policies this year.

We restated our position on financial leverage to maintain debt below 30% of total capital, rather than between 20% and 30%. With a January 2004 repayment of $200 million of maturing debt and strong cash flow from operations, our debt level will soon drop below our previously established 20% floor. We believe we have sufficient capital to support our anticipated immediate growth.

We will begin a process in 2004 to slowly increase operating leverage through higher premiums-to-surplus ratios in our agency, direct and commercial insurance subsidiaries where permitted. We are more skilled at underwriting and believe the trade off between lower financial leverage and increased operating leverage will lead to more efficient capital usage with less risk. We will revise our policy from a simple 3:1 premiums-to-surplus ratio in favor of sustaining the ratio at efficient levels and below applicable state regulations.

Throughout the year, we reaffirmed our position that we would repurchase shares when our capital position, view of the future and the stock's price make it attractive to do so. We also repurchase shares to neutralize the dilution from stock options exercised since 2000, and restricted stock issued, which replaced the use of non-qualified stock options for long-term compensation of senior management beginning in 2003. During the year, we repurchased 5 million shares and ended the year with 216.4 million shares outstanding as compared with 218.0 million at year-end 2002.

- EXPANDED SCOPE AND FREQUENCY OF DISCLOSURE -

Our reporting of results monthly is the norm for us and we continuously strive to enhance the quality of the communication. During the course of 2003, we enhanced our monthly reporting by including investment income, net income and earnings per share figures. In addition, we included a condensed GAAP balance sheet, monthly share repurchase activity and the fully taxable equivalent total return on investments. We expect our monthly releases to supplant the importance of quarterly reports in 2004. We will offer brief management analyses each month to anticipate owners' and analysts' questions.

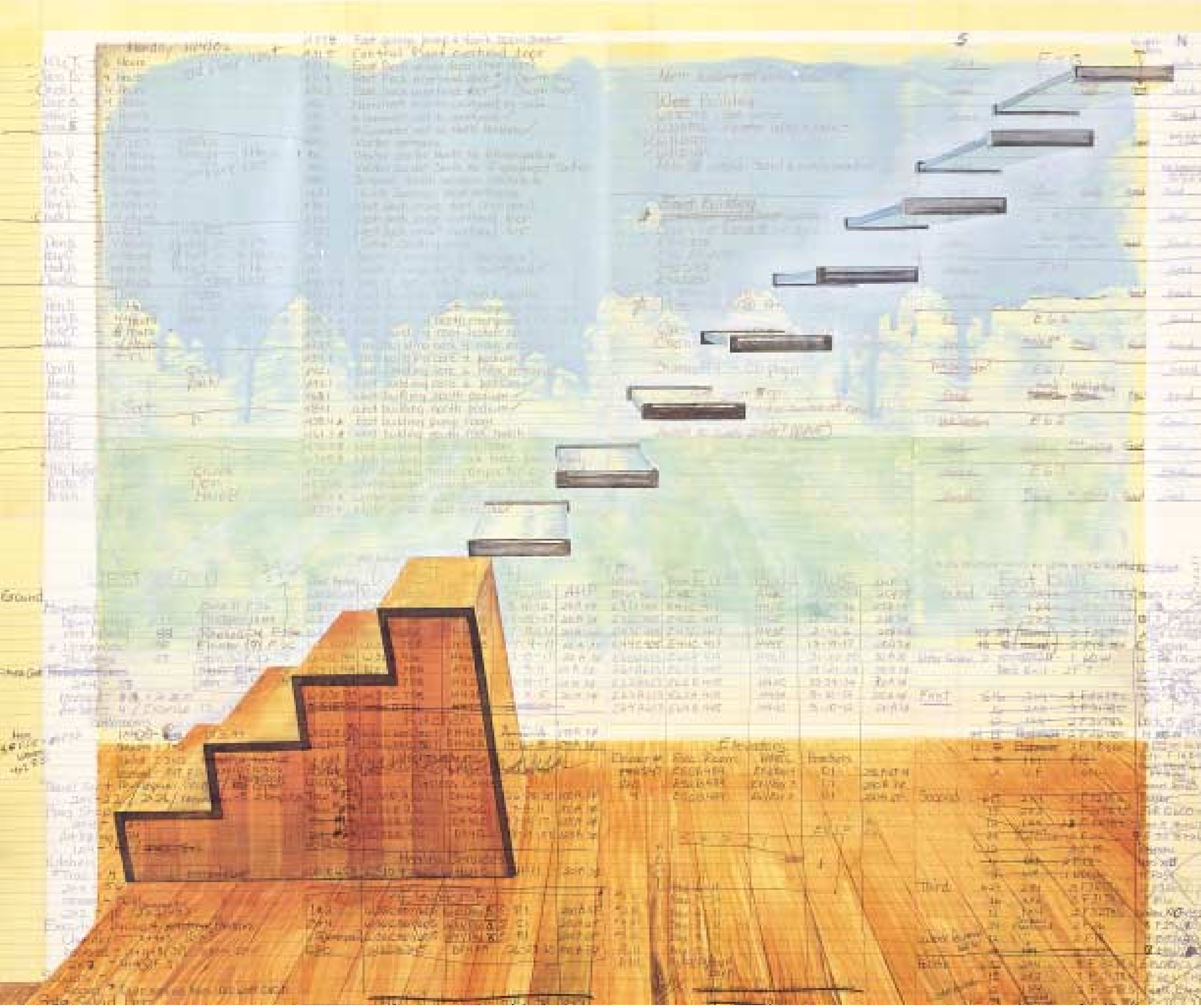
- PROGRESSIVE TODAY AND TOMORROW -

From one perspective, Progressive has changed significantly from only a few years ago: new products, new means of distribution, new services, new facilities, and many new faces—there are now over 25,000 Progressive people. What hasn't changed are our objectives and values. In 1974, then CEO and now Chairman, Peter Lewis wrote *"There is a simpler, easier way—but it's not the Progressive way. Our way is not easy and we may even be crazy—but we are going to do it and we will be proud."* Today, as then, our culture is defined by people who enjoy working hard, growing constantly, performing well and being rewarded competitively. Our objectives are demanding and hard to achieve, and our organization is proud when we do so.

This year was special in so many ways, but for some, the highlight was surpassing the $10 billion premium milestone, an event that seemed so Herculean when first targeted in the early 1990s. We celebrated company-wide and quickly resumed work on the next items on our list. As good as 2003 was, I look forward to 2004 and continuing to build toward our aspiration of being Consumers' No. 1 Choice for Auto Insurance.

We deeply appreciate the customers we are privileged to serve, the Progressive people who serve them, the agents who choose to represent us and the shareholders who believe in what we are doing.

Glenn M. Renwick
President and Chief Executive Officer



☐ CONSUMERS' #1 CHOICE

PRICE, SERVICE AND RECOMMENDATIONS FROM OTHERS WHO HAVE HAD AN INTERACTION WITH US AND WERE DELIGHTED BY THE LEVEL OF SERVICE — THAT'S WHAT WILL MAKE US CONSUMERS' FIRST CHOICE.

- AGENCY -

Progressive's Agency operations enjoyed positive results in 2003. We were able to strengthen our position as the nation's largest writer of private passenger auto insurance through independent agents by growing 24% to $7.2 billion. Our Agency business now represents slightly less than 5% of the U.S. personal auto insurance market.

Despite the gradual softening of the market through the year, new application growth was healthy, helping to drive auto policies in force up 17%. Our drop in loss ratio reflects favorable loss trends for the year, particularly in frequency. Our expense ratio continues to be a competitive advantage relative to our Agency competitors.

The Agency business invested in technology improvements, enabling agents easily and quickly to service their customers online, and introduced a Web-based quoting platform. We improved phone service by creating a customer services team devoted exclusively to serving agents. We believe that our systems, coupled with the service provided by our claims and customer services groups, give us a distinct advantage in acquiring agents' business. We try to make it easy and efficient for agents to meet the demands of their customers. Internal and external survey data suggest that agents are aware of our strengths in service and technology and that it is an important factor in deciding whether to place business with us.

In addition, our special lines insurance products, primarily motorcycles, motor homes and watercraft, had another tremendous year, with policies in force growing 22%. Our broad-based distribution strategy (over 30,000 independent insurance agencies appointed across the country) helps ensure that these niche products continue to thrive. Technology and service strategies parallel to auto makes using these products an easy choice for our agents.

(in billions)

	2003	2002	CHANGE
Net Premiums Written	$ 7.2	$ 5.8	24%
Net Premiums Earned	$ 6.9	$ 5.5	25%
Loss and loss adjustment expense ratio	68.4	72.0	3.6 pts.
Underwriting expense ratio	19.6	21.0	1.4 pts.
	88.0	93.0	5.0 pts.
Auto Policies in Force (in thousands)	3,966	3,386	17%

☐ FAST, FAIR, BETTER – EVERYTHING OUR LITMUS TEST FOR EVERY CUSTOMER EXPERIENCE.

- DIRECT -

Progressive's Direct operations had a good 2003, growing 29% to $3.3 billion. The Direct business represents about 2% of the U.S. personal auto insurance market.

Our advertising continues to differentiate our brand by helping consumers better understand our focus on making car insurance easier. We increased our ad spending during the year as we attempted to broaden the reach of our messages while maintaining a strong presence in an increasingly crowded advertising space. Through continued analysis, we improved our media buying with the objective of optimizing our advertising dollars.

We also made our cost accounting even stronger, placing particular emphasis on how we measure the amount we will spend to acquire a customer, better understanding acquisition spend by channel, tier and medium, and forecasting how long we need to retain a customer in order to recover our fixed costs. We continued to refine our pricing to provide the most accurate prices possible.

We invested further in developing a superior experience for our customers. A new customer can now benefit from more rate comparisons, faster quotes, a report that details how personal credit information affects prices (where applicable) and more counseling on coverages, limits and deductibles.

We are pleased with improvements in important measures such as sales conversion, early term retention, and customers' use of the Internet and electronic payments.

(in billions)

	2003	2002	CHANGE
Net Premiums Written	$ 3.3	$ 2.5	29%
Net Premiums Earned	$ 3.1	$ 2.4	31%
Loss and loss adjustment expense ratio	67.4	69.1	1.7 pts.
Underwriting expense ratio	20.3	22.3	2.0 pts.
	87.7	91.4	3.7 pts.
Auto Policies in Force (in thousands)	1,852	1,541	20%

- COMMERCIAL AUTO -

Commercial Auto had another strong year, solidifying our position as the third largest commercial auto carrier. Written premiums grew 35% to $1.4 billion, representing about 5% of the U.S. commercial auto insurance market. Competitors' rate actions moderated in 2003 after double digit increases the previous two years. However, as other carriers took actions to return their general liability and workers' compensation lines to profitability, many customer groups we serve were forced to shop for new auto coverage. This supported a 15% increase in new applications for the year and a 26% growth in policies. Like personal auto, the commercial business benefited from favorable loss frequency trends. These loss trends, coupled with rate actions we took in 2002, resulted in an eight point improvement in the loss/LAE ratio.

During the year, we made significant investments in systems to mirror the technology and service strategies of Personal Lines. Following parallel technology and service strategies aligns us with emerging standardized work flow within most agents' offices, making it much easier and more cost effective for agents to sell and service the small business owner who is a Progressive Commercial Auto customer.

Progressive has twice as many commercial customers now than at the end of 2000. This information has allowed us to refine underwriting and enhance coverages for key product groups. We are also mining this larger data set to improve our product model and price segmentation. Introducing these changes throughout 2004 and into 2005 should support moderate, but continued growth of our commercial business.

(in billions)

	2003	2002	CHANGE
Net Premiums Written	$ 1.4	$ 1.0	35%
Net Premiums Earned	$ 1.2	$ .9	39%
Loss and loss adjustment expense ratio	62.7	70.7	8.0 pts.
Underwriting expense ratio	19.8	20.2	.4 pts.
	82.5	90.9	8.4 pts.
Auto Policies in Force (in thousands)	365	289	26%

- INVESTMENT OPERATIONS -

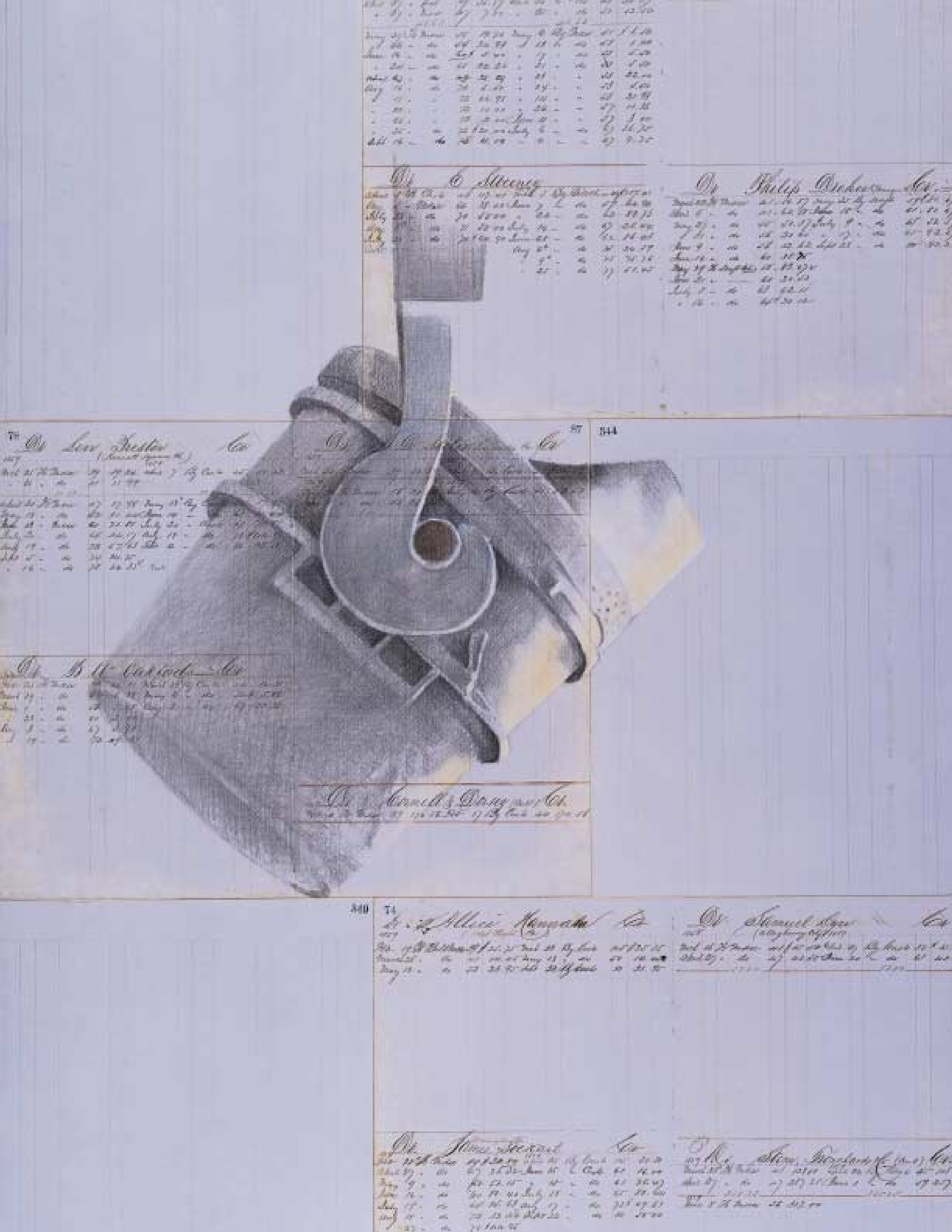
The investment environment in 2003 was more favorable than in 2002. We are pleased with our results on both an absolute basis and relative to our expectations at the start of the year. The economy improved, resulting in stronger valuations for stocks, modestly higher U.S. Treasury yields and generally lower risk premiums for non-U.S. Treasury bonds. We maintained our asset allocation discipline of investing approximately 15% of our portfolio in equities and 85% in fixed income securities. Both asset classes produced positive total returns, with stocks rebounding sharply. We kept our exposure to interest rate risk low and our credit quality high. During the year, our fixed income portfolio duration ranged from just under 3 years to 3.3 years at the end of 2003 and our weighted average credit rating ranged from AA to AA+. Substantial cash flow from operations and positive investment returns contributed to strong portfolio growth. We have increased the rigor of our portfolio analytics and plan to upgrade our ability to measure portfolio exposures.

We feel well positioned for the coming year. With the interest rates low on all fixed income sectors, we continue to like our short duration, high quality investment strategy. We continue to believe that the underwriting business remains the most attractive place to invest our capital.

	2003	2002
Fully taxable equivalent total return:		
Fixed income securities	5.5%	10.1%
Common stocks	28.6%	(21.5)%
Total portfolio	8.7%	5.5%
Duration of fixed income securities	3.3 years	3.2 years
Weighted average credit quality	AA	AA

☑ AGENT TECHNOLOGY

THE MORE THAN 30,000 INDEPENDENT INSURANCE AGENCIES THAT CHOOSE TO SELL PROGRESSIVE ARE PROVIDED WITH INNOVATIVE SYSTEMS THAT MAKE DOING BUSINESS WITH US FAST AND EASY.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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DECEMBER 31, 2003, 2002 AND 2001)

BASIS OF PRESENTATION - THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS INCLUDE THE ACCOUNTS OF THE PROGRESSIVE CORPORATION, ITS SUBSIDIARIES AND AFFILIATES (THE COMPANY). THESE FINANCIAL STATEMENTS SHOULD BE READ IN CONJUNCTION WITH THE COMPLETE CONSOLIDATED FINANCIAL STATEMENTS, INCLUDING COMPLETE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, AS WELL AS MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AND SUPPLEMENTAL INFORMATION, WHICH ARE INCLUDED IN THE COMPANY'S 2003 ANNUAL REPORT TO SHAREHOLDERS, WHICH IS ATTACHED AS AN APPENDIX TO THE PROGRESSIVE CORPORATION'S 2004 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 the Company's Annual Report on Form 10-K, including the financial statements provided in this Report and in the 2003 Annual Report to Shareholders, which is attached as an Appendix in the Company's 2004 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 the Company as of, and for, the periods presented. See Exhibits 31 and 32 to the Company's Annual Report on Form 10-K for the complete Section 302 and 906 Certifications, respectively.

- REPORT OF PRICEWATERHOUSECOOPERS LLP, INDEPENDENT AUDITORS -

To the Board of Directors and Shareholders, The Progressive Corporation:
We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of The Progressive Corporation as of December 31, 2003 and 2002, and for each of the three years in the period ended December 31, 2003, appearing in The Progressive Corporation's 2003 Annual Report, which is attached as an Appendix to The Progressive Corporation's 2004 Proxy Statement (which statements are not presented herein); and in our report dated January 21, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2003 and 2002 and the related condensed consolidated statements of income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2003 is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP

Cleveland, Ohio
January 21, 2004

CONSOLIDATED STATEMENTS OF INCOME

(millions—except per share amounts)

For the years ended December 31,	2003	2002	2001
REVENUES			
Net premiums earned	$ 11,341.0	$ 8,883.5	$ 7,161.8
Investment income	465.3	455.2	413.6
Net realized gains (losses) on securities	12.7	(78.6)	(111.9)
Service revenues	41.8	34.3	24.7
Other income[1]	31.2	—	—
Total revenues	11,892.0	9,294.4	7,488.2
EXPENSES			
Losses and loss adjustment expenses	7,640.4	6,299.1	5,264.1
Policy acquisition costs	1,249.1	1,031.6	864.9
Other underwriting expenses	1,010.1	874.2	686.9
Investment expenses	11.5	11.5	12.7
Service expenses	25.7	22.0	19.8
Interest expense	95.5	74.6	52.2
Total expenses	10,032.3	8,313.0	6,900.6
NET INCOME			
Income before income taxes	1,859.7	981.4	587.6
Provision for income taxes	604.3	314.1	176.2
Net income	$ 1,255.4	$ 667.3	$ 411.4
COMPUTATION OF EARNINGS PER SHARE			
Basic:			
Average shares outstanding	216.8	219.0	221.0
Per share	$ 5.79	$ 3.05	$ 1.86
Diluted:			
Average shares outstanding	216.8	219.0	221.0
Net effect of dilutive stock-based compensation	3.7	4.2	4.2
Total equivalent shares	220.5	223.2	225.2
Per share	$ 5.69	$ 2.99	$ 1.83

[1]Represents the interest earned on the income tax refund the Company will receive. See *Note 3—Income Taxes*, in the Company's 2003 Annual Report to Shareholders, for further discussion.

All share and per share amounts were adjusted for the April 22, 2002, 3-for-1 stock split.

See notes to the complete consolidated financial statements included in the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.


The Progressive Corporation
SPECIMEN
SHARE CERTIFICATE

CONSOLIDATED BALANCE SHEETS

(millions)

December 31,	2003	2002
ASSETS		
Investments:		
Available-for-sale:		
Fixed maturities, at market (amortized cost: $8,899.0 and $7,409.4)	$ 9,133.4	$ 7,712.5
Equity securities, at market:		
Preferred stocks (cost: $751.3 and $631.9)	778.8	656.7
Common equities (cost: $1,590.6 and $1,425.3)	1,972.1	1,347.3
Short-term investments, at amortized cost (market: $648.0 and $567.8)	648.0	567.8
Total investments	12,532.3	10,284.3
Cash	12.1	16.9
Accrued investment income	97.4	77.9
Premiums receivable, net of allowance for doubtful accounts of $66.8 and $54.6	2,079.6	1,742.8
Reinsurance recoverables, including $41.4 and $34.8 on paid losses	271.3	215.7
Prepaid reinsurance premiums	114.7	96.7
Deferred acquisition costs	412.3	363.5
Income taxes	81.6	219.2
Property and equipment, net of accumulated depreciation of $476.4 and $392.4	584.7	503.1
Other assets	95.5	44.3
Total assets	$ 16,281.5	$ 13,564.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unearned premiums	$ 3,894.7	$ 3,304.3
Loss and loss adjustment expense reserves	4,576.3	3,813.0
Accounts payable, accrued expenses and other liabilities	1,290.1	1,190.1
Debt	1,489.8	1,489.0
Total liabilities	11,250.9	9,796.4
Shareholders' equity:		
Common Shares, $1.00 par value (authorized 300.0, issued 230.1, including treasury shares of 13.7 and 12.1)	216.4	218.0
Paid-in capital	688.3	584.7
Unamortized restricted stock	(28.9)	—
Accumulated other comprehensive income (loss):		
Net unrealized appreciation on investment securities	418.2	162.4
Net unrealized gains on forecasted transactions	10.7	11.7
Foreign currency translation adjustment	(3.9)	(4.8)
Retained earnings	3,729.8	2,796.0
Total shareholders' equity	5,030.6	3,768.0
Total liabilities and shareholders' equity	$ 16,281.5	$ 13,564.4

See notes to the complete consolidated financial statements included in the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.

Consolidated Statements of Changes in Shareholders' Equity

(millions—except per share amounts)

For the years ended December 31,	2003		2002		2001	
RETAINED EARNINGS						
Balance, Beginning of year	$2,796.0		$2,497.4		$2,220.4	
Net income	1,255.4	$ 1,255.4	667.3	$ 667.3	411.4	$ 411.4
Cash dividends on Common Shares ($.100, $.096 and $.093 per share, split effected)	(21.7)		(21.1)		(20.6)	
Treasury shares purchased	(297.5)		(200.7)		(112.5)	
Capitalization of stock split	—		(147.0)		—	
Other, net	(2.4)		.1		(1.3)	
Balance, End of year	$3,729.8		$2,796.0		$2,497.4	
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						
Balance, Beginning of year	$ 169.3		$ 125.9		$ 64.7	
Change in unrealized appreciation		255.8		40.9		52.0
Net unrealized gains on forecasted transactions		(1.0)		2.5		9.2
Foreign currency translation adjustment		.9		—		—
Other comprehensive income	255.7	255.7	43.4	43.4	61.2	61.2
Balance, End of year	$ 425.0		$ 169.3		$ 125.9	
Comprehensive Income		$ 1,511.1		$ 710.7		$ 472.6
COMMON SHARES, $1.00 PAR VALUE						
Balance, Beginning of year	$ 218.0		$ 73.4		$ 73.5	
Stock options exercised	2.8		1.2		.8	
Treasury shares purchased	(5.0)		(3.6)		(.9)	
Restricted stock issued, net of forfeitures	.6		—		—	
Capitalization of stock split	—		147.0		—	
Balance, End of year	$ 216.4		$ 218.0		$ 73.4	
PAID-IN CAPITAL						
Balance, Beginning of year	$ 584.7		$ 554.0		$ 511.2	
Stock options exercised	47.2		21.4		25.2	
Tax benefits on stock options exercised	44.0		19.3		24.4	
Treasury shares purchased	(14.3)		(10.0)		(6.8)	
Restricted stock issued, net of forfeitures	26.7		—		—	
Balance, End of year	688.3		$ 584.7		$ 554.0	
UNAMORTIZED RESTRICTED STOCK						
Balance, Beginning of year	$ —		$ —		$ —	
Restricted stock issued, net of forfeitures	(37.3)		—		—	
Restricted stock market value adjustment	(2.6)		—		—	
Amortization of restricted stock	11.0		—		—	
Balance, End of year	(28.9)		$ —		$ —	
TOTAL SHAREHOLDERS' EQUITY	$ 5,030.6		$ 3,768.0		$ 3,250.7	

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.

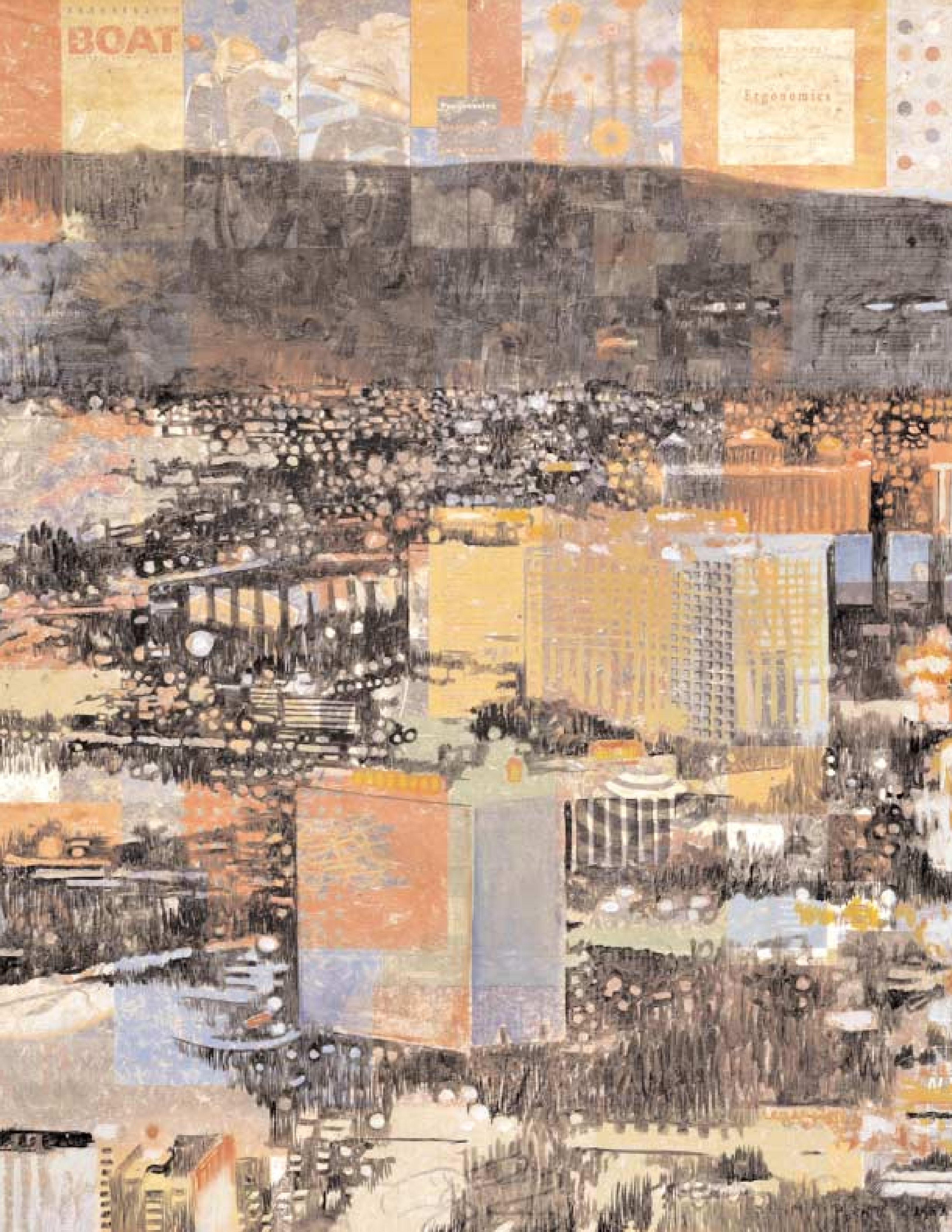
See notes to the complete consolidated financial statements included in the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)

For the years ended December 31,	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 1,255.4	$ 667.3	$ 411.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	89.3	83.9	81.0
Amortization of restricted stock	11.0	—	—
Net realized (gains) losses on securities	(12.7)	78.6	111.9
Changes in:			
Unearned premiums	590.4	587.6	80.2
Loss and loss adjustment expense reserves	763.3	575.0	251.6
Accounts payable, accrued expenses and other liabilities	124.5	256.6	103.4
Prepaid reinsurance premiums	(18.0)	(19.1)	18.1
Reinsurance recoverables	(55.6)	(14.2)	36.2
Premiums receivable	(336.8)	(245.7)	69.9
Deferred acquisition costs	(48.8)	(46.9)	(6.7)
Income taxes	(.1)	(65.1)	30.2
Tax benefits from exercise of stock options	44.0	19.3	24.4
Other, net	31.0	34.7	23.0
Net cash provided by operating activities	2,436.9	1,912.0	1,234.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases:			
Available-for-sale: fixed maturities	(9,491.6)	(7,924.9)	(4,935.2)
equity securities	(771.2)	(680.7)	(1,696.0)
Sales:			
Available-for-sale: fixed maturities	7,189.3	5,823.3	3,335.5
equity securities	337.8	412.0	1,436.3
Maturities, paydowns, calls and other:			
Available-for-sale: fixed maturities	779.2	594.0	451.9
equity securities	91.7	—	135.9
Net purchases of short-term investments	(80.2)	(340.4)	(40.6)
Net unsettled security transactions	(37.1)	115.3	(95.3)
Purchases of property and equipment	(171.1)	(89.9)	(74.9)
Net cash used in investing activities	(2,153.2)	(2,091.3)	(1,482.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of stock options	50.0	22.6	26.0
Proceeds from debt	—	398.6	365.4
Payments of debt	—	(.8)	(.5)
Dividends paid to shareholders	(21.7)	(21.1)	(20.6)
Acquisition of treasury shares	(316.8)	(214.3)	(120.2)
Net cash provided by (used in) financing activities	(288.5)	185.0	250.1
Increase (decrease) in cash	(4.8)	5.7	2.3
Cash, Beginning of year	16.9	11.2	8.9
Cash, End of year	$ 12.1	$ 16.9	$ 11.2

See notes to the complete consolidated financial statements included in the Company's 2003 Annual Report to Shareholders, which is attached as an Appendix to the Company's 2004 Proxy Statement.


BOAT
Ergonomics

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 the Company's pricing and loss reserving methodologies; pricing competition and other initiatives by competitors; the Company's ability to obtain regulatory approval for requested rate changes and the timing thereof; the effectiveness of the Company's advertising campaigns; legislative and regulatory developments; the outcome of litigation pending or that may be filed against the Company; weather conditions (including the severity and frequency of storms, hurricanes, snowfalls, hail and winter conditions); changes in driving patterns and loss trends; acts of war and terrorist activities; court decisions and trends in litigation and health care and auto repair costs; and other matters described from time to time by the Company in releases and publications, and in periodic reports and other documents filed with the United States Securities and Exchange Commission. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a major contingency. Reported results may therefore 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. Dividends are customarily paid on the last day of each quarter. The 2004 quarterly dividend record dates, subject to Board approval, are as follows: March 12, June 11, September 10 and December 10.

	STOCK PRICE				
QUARTER	HIGH	LOW	CLOSE	RATE OF RETURN	DIVIDENDS PER SHARE
2003					
1	$ 60.41	$ 46.25	$ 59.31		$ .025
2	76.38	59.66	73.10		.025
3	75.81	64.25	69.11		.025
4	84.68	69.11	83.59		.025
	$ 84.68	$ 46.25	$ 83.59	68.7%	$ .100
2002					
1	$ 55.80	$ 46.75	$ 55.54		$ .023
2	60.49	54.64	57.85		.023
3	57.77	44.75	50.63		.025
4	58.30	48.79	49.63		.025
	$ 60.49	$ 44.75	$ 49.63	(.1)%	$ .096

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 16, 2004, at 10 a.m. eastern time. There were 4,103 shareholders of record on December 31, 2003.

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

Toll-Free Telephone Number For assistance after an accident or to report a claim, 24 hours a day, 7 days a week, call: 1-800-PROGRESSIVE (1-800-776-4737).

To check rates available to you from Progressive and other leading auto insurance companies, call: 1-800-PROGRESSIVE (1-800-776-4737) or visit: progressive.com.

For 24 Hour Customer Service, call: 1-800-PROGRESSIVE (1-800-776-4737)

Counsel Baker & Hostetler LLP, Cleveland, Ohio

Transfer Agent and Registrar If you have questions about a specific stock ownership account, write or call: National City Bank, Corporate Trust Operations, Dept. 5352, 4100 W. 150th St., Cleveland, Ohio 44135. Phone: 1-800-622-6757.

Charitable Contributions Progressive supports qualified not-for-profit organizations working to reduce the human trauma and economic cost of auto accidents. In addition, The Progressive Insurance Foundation, established in December 2001, will contribute to qualified tax-exempt organizations that are financially supported by Progressive employees.

Interactive Annual Report The Progressive Corporation's 2003 Annual Report, in an interactive format, can be found at: progressive.com/annualreport.

Corporate Governance The Company'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 the Company may report such complaint or concern directly to the Chairman of the Audit Committee, as follows:

Philip A. Laskawy, Audit Committee Chairman, 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. The Company 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 The Company will not retaliate against any officer or employee of the Company 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.

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

To request copies of public financial information on the Company, 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: 1-440-395-2258.

For financial-related information, call: 1-440-395-2222 or e-mail: investor_relations@progressive.com.

For stock ownership account information, call: National City Bank at 1-800-622-6757.

For all other Company information, call: 1-440-461-5000 or e-mail: webmaster@progressive.com.

DIRECTORS AND OFFICERS

- DIRECTORS -

Milton N. Allen[1,2,6]
Consultant, Director and Trustee,
Profit and Not-for-profit Organizations

B. Charles Ames[1,6]
Partner,
Clayton, Dubilier & Rice, Inc.
(investment banking)

Charles A. Davis[3,5,6]
Chairman and Chief Executive Officer,
MMC Capital, Inc.
(private equity investing)

Stephen R. Hardis[2,4,5,6]
Chairman of the Board,
Axcelis Technologies, Inc.
(manufacturing)

Bernadine P. Healy, M.D.[3,6]
Medical & Science Columnist, U.S. News & World Report,
(publishing)
formerly President and Chief Executive Officer,
American Red Cross
(emergency services)

Jeffrey D. Kelly[4,6]
Executive Vice President and Chief Financial Officer,
National City Corporation
(commercial banking)

Philip A. Laskawy[1,6]
formerly Chairman and Chief Executive Officer,
Ernst & Young LLP
(professional services)

Peter B. Lewis[2]
Chairman of the Board

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

Glenn M. Renwick[2]
President and Chief Executive Officer

Donald B. Shackelford[4,6]
Chairman,
Fifth Third Bank,
Central Ohio
(commercial banking)

Bradley T. Sheares, Ph.D.[6]
President,
U.S. Human Health Division of Merck & Co., Inc.
(health care)

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

- CORPORATE OFFICERS -

Peter B. Lewis
Chairman

Glenn M. Renwick
President and Chief Executive Officer

W. Thomas Forrester
Vice President and Chief Financial Officer

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

Thomas A. King
Vice President and Treasurer

Jeffrey W. Basch
Vice President and Chief Accounting Officer

- CONTACT NON-MANAGEMENT DIRECTORS -

Interested parties have the ability to contact non-management directors as a group by sending a written communication clearly addressed to the non-management directors or any one 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.

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