



ABOUT PROGRESSIVE

The Progressive Group of Insurance Companies, in business since 1937, is one of the country's largest auto insurance groups, the largest seller of motorcycle and boat policies, the market leader in commercial auto insurance, and one of the top 15 homeowners carriers, based on premiums written. Progressive is committed to becoming consumers', agents', and business owners' number one choice and destination for insurance and other financial needs by providing competitive rates and innovative products and services that meet customers' needs throughout their lifetimes, including superior mobile, online, and in-person customer service, and best-in-class, 24-hour claims service.

Progressive companies offer consumers choices in how to shop for, buy, and manage their insurance policies. Progressive primarily offers personal and commercial auto, motorcycle, boat, recreational vehicle, and home insurance. We also offer workers' compensation insurance primarily for the transportation industry, and business-related general liability and property insurance, predominantly for small businesses. We operate our Personal and Commercial Lines businesses through more than 40,000 independent insurance agencies throughout the U.S. and directly to consumers online, by phone, or via the Progressive mobile app. Our homeowners business is underwritten by Progressive companies and other select carriers, throughout the United States.

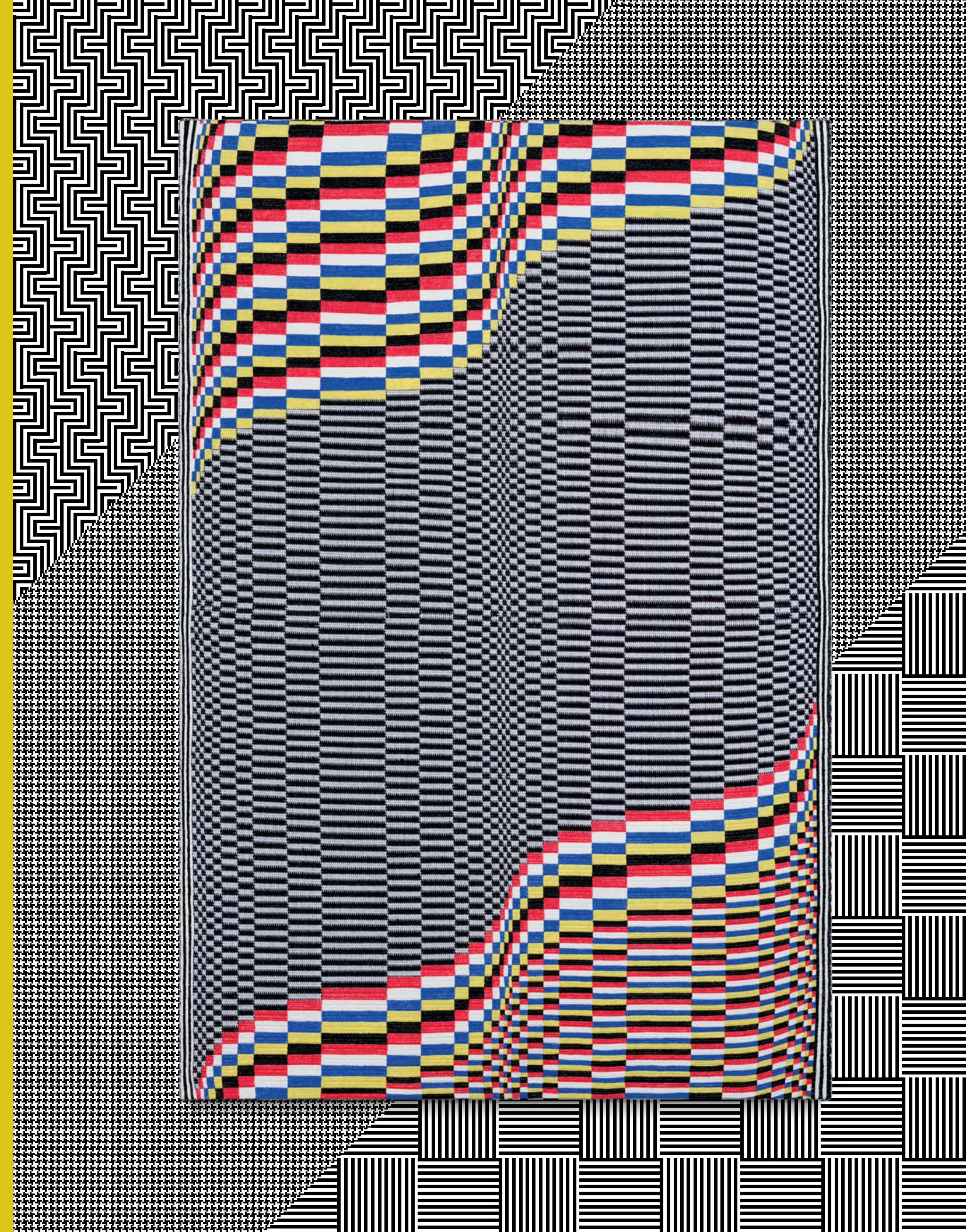
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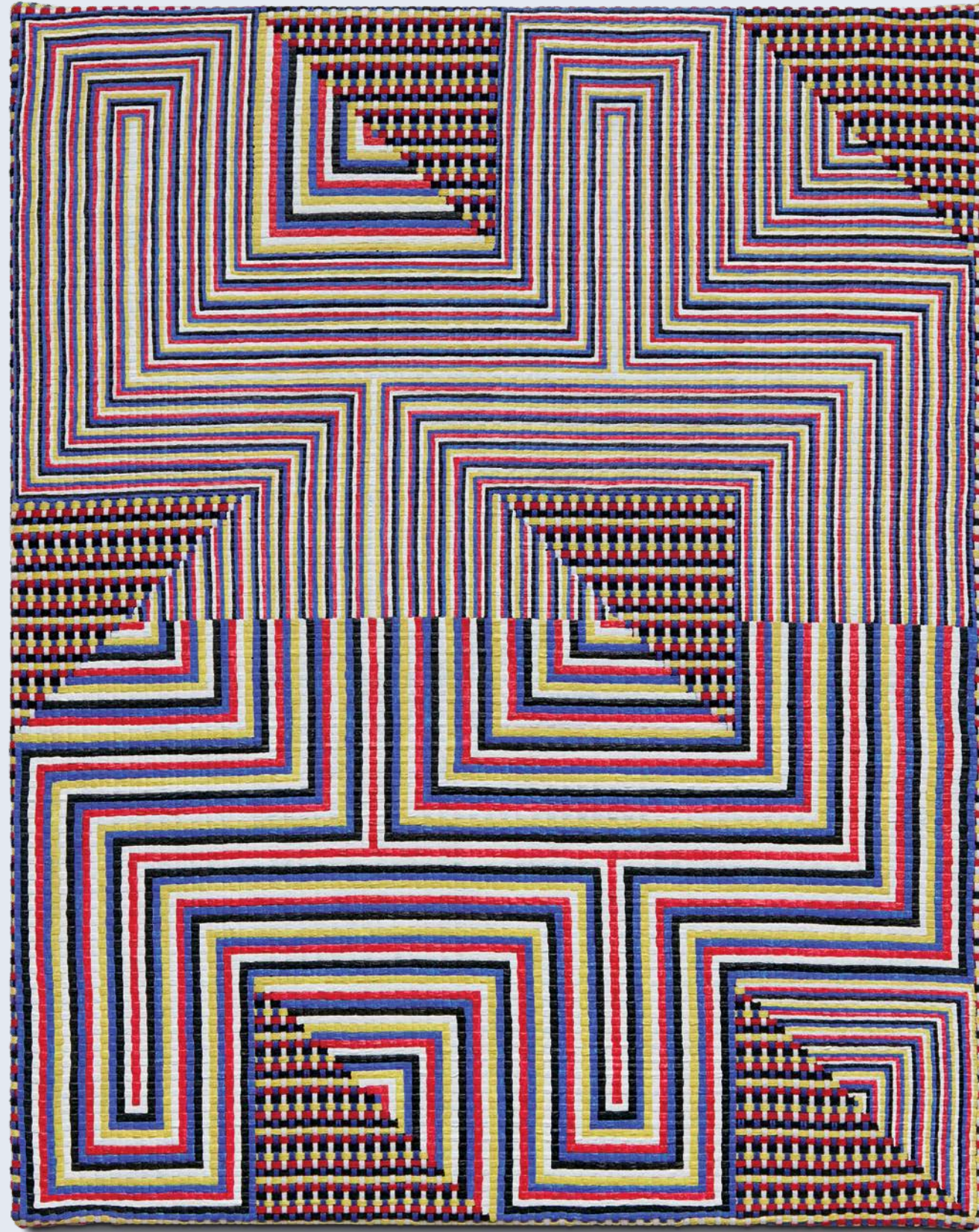
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front cover: Bayne Peterson, *Thinking About Seeing Clearly* (detail), 2022, dyed plywood; right: Samantha Bittman, *Untitled*, 2021, acrylic on hand-woven textile





Samantha Bittman, *Untitled*, 2020, acrylic on hand-woven textile

FIVE-YEAR FINANCIAL HIGHLIGHTS

(billions – except per share amounts)

	2022	2021	2020	2019	2018
For the Year					
Net premiums written	\$ 51.1	\$ 46.4	\$ 40.6	\$ 37.6	\$ 32.6
Growth over prior year	10%	14%	8%	15%	20%
Net premiums earned	\$ 49.2	\$ 44.4	\$ 39.3	\$ 36.2	\$ 30.9
Growth over prior year	11%	13%	8%	17%	20%
Total revenues	\$ 49.6	\$ 47.7	\$ 42.7	\$ 39.0	\$ 32.0
Net income	\$ 0.72	\$ 3.35	\$ 5.70	\$ 3.97	\$ 2.62
Per common share	\$ 1.18	\$ 5.66	\$ 9.66	\$ 6.72	\$ 4.42
Underwriting margin	4.2%	4.7%	12.3%	9.1%	9.4%

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

	2022	2021	2020	2019	2018
At Year-End					
Common shares outstanding (millions)	584.9	584.4	585.2	584.6	583.2
Book value per common share	\$ 26.32	\$ 30.35	\$ 28.27	\$ 22.54	\$ 17.71
Consolidated shareholders' equity	\$ 15.9	\$ 18.2	\$ 17.0	\$ 13.7	\$ 10.8
Common share close price	\$ 129.71	\$ 102.65	\$ 98.88	\$ 72.39	\$ 60.33
Market capitalization	\$ 75.9	\$ 60.0	\$ 57.9	\$ 42.3	\$ 35.2
Return on average common shareholders' equity					
Net income	4.4%	18.6%	35.6%	31.3%	24.7%
Comprehensive income (loss)	(13.5)%	13.6%	39.3%	35.0%	23.8%
Policies in force (thousands)					
Personal Lines					
Agency – auto	7,766.3	7,879.0	7,617.0	6,994.3	6,358.3
Direct – auto	10,131.0	9,568.2	8,881.4	7,866.5	7,018.5
Special lines	5,558.1	5,288.5	4,915.1	4,547.8	4,382.2
Total Personal Lines	23,455.4	22,735.7	21,413.5	19,408.6	17,759.0
Growth over prior year	3%	6%	10%	9%	10%
Commercial Lines					
Commercial Lines	1,046.4	971.2	822.0	751.4	696.9
Growth over prior year	8%	18%	9%	8%	8%
Property					
Property	2,851.3	2,776.2	2,484.4	2,202.1	1,936.5
Growth over prior year	3%	12%	13%	14%	32%
Companywide total	27,353.1	26,483.1	24,719.9	22,362.1	20,392.4
Growth over prior year	3%	7%	11%	10%	12%
Private passenger auto insurance market ¹	NA	\$ 252.8	\$ 243.7	\$ 247.7	\$ 240.9
Market share ²	NA	14.1%	13.5%	12.4%	11.1%

Stock Price Appreciation (Depreciation)³

	1-Year	3-Year	5-Year
Progressive	26.8%	25.8%	22.1%
S&P 500	(18.1)%	7.6%	9.4%

NA = Final comparable industry data will not be available until our third quarter report.

¹ Represents net premiums written as reported by A.M. Best Company, Inc.

² Represents Progressive's private passenger auto business, including motorcycle insurance, as a percent of the private passenger auto insurance market.

³ Represents average annual compounded rate of increase (decrease) and assumes dividend reinvestment.

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Samantha Bittman, *Untitled*, 2017, acrylic on hand-woven textile

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ABOUT THE ART

At Progressive, our people work together for and on behalf of each other, our customers, partners, communities, and shareholders. We may not always agree, but we are able to have spirited conversation around our differences, share our similarities, and try to find common ground to do the right thing. At the center of our interactions are our Core Values, and specifically our Golden Rule to treat others the way they want to be treated. With this as our foundation, we chose “unity” as the theme for the 2022 Annual Report because we know that listening, learning, and respecting each other makes us a substantially better company. To illustrate this concept, we compare and contrast the visual languages of two artists, Samantha Bittman and Bayne Peterson. We are inspired by the manner in which Bittman unites painting and weaving to create unexpected relationships between color, texture, and dimension. We also find balance in Peterson’s dynamic optical patterning and fluid sculptural forms. With wholly distinct, separate practices and contrasting materials, Bittman and Peterson pursue a similar geometric play and compositional harmony. Each artist’s work complements the other, ultimately illuminating their shared attributes. A selection of their recent works will join Progressive’s growing collection of contemporary art.

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FOUR CORNERSTONES

Our four cornerstones—who we are, why we are here, where we are headed, and how we will get there—are the construct Progressive uses to think about having a competitive advantage. These cornerstones permit all people associated with us to understand what we expect of ourselves and each other and how we conduct our business.

CORE VALUES > Who we are

Progressive's Core Values serve as the foundation for our culture. They represent our values, guide our decisions, and define how we conduct our business and interact with others. It's essential that they're understood and embraced by all Progressive people.

Integrity We revere honesty and adhere to high ethical standards to gain the trust and confidence of our customers. We value transparency, encourage disclosing bad news, and welcome disagreement.

Golden Rule We value and respect our differences, act with kindness and caring, and treat others as they want to be treated.

Objectives We set ambitious goals and evaluate our performance by measuring what we achieve and how we achieve it. We're committed to an inclusive and equitable workplace where rewards and promotion are based on results and ability.

Excellence We strive to meet or exceed the expectations of our teammates, customers, partners, and investors by continuously improving and finding new ways to meet their needs.

Profit We have a responsibility to ourselves, our customers, agents, and investors to be a profitable and enduring company by offering products and services consumers value.



PURPOSE > Why we're here

Progressive exists to help you move forward and live fully.

VISION > Where we're headed

Become consumers', agents', and business owners' #1 destination for insurance and other financial needs.



STRATEGY > How we'll get there

We will achieve our Vision through four Strategic Pillars:

1. Ensuring that our people and culture collectively remain our most powerful source of competitive advantage;
2. Meeting the broader needs of our customers throughout their lifetimes;
3. Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence; and
4. Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency.



Although annual shareholder letters typically reflect the year that just ended, it's really impossible not to think of these last three years as one continuous challenge. The fact is that Progressive employees love a good challenge and we have had to deal with a prodigious number of headwinds over these past several years. The way that we have all come together and the perseverance that we have demonstrated during these times, is just one of the many reasons why I chose Unity as the theme for this year's annual report.

LETTER TO SHAREHOLDERS

Together, we muscled through a pandemic that never seems to end, adjusted our underwriting actions to react to a year of severity trends like nothing we have experienced in at least the last 40 years, and, lastly, pivoted our focus to take the many actions necessary to achieve our objectives in what appeared to be an ever-changing landscape. Did I mention the largest hurricane in our history? In the end, I'll put it in the same ineloquent words that I used with my team, "We did it!" It wasn't easy and it was often painful, but we ended the year within our target margin with a 95.8 combined ratio (CR) and grew net premiums written (NPW) and policies in force by 10% and 3%, respectively. Proud doesn't even begin to describe how I feel about the unified efforts of literally every single Progressive person.

After navigating all the chicanes in the road, we had a lot to celebrate. I often say that our people and our culture are our greatest competitive advantage and during times such as these, that is truer than ever. This year we've put that into focus by celebrating "2022: The Year of You" with our employees in honor of our 85th anniversary. This thread has run through several of our employee engagement efforts, and two in particular stand out.

First, I set out to host 85 employees for small group lunches to celebrate Progressive's anniversary. The interest from our people was above and beyond what I expected. In response, I doubled the number and ultimately broke bread with about 170 employees—either virtually or in my office. With a hybrid workforce, this was a truly amazing way to spend time with more of our people and to have the opportunity to get to know them on a more personal level. For me, hearing directly from employees and getting feedback and the ground truth is one of my most important roles as a leader.

I thought that I would bring some of the sentiments to life by sharing a few quotes. As Jordan put it, "Sometimes you need an in-person event like this to re-energize you with the culture and the people of Progressive."

I received a heartfelt thank you note from Carrie that truly made my day. She said, "Thank you so much for a lovely lunch and great conversation. I am appreciative of the opportunity to hear from everyone about what they enjoy about Progressive, our culture and how we are adapting in our new normal. Thank you for bringing us together, sharing your time and most importantly demonstrating how to lead with empathy and strength."

The second engagement effort was on a much larger scale. We introduced a companywide program designed to make 2022 about our people and what means the most to them. Through our “Big Wish” initiative, employees described—in just a few words—a special wish they had and how it would make a difference in their lives if this wish would come true. The response was incredible. We received more than 9,000 wishes! Although it was difficult, we chose entries from each business area and surprised hundreds of employees with everything from family vacations to American Sign Language lessons and everything in between.

I, along with my executive team and other senior leaders, had the privilege to distribute many of these Big Wishes. I took part in surprising a mother-daughter duo—Pat and Adriane—both of whom are proud Progressive employees, with their Big Wish. We invited Pat to join Adriane for a tour of our art collection and surprised her with the news that Adriane had won a special trip for the two of them. All three of us were shaking with excitement after the big reveal, and their reaction was so touching that I asked their permission to share it here:

“I can’t even begin to express my gratitude! Mom and I are still in total shock. We have a tradition of getting a coffee and a cookie whenever we are together, so we sat there with our coffee and cookies just staring at each other while we tried to process what just happened and attempt to stop our limbs from shaking. This Big Gift means so much to me; without it I don’t know that I could have convinced my Mom to make the trip down to South Carolina. North Litchfield was my dad’s (really the whole family’s) happy place and he always dreamed of heading down at least one more time in his life. Although he didn’t make it there in life, he would be so happy that Mom got to experience it for the both of them. I am so lucky to work for a company that does things like this for its employees! Thank you a million times over.”

For me, their story, and hundreds more from our recipients, underscores that you never know what’s happening in someone’s life and a special gesture or act of kindness—big or small—can make a tremendous difference. Our employees routinely demonstrate kindness when helping our policyholders or claimants who are going through tough times. It’s been wonderful to share some of that empathy with our employees through this program.

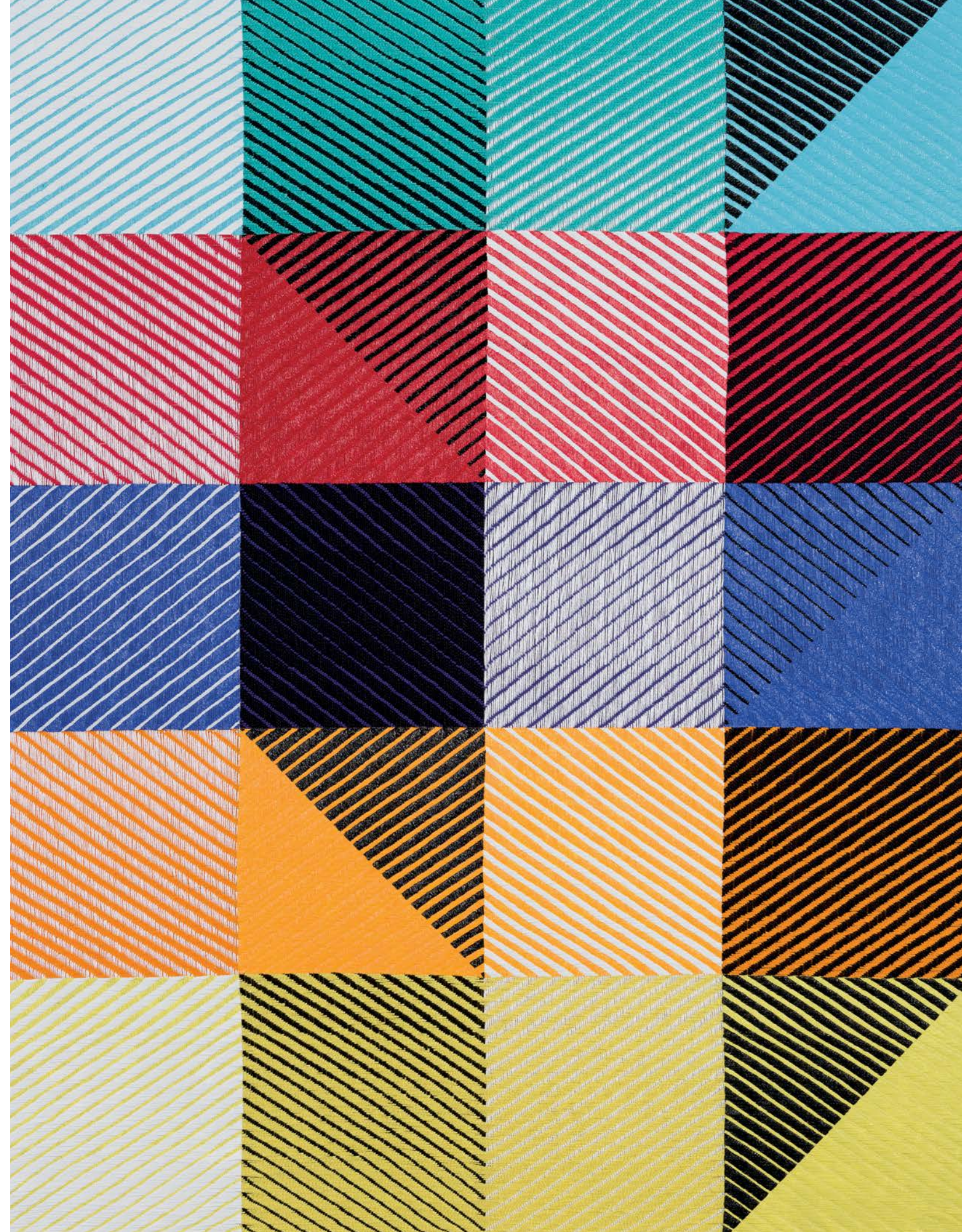
While I am not one to prognosticate about the future, I am sanguine that 2023 will provide greater stability based on all of the actions we have taken over the last few years to position ourselves for growth and profitability.

THREE YEARS IN...

We have certainly had our ups and downs over the last several years but ended 2022 with solid growth and an underwriting profit of 4.2%, which exceeds our 4% target profit margin. Our Personal and Commercial Lines businesses earned a profit margin of 4.0% and 8.9%, respectively, while our Property business recorded an underwriting loss margin of 10.5%, which included 25.6 points of catastrophe losses. NPW growth was good across all segments with Personal Lines, Commercial Lines, and Property growing 9%, 17%, and 8%, respectively.

In Personal Lines, we started 2022 with promise considering the sharp turn in loss trends experienced during the latter part of 2021. Our discipline around profitable growth prompted our product management team to act quickly. We increased our countrywide rate level about 8% for auto in 2021 and managed our media budget conservatively.

As a result of these actions, we started 2022 in a more favorable position but continued our personal auto rate actions during the first half of the year with additional rate increases of about 9% during that period. As our profitability appeared to be trending in the right direction, in the third quarter 2022, we experienced the largest hurricane in our history as Hurricane Ian made landfall several times in both the Gulf and Atlantic coasts. For the year, we incurred an estimated \$560 million of losses in Personal Lines and nearly \$15 million in Commercial Lines.



Acting quickly and keeping our financial objectives in mind, we made trade-offs during the second half of the year and prioritized profit over growth with a focus on expense management, primarily our media budget, and continued rate level management. As a result of these efforts, our Personal Lines business finished the year at a 96.0 CR.

Managing to our companywide stated profit goal did not come without sacrifice, particularly in growth during the first half of the calendar year. However, because we acted quickly in 2021 and the first half of 2022 with rate increases, our second half of 2022 rate changes moved closer to our 'small bites at the apple' approach and were about 4% and at a pace closer to the inflationary pressure we experienced. Based on publicly available rate filings, during the second half of the year, we witnessed the market catching up with rate increases of their own that were comparable to the rate actions we took much earlier. As our competitiveness improved, our Personal Lines business ended 2022 with growth in both premiums and policies in force.

Our Commercial Lines business was the highlight for 2022 after several years of similar success. We work as a very cohesive and unified team, so we celebrate each business units' success and lift each other up when there are opportunities. This year was no different. In addition to supporting our existing Commercial Lines business market targets, we continued to integrate Protective Insurance Corporation's people and

products into the organization and am pleased that the timeline and plan are meeting our expectations.

We ended 2022 with 17% NPW growth at a 91.1 CR. I remember vividly when we reached \$1 billion in Commercial Lines NPW and now the business unit wrote \$9.4 billion of net premiums during 2022. The tremendous growth we have achieved in a very short amount of time is a bellwether of our stellar leadership in this business unit, as well as our ability to leverage what was happening in the economy during that time.

Our Property business experienced premium growth in 2022; however, profitability fell well short of our expectations with a combined ratio of 110.5. We ended 2022 with \$2.4 billion of NPW, an 8% increase over 2021, and recognized modest growth in policies in force of 3%.

Our Property underwriting loss reflected nearly 26 points of catastrophe losses, primarily from Hurricane Ian, which alone accounted for almost 30% of our total Property catastrophe losses, an April hail/wind event in Arkansas and Texas, and a late December winter storm. As a result of our per-event catastrophe reinsurance, our losses and allocated loss adjustment expenses from Hurricane Ian were capped at \$200 million, or 8.8 points.

Improving profitability continues to be our top priority for our Property business. Due to our concentration of policies in catastrophe-exposed states, severe weather events generally have greater impact on our results compared to other national



carriers. To reduce this volatility, we focused our efforts on growing in states with traditionally less catastrophe exposure and limiting growth in the coastal and hail-prone states. We began implementing underwriting changes during the second half of 2021 to accomplish these goals, continued to take steps during 2022, and will continue to take steps during 2023 to reduce our concentration exposure. In addition, we increased rates an average of about 19% across Property's product portfolio in 2022, with larger increases in Florida and in hail-prone states, such as Colorado and Oklahoma. We will continue to adjust rates to work towards our profitability goals in our Property business.

In 2022, our investment portfolio saw a fully taxable equivalent total return of -7.8%. We believed we entered the year with a conservative posture, but it was difficult to escape the volatility seen across both the fixed-income and equity markets. While we stayed in the bottom half of our self-imposed target duration range, the persistence of high inflation and the Federal Reserve's actions contributed to losses across the interest rate curve.

Our fixed-income portfolio returned -6.6% on the year, as higher rates and wider credit spreads offset the higher investment income that we were able to generate as the year progressed. The sharp movements in interest rates depressed equity returns as well, with our equity portfolio producing a -19.4% total

return. As the year progressed, we stayed cautious, due to increased geopolitical risk and the significant tightening in monetary policy, and conservative, with the interest rate, credit, and equity risks that we chose to take, in our investment portfolio. We believe that there is the potential for continued market volatility in the first half of 2023 and believe that our current posture will have us in position to find strong investments if valuations continue to improve.

In times of volatility, we also believe it is appropriate to have a conservative approach as it pertains to our capital. In the first quarter 2022, as we saw the effects of inflation on both the operating and investing sides of our business, we felt it was prudent to raise capital in the debt markets. We issued \$1.5 billion of corporate bonds with an average interest rate just above 3%.

In the fourth quarter, management and the Board of Directors agreed that, given potential growth opportunities, the right decision was to not pay a variable dividend this year. Nevertheless, we maintained our \$0.10 per common share quarterly dividend and repurchased enough shares to offset dilution from employee equity grants. We believe that the actions that we took during 2022 will provide a strong foundation for underwriting growth in 2023 and beyond.

Overall, even with the many significant headwinds that we have faced these last three years, we remain positive, confident, and eager to get even closer to achieving our Vision.

OUR FOUR CORNERSTONES

You are all familiar with our four cornerstones—who we are, why we are here, where we are headed, and how we will get there—as the construct Progressive uses to think about having a competitive advantage. We start with our five Core Values that clearly outlines who we are. Next is our Purpose, which is a statement we recently modified to more clearly convey why Progressive exists and the role we play in society and is described in more detail below. The third cornerstone is our Vision, which we also slightly revised to reflect all our customers and their future needs. Lastly, and the more tactical of all the cornerstones, is Strategy, which is supported by our four strategic pillars that have been our resolute approach to making sure we invest in the most critical elements of People and Culture, Broad Needs of our Customers, our Leading Brand, and having Competitive Prices.

CORE VALUES > These values, which remain unchanged and continue to serve as the foundation for our culture, are Integrity, Golden Rule, Objectives, Excellence, and Profit.

PURPOSE > Since opening our doors in 1937, Progressive has challenged the status quo to accelerate progress and equity. Our history of consumer-focused innovation and foundational Core Values continually drives us to put people's needs first. Building on this legacy, we are modifying our Purpose to better unify and guide our organization.

At Progressive, "We exist to help people move forward and live fully."

"Move forward" means more than simply providing products and services that assist people in recovering from a loss; it's how we help people—regardless of their background—and make measurable progress toward a more promising future. "Live fully" comes from the peace of mind we give people to pursue what matters most without fear of setbacks. In doing so, they can then confidently live the fullest expression of their lives.

In a world where it can feel challenging to get ahead, we're proud to be a trusted partner that champions progress for consumers, our customers, and the Progressive community. We're united in our purpose to help people move forward toward their fullest lives, as reflected in the incredible stories shared throughout this letter. Our collective commitment guides our decisions to make tangible progress possible for more people.

VISION > The slight modification to our Vision statement to add "business owners" and "other financial needs" provides a more holistic view of all the customers we are privileged to serve and their future needs.

Our Vision is to "Become consumers', agents', and business owners' #1 destination for insurance and other financial needs."

STRATEGY > Our strategic pillars serve as the foundation of how we will achieve our Vision and are discussed in more detail below.

People and Culture We strongly feel that to be consumers', agents', and business owners' #1 destination for insurance and other financial needs, we need to understand and anticipate the needs of our customers. For us, Diversity, Equity, and Inclusion are business imperatives required to sustain our incredible growth. It's our growth that generates additional career opportunities for all of us.

Our four Diversity, Equity, and Inclusion objectives remain as follows:

- Reflect the customers we serve
- Leadership reflects the people they lead
- Maintain a fair and inclusive work environment
- Contribute to our communities

I will briefly describe our efforts of each objective below.

After almost five years of significant growth and hiring, the gender and racial demographics of our workforce are closely aligned with the U.S. adult population. There's obviously more to diversity than just gender and race, like diversity of thought and demographics, such as disability, religion, and veteran status, but gender and race are the two demographic factors that we currently measure for all Progressive people.



From this, we can focus on the recruiting and development efforts that have proven to be most successful over the past few years. We recognize it will take an ongoing effort to ensure we continue to attract and retain a richly diverse workforce.

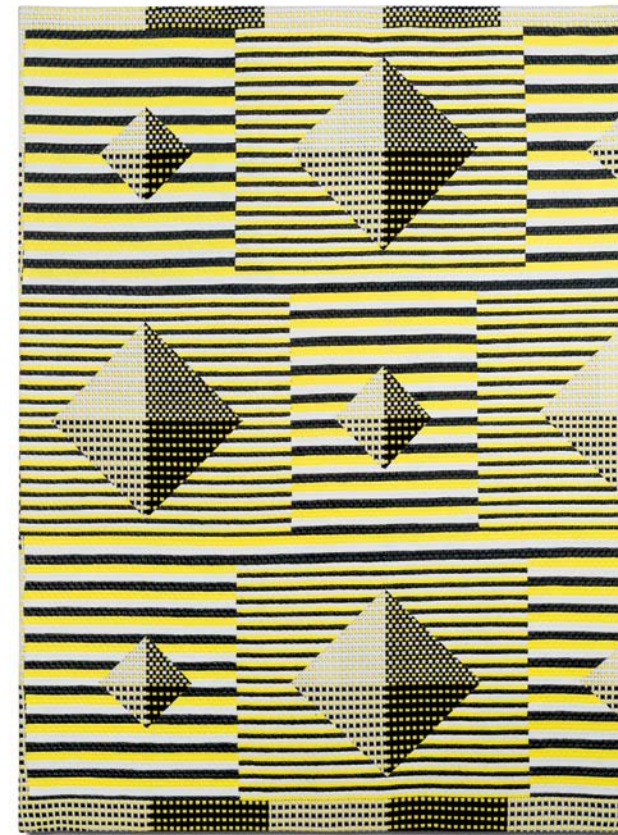
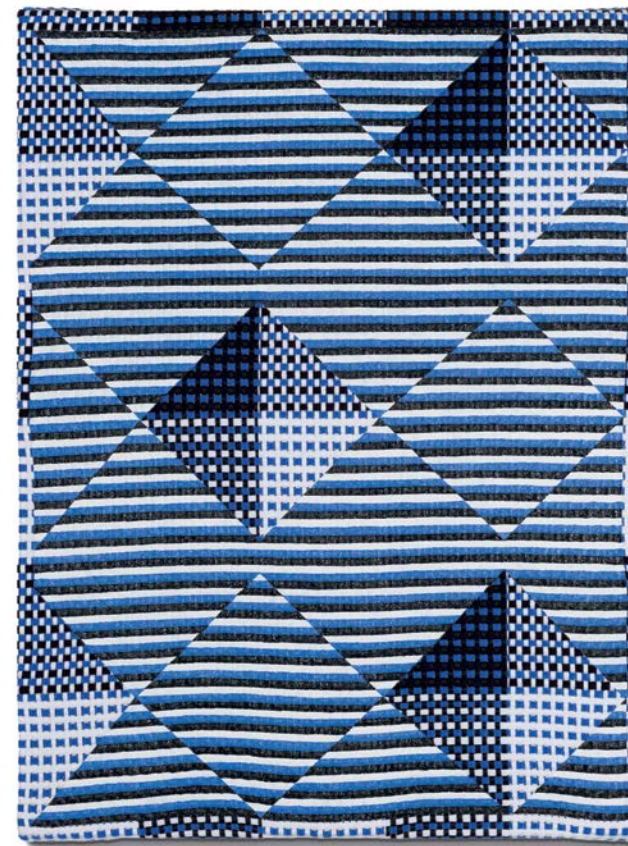
We believe that engagement strengthens when our people rise into leadership roles and inspire others to lead. Our talent management and acquisition processes strive to remove any barriers we may face in our efforts to increasing the representation of women and people of color into management roles. A deliberate effort to increase the diversity of our candidate pool has proven effective in meeting this objective. We plan to maintain our discipline in developing deep, diverse candidate pools through new and existing recruiting networks and internal talent development investments.

We're committed to creating an environment where our people feel welcomed, valued, and respected. One key measure of success is participation in our Employee Resource Groups (ERGs). In fact, during 2022, our ERG membership grew even faster than the rate of growth of our employee population. We believe our ERGs, and our outsized participation rates compared to benchmarks (DiversityInc's Top 50), are a significant contributing factor to several people metrics at Progressive. Our ERG members are more engaged and more likely to stay at Progressive and achieve a promotion.

We're also proud of our pay equity. Our pay equity analysis shows that for Progressive employees with similar performance, experience, and job responsibilities, women earn one dollar for every dollar earned by men, and people of color earn one dollar for every dollar earned by their white co-workers.

In addition to ERG participation, we use our annual Engagement & Culture survey to measure overall employee engagement and satisfaction. Engagement at Progressive remains extremely high, placing us in the top 5% of all U.S.-based companies that use the Gallup survey. This year, we improved our engagement index score by three points, while Gallup reported a minor decline in their company universe based on the past 5 years.

To encourage contributing to our community, this year, The Progressive Insurance Foundation launched an exciting new program we call Name Your Cause. It's an innovative giving program under which each employee can recommend that the Foundation give a minimum of \$100 to a charity of their choice without a direct donation by the employee. Not only has this form of equitable giving driven praise from Progressive people, but it also increased employee participation just over threefold, compared to our prior donation-matching approach, while diversifying our giving to match our employee footprint around the country.



Reflective of our special culture and propensity for giving to our communities, I've attached just a few of the beautiful sentiments from Progressive people and the charities they support.

Katie, a 19-year employee working as a Central Loss Reporting Unit Representative, had this to say, "I'm so grateful to be with this company. Many of us are experiencing very strong emotions, and feelings of helplessness...and Progressive comes along and quietly provides a way for us to do something. I had a little moment of feeling better today when I sent the \$100 in the direction that I thought it would help the most."

Ann Marie from Claims said, "I'm passionate about the Cleveland Food Bank. I've seen the good that it does and the people it serves from young to old. When they're distributing food, the line is as far as the eye can see. Really puts hunger in perspective."

Also from Claims, Tiffani said, "Founded by two veterans, Sub Zero Mission collects hats, coats, gloves, boots, and sleeping bags for the homeless. Their volunteers even go out in the winter to hand out these items."

Angela from CRM said, "Families who need to travel to St. Jude's for treatment never receive a bill. I've had family members with childhood cancer and can appreciate the importance of this."

I also love that they share any of their scientific discoveries with the world."

Lastly, Marlena from CRM said, "The Otis Redding Foundation provides programs that ignite dreams in our future generation of leaders. They also remain dedicated to connecting with the universal relevance of music to serve as a catalyst for education and other youth-oriented initiatives."

In addition to Name Your Cause, and with a few exceptions, we've narrowed the focus of our community support to causes that align with our business, simply put, vehicles and homes. We provide vehicles to veterans through our Keys to Progress® initiative and partnered with Humble Design to furnish homes for the homeless. We also continued donations to the national organizations identified by our ERGs to help support the communities they represent.

We celebrated the 10th anniversary of our Keys to Progress veteran vehicle giveaway program where we have donated nearly 950 vehicles to veterans in need. This year, through our Keys to Progress homelessness support efforts with Humble Design Cleveland, we helped to furnish almost 100 homes for families moving from homeless shelters. Lastly, since the inception of The Progressive Insurance Foundation in 2001, we have given nearly \$100 million to causes that our employees support or suggested.

To wrap up this section, I will share a beautiful story from our 2022 Keys to Progress truck recipient. After you read his story, you'll more fully understand why this is such a special program for Progressive.

Growing up as the oldest son of 12 children in Fitzgerald, Georgia, Lt. Col. James "JC" Rose hoped that sports would help him provide a better way of life for his working-class family. He played basketball and football and tried his best, but by his own admission he didn't have the talent to get a scholarship or go professional.

Because of pushing himself with sports, his grades slipped, leading to the biggest disappointment in his life: he failed the seventh grade.

"I was ashamed about failing. It was hard to face my friends when they came by, knowing they'd be in the eighth grade and I'd be repeating seventh," JC says. "But my mother wouldn't let me slink away and hide from my failure. She told me to sit up and tell them about it, and that lit a fire in my belly to find a new plan for success in life." That plan turned out to be the Marines. After seeing an advertisement in a magazine, he was intrigued about that branch of service, which he considered the "best of the best." So, he dedicated himself to graduating high school,

and once he did, he enlisted, leading him to boot camp at legendary Parris Island, South Carolina.

JC knew he'd made the right choice and found a renewed purpose in life. He enjoyed the challenges of boot camp so much that his first goal was to become a drill instructor, which he achieved within his first contract. After MOS school, he was stationed at the Marine Air Station in Beaufort, South Carolina, where he served in his first combat tour Desert Shield/Desert Storm and numerous 6-month deployments loading aviation ordnance on and off the F-18 fighter jets and EA6B electronic countermeasures aircraft. Being twice meritoriously promoted, he quickly progressed through the enlisted ranks to staff sergeant, to warrant officer, then commissioned officer, ultimately where he was responsible for training personnel, munitions upkeep, software, and the complicated logistics of positioning and distributing ordnance globally. He met many lifelong friends, and takes great pride in their "true grit," hard work ethic and dedication to serving and defending our country. JC is very proud of his rewarding and patriotic career. After retiring, he continues finding ways to serve his fellow veterans and communities.

The trucking industry seemed like a natural fit for him after the Marines, considering the similarities to his logistics work in the service and given his relatives and friends who are truckers.

JC now works for Prime Inc., a veteran-owned company that encourages its drivers to build their own "mini fleets," which he intends to do with the truck he received from our 2022 Keys to Progress program. "I love driving trucks from my time supervising the loading/unloading of Navy ships and aircraft, and driving at night. Seeing truckers at night fills me with pride because trucks play a major role in the day-to-day lives for everyone. Being mission oriented and focused driven, I know they're 'getting things done,' as we used to say in the service," JC says. "It's a 'boots on the ground' type of job, which appeals to me a lot more than sitting behind a desk!"

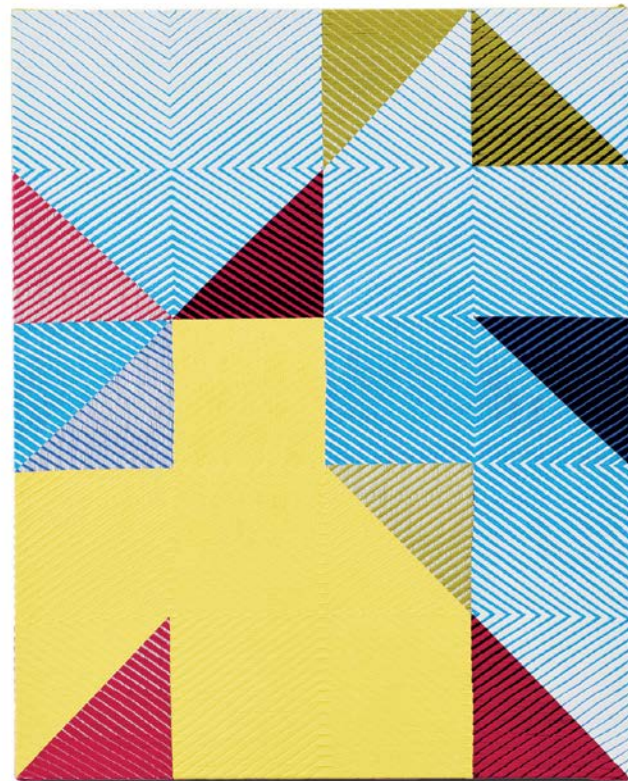
As a rookie driver, Prime nominated JC for Veterans Transition To Trucking: Driving For Excellence Award, in large part for his advocacy for fellow veterans who also transitioned to trucking careers. Using his personal time, JC represented Prime in the haul "The Wall That Heals" program, where veteran truckers annually transport a replica of the Vietnam Memorial Wall across the country. This program allowed JC to meet other veterans and help them transition into civilian life.

His work also caught the attention of veteran advocacy charities—including one that nominates veterans for our Keys to Progress veteran vehicle giveaway program.

When notified that he was a recipient, JC responded: "I was humbled and honored to even be asked to apply for Keys to Progress, and now that I know I'll be receiving this truck and unbelievable care package, I'm more dedicated than ever to build a fleet and start my own trucking business." He adds, "I hope to hire many of the veterans or veteran dependents I've met over the years who are struggling in their transition to civilian life. As veterans, we seek the satisfaction of 'mission accomplished,' and that shines through in the trucking business. Honestly, since I was told about the truck, it feels like my feet haven't touched the ground."

Over his trucking career, when JC meets fellow veterans or others in need, he hands out "challenge coins" with a motto that dates back to his drill instructor days: "In order to stay in the fight, you first have to be in it." JC believes this motto resonates with veterans who've fallen on hard times and can be implemented in everyday life for anyone. He handed coins out at his Keys to Progress event—where he was joined by Prime's owner and executive staff, members of his family and many military and trucker friends.

Living his motto, JC doesn't see himself slowing down any time soon, and remains determined to lead by example and make his family proud. *Semper Fidelis!*



Broad Needs of Our Customers As we continue our goal of becoming a destination company, we remain diligent in our focus to be where our customers want to shop, be available when they want to purchase and in what manner or how they want to purchase, and service their policies. Our objective is to be able to grow with each customer as their insurance needs change or evolve. We know that as customers acquire additional products with us, they tend to stay longer.

We meet the needs of consumers through both HomeQuote Explorer® (HQX), our online Property offering, and our in-house agency with about a dozen carriers covering homeowners, renters, and umbrella insurance. We offer products from Progressive Home, along with many unaffiliated partners, through HQX in order to give our customers the choice that best fits their needs. The ability to buy online is now available through at least one carrier in 47 states and the District of Columbia, making it available to over 90% of consumers quoted.

We launched BusinessQuote Explorer® (BQX) for our Commercial Lines products in 2019. Since then, we've added a good stable of carriers offering a range of products, including our own manufactured business owners policy (BOP)/general liability product. At the end of 2022, we wrote BOP in 38 states that represented nearly 70% of the commercial multi-peril market at year end. We have also expanded BQX by building Excess and Surplus (E&S) broker capabilities and at the end of 2022, our broker operations provided access to E&S in 40 states. Recently, we've focused on expanding into hundreds of additional business-carrier combinations, building proprietary consumer and in-house agency user interfaces, and upgrading our agency management system to a modern cloud deployment. We are also offering more value-added services that we believe will generate more revenue, leverage the already incurred acquisition costs, and help guide us to profitability.



Leading Brand The strong awareness of the Progressive brand remains one of our most valuable assets. Our brand is well-known, and our marketing is not only loved by consumers, but it also motivates people to choose us as their preferred insurance carrier and become valued customers. For us, brand and business effectiveness are one and the same. We seek to delight those we touch with relevant and insightful campaigns that also deliver breakthrough business results.

We have long reaped the benefits of our Superstore campaign, which will turn 15 years old in 2023, marked by our 200th campaign ad. What was once anchored to a four-wall set with a single spokeswoman, has grown to know no boundary of setting or scenario. The campaign has expanded to include a variety of recurring cast members, and even welcomed celebrity talent like Jon Hamm to join in on the fun. The longevity and continued performance of this campaign are truly remarkable. It continues to prove our commitment to customers and love of insurance through the quirky antics of our apron-clad characters and provides us with instant brand recognition.

In addition to Superstore, Dr. Rick, the parenta-life coach who helps young homeowners from turning into their parents when they buy a house, is now a regular staple in our marketing mix that continues to deliver solid results. His book, *Dr. Rick Will See You Now*, successfully sold out for a second time and earned multiple marketing industry awards (Silver Cannes Lions, Bronze One Show, and Silver Clio) and the

accompanying campaign was one of our strongest business-building campaigns.

In 2022, we debuted our Replay campaign, which leverages the human truth that there are those moments in our lives when we all wish we could throw a challenge flag and go to the tape to prove ourselves correct. This campaign was specifically created for football fans, but the relevance has extended well beyond contextual programming. Progressive marketing is generally known for characters but unlike our other campaigns, Replay is not represented by a single main character. Instead, it is rooted in familiar relationship exchanges that people can easily relate to. Replay Scream earned us a Best-in-Culture designation amongst Black/African American audiences via CIIM (Cultural Insights and Impact Measure). Creating marketing that authentically represents and connects with diverse audiences, while also broadly driving business results, will be increasingly more important as we plan for future growth.

As we look ahead, we are excited to unlock the power of our elevated Purpose, to not only increase the effectiveness of our marketing, but to also transform how, when, and where we show up for our community. Through that lens, we will continue to uncover meaningful insights that unlock growth, expand the breadth and depth of our branded characters and campaigns, and uncover fresh perspective for how we will continue to bring differentiating benefits and experiences to life for consumers and customers.

Competitive Prices While a leading brand is key to our success, we operate in a very competitive industry where price is a very strong consideration for consumers when they shop or decide to renew their policies. Consequently, competitive prices is one of our four strategy pillars.

Operational efficiency, which is a key facet of this pillar, includes claims and policy services, and all overhead costs. While we pride ourselves on very efficient media spend and competitive commission for agents, we focus much of our operational efficiency efforts on non-acquisition-oriented customer services and support. We use non-acquisition expense ratio (NAER) as the key measure of operational efficiency. NAER is calculated by taking our overall expense ratio and subtracting media costs and agent commissions. Our Personal Lines and Property NAER for 2022 was down approximately 0.2 points and 0.3 points, respectively, from 2021, while Commercial Lines NAER was up approximately 0.2 points in 2022 versus 2021. We believe we maintain some of the most competitive NAERs in the industry, which naturally supports competitive prices that allow us to grow. We balance our loss adjustment expense (LAE) with providing excellent service and claims accuracy, paying the right amount for every claim. We continually try to manage to the optimal combination of these three principles along with strong engagement and work environment for our employees.

While we are pleased with our relative competitive position around NAER and LAE, we recognize the ratios benefited from higher written premium per policy in 2022. Our employees are one of our most significant expenses and, at year-end 2022, the ratio of our policies in force to headcount was 8% lower than at year-end 2021. We are focused on making our processes more efficient and building experiences to be more conducive to self-service to improve productivity and operational efficiency going forward.

Taking a holistic view, our 2022 companywide expense ratio was 18.5 points, or 1.1 points lower than in 2021. While we had some improvement in our NAER, as we navigated the effects of Hurricane Ian and sustained loss trends, we reduced our media budget to help ensure we achieved our aggregate calendar year 96 combined ratio.

Another important facet of competitive prices is to be able to price rate to risk through our product models and strong segmentation. Our investment in product development is a key tactic to accomplish that.

In auto, we launched our newest product model, which we refer to as 8.8. By the end of 2022, we had this product model rolled out in 10 states, which represented over 25% of our 2022 countrywide NPW and almost 27% of our policies in force.

Within our commercial auto product, we completed 25 commercial auto model upgrades during the year and our latest product design, 8.0, at year end 2022 was deployed in 37 states that represented nearly 85% of our countrywide premium. Our 8.0 product model greatly improves segmentation, delivering lower rates for the best risks while also introducing several new coverages. In stark contrast to the commercial auto industry, we believe that our continued rate actions over the last few years have enabled us to consistently stay ahead of net trend, ensuring consistent profitable growth.

In Property, we continue to invest heavily in the development of our next product model (5.0), which will also provide improvement in segmentation. The first state is expected to launch in the second quarter of 2023.

As we head into 2023, we will continue to invest in technology and process improvements, to attempt to push non-acquisition expense ratios lower, and in talent to continue to improve our segmentation acumen.



ONWARD AND UPWARD

While Hurricane Ian was certainly a gut punch to so many, there are always silver linings and the note sent to me below proves what it means to live our Core Values, specifically the Golden Rule.

Good Morning Tricia,

I wanted to take a moment to tell you how blessed I feel to be able to work for such an amazing Company. I like many was hit by the recent hurricane Ian. Words can't begin to describe the feelings you have during such an event. Within two hours of the storm I lost all power, cell phones went down as well as Internet. The ability to have any communication cut off is the most unsettling feeling I think I have ever experienced. I was lucky to have a great group of neighbors and we rallied together in one house to brave the storm. After a long afternoon and night when the storm had passed one neighbor had cell service. I was able to alert my family and loved ones finally that I was OK. I viewed my emails to see over 20 emails from Progressive trying to check if I was ok as well from my direct Supervisor Vincent. The first glance at the devastating damages was beyond overwhelming.

Over the next week so many people reached out to me from Progressive to see what they could do to help. Crysti from HR was amazing as she talked with me every day even if it was to say a kind word. She was so supportive and uplifting. Rob, our senior claims leader, called as well as texted to let me know what ever I needed Progressive was there for me. Vincent was amazing. He was in constant contact with me two to three times a day offering whatever he could do to help even offering to drive two hours to bring gas to me as gas was almost impossible to get. He went above and beyond.

As the weeks have past and the rebuild is ongoing, I still tear up thinking about Progressive and the people I work with. They are my Family. People say when things are really bad that is when you find out what people are made of. That being said Progressive people are amazing, kind, caring, and most of all selfless. I am so proud to say I work for Progressive and for sure Progressive works for me.

Thank you for your time in reading this. I felt it was important to know how blessed Progressive is to have such amazing people work for them. God bless.

Notes like this, and reflecting on these past three years, I can't tell you how enthusiastic I am to dive into 2023. We believe we are well prepared and positioned. This is what we do—execute on deliberate and cogent plans with room for flexibility as the unknowns inevitably occur.

Words do not do justice to literally every single area of Progressive that contributed to this year and the prior years that I have referenced. Instead of calling out every group, because I'm certain I would accidentally overlook an area, I just want to say that I am so grateful and proud of all of Progressive's people.

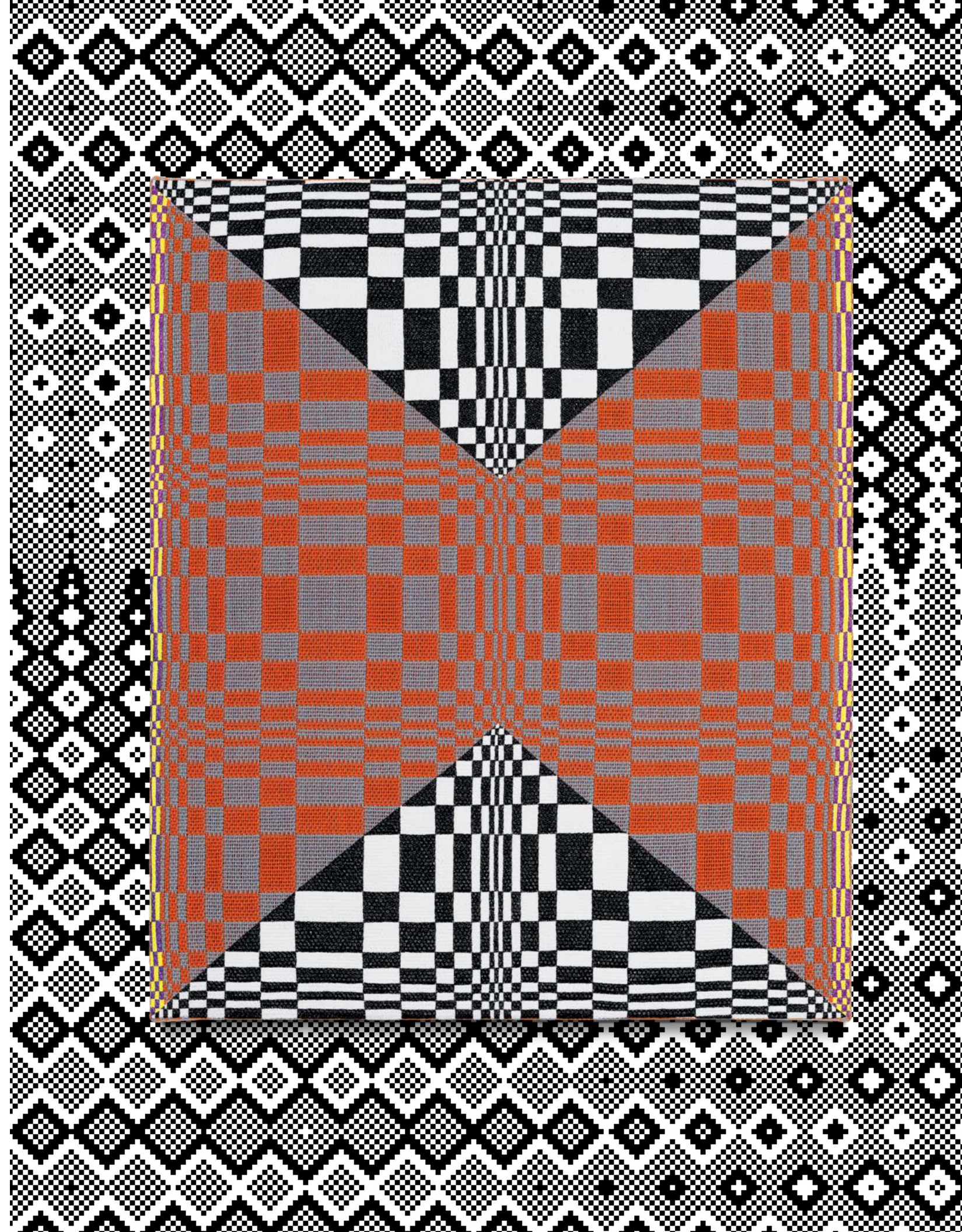
My sincere appreciation for all of your hard work and dedication is something that I never take for granted. While we deemed 2022 "The Year of You," I want every one of you to know that I believe that is the case every year. Every success starts with you because of your passion and pride. Thank you.

In addition, thanks to our partners, agents, and, most importantly, our customers who we are so privileged to serve.

Stay well and be kind to others,



Tricia Griffith
President and Chief Executive Officer



OPERATIONS SUMMARY

We write personal and commercial auto insurance, personal residential and commercial property insurance, workers' compensation insurance, general liability insurance, and other specialty property-casualty insurance and provide related services throughout the United States. Our Personal Lines segment writes insurance for personal autos and recreational vehicles. Our Commercial Lines segment writes auto-related liability and physical damage insurance, business-related general liability and property insurance predominantly for small businesses, and workers' compensation insurance primarily for the transportation industry. Our Property segment writes residential property insurance for homeowners, other property owners, and renters. We distribute our products through both the agency and direct channels.

PERSONAL LINES

As we started 2022, the year picked up where we left off in 2021, with inflationary pressure on our cost structure. Our product management teams continued to act quickly to respond with rate level adjustments. In the first half of 2022, we increased personal auto rates about 9% countrywide, following the 8% increase we took for the entirety of 2021. In addition to rate actions, we continued our discipline around our media budget. These actions helped move our Personal Lines combined ratio in a favorable direction during the first half of 2022. Unfortunately, during the third quarter we experienced the largest hurricane in our history with Hurricane Ian making landfall multiple times on the Gulf and Atlantic coasts. For the year, Personal Lines incurred about \$560 million, or 1.5 points, of losses from Hurricane Ian, with nearly half of the losses impacting our special lines products, primarily boats and recreational vehicles. Going into the last quarter of the year, we continued to conservatively manage our media budget. After all of the ups and downs, our Personal Lines business ended the year with net premiums written of \$39.3 billion, an increase of 9% from 2021, with 23.5 million policies in force and a combined ratio of 96.0, which was in line with our companywide target profit margin.

During 2022, we also continued to see inflationary pressure in our personal auto loss trends. Average severity for our combined auto coverages, excluding comprehensive coverage, was up 13% year over year. Notably property damage and collision had year-over-year severity increases in the 15% to 20% range. We experienced some relief in loss costs as a decrease in loss frequency helped offset some of the increased severity. Frequency for the year, excluding comprehensive coverage, was down about 6%. Vehicle miles traveled were down 10% to 15% throughout the year, compared to the average of the three years prior to the start of the pandemic, and were a contributing factor to the continued decrease in frequency.

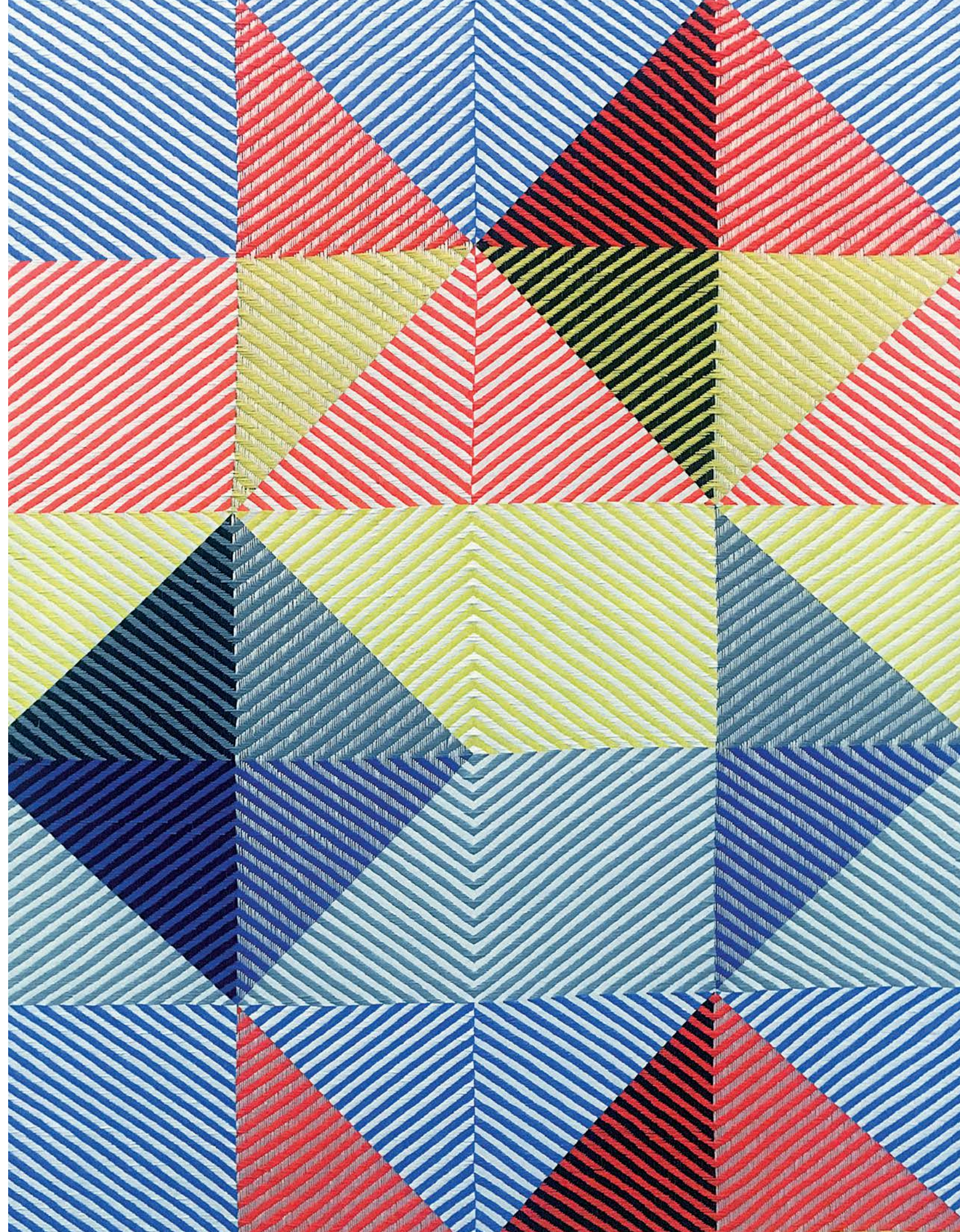
As we focused on achieving our target profit margin during 2022, we prioritized profit, but sacrificed growth, especially in the first half of the year, to achieve this goal. Through the first six months of the year, our Personal Lines



new business applications fell almost 20%, year over year, and policies in force were down 1%, compared to June 2021. Based on publicly available rate filings and media spend data, our competitors showed signs of catching up to the heightened inflationary environment with their own rate actions that triggered consumer shopping in the second half of the year. We experienced gains in both quote volume and conversion in both channels during that time, which resulted in a strong increase in new business auto applications. From this significant rebound, we recognized a 2% increase in new auto applications for the year, compared to 2021.

Our policy life expectancy, which is our measure of retention, was down 22% over 2021 for total auto, reflecting both the magnitude of our cumulative rate changes over the last two years and the fact that our largest competitors did not react with rate actions as quickly as we did. In December, we saw our first month-over-month increase in our policy life expectancy for the year, reflecting improvements in our competitiveness as the personal auto market continued to take rate action. With a rally in new business application growth in the second half of the year and signs of improved retention, our policies in force increased 3% on a year-over-year basis.

During the year, we continued our focus on increasing our bundled customers, or Robinsons. During 2022, we grew the number of customers with a bundled auto and home policy by 6% over 2021. In addition to auto and home bundles, we are happy to share that 21% of our customers are either Robinsons or have more than one product with Progressive across our product lines. We will continue to focus on growing our bundled policies.





COMMERCIAL LINES

The Commercial Lines business had another remarkable year, crossing the 1 million policies in force milestone and finishing 2022 with \$9.4 billion in net premiums written. The combined ratio was excellent at 91.1, up 2.2 points from the prior year but still better than our targeted combined ratio. This marks the eighth consecutive year of profitable double-digit Commercial Lines growth, which was particularly gratifying given the current challenging environment for commercial auto insurance, our largest commercial product line.

In 2022, the commercial auto market continued its 10+ year struggle with profitability and we believe it is likely to produce a combined ratio above 100 when final results are released. Based on external industry results, premium increases more closely matched loss costs in 2021 but rising loss costs began to outpace premium increases in 2022. We believe the entire market continues to see elevated loss severities and adverse loss development trends along with frequency returning to pre-pandemic levels and is responding with rate increases and underwriting restrictions.

Our commercial auto rates, excluding our transportation network company (TNC) business, increased a relatively modest 6% on average in 2022. Throughout the year, we focused on proactive rate management and investments in our underwriting capabilities, which allowed us to maintain strong underwriting margins and continue to grow the business. Our approach to monitoring the business at the state and business market target (BMT) level proved effective and resulted in better-than-industry average underwriting results and growth. We believe reacting decisively to changes in loss trends and market conditions has positioned us well for profitable growth relative to the market going into 2023.

Our continued investment in product development, which reflects matching rate to risk, is a key competitive advantage for us. In personal auto, we launched our newest product model, referred to as 8.8, during 2022. By the end of the year, this new product model was rolled out in 10 states, which represented over 25% of our countrywide annual net premiums written and almost 30% of our policies in force.

In conjunction with our product design, we continue to support risk-based pricing and its applicability in the marketplace. During 2022, through our dedicated efforts to advocate for the value of risk-based pricing and the benefit consumers derive from it, numerous states accepted the continued use of credit-based insurance scores in rating and one state, out of the subset of states that were looking at pricing restrictions, rejected a proposed ban on the use of gender in pricing. We continued to face other regulatory issues including pressure related to providing additional pandemic-related policyholder refunds,

legislative activity involving pricing segmentation, and delays by various key states in reviewing filings and approving rate increases in this heightened period of inflation.

Another key element in improving the accuracy of our rating is Snapshot[®], our usage-based insurance offering. During 2022, we introduced a new version of this product, which asks consumers to participate in the program on an ongoing basis and adjusts their rates at each renewal based on more recently collected data. This model replaces our prior program, which only required customers to monitor their driving for a single policy term. By December 31, 2022, this new model was rolled out to states representing about 25% of our countrywide personal auto premium.

As we enter 2023, we believe that our Personal Lines business is well positioned to continue the trajectory of growth that we began in the second half of 2022, while continuing to work to help ensure that the business segment meets its profitability targets.

In commercial auto specifically, the business is closely tied to the state of the general economy. As noted in quarterly commentary during 2022, we saw a slowdown in the overall rate of economic activity as well as softening freight market conditions, which contributed to a slowdown in our business. The investments we've made over the years in responding to the needs, trends, and demands across our BMTs has helped us balance growth; for example, during 2022, declines in the for-hire-transportation BMT were offset with growth in the other BMTs. Additionally, our continued focus on being available when, where, and how customers want to buy has enabled sustained growth across channels. We also believe that our ability to act quickly and respond to market conditions has enabled us to outperform industry growth during the last few years. In fact, since the end of 2018, we have more than doubled our commercial auto premiums written and gained nearly 5 points of market share, increasing from 10.9% to 15.6% through 2021, based on publicly available data.

Under our TNC business, we provided insurance coverage for Uber's rideshare and food delivery business in 13 states and Lyft's rideshare business in 4 states at the end of 2022. The TNC business continues to mature, and we are using our growing scale and experience to refine our approach to respond to unique characteristics of this business. At this time, we remain optimistic in our views of this business and look forward to continuing our relationships with Uber and Lyft to profitably write this business.

We continue to be pleased with the acquisition of Protective Insurance Corporation and the expanded addressable market this business affords us. Significant progress has been made integrating functions and people into Progressive organizations and so far we have met internal objectives and timelines for key integration efforts. There is very little overlap in the businesses and there has been a productive exchange of ideas and data across the organization, leading to strategic growth plans for the medium to large for-hire transportation segment. We are pleased with the progress and we look forward to continued contributions these products will have on the overall growth of our Commercial Lines business.

In 2022, we advanced many of our key priorities for extending our commercial auto leadership position. Our new policy administration system along with our 8.0 product model was rolled out in 18 additional states. This brought our total to 37 states, which represented nearly 85% of all non-TNC commercial auto written premium, operating on our new system. Our new product model was developed leveraging insights from our personal auto teams together with our commercial data advantage to identify and incorporate meaningful features and segmentation to match rates more accurately to risks. This will ultimately allow us to provide the best rates to more customers.

The move to a new policy administration system is also a part of our efforts to increase our efficiency and maintain our expense advantage. With that in mind, we have focused on

enhancing experiences for customers and agents with a goal of improving retention and meeting expectations for more self-service capabilities. Within the last year, we delivered projects that enabled key self-service functionality for common customer and agent requests, which had a positive effect on lengthening policy life expectancy.

Building on our highly successful core auto product, we have intentionally focused on growing our preferred truck and small fleet segments. We've made significant progress by applying telematics and our core strengths of pricing and segmentation to intentionally focus on these segments and improve our competitiveness. The most recent investment brought to market is the launch of our heavy truck roadside assistance (HT RSA) program in 2022. This coverage was available in 30 states as of December 31, 2022, with the remaining states expected next year. Roadside assistance was the most requested coverage we didn't offer, and HT RSA is helping us improve our competitive position amongst the most preferred truckers shopping for insurance. Based on our analysis, our estimated market share of non-fleet preferred truck was 18% as of October 2022, which is up about one point from a year prior. We've seen similar success in the small fleet product. Through deliberate investments in segmentation, product features, and new application submission turnaround times, we have significantly improved overall competitiveness and have profitably grown our small fleet written premium 24% in 2022.

We believe our commercial auto usage-based insurance (UBI) position is the largest in the U.S. and continues to help build and drive our competitive position. Both commercial auto UBI programs, Smart Haul® and Snapshot ProView®, are deployed nearly countrywide and, in the aggregate, achieved 31% year-over-year policy in force growth during 2022. Smart Haul, our most mature program, has seen a 17% increase in participation rates over 2021.

We continued to make great progress in delivering additional value to our commercial auto customers, while expanding to meet their broader needs through our own business owners policy (BOP) during 2022. The BOP product was available in 38 states at year end 2022, which represented about 70% of the commercial multi-peril market based on 2021 industry statutory results. We introduced our next generation product model 2.0 in the fourth quarter of 2022, which marks the first significant product update since the initial launch in 2019. The new product model and measured risk appetite expansion gives us an additional \$500 million of addressable market to pursue. We expect the underwriting innovation and efficiency of this model to enable us to reduce costs and deliver competitive rates to more customers. Progress was made during 2022 allowing us to expand our appetite to meet market needs,

while still mitigating risk and enabling a 16-percentage point improvement in passthrough rate, where a policy can be sold without waiting for an underwriting review. Finally, we increased our agent footprint for BOP by about 20% over the last year and introduced a new option to provide more agents access to our contractors general liability product. This will enable a broader agent appointment strategy, while still allowing us to control our property exposure.

In addition to our own BOP product, we are meeting the broader needs of small business owners through our in-house agency and BusinessQuote Explorer® (BQX), our online quoting platform for small business owners. We are working with a strong, carefully selected group of carriers to sell BOP, general liability, workers' compensation, and professional liability products, and we are pleased with our success growing our direct business through these options.

We are extremely proud of our strong Commercial Lines agenda, especially when it comes to supporting our customers and our communities. One of the ways we do this is with our participation in the Keys to Progress® veteran vehicle giveaway program. Through Keys to Progress, we meaningfully impact the lives of military veterans by partnering with various organizations to provide them with reliable transportation, which, for many, especially small business owners, is crucial to their livelihood. This year, we had the honor of giving away 10 commercial vehicles to veteran-focused nonprofits and business owners, and a semi-truck to another deserving recipient. We also continue to support the St. Christopher Truckers Relief Fund. Their mission is to provide financial support to truckers who are sick or injured on the job. In addition, for several years, we have sponsored SCORE, a nonprofit organization that helps small businesses be successful through education and mentorship programs. To further extend our support for small business owners, this year we launched our Driving Small Business Forward initiative. In this first year, we partnered with business accelerator, Hello Alice, to facilitate a grant program where 10 business owners were selected to each receive a \$25,000 grant for use toward the purchase of a commercial vehicle for their business. We're thrilled with the success of the program and look forward to working with Hello Alice to further expand our small business support in the future.

While the economy and business environment will likely continue to be unpredictable in the year ahead, we believe our people and steadfast commitment to our customers' needs will prepare us for whatever market condition we encounter. We will continue to build on our momentum, balancing efforts to meet the current needs of customers with competitive products and prices, along with investments to expand our capabilities and grow our addressable market.



PROPERTY

Our Property business experienced premium growth in 2022; however, profitability fell well short of our expectations with a combined ratio of 110.5. Significant catastrophe losses during 2022 added 25.6 points, net of reinsurance, to our combined ratio. We ended 2022 with \$2.4 billion of net premiums written, an 8% increase over 2021. We recognized 3% growth in policies in force, ending the year with roughly 2.9 million policies. We grew renter's policies faster than homeowners during the year as part of our ongoing exposure management initiatives.

The largest contributors to our catastrophe losses during the year were Hurricane Ian, which alone accounted for almost 30% of our total Property catastrophe losses, an April hail/wind event in Arkansas and Texas, and a late December winter storm. Prior to giving effect to reinsurance, the ultimate loss and allocated loss adjustment expenses (ALAE) estimate for Hurricane Ian was \$1.0 billion at year-end 2022. We purchase substantial levels of reinsurance to protect our capital against severe catastrophic events and reduce volatility in our combined ratio. As a result of our per-event catastrophe reinsurance, our losses and ALAE from Hurricane Ian were capped at \$200 million, which added 8.8 points to our 2022 combined ratio.

Improving profitability continues to be the top priority for our Property business. Our current concentration of policies in catastrophe exposed states differs from the industry and, as a result, we incur greater losses than our competitors when adverse weather events occur in those states. In response, we have focused our efforts on growing in states with traditionally lower catastrophe exposure and limiting growth in the coastal and hail-prone states. We are actively restricting new application growth to reposition our exposure base and began implementing underwriting changes during the second half of 2021, which continued during 2022, to accomplish these goals. We will continue to take steps during 2023 toward the goal of reducing our concentration exposure.

We continued to manage our rate level aggressively and increased rates an average of about 19% across Property's product portfolio in 2022, with larger increases in Florida and in hail-prone states, such as Colorado and Oklahoma. We also evaluated each home's insured value at every policy renewal to ensure that our customers have adequate coverage in the event of a total loss. As costs of building materials and labor increased, these inflation adjustments drove up both the insured values and rates for our Property insurance risks in 2022. Through this automatic inflation adjustment process,

both insured home values and rates should continue to change to offset future inflationary repair and replacement cost increases. We have also invested heavily in the development of our next product model (5.0), which we expect to provide additional segmentation, allowing us to better match rate to risk. The first state is expected to launch 5.0 in the second quarter of 2023.

Making it easier for agents to sell, and consumers to buy, our products remained a priority in 2022. We have over 4,000 Platinum agencies focused on growing home and auto bundles in the agency channel. In the direct channel, we rolled out online buying functionality for homeowner shoppers in 11 more states, bringing the year-end total to 45 active states. This allows users of our HomeQuote Explorer® shopping service to complete their policy purchase online, often without needing to talk with one of our in-house agents. During 2022, direct channel sales accounted for about 25% of home and condo policies and about 60% of new renters policies sold.

We enter 2023 excited to continue with the plans that we have in place to improve profitability, to reduce our geographic footprint away from coastal and hail-prone states, to grow in states typically less exposed to catastrophe losses, and to further penetrate the Robinsons consumer segment.



OPERATING RESULTS

(\$ in billions)

	2022	2021	Change
Personal Lines			
Net premiums written	\$ 39.3	\$ 36.2	9%
Net premiums earned	\$ 37.9	\$ 35.4	7%
Loss and loss adjustment expense ratio	78.3	76.4	1.9 pts.
Underwriting expense ratio	17.7	19.0	(1.3) pts.
Combined ratio	96.0	95.4	0.6 pts.
Policies in force (thousands)	23,455.4	22,735.7	3%
Commercial Lines			
Net premiums written	\$ 9.4	\$ 8.0	17%
Net premiums earned	\$ 9.1	\$ 6.9	31%
Loss and loss adjustment expense ratio	71.5	69.3	2.2 pts.
Underwriting expense ratio	19.6	19.6	0 pts.
Combined ratio	91.1	88.9	2.2 pts.
Policies in force (thousands)	1,046.4	971.2	8%
Property			
Net premiums written	\$ 2.4	\$ 2.2	8%
Net premiums earned	\$ 2.3	\$ 2.0	11%
Loss and loss adjustment expense ratio ¹	83.3	86.4	(3.1) pts.
Underwriting expense ratio ²	27.2	28.9	(1.7) pts.
Combined ratio ^{1,2}	110.5	115.3	(4.8) pts.
Policies in force (thousands)	2,851.3	2,776.2	3%

¹For 2022 and 2021, includes 25.6 points and 31.0 points, respectively, from catastrophe losses, net of reinsurance.

²For 2022 and 2021, includes 1.3 points and 2.8 points, respectively, of amortization expense associated with intangible assets.



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. 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 & POLICIES

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.

Aggregate expense ratios and growth rates disguise the true nature and performance of each business. As such, we report Personal Lines, Commercial Lines, and Property business 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.





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 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. We will invest capital in expanding business operations when, in our view, future opportunities meet our financial objectives and policies. 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.

Operating Maintain 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 at or 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
- Manage interest rate, credit, prepayment, extension, and concentration risk
- Allocate portfolio between two groups:
 - Group I:** Target 0% to 25% (common equities; nonredeemable preferred stocks; redeemable preferred stocks, except for 50% of investment-grade redeemable preferred stocks with cumulative dividends; and all other non-investment-grade fixed-maturity securities)
 - Group II:** Target 75% to 100% (short-term securities and all other fixed-maturity securities)

Financing Maintain sufficient capital to support our business

- Maintain debt below 30% of total capital at book value
- Neutralize dilution from equity-based compensation in the year of issuance through share repurchases
- Use underleveraged capital to repurchase shares and pay dividends



OUR BUSINESS MODEL

For us, a 96 combined ratio is not a “solve for” variable in our business model equation, but rather a constant that provides direction to each product and marketing decision and a cultural tipping point that ensures zero ambiguity as to how to act in certain situations. Set at a level we believe creates a fair balance between attractive profitability and consumer competitiveness, it’s deeply ingrained and central to our culture.

With clarity as to our business constant, we seek to maximize all other important variables and support with appropriate axioms:

Grow as fast as we can subject to our ability to provide high-quality service. Our preferred measure of growth is in customers, best measured by policies in force.

Extend policy life expectancy. Our preference is for the flexibility of shorter policy periods, highlighting, however, the importance of retaining customers at policy renewal. As part of our Destination Era strategy, our focus is inclusive of all points throughout a

customer’s tenure and is a never-ending focus, tailored for every consumer segment.

Clarity as to our objectives means other elements of the business model must be appropriately designed to strongly support, but not necessarily amplify, the risk of maximizing all things at the same time. Our articulation of our most critical investment objective is a good example:

Invest in a manner that does not constrain our ability to underwrite all the profitable insurance available to us at an efficient premiums-to-surplus leverage. We often refer to underwriting capacity as the protected asset and for us it is a clear determination of where the risk of leverage is best allocated.

The importance of net income, earnings per share, and return on equity is never lost on us, and we view achieving strong, long-term performance of these measures as stemming from our consistent focus on the primary elements of our business model.

OBJECTIVES & POLICY SCORECARD

	Target	2022	2021	2020	5 Years ¹	10 Years ¹	
Underwriting margin:	- Progressive ²	4%	4.2%	4.7%	12.3%	7.6%	7.2%
	- Industry ³	na		(0.8)%	9.5%	2.3%	0%
Net premiums written growth:	- Progressive	(a)	10%	14%	8%	13%	12%
	- Industry ³	na		4%	(2)%	4%	4%
Policies in force growth:	- Personal auto	(a)	3%	6%	11%	9%	7%
	- Special lines	(a)	5%	8%	8%	5%	3%
	- Commercial Lines	(a)	8%	18%	9%	10%	7%
	- Property	(a)	3%	12%	13%	14%	nm
Companywide premiums-to-surplus ratio	(b)	2.9	2.8	2.7	na	na	
Investment allocation:	- Group I	≤ 25%	10%	17%	14%	na	na
	- Group II	≥ 75%	90%	83%	86%	na	na
Debt-to-total capital ratio	< 30%	28.7%	21.2%	24.1%	na	na	
Return on average common shareholders’ equity:							
- Net income	(c)	4.4%	18.6%	35.6%	22.3%	20.5%	
- Comprehensive income (loss)	(c)	(13.5)%	13.6%	39.3%	18.5%	18.3%	

(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.

(c) Progressive does not have a predetermined target for return on average common shareholders’ equity.

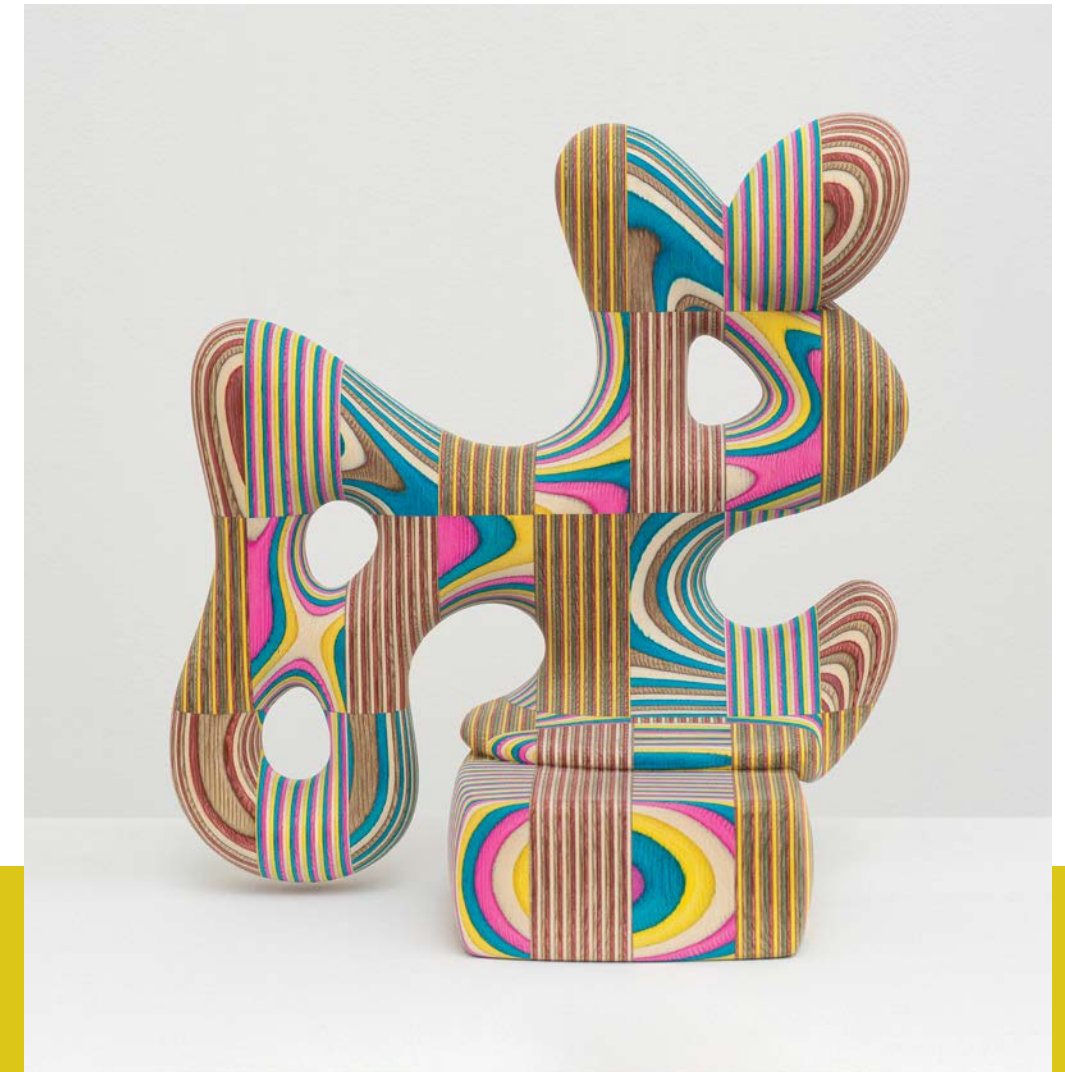
na = not applicable.

nm = not meaningful; Property business written by Progressive prior to April 2015 was negligible.

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

²Expressed as a percentage of net premiums earned. Underwriting profit (loss) is calculated by subtracting losses and loss adjustment expenses, policy acquisition costs, and other underwriting expenses (including policyholder credits) from the total of net premiums earned and fees and other revenues.

³Industry results represent private passenger auto insurance market data as reported by A.M. Best Company, Inc. The industry underwriting margin excludes the effect of policyholder dividends. Final comparable industry data for 2022 will not be available until our third quarter report. The 5- and 10-year growth rates are presented on a one-year lag basis for the industry.



ACHIEVEMENTS

We are convinced that the best way to maximize shareholder value is to achieve our 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, would have owned 206,738 shares, including dividend reinvestment, on December 31, 2022, with a market value of \$26,815,986, for a 20.4% compounded annual return, compared to the 9.6% return achieved by investors in the S&P 500 during the same period. In the one, five, and ten years ending December 31, 2022, Progressive shareholders have realized compounded annual returns, including dividend reinvestment, of 26.8%, 22.1%, and 23.7%, respectively, compared to (18.1)%, 9.4%, and 12.5% for the S&P 500.

We have consistently paid dividends since we went public in 1971. Assuming dividends were not reinvested, a shareholder who bought 100 shares at the initial public offering would now hold 92,264 shares and would have received cumulative dividends of \$2,116,349 including \$36,906 in 2022. In addition to paying dividends, over the years when we have had adequate capital and believed it to be appropriate, we have repurchased our shares. 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 2022, we repurchased 857,973 common shares. The total cost to repurchase these shares was \$99.0 million, with an average cost of \$115.44 per share. Since 1971, we have spent \$9.6 billion repurchasing our shares, at an average cost of \$7.87 per share.

FINANCIAL REVIEW

Basis of Presentation The accompanying consolidated financial statements include the accounts of The Progressive Corporation, its subsidiaries, and affiliates. These financial statements should be read in conjunction with the complete Consolidated Financial Statements, including the 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 Progressive's 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.

CEO AND CFO CERTIFICATIONS

Susan Patricia Griffith, President and Chief Executive Officer of The Progressive Corporation, and John P. Sauerland, 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 2022 Annual Report on Form 10-K, including the financial statements provided in this Report and in the 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement. Among other matters required to be included in those certifications, Mrs. Griffith and Mr. Sauerland have each certified that, to the best of their knowledge, the financial statements, and other financial information included in the 2022 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 2022 Annual Report on Form 10-K for the complete Section 302 and 906 Certifications, respectively.

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 (2013)* 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, 2022. 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 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

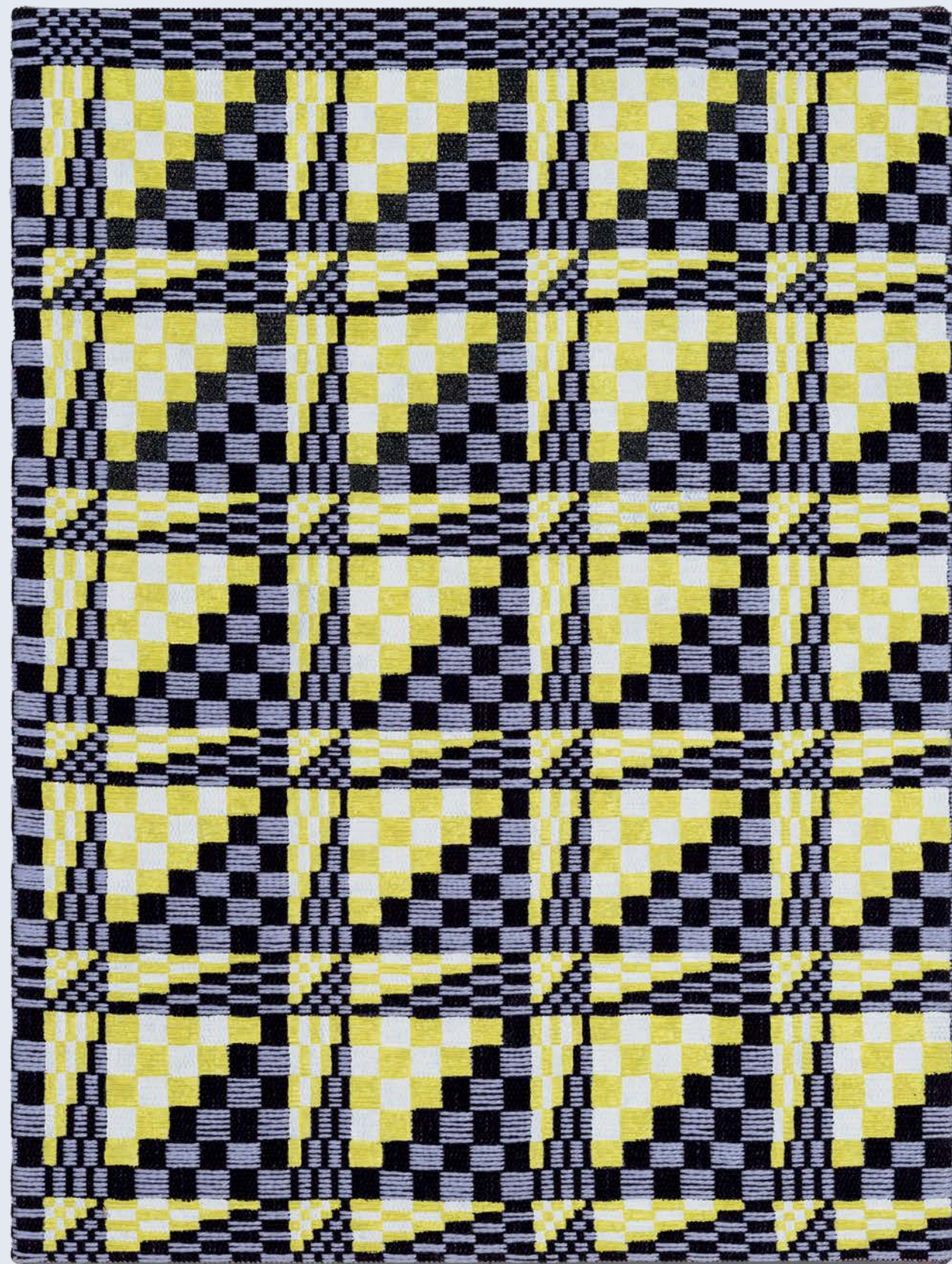
To the Board of Directors and Shareholders of The Progressive Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of The Progressive Corporation and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for each of the three years in the period ended December 31, 2022 (not presented herein) appearing in the 2022 Annual Report to the Shareholders of The Progressive Corporation, which is attached as an Appendix to The Progressive Corporation's 2023 Proxy Statement and have issued our report thereon dated February 27, 2023, which included an unqualified opinion on those consolidated financial statements. 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 27, 2023





Samantha Bittman, *Untitled*, 2022, acrylic on hand-woven textile

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(millions – except per share amounts)

For the years ended December 31,

	2022	2021	2020
Revenues			
Net premiums earned	\$ 49,241.2	\$ 44,368.7	\$ 39,261.6
Investment income	1,260.3	860.9	936.6
Net realized gains (losses) on securities:			
Net realized gains (losses) on security sales	196.5	614.3	914.7
Net holding period gains (losses) on securities	(2,100.1)	899.9	715.3
Net impairment losses recognized in earnings	(8.6)	(5.0)	0
Total net realized gains (losses) on securities	(1,912.2)	1,509.2	1,630.0
Fees and other revenues	722.1	691.8	603.5
Service revenues	299.3	271.4	226.4
Total revenues	49,610.7	47,702.0	42,658.1
Expenses			
Losses and loss adjustment expenses	38,122.7	33,627.6	25,121.8
Policy acquisition costs	3,917.0	3,712.8	3,273.2
Other underwriting expenses	5,859.6	5,654.7	5,570.0
Policyholder credit expense	0	0	1,077.4
Investment expenses	24.3	25.5	20.0
Service expenses	296.7	252.8	205.5
Interest expense	243.5	218.6	217.0
Goodwill impairment ¹	224.8	0	0
Total expenses	48,688.6	43,492.0	35,484.9
Net Income			
Income before income taxes	922.1	4,210.0	7,173.2
Provision for income taxes	200.6	859.1	1,468.6
Net income	721.5	3,350.9	5,704.6
Other Comprehensive Income (Loss)			
Changes in:			
Total net unrealized gains (losses) on fixed-maturity securities	(2,842.5)	(891.1)	586.5
Net unrealized losses on forecasted transactions	0.4	0.7	0.8
Foreign currency translation adjustment	(0.6)	(0.6)	0
Other comprehensive income (loss)	(2,842.7)	(891.0)	587.3
Comprehensive income (loss)	\$ (2,121.2)	\$ 2,459.9	\$ 6,291.9
Computation of Earnings Per Common Share			
Net income	\$ 721.5	\$ 3,350.9	\$ 5,704.6
Less: Preferred share dividends	26.9	26.9	26.9
Net income available to common shareholders	\$ 694.6	\$ 3,324.0	\$ 5,677.7
Average common shares outstanding – Basic	584.4	584.5	584.9
Net effect of dilutive stock-based compensation	2.7	2.6	2.7
Total average equivalent common shares – Diluted	587.1	587.1	587.6
Basic: Earnings per common share	\$ 1.19	\$ 5.69	\$ 9.71
Diluted: Earnings per common share	\$ 1.18	\$ 5.66	\$ 9.66

¹See Note 15 – Goodwill and Intangible Assets for further discussion.

Notes to the Consolidated Financial Statements are included in Progressive's 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.

CONSOLIDATED BALANCE SHEETS

(millions – except per share amounts)

December 31,	2022	2021
Assets		
Available-for-sale securities, at fair value:		
Fixed maturities (amortized cost: \$50,264.0 and \$43,794.2)	\$ 46,651.9	\$ 43,873.1
Short-term investments (amortized cost: \$2,861.7 and \$942.6)	2,861.7	942.6
Total available-for-sale securities	49,513.6	44,815.7
Equity securities, at fair value:		
Nonredeemable preferred stocks (cost: \$1,364.2 and \$1,571.8)	1,213.2	1,639.9
Common equities (cost: \$826.1 and \$1,264.1)	2,821.5	5,058.5
Total equity securities	4,034.7	6,698.4
Total investments	53,548.3	51,514.1
Cash and cash equivalents	203.5	187.1
Restricted cash and cash equivalents	17.4	15.0
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	220.9	202.1
Accrued investment income	282.5	181.7
Premiums receivable, net of allowance for credit losses of \$343.3 and \$280.4	10,416.9	9,399.5
Reinsurance recoverables	5,832.1	4,980.5
Prepaid reinsurance premiums	295.5	457.6
Deferred acquisition costs	1,544.4	1,355.6
Property and equipment, net of accumulated depreciation of \$1,551.1 and \$1,407.4	1,034.0	1,137.3
Goodwill ¹	227.9	452.7
Intangible assets, net of accumulated amortization of \$158.6 and \$383.8	86.3	117.3
Net federal deferred income taxes	1,131.5	0
Other assets	844.7	1,333.9
Total assets	\$ 75,465.0	\$ 71,132.3
Liabilities and Shareholders' Equity		
Unearned premiums	\$ 17,293.6	\$ 15,615.8
Loss and loss adjustment expense reserves	30,359.3	26,164.1
Net federal deferred income taxes	0	152.9
Accounts payable, accrued expenses, and other liabilities ²	5,532.8	6,069.1
Debt ³	6,388.3	4,898.8
Total liabilities	59,574.0	52,900.7
Serial Preferred Shares (authorized 20.0)		
Serial Preferred Shares, Series B, no par value (cumulative, liquidation preference of \$1,000 per share) (authorized, issued, and outstanding 0.5)	493.9	493.9
Common shares, \$1.00 par value (authorized 900.0; issued 797.6, including treasury shares of 212.7 and 213.2)	584.9	584.4
Paid-in capital	1,893.0	1,772.9
Retained earnings	15,721.2	15,339.7
Accumulated other comprehensive income (loss):		
Net unrealized gains (losses) on fixed-maturity securities	(2,786.3)	56.2
Net unrealized losses on forecasted transactions	(14.5)	(14.9)
Foreign currency translation adjustment	(1.2)	(0.6)
Total accumulated other comprehensive income (loss)	(2,802.0)	40.7
Total shareholders' equity	15,891.0	18,231.6
Total liabilities and shareholders' equity	\$ 75,465.0	\$ 71,132.3

¹See Note 15–Goodwill and Intangible Assets for further discussion.

²See Note 1–Reporting and Accounting Policies for Commitments and Contingencies and Note 12–Litigation for further discussion.

³Consists of long-term debt. See Note 4–Debt for further discussion.

Notes to the Consolidated Financial Statements are included in Progressive's 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(millions – except per share amounts)

For the years ended December 31,	2022	2021	2020
Serial Preferred Shares, No Par Value			
Balance, beginning of year	\$ 493.9	\$ 493.9	\$ 493.9
Balance, end of year	493.9	493.9	493.9
Common Shares, \$1.00 par value			
Balance, beginning of year	584.4	585.2	584.6
Treasury shares purchased	(0.9)	(2.4)	(1.3)
Net restricted equity awards issued/vested	1.4	1.6	1.9
Balance, end of year	584.9	584.4	585.2
Paid-In Capital			
Balance, beginning of year	1,772.9	1,672.9	1,573.4
Amortization of equity-based compensation	122.7	100.7	89.4
Treasury shares purchased	(2.6)	(7.1)	(3.6)
Net restricted equity awards issued/vested	(1.4)	(1.6)	(1.9)
Reinvested dividends on restricted stock units	1.4	8.0	18.2
Adjustment to carrying amount of redeemable noncontrolling interest	0	0	(2.6)
Balance, end of year	1,893.0	1,772.9	1,672.9
Retained Earnings			
Balance, beginning of year	15,339.7	13,354.9	10,679.6
Net income	721.5	3,350.9	5,704.6
Treasury shares purchased	(95.5)	(213.5)	(106.7)
Cash dividends declared on common shares (\$0.40, \$1.90, and \$4.90 per share) ¹	(233.7)	(1,109.0)	(2,865.9)
Cash dividends declared on Serial Preferred Shares, Series B (\$53.75, \$53.75, and \$80.625 per share) ¹	(26.8)	(26.8)	(40.2)
Reinvested dividends on restricted stock units	(1.4)	(8.0)	(18.2)
Other, net	17.4	(8.8)	1.7
Balance, end of year	15,721.2	15,339.7	13,354.9
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of year	40.7	931.7	341.7
Attributable to noncontrolling interest	0	0	2.7
Other comprehensive income (loss)	(2,842.7)	(891.0)	587.3
Balance, end of year	(2,802.0)	40.7	931.7
Total shareholders' equity	\$ 15,891.0	\$ 18,231.6	\$ 17,038.6

¹See Note 14–Dividends for further discussion.

There are 5.0 million Voting Preference Shares authorized; no such shares have been issued.

Notes to the Consolidated Financial Statements are included in Progressive's 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(millions)

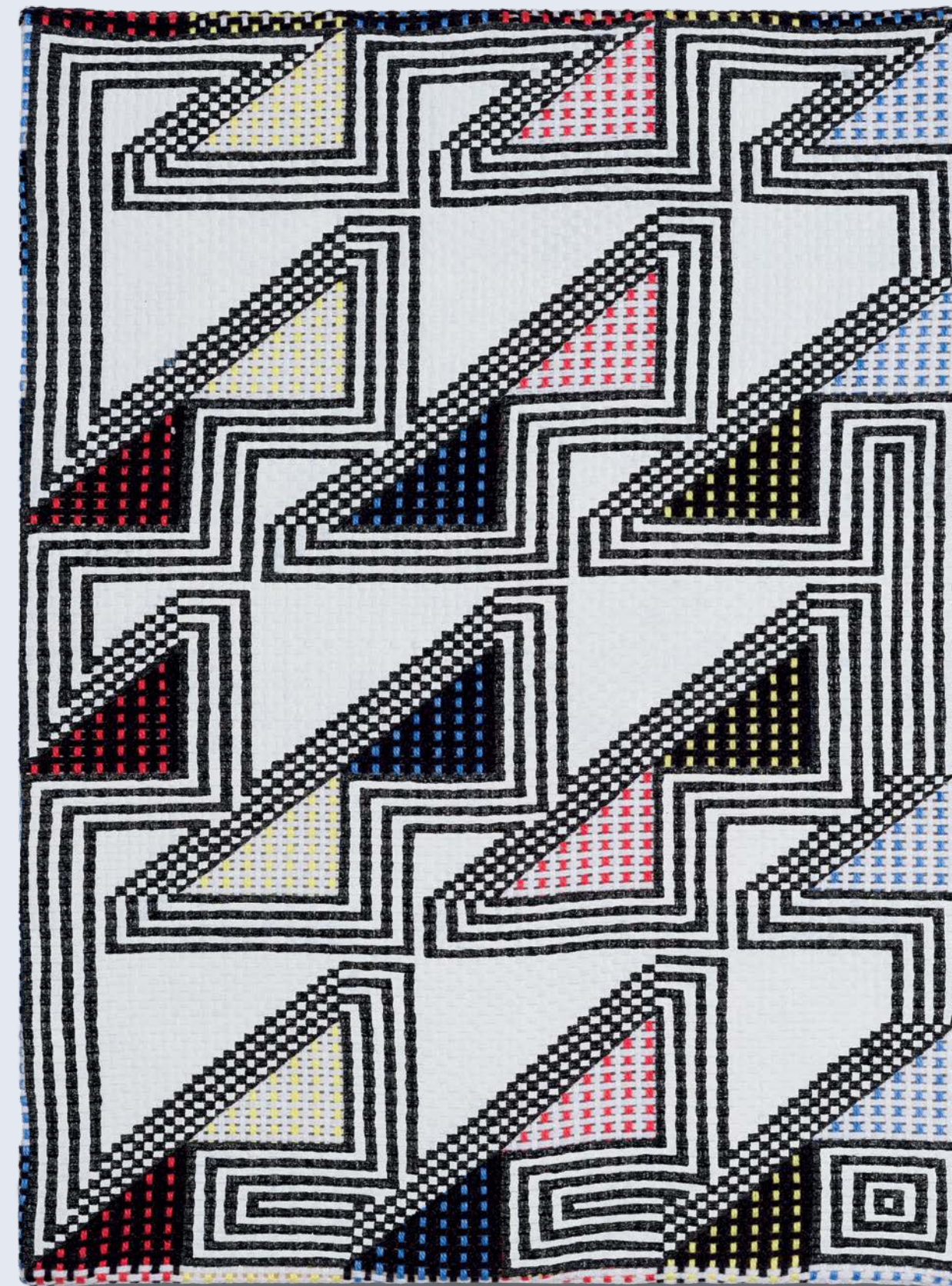
For the years ended December 31,

	2022	2021	2020
Cash Flows from Operating Activities			
Net income	\$ 721.5	\$ 3,350.9	\$ 5,704.6
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	305.6	279.7	274.9
Amortization of intangible assets	31.0	57.7	56.9
Net amortization (accretion) of fixed-income securities	(25.2)	130.3	100.9
Amortization of equity-based compensation	122.7	100.7	89.4
Net realized (gains) losses on securities	1,912.2	(1,509.2)	(1,630.0)
Net (gains) losses on disposition of property and equipment	(0.6)	(3.6)	12.5
Goodwill impairment ¹	224.8	0	0
Changes in:			
Premiums receivable	(1,017.4)	(1,146.8)	(652.8)
Reinsurance recoverables	(851.6)	(508.7)	(640.5)
Prepaid reinsurance premiums	162.1	(74.9)	258.4
Deferred acquisition costs	(188.8)	(118.4)	(180.7)
Income taxes	(515.3)	(86.0)	(23.1)
Unearned premiums	1,677.8	2,111.4	1,048.7
Loss and loss adjustment expense reserves	4,195.2	4,752.8	2,160.4
Accounts payable, accrued expenses, and other liabilities	199.5	399.7	328.9
Other, net	(104.7)	26.1	(2.9)
Net cash provided by operating activities	6,848.8	7,761.7	6,905.6
Cash Flows from Investing Activities			
Purchases:			
Fixed maturities	(26,510.4)	(33,177.5)	(32,037.5)
Equity securities	(158.1)	(838.1)	(951.2)
Sales:			
Fixed maturities	14,055.2	18,965.2	22,727.2
Equity securities	1,496.1	780.6	431.8
Maturities, paydowns, calls, and other:			
Fixed maturities	5,380.3	7,013.8	7,109.4
Equity securities	83.6	223.1	113.8
Net (purchases) sales of short-term investments	(1,868.2)	4,355.7	(3,393.2)
Net change in unsettled security transactions	(177.8)	47.9	83.6
Acquisition of Protective Insurance Corporation, net of cash, cash equivalents, and restricted cash equivalents acquired	0	(313.2)	0
Purchases of property and equipment	(292.0)	(243.5)	(223.5)
Sales of property and equipment	35.1	66.2	21.9
Net cash used in investing activities	(7,956.2)	(3,119.8)	(6,117.7)
Cash Flows from Financing Activities			
Dividends paid to common shareholders ²	(234.0)	(3,746.5)	(1,551.0)
Dividends paid to preferred shareholders ²	(26.8)	(26.8)	(26.8)
Acquisition of treasury shares for restricted stock tax liabilities	(76.7)	(67.2)	(68.7)
Acquisition of treasury shares acquired in open market	(22.3)	(155.8)	(42.9)
Net proceeds from debt issuance	1,486.0	0	986.3
Payment of acquired company debt	0	(20.0)	0
Payments of debt	0	(500.0)	0
Acquisition of additional shares of ARX Holding Corp.	0	0	(243.0)
Proceeds from exercise of equity options	0	0	7.3
Net cash provided by (used in) financing activities	1,126.2	(4,516.3)	(938.8)
Increase (decrease) in cash, cash equivalents, restricted cash, and restricted cash equivalents	18.8	125.6	(150.9)
Cash, cash equivalents, restricted cash, and restricted cash equivalents – beginning of year	202.1	76.5	227.4
Cash, cash equivalents, restricted cash, and restricted cash equivalents – end of year	\$ 220.9	\$ 202.1	\$ 76.5

¹ See Note 15—Goodwill and Intangible Assets for further discussion.

² See Note 14—Dividends for further discussion.

Notes to the Consolidated Financial Statements are included in Progressive's 2022 Annual Report to Shareholders, which is attached as an Appendix to Progressive's 2023 Proxy Statement.





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

Investors are cautioned that certain statements in this report not based upon historical fact are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements often use words such as “estimate,” “expect,” “intend,” “plan,” “believe,” “goal,” “target,” “anticipate,” “will,” “could,” “likely,” “may,” “should,” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. Forward-looking statements are not guarantees of future performance, are based on current expectations and projections about future events, and are subject to certain risks, assumptions 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:

- our ability to underwrite and price risks accurately and to charge adequate rates to policyholders;
- our ability to establish accurate loss reserves;
- the impact of severe weather, other catastrophe events and climate change;
- the effectiveness of our reinsurance programs and the continued availability of reinsurance and performance by reinsurers;
- the secure and uninterrupted operation of the systems, facilities and business functions and the operation of various third-party systems that are critical to our business;
- the impacts of a security breach or other attack involving our technology systems or the systems of one or more of our vendors;
- our ability to maintain a recognized and trusted brand and reputation;
- whether we innovate effectively and respond to our competitors' initiatives;
- whether we effectively manage complexity as we develop and deliver products and customer experiences;
- our ability to attract, develop and retain talent and maintain appropriate staffing levels;
- the impact of misconduct or fraudulent acts by employees, agents, and third parties to our business and/or exposure to regulatory assessments;
- the highly competitive nature of property-casualty insurance markets;
- whether we adjust claims accurately;
- compliance with complex and changing laws and regulations;
- litigation challenging our business practices, and those of our competitors and other companies;
- the success of our business strategy and efforts to acquire or develop new products or enter into new areas of business and navigate related risks;

- how intellectual property rights affect our competitiveness and our business operations;
- the performance of our fixed-income and equity investment portfolios;
- the impact on our investment returns and strategies from regulations and societal pressures relating to environmental, social, governance and other public policy matters;
- the elimination of the London Interbank Offered Rate;
- our continued ability to access our cash accounts and/or convert investments into cash on favorable terms;
- the impact if one or more parties with which we enter into significant contracts or transact business fail to perform;
- legal restrictions on our insurance subsidiaries' ability to pay dividends to The Progressive Corporation;
- limitations on our ability to pay dividends on our common shares under the terms of our outstanding preferred shares;
- our ability to obtain capital when necessary to support our business and potential growth;
- evaluations by credit rating and other rating agencies;
- the variable nature of our common share dividend policy;
- whether our investments in certain tax-advantaged projects generate the anticipated returns;
- the impact from not managing to short-term earnings expectations in light of our goal to maximize the long-term value of the enterprise;
- the impacts of epidemics, pandemics or other widespread health risks; 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, including, without limitation, the Risk Factors section of our Annual Report on Form 10-K for the year ending December 31, 2022.

Any forward-looking statements are made only as of the date presented. Except as required by applicable law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

In addition, investors should be aware that accounting principles generally accepted in the United States 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 we establish reserves 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.

CORPORATE INFORMATION

Principal Office

The Progressive Corporation
6300 Wilson Mills Road
Mayfield Village, Ohio 44143
440-461-5000
progressive.com

Annual Meeting

The Annual Meeting of Shareholders will take place on Friday, May 12, 2023, at 10:00 a.m., eastern time. This meeting will be held by online webcast only. You will be able to attend and participate in the Annual Meeting via live webcast by visiting virtualshareholdermeeting.com/PGR2023. To participate in the meeting, you must have your 16-digit control number that is shown on your proxy card. You will not be able to attend the Annual Meeting in person.

Online Annual Report and Proxy Statement

Our 2022 Annual Report to Shareholders can be found at: progressive.com/annualreport.

Our 2023 Proxy Statement and 2022 Annual Report to Shareholders, in a PDF format, can be found at: progressiveproxy.com.

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 website: progressive.com/sec. To view our earnings and other releases, access: progressive.com/financial-releases.

For financial-related information or to request copies of Progressive's publicly filed documents free of charge, write to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, Ohio 44143, email: investor_relations@progressive.com, or call: 440-395-2222.

For all other company information, call: 440-461-5000 or access our website at: progressive.com/contactus.

Transfer Agent and Registrar

Registered Shareholders: If you have questions or changes to your account and your Progressive common shares are registered in your name, write to: American Stock Transfer & Trust Company, Attn: Operations Center, 6201 15th Avenue, Brooklyn, NY 11219; phone: 1-866-709-7695; email: help@astfinancial.com; or visit their website at: astfinancial.com.

Beneficial Shareholders: If your Progressive common shares are held in a brokerage or other financial institution account, contact your broker or financial institution directly regarding questions or changes to your account.

Common Shares, Holders, and Dividends

The Progressive Corporation's common shares are traded on the New York Stock Exchange (symbol PGR). There were 1,750 shareholders of record on January 31, 2023. Progressive currently has a dividend policy under which the Board expects to declare regular, quarterly common share dividends and, on at least an annual basis, to consider declaring an additional variable common share dividend. The dividend policy can be found at: progressive.com/dividend.

Counsel Baker & Hostetler LLP, Cleveland, Ohio

Corporate Governance

Progressive's Corporate Governance Guidelines and Board Committee Charters are available at: progressive.com/governance.

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 Chairperson of the Audit Committee, as follows:

Stuart B. Burgdoerfer, Chair of the Audit Committee, auditchair@progressive.com.

Any such complaint or concern also may be reported anonymously over the following toll-free Alertline: 1-800-683-3604 or online at: progressivealertline.com.

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.

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 to either of the following:

Lawton W. Fitt, Chairperson of the Board, The Progressive Corporation, email: chair@progressive.com; or

Daniel P. Mascaro, Secretary, The Progressive Corporation, 6300 Wilson Mills Road, Mayfield Village, Ohio 44143 or email: secretary@progressive.com.

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

Whistleblower Protections

Progressive will not retaliate against any officer or employee of Progressive because of any lawful act done by the officer or employee to provide information or otherwise assist in investigations regarding conduct that the officer or employee reasonably believes to be a violation of federal securities laws or of any rule or regulation of the Securities and Exchange Commission. View the complete Whistleblower Protections at: progressive.com/governance.

Social Responsibility and Sustainability

Progressive uses an online format to communicate our social responsibility efforts, and we see sustainability as part of the value we bring to our shareholders, customers, employees, agents, and communities. Our social responsibility and sustainability reports can be found at: progressive.com/socialresponsibility and progressive.com/sustainability, respectively.

Charitable Contributions

We contribute to: (i) The Insurance Institute for Highway Safety to further its work in reducing the human trauma and economic costs of auto accidents; (ii) Humble Design, a nonprofit organization we partnered with to furnish homes for families and veterans transitioning from homelessness; and, (iii) The Progressive Insurance Foundation.

To more broadly represent our employees and their communities, The Progressive Insurance Foundation provides funds to national charitable organizations identified by our Employee Resource Groups and contributes a fixed amount to eligible 501(c)(3) charitable organizations chosen by each participating employee's recommendation, without requiring the employee to contribute. Over the last five years, the funds provided by The Progressive Insurance Foundation related to employee recommended contributions and, prior to 2022, an employee matching program averaged approximately \$5 million per year.

INSURANCE QUOTES, CLAIMS REPORTING, AND CUSTOMER SERVICE

	Personal Autos, Motorcycles, Recreational Vehicles, Homeowners, Other Property, and Renters	Commercial Autos/Trucks, Business Property, and General Liability
To Receive a Quote	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-888-806-9598 progressivecommercial.com
To Report a Claim	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-800-PROGRESSIVE (1-800-776-4737) progressivecommercial.com
For Customer Service If you bought your policy directly through Progressive online or by phone	1-800-PROGRESSIVE (1-800-776-4737) progressive.com	1-800-PROGRESSIVE (1-800-776-4737) progressivecommercial.com
If you bought your policy through an independent agent or broker	1-800-925-2886 (1-800-300-3693 in California) progressive.com/agent	1-800-895-2886 progressivecommercial.com
If you bought your policy through an independent agent or broker for the state of California	1-800-300-3693 driveinsurance.com	1-800-895-2886 progressivecommercial.com

In addition, iPhone® and Android® users can download the Progressive mobile app to start a quote, report a claim, or service a policy.

DIRECTORS & OFFICERS

Directors

Philip Bleser^{1, 5, 7}
Retired Chairman of Global
Corporate Banking,
JPMorgan Chase & Co.
(financial services)

Stuart B. Burgdoerfer^{1, 6, 7}
Retired Executive Vice President
and Chief Financial Officer,
L Brands, Inc.
(retailing)

Pamela J. Craig^{3, 6, 7}
Retired Chief Financial Officer,
Accenture PLC
(global management consulting)

Charles A. Davis^{4, 7}
Chief Executive Officer,
Stone Point Capital LLC
(private equity investing)

Roger N. Farah^{2, 3, 5, 7}
Retired Executive Director,
Tory Burch LLC
(retailing)

Lawton W. Fitt^{2, 4, 5, 7}
Chairperson of the Board,
The Progressive Corporation
Retired Partner,
Goldman Sachs Group
(financial services)

Susan Patricia Griffith²
President and
Chief Executive Officer,
The Progressive Corporation

Devin C. Johnson^{6, 7}
President and Chief Operating Officer,
The SpringHill Company
(global consumer and
entertainment)

Jeffrey D. Kelly^{1, 7}
Retired Chief Operating Officer
and Chief Financial Officer,
RenaissanceRe Holdings Ltd.
(reinsurance services)

Barbara R. Snyder^{3, 7}
President,
The Association of American Universities
(higher education)

Jan E. Tighe^{3, 6, 7}
United States Navy,
Vice Admiral, Retired
(military)

Kahina Van Dyke^{4, 6, 7}
Global Head, Digital Channels
and Client Data Analytics,
Standard Chartered PLC
(international banking)

¹ Audit Committee Member

² Executive Committee Member

³ Compensation Committee Member

⁴ Investment & Capital Committee Member

⁵ Nominating & Governance Committee Member

⁶ Technology Committee Member

⁷ Independent Director

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right: Samantha Bittman, *Untitled*, 2020, acrylic on hand-woven textile
back cover: Bayne Peterson, *Untitled* (detail), 2019, dyed plywood

Corporate Officers

Lawton W. Fitt
Chairperson of the Board
(non-executive)

Susan Patricia Griffith
President and
Chief Executive Officer

John P. Sauerland
Vice President and
Chief Financial Officer

Daniel P. Mascaro
Vice President, Secretary,
and Chief Legal Officer

Patrick S. Brennan
Treasurer

Mariann Wojtkun Marshall
Vice President,
Assistant Secretary, and
Chief Accounting Officer



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