

PROGRESSIVE CORP/OH/
Form DEF 14A
March 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549
SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

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Check the appropriate box:

Preliminary Proxy Statement

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Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

THE PROGRESSIVE CORPORATION

(Name of Registrant as Specified in its Charter)

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The Progressive Corporation (NYSE:PGR) will hold its Annual Meeting of Shareholders on Friday, May 11, 2018, at 10:00 a.m., local time, at Progressive's Studio 96, 6671 Beta Drive, Mayfield Village, Ohio. At the Annual Meeting, shareholders will be asked to:

1. Elect as directors the 11 nominees identified in the attached Proxy Statement, each to serve for a term of one year;
2. Cast an advisory vote to approve our executive compensation program;
3. Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018; and
4. Transact such other business as may properly come before the meeting.

The foregoing items of business are described more fully in the Proxy Statement accompanying this Notice. Only shareholders of record of The Progressive Corporation at the close of business on March 16, 2018 are entitled to receive notice of and to vote at the meeting or any adjournment or postponement of the meeting.

Your vote is important. Whether or not you plan to be present at the meeting, please vote by Internet or telephone (following the instructions on the enclosed proxy card), or by completing and returning the proxy card in the enclosed postage-paid envelope. If you later choose to revoke your proxy, you may do so before voting occurs at the Annual Meeting by following the procedures described in the "Questions and Answers about the Annual Meeting and Voting" section in the attached Proxy Statement.

By Order of the Board of Directors.

Daniel P. Mascaro, Secretary

March 30, 2018

The Proxy Statement and the 2017 Annual Report to Shareholders are also available at progressiveproxy.com.

A MESSAGE FROM THE BOARD OF DIRECTORS

March 30, 2018

Last year in this space, we discussed the Board of Directors' role in a multi-year succession process that resulted in Tricia Griffith being named CEO in July of 2016. In this letter, we would like to address an equally important multi-year development process - the selection and composition of our Board of Directors.

In the Proxy Statement that follows, you will find details about each of our nine current directors who has been nominated by the Board for election at the Annual Meeting. These directors come to us with significant executive management experience from a varied cross-section of industries and with extensive experience on other public company boards of directors. The nominated directors range in age from 53 to 74 years and include three women, including Tricia, our CEO, and Lawton Fitt, our Lead Independent Director. Our shortest tenured director has been with us for 7 months and the longest for 21.5 years. Average tenure for the nominated directors is just over 9 years, with six of the nine nominated directors having 10 years of service or less.

In addition, we are pleased to present two new nominees to be voted on at the Annual Meeting. As you will see in the attached materials, Pamela J. Craig is a former Chief Financial Officer at the global consulting firm, Accenture, and she also comes with board experience at other large public companies. Kahina Van Dyke is the Global Director of Financial Services & Payment Partnerships at Facebook and she has prior work experience at Mastercard and Citigroup. We are excited to add nominees with such outstanding backgrounds for shareholders' consideration. The Board considers this to be a diverse and immensely qualified group of nominees. Their backgrounds are broad and varied, and each is dedicated to acting in shareholders' interests.

Of course, the current composition and performance of the Board, as well as the addition of our new nominees, is the result of many years of work. The Nominating and Governance Committee is charged with director recruitment efforts and overseeing our director evaluation processes. Director recruitment has become an almost year-round effort by boards, and ours is no exception, as the desire for board refreshment and director turnover motivate us to seek out high performing candidates for potential openings. In these efforts, the Committee identifies specific talents, experiences, and demographic considerations to guide their search, and it considers individuals suggested by directors or shareholders and at times may enlist the services of a professional search firm to broaden the pool. We seek to achieve diversity in Board membership, whether considered in terms of age, gender, sexual orientation, race, or national origin, or in terms of a specific skill set or professional or industry experience, and tenure. When qualified candidates are identified for an opening, a series of in-person meetings with Board members are held to further explore each candidate's qualifications, experience, and potential fit with other Board members and management. Ultimately, the full Board votes on a specific candidate for election to the Board and nominates the candidate for election by shareholders.

Once on the Board, it is critical that directors get up to speed on the company's strategies, business plans, competitive environment, significant risks, and a host of other issues that the Board faces. The property and casualty insurance industry and the company's businesses present unique challenges, competitive concerns, regulatory issues, technology considerations, and financial reporting issues, not to mention a long list of insurance-specific concepts and terminology, which require time to master. Depending on a particular director's needs, this education can be achieved over time in one-on-one meetings with various members of management, studying financial reports and board packages, reading relevant industry research and press coverage, and attending meetings of the various Board committees, in addition to participating in Board meetings and management's presentations. Ultimately, a new director will be assigned to one or more of the Board's committees and will contribute to overall governance through that participation.

Typically, our new directors are able to learn about the insurance industry and the company's business model and culture during the first few years of their tenure, and to begin to participate fully in board discussion and decision making. In fact, our experience has been that those with longer tenure often can become our most effective directors as their understanding of the industry and the company deepens. For that reason, we have not established term limits for our directors and, instead, have in place a retirement age limit that has resulted in three directors retiring since

2010. In addition, we rely on a robust internal evaluation process in connection with the renomination of current directors to ensure that each director is advancing in his or her understanding, spending adequate time preparing for and then

participating in Board and committee meetings as expected, supporting and working appropriately with the other Board members and management and, overall, contributing to the Board's work on behalf of shareholders. Historically, having 10 or 11 members on the Board has been about the right size for us under most circumstances. With the retirements of Glenn Renwick and Brad Sheares at the Annual Meeting, and the nominations of Pam Craig and Kahina Van Dyke, we expect to remain in that range, but we have the flexibility to increase or decrease the size of the Board as circumstances develop.

These issues have the ongoing, focused attention of the Board and the Nominating and Governance Committee, as we continue to balance the effectiveness and stability of longer-tenured directors with the benefits of adding new members and enhancing diversity when possible. We believe we have struck that balance well with our current group, but shareholders should understand that we are always looking for ways to improve the Board and its ability to work on the shareholders' behalf.

One more noteworthy upcoming change that we would like to mention: with Glenn's retirement from the Board, the remaining directors are in the process of selecting new leadership. At our meeting in February, the continuing Board members indicated their intent to elect Lawton Fitt to be the new Chairperson after the Annual Meeting in May. Until that time, she will continue to serve as our Lead Independent Director.

* * * *

Once again, we would like to thank you for your continuing ownership interest in The Progressive Corporation. As we have discussed in prior letters, we welcome shareholder input into the matters that are discussed in these letters or that are otherwise considered to be important to the company and the Board. You can find the details of how to contact us in the Proxy Statement that follows.

On behalf of the Board of Directors,

/s/

/s/

Glenn M. Renwick

Lawton W. Fitt

Chairman of the Board

Lead Independent Director

The Progressive Corporation
 Proxy Statement
 Table of Contents

<u>General Information Regarding Proxy Materials and the Annual Meeting of Shareholders</u>	1
<u>Questions and Answers about the Annual Meeting and Voting</u>	1
<u>Item 1: Election of Directors</u>	5
<u>Other Board of Directors Information</u>	11
<u>Board of Directors Independence Determinations</u>	11
<u>Leadership Structure</u>	11
<u>Risk Oversight</u>	12
<u>Meetings of the Board of Directors and Attendance</u>	12
<u>Meetings of the Non-Management and Independent Directors</u>	13
<u>Board Committees</u>	13
<u>Communications with the Board of Directors</u>	15
<u>Transactions with Related Persons</u>	15
<u>Compensation Committee Interlocks and Insider Participation</u>	16
<u>Report of the Audit Committee</u>	17
<u>Security Ownership of Certain Beneficial Owners and Management</u>	18
<u>Security Ownership of Certain Beneficial Owners</u>	18
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	18
<u>Security Ownership of Directors, Nominees, and Executive Officers</u>	19
<u>Compensation Discussion and Analysis</u>	21
<u>Highlights for 2017</u>	21
<u>Our Executive Compensation Program</u>	22
<u>Elements of Compensation – 2017 Decisions and Awards</u>	22
<u>Salaries</u>	22
<u>Annual Cash Incentive Payments</u>	23
<u>Equity Awards</u>	26
<u>Additional Comments Regarding 2017 Compensation Decisions</u>	28
<u>Significant Changes for 2018</u>	29
<u>Other Elements of Compensation</u>	29
<u>Procedures and Policies</u>	32
<u>Compensation for Mr. Auer</u>	35
<u>Related Considerations</u>	36
<u>Compensation Committee Report</u>	37
<u>Compensation Programs and Risk Management</u>	38
<u>Executive Compensation</u>	39
<u>Summary Compensation Table</u>	39
<u>Grants of Plan-Based Awards</u>	41
<u>Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End</u>	47
<u>Option Exercises and Stock Vested</u>	49
<u>Nonqualified Deferred Compensation</u>	50
<u>Potential Payments Upon Termination or Change in Control</u>	50
<u>Pay Ratio Disclosure</u>	55
<u>Compensation of Non-Employee Directors</u>	57
<u>Narrative Disclosure to Director Compensation Table</u>	57

<u>Item 2: Advisory Vote to Approve our Executive Compensation Program</u>	<u>60</u>
<u>Item 3: Proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018</u>	<u>61</u>
<u>Other Independent Registered Public Accounting Firm Information</u>	<u>61</u>
<u>Approval of Audit and Non-Audit Services</u>	<u>61</u>
<u>Independent Registered Public Accounting Firm Fees</u>	<u>62</u>
<u>Procedures for Recommendations and Nominations of Directors and Shareholder Proposals</u>	<u>63</u>
<u>Householding</u>	<u>64</u>
<u>Charitable Contributions</u>	<u>64</u>
<u>Other Matters</u>	<u>65</u>
<u>Available Information</u>	<u>65</u>

THE PROGRESSIVE CORPORATION

PROXY STATEMENT

GENERAL INFORMATION REGARDING PROXY MATERIALS AND THE ANNUAL MEETING OF SHAREHOLDERS

The Board of Directors of The Progressive Corporation (NYSE:PGR) provides this Proxy Statement to you to solicit your proxy to act upon the matters outlined in the accompanying Notice of Annual Meeting of Shareholders, each described in more detail below.

The Annual Meeting will take place on Friday, May 11, 2018, at 10:00 a.m., local time, at Progressive's Studio 96, 6671 Beta Drive, Mayfield Village, Ohio 44143. Your proxy also may be voted at any adjournment or postponement of the meeting.

The proxy card, this Proxy Statement, and Progressive's 2017 Annual Report to Shareholders will be mailed to shareholders beginning on or about April 2, 2018.

All proxies that are properly completed and submitted over the Internet or by telephone, and all properly executed written proxies, will be voted at the meeting in accordance with the directions given by the shareholder, unless the shareholder properly revokes his or her proxy before voting occurs at the meeting. If a shareholder executes and delivers their proxy card without directions on how to vote their shares, then the shares represented by the proxy card will be voted as recommended by the Board of Directors.

Only shareholders of record of The Progressive Corporation at the close of business on March 16, 2018, the record date, are entitled to receive notice of and to vote at the meeting or any adjournment or postponement of the meeting. Each shareholder on the record date is entitled to one vote for each of our common shares, \$1.00 par value, held by the shareholder. On the record date, we had 582,384,537 common shares outstanding.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

Why did I receive these materials?

You received these materials because you were a shareholder of The Progressive Corporation on the record date. We hold a meeting of our shareholders annually. At the meeting, shareholders will be asked to vote on the matters listed in the Notice of Annual Meeting of Shareholders. Since it is not practical or convenient for all shareholders to attend the meeting in person, our Board of Directors is seeking your proxy to vote on these matters.

What is a proxy?

A proxy is the legal authority that you give to another person to vote the shares you own at our Annual Meeting. The person you designate to vote your shares also is referred to as your proxy. If you designate someone as your proxy in a written document, that document sometimes is referred to as a proxy or proxy card. When you submit a proxy card or you submit your vote over the Internet or by phone, the person named as your proxy is required to vote your shares at the Annual Meeting in the manner you have instructed. By voting via proxy, you are able to ensure that your vote is counted without having to attend the Annual Meeting in person.

Who is soliciting my proxy?

This solicitation of proxies is made by and on behalf of our Board of Directors. The Board has approved the matters to be acted upon at the Annual Meeting (described in more detail below). The Board recommends that you vote FOR each director nominee named in this Proxy Statement and FOR Items 2 and 3, as such proposals are described in this Proxy Statement.

What is a proxy statement?

This document (excluding the 2017 Annual Report to Shareholders, which is attached as an appendix) is our Proxy Statement. A proxy statement is a document that Securities and Exchange Commission (SEC) regulations require us to give shareholders when we are soliciting shareholders' proxies to vote their shares. This Proxy Statement and the Annual Report contain important information about The Progressive Corporation and its subsidiaries and affiliates, and about the matters that will be voted on at the Annual Meeting. Please read these materials carefully so that you have the information you need to make informed decisions.

Who is entitled to vote at the Annual Meeting?

Holders of our common shares at the close of business on March 16, 2018, the record date, are entitled to receive the Notice of Annual Meeting and Proxy Statement and to vote their shares at the Annual Meeting. Each share is entitled to one vote for each director nominee and on each other matter properly brought before the meeting.

What is the difference between a “shareholder of record” and a shareholder who holds shares in “street name?”

If you hold Progressive common shares directly, either in stock certificate form or book-entry form, in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, you are a “shareholder of record” (also known as a “registered shareholder”). The Notice of Annual Meeting, Proxy Statement, Annual Report to Shareholders, and proxy card have been sent directly to you by us or our representative.

If you own your shares indirectly through a brokerage firm, bank, or other financial institution (each, a “broker”), your shares are said to be held in “street name.” Technically, your broker votes those shares. In this case, these materials and a voting instruction form have been forwarded to you by your broker or their designated representative. Through this process, your broker collects voting instructions from all of its customers who hold Progressive common shares and then submits votes to us in accordance with those instructions.

Under New York Stock Exchange (NYSE) rules, we expect that your broker will NOT be able to vote your shares with respect to the election of directors and Item 2, UNLESS you provide voting instructions to your broker (see the question “What are broker discretionary voting and broker non-votes?” below for more information). We strongly encourage you to exercise your right to vote.

How can I vote?

Internet or Telephone. All shareholders of record can vote via the Internet or by touch-tone telephone from the U.S. and Canada, following the directions set forth on the proxy card. Internet and telephone voting for street-name holders is typically made available by brokers. If applicable to you, voting instructions will be included in the materials you receive from them.

If you vote
by Internet
or
telephone,
you do not
have to
return your
proxy card
or voting
instruction
form.

Mail. All shareholders of record can vote using the enclosed proxy card. Please be sure to complete, sign, and date the proxy card and return it in the enclosed, prepaid envelope. If you are a street-name holder, you will receive from your broker information on how to submit your voting instructions.

In Person at the Meeting. All shareholders of record may vote in person at the Annual Meeting. Street-name holders may vote in person at the Annual Meeting only if they bring a legal proxy from their broker. If you are a street-name holder and you plan to vote in person, you must request the legal proxy from your bank or broker well in advance of the meeting date. A photo identification is required to vote in person. 401(k) plan participants are not eligible to vote in person at the Annual Meeting.

401(k) Plan Participants. If you hold shares through Progressive's 401(k) plan, you will receive separate information on how to instruct the plan trustee to vote the shares held on your behalf under the plan. If your voting instructions are received before the trustee's deadline, your 401(k) plan shares will be voted according to the instructions that you provide. If you do not specify your voting instructions in the manner required, your shares will not be voted. To allow the trustee sufficient time to process instructions, you must submit your voting instructions by 11:59 p.m., eastern time, on Tuesday, May 8, 2018.

If I submit a proxy, may I later change or revoke it?

Yes. If you are a shareholder of record, you may revoke your proxy at any time before votes are cast at the Annual Meeting by:

- providing written notice to the Secretary of the company;
- timely delivering a valid, later-dated, and signed proxy card or a later-dated vote via the Internet or by telephone; or
- voting in person at the Annual Meeting.

2

If you are a street-name holder of shares, you may submit new voting instructions by contacting your broker. You may also vote in person at the Annual Meeting, if you obtain a legal proxy as described in the answer to the previous question.

If you hold shares through our 401(k) plan, you can change your voting instructions at any time prior to 11:59 p.m., eastern time, on Tuesday, May 8, 2018; voting of 401(k) plan shares in person at the Annual Meeting is not permitted. Only your last vote will be counted. All shares that have been properly voted and not revoked will be voted at the Annual Meeting as instructed.

Who counts the votes?

Votes will be tabulated by, or under the direction of, the Inspectors of Election, some of whom may be our regular employees. The Inspectors of Election will certify the results of the voting at the Annual Meeting.

What are my voting options and what vote is needed to pass the proposals included in this Proxy Statement?

You have the right to vote FOR or AGAINST each director nominee and each other proposal, or to ABSTAIN from voting. Assuming that at least a majority of our common shares outstanding are present at the meeting either in person or by proxy (called a quorum), the following table summarizes the vote required for approval regarding the director elections and each other proposal, as well as the Board's voting recommendation.

Item Number	Proposal	Board Recommendation	Affirmative Vote Required for Approval	Broker Discretionary Voting Allowed? ¹	Effect of Abstentions and Broker Non-Votes ¹
1	Elect as directors the 11 nominees identified in this Proxy Statement, each to serve for a term of one year	FOR each nominee	Majority of votes cast	No	See note 2
2	Cast an advisory vote to approve our executive compensation program	FOR	Majority of votes cast	No	See note 2
3	Ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2018	FOR	Majority of votes cast	Yes	See note 2

¹ See the question below entitled "What are broker discretionary voting and broker non-votes?" for additional explanation.

² Abstentions and unvoted shares (including broker non-votes) will not be considered as votes cast.

What are broker discretionary voting and broker non-votes?

For shares held in "street name," when a broker does not receive voting instructions from its customers, the question arises whether the broker nonetheless has the discretion to vote those shares. For us, the answer to that question depends on whether the NYSE classifies the matter being voted on as "routine" or "non-routine."

For routine matters, the NYSE gives brokers the discretion to vote, even if they have not received voting instructions from their customers (sometimes referred to as the "beneficial owners"). Each broker has its own policies that control whether or not it casts votes for routine matters. In this Proxy Statement, only the ratification of our independent registered public accounting firm (Item 3) is expected to be considered routine by the NYSE.

For non-routine matters, the NYSE prohibits brokers from casting votes on behalf of the beneficial owners if the broker has not received voting instructions. When the broker is unable to vote under these rules, it reports the number of unvoted shares to us as "broker non-votes." In this Proxy Statement, each item other than Item 3, the ratification of our independent registered public accounting firm, is expected to be considered non-routine by the NYSE. As a result, on each of those items, if you hold your shares in street name, your shares will be voted only if you give instructions to your broker.

The NYSE will make final determinations about our proposals and will inform the brokers whether each proposal is considered routine or non-routine. To ensure that your shares are voted, we strongly encourage you to provide your broker with your voting instructions.

3

Can I access the proxy materials on the Internet?

Yes. The proxy materials are available on a dedicated website at progressiveproxy.com. In addition, our Annual Report on Form 10-K is available at the Investor Relations section of our website at progressive.com/sec. We will also provide a copy of any of these documents to any shareholder free of charge, upon request by calling (440) 395-2222, by email to investor_relations@progressive.com, or by writing to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, OH 44143.

If you hold your shares in street name, your broker may also provide you copies of these documents electronically. Please check the information provided in the proxy materials delivered to you by your broker regarding the availability of this service.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, THE BOARD OF DIRECTORS STRONGLY ENCOURAGES YOU TO VOTE YOUR SHARES BY PROXY PRIOR TO THE MEETING. YOUR VOTE IS IMPORTANT. PLEASE FOLLOW THE VOTING INSTRUCTIONS CAREFULLY TO MAKE SURE THAT YOUR SHARES ARE VOTED APPROPRIATELY.

4

ITEM 1: ELECTION OF DIRECTORS

Our Code of Regulations establishes the number of directors at no fewer than five and no more than 13. The number of directors has been fixed at 11, and there are currently 11 directors on the Board. In this proposal, we are asking shareholders to elect as directors the 11 nominees named below.

Each director elected will serve a one-year term and until his or her successor is duly elected. If, by reason of death or other unexpected occurrence, any one or more of the nominees named below is not available for election, the proxies will be voted for substitute nominee(s), if any, as the Board of Directors may propose.

Nominees for Director

Based upon a recommendation from the Board's Nominating and Governance Committee, the Board has nominated the following persons for election to the Board.

Philip Bleser

Stuart B. Burgdoerfer

Pamela J. Craig

Charles A. Davis

Roger N. Farah

Lawton W. Fitt

Susan Patricia Griffith

Jeffrey D. Kelly

Patrick H. Nettles, Ph.D.

Barbara R. Snyder

Kahina Van Dyke

Information regarding the nominees can be found below under "Director Nominee Information."

The Board of

Directors

recommends

that you vote

FOR the

election of

each

nominee.

Voting Requirements

Proxies cannot be voted at the Annual Meeting for a greater number of persons than the 11 nominees named in this Proxy Statement.

A nominee for director in an uncontested election will be elected as a director only if he or she receives a majority of the votes cast, which is sometimes referred to as a "majority voting standard." If the election for directors is contested (that is, there are more nominees than the number of director positions up for election), the majority voting standard does not apply, and the nominees receiving the highest number of votes will be elected (a "plurality voting standard"). The election of directors at this year's Annual Meeting is an uncontested election, so each nominee must receive a majority of the votes cast to be elected. Abstentions and unvoted shares (including broker non-votes) will not be considered as votes cast.

If an incumbent director is not elected by a majority of the votes cast in an uncontested election, the director is not automatically removed from the Board, but under our Corporate Governance Guidelines, he or she is expected to tender a resignation from the Board within 10 days after the certification of the shareholder vote. If that resignation is not made contingent on the Board's determination to accept or reject such resignation, the resignation will be effective immediately. If the resignation is contingent on Board action, the Board will review the resignation under procedures set forth in our Corporate Governance Guidelines and announce its determination whether to accept or reject the

resignation within 120 days from the certification of the shareholder vote. If a director is not elected by a majority of the votes cast, but fails to tender his or her resignation during the 10-day period after certification, his or her term of office will expire automatically upon the expiration of the 10-day period.

5

If written notice is given by any shareholder to the President, a Vice President, or the Secretary not less than 48 hours before the time fixed for holding the Annual Meeting that he or she desires that the voting for election of directors be cumulative, and if an announcement of the giving of such notice is made at the meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder will have the right to cumulate his or her voting power in the election of directors. Under cumulative voting, each shareholder may give one nominee a number of votes equal to the number of directors to be elected multiplied by the number of shares he or she holds, or distribute such number of votes among the nominees, as the shareholder sees fit. If the enclosed proxy is executed and returned, or you submit your proxy by telephone or over the Internet, and voting for the election of directors is cumulative, the persons named as your proxies on the proxy card will have the authority to cumulate votes and to vote the shares represented by your proxy, and by other proxies held by them, so as to elect as many of the 11 nominees named above as possible.

Selection of Nominees for Director

The Nominating and Governance Committee evaluates each director candidate individually when considering whether he or she should be nominated to serve on the Board. The Committee looks for candidates who have demonstrated the ability to satisfy the fundamental criteria set forth in the Committee's charter - integrity, judgment, commitment, preparation, participation, and contribution - and who possess the general qualities required to serve successfully as a director, including intelligence, thoughtfulness, and diligence. The Committee reviews the extent of the candidate's demonstrated excellence and success in his or her chosen career and the specific skills the candidate would be expected to add to the Board.

The Committee also considers the Board's needs, the qualifications of other available candidates, and how the addition of the candidate to the Board would enhance the Board's overall diversity and capabilities. The Board's policy is to include individuals with a wide variety of talents, skills, experiences, and perspectives, in addition to considering demographic criteria such as gender, race, sexual orientation, ethnicity, and age, whenever possible. The directors believe that such diversity provides the Board with broader perspectives, a wide array of thoughts and ideas, and insight into the views and priorities of our diverse investor, customer, agent, and employee bases. To evaluate the impact of the addition of a candidate on the diversity of the Board, the Committee considers how distinct the candidate's background, experience, skills, and personal characteristics are from those of the incumbent directors and whether the candidate would bring a unique perspective to the Board. The Committee assesses the effectiveness of its practices for consideration of diversity in nominating director candidates by periodically analyzing the diversity of the Board as a whole and, based on that analysis, determining whether it may be desirable to add to the Board a director with a certain type of background, talent, experience, personal characteristics, skills, or a combination thereof. The nominees include a mixture of long-tenured and newer directors with strong operating experience in a wide variety of industries, such as financial services, social media, telecommunications, retail, consulting, and higher education, and with substantial experience working in a variety of functions, including consumer marketing, technology, investments, capital management, finance, accounting and control, and risk analysis. The nominees also have a wealth of experience serving on an array of public, private, and non-profit boards.

Director Nominee Information

The following information is provided for each nominee and includes descriptions of each nominee's specific experience, qualifications, attributes, and skills that led the Nominating and Governance Committee and the Board to conclude that he or she should serve on the Board of Directors. Unless otherwise indicated, each nominee has held the principal occupation indicated for more than the last five years. The term of each current director expires on the date of our Annual Meeting on May 11, 2018.

Name (Age)	Principal Occupation, Last Five Years Business Experience, and Qualifications	Other Directorships (Last Five Years)	
Philip Bleser (63) Director since: 2017	Retired; Chairman of Global Corporate Banking, JPMorgan Chase & Co., New York, New York (financial services) from April 2016 through June 2016; Head of Global Corporate Banking, North America, JPMorgan Chase & Co., prior to April 2015 Prior to retiring in 2016, Mr. Bleser served on the executive leadership team at JPMorgan Chase (JPM), a preeminent commercial bank and financial services company, where he led the firm's corporate banking efforts. In these roles, Mr. Bleser's responsibilities included, among others, strategic direction and execution, risk management, and operations of a global, technology- and customer-driven corporate banking operation. His roles positioned him to understand the challenges and opportunities faced by JPM's largest corporate clients and to evaluate the strategic decisions made by those businesses. Mr. Bleser also serves on the board of a specialty retail company, enhancing his experience in the areas of public company governance and the operations of its audit and compensation committees, as well as deepening his understanding of a consumer-facing retail business.	Current Former	Francesca's Holding Corp. None
Stuart B. Burgdoerfer (55) Director since: 2009	Executive Vice President and Chief Financial Officer, L Brands, Inc., Columbus, Ohio (retailing) Mr. Burgdoerfer has been selected to serve as a director of the company because he has substantial experience working in leadership roles as a financial professional, including his current role as the Chief Financial Officer of L Brands, Inc. and, before that, as Senior Vice President of Finance of The Home Depot, Inc. Mr. Burgdoerfer enhances the Board's financial expertise and is a valuable member of our Audit Committee as an Audit Committee Financial Expert.	Current Former	None None
Pamela J. Craig (61) Director since: Not Applicable	Retired; Chief Financial Officer, Accenture PLC, Dublin, Ireland (global management consulting) prior to 2013 Ms. Craig is the former Chief Financial Officer of the global consulting firm, Accenture PLC. Ms. Craig worked at Accenture for 34 years in a variety of consulting and executive roles, where she developed extensive finance, management, operational and technology expertise, as well as leadership experience in the context of a large, growth-oriented organization. In addition, her service as a director of other significant public companies, and as a member of their audit, compensation, and governance committees, provide her with valuable experience in addressing the many risks and governance issues facing public companies.	Current Former	Merck & Co., Inc. Akamai Technologies, Inc. Walmart Inc. VMware, Inc.

Name (Age)	Principal Occupation, Last Five Years Business Experience, and Qualifications	Other Directorships (Last Five Years)
Charles A. Davis (69)	Chief Executive Officer, Stone Point Capital LLC, Greenwich, Connecticut (private equity investing)	
Director since: 1996	Mr. Davis has broad financial, investment, and capital management expertise developed through his work at Goldman Sachs Group, investment management experience at MMC Capital, Inc., service as Chief Executive Officer of Stone Point Capital LLC, and his position as a member of the Advisory Committee of Deutsche Bank (Americas). The Board values Mr. Davis's extensive knowledge of Progressive's business and history, which he has gained through his service as a director of the company since 1996. He also has substantial experience serving on the boards of other public and private companies.	Current AXIS Capital Holdings Limited The Hershey Company Former None
Roger N. Farah (65)	Retired; Executive Director, Tory Burch LLC, New York, New York (retailing) from March 2017 through December 2017; Co-Chief Executive Officer, Tory Burch LLC, from September 2014 through February 2017; Executive Vice Chairman, Ralph Lauren Corporation, New York, New York (lifestyle products) from November 2013 to May 2014; President and Chief Operating Officer, Ralph Lauren Corporation prior to November 2013	
Director since: 2008	Mr. Farah was chosen to serve as a director principally due to his experience serving in executive officer positions at Tory Burch LLC and Ralph Lauren Corporation and his director position at Ralph Lauren Corporation. The extensive management and operational experience Mr. Farah has attained enables him to add significant value to the Board, particularly in the area of brand development and management. He brings a unique retail perspective to the Board as a result of his experience working in an executive management role in a consumer-focused industry that is different than the property and casualty insurance industry.	Current Aetna, Inc. Metro Bank PLC Tiffany & Co. Former Ralph Lauren Corporation
Lawton W. Fitt (64)	Lead Independent Director, The Progressive Corporation, Mayfield Village, Ohio since May 2016; Retired Partner, Goldman Sachs Group, New York, New York (financial services)	
Director since: 2009	Ms. Fitt has substantial experience in the areas of investment banking and risk analysis, including insight into the operation of capital markets, as a result of her work as a partner at Goldman Sachs Group. In addition, she attained executive management experience through her work as the Secretary of the Royal Academy of Arts in London. Ms. Fitt's service as a director at various other for-profit and non-profit organizations also factored into the decision to select her to serve on the Board of Directors.	Current Ciena Corporation The Carlyle Group Micro Focus International PLC Former ARM Holdings plc Thomson Reuters Corporation

Name (Age)	Principal Occupation, Last Five Years Business Experience, and Qualifications	Other Directorships (Last Five Years)
Susan Patricia Griffith (53)	President and Chief Executive Officer, The Progressive Corporation, Mayfield Village, Ohio since July 2016; Vice President from May 2015 through June 2016; Personal Lines Chief Operating Officer from April 2015 through June 2016; President of Customer Operations from April 2014 to March 2015; Claims Group President prior to April 2014	
Director since: 2016	Mrs. Griffith has been with the company since 1988 and has held a series of executive leadership positions, including Chief Human Resource Officer, Claims Group President (in charge of the entire Claims organization), President of Customer Operations (overseeing the company's contact center (sales and delivery), customer experience, systems experience, and workforce management groups), and Personal Lines Chief Operating Officer, where she oversaw the Personal Lines, Claims, and Customer Relationship Management groups. During 2016, she was elected as Chief Executive Officer and a Director. Mrs. Griffith's intimate knowledge of the company and her leadership experience give her a deep understanding of the Company's culture, operations, challenges, and opportunities.	Current FedEx Corporation Former The Children's Place, Inc.
Jeffrey D. Kelly (64)	Retired; Chief Operating Officer and Chief Financial Officer, RenaissanceRe Holdings Ltd., Pembroke, Bermuda (reinsurance services) from December 2014 to September 2016; Chief Financial Officer, RenaissanceRe Holdings Ltd. prior to December 2014	
Director since: 2012	Mr. Kelly brings a strong history of executive management, investment management, capital markets, and operational experience in the financial services industry. Among other responsibilities, he has served as the principal financial officer at a major commercial bank and a large reinsurer. Mr. Kelly's experience on the Board (including his prior tenure) gives him valuable insight into our insurance and investment operations. Due to his roles at RenaissanceRe, Mr. Kelly also provides a different perspective about the insurance industry.	Current None Former None
Patrick H. Nettles, Ph.D. (74)	Executive Chairman of the Board, Ciena Corporation, Linthicum, Maryland (telecommunications)	
Director since: 2004	Dr. Nettles's extensive technical experience, including his experience working as an engineer, engineering manager, and his position as Chairman of the Board of Ciena Corporation, are chief among the reasons he was selected to serve on the Board of Directors. His experience and education, which includes a Ph.D. in physics, along with his significant operational experience as the Chief Executive Officer of Ciena, give him a unique perspective that enables him to make significant and distinct contributions to our Board. In addition, his past experience as a chief financial officer enables him to add great value to the Audit Committee as the Committee Chairman and an Audit Committee Financial Expert. Dr. Nettles's service as a director at other public companies also factored into the decision to select him to serve on our Board of Directors.	Current Axcelis Technologies, Inc. Ciena Corporation Former None

Name (Age)	Principal Occupation, Last Five Years Business Experience, and Qualifications	Other Directorships (Last Five Years)	
Barbara R. Snyder (62)	President, Case Western Reserve University, Cleveland, Ohio (higher education)		
Director since: 2014	Ms. Snyder has extensive leadership experience as the President of Case Western Reserve University, in addition to leadership positions she has held at non-profit and university organizations and as a member of another public company board. Since being named President of Case in 2007, she has led a revitalization of the school, instituting a strategic planning process and eliminating a multi-million dollar deficit that she inherited, while overseeing enhancements of academic excellence, faculty collaboration, fundraising efforts, and the qualifications and diversity of Case's student body. Her executive role at a leading university with strong research capabilities in science, engineering and technology, among other fields, along with her understanding of younger consumers and their technology habits, brings a unique perspective to our Board.	Current	KeyCorp
		Former	None
Kahina Van Dyke (46)	Global Director of Financial Services & Payment Partnerships, Facebook, Inc., Menlo Park, California (online social media) since October 2017; Global Director of Payment Partnerships & Commerce, Facebook, Inc. from January 2016 through September 2017; Group Head and Senior Vice President Global Initiatives, Mastercard International (financial services) prior to January 2016		
Director since: Not Applicable	Ms. Van Dyke is the Global Director of Financial Services & Payment Partnerships at Facebook, where she works with external companies to develop and grow the social platform's financial products and services. She joined Facebook in January 2016 as the Global Director of Payment Partnerships & Commerce. Previously, Ms. Van Dyke held international leadership positions at multi-national financial firms, Mastercard and Citigroup. She brings to our Board an understanding of traditional financial services companies combined with leadership experience at a major technology company and expertise in emerging areas such as electronic payment systems and other fintech advances. She is also the Founder and Chair of the Global Women Executive Leadership Council, a group that promotes leadership and peer mentoring for women in more than 70 countries.	Current	None
		Former	None

Directors Whose Term will not Continue after the Annual Meeting

Glenn M. Renwick's current term as a director will expire at our Annual Meeting in 2018 and he has decided to retire from the Board. Mr. Renwick has served as Chairman of the Board since November 2013 and has been a member of the Board for over 18 years. Mr. Renwick served as Chief Executive Officer of insurance operations in 2000 and as the Chief Executive Officer of the company from 2001 through June 2016. He also served in a variety of operating roles during his tenure at Progressive, including product manager, the head of the company's marketing organization, and business technology leader. This experience enabled him to provide unparalleled insight on the company's operations and the property and casualty insurance industry.

Bradley T. Sheares, Ph.D., has also decided to retire from the Board when his current term expires at our Annual Meeting in 2018. Dr. Sheares has served on the Board since 2003 and has brought valuable experience that he gained through his leadership experience as Chief Executive Officer at Reliant Pharmaceuticals, Inc. and as the President of U.S. Human Health Division of Merck & Co. The Board also benefited from the technical perspective Dr. Sheares

brought, due in part to his having earned a Ph.D. in biochemistry and his background in the sciences. Progressive thanks both Mr. Renwick and Dr. Sheares for their dedicated service and the many contributions made during their respective tenure on the Board.

10

OTHER BOARD OF DIRECTORS INFORMATION

Board of Directors Independence Determinations

We are required to have a majority of independent directors under NYSE Listing Standards. The NYSE's standards prescribe specific independence tests and require the Board to make affirmative independence determinations regarding each of our directors. Accordingly, the Board has considered the independence of our current Board members and our two new nominees, Ms. Craig and Ms. Van Dyke. In conducting this review, the Board took into account each director's and each nominee's current employment situation (if any) and other relationships that could impact the independence determination under NYSE rules, including certain transactions that took place in 2017 or are expected in 2018 between Progressive and companies with which the director or nominee is affiliated.

Specifically, the Board considered ordinary course transactions between Progressive and a company reinsuring a discontinued line of business, a company providing employee health and welfare plans and related services, a company providing online advertising and related services, and companies providing other products or services to our insurance operations. Based on this review, the Board determined that each of our current directors and the two new nominees is independent under the NYSE standards, other than Mrs. Griffith, who is an executive officer of the company, and Mr. Renwick, who was an executive of the company until July 1, 2017.

Leadership Structure

Mr. Renwick currently serves as the company's Chairman of the Board. The Board first appointed Mr. Renwick to the position of Chairman in November 2013. Mr. Renwick's appointment has been reviewed by the Board annually.

The Board unanimously determined that Mr. Renwick was the best person to serve as our Chairman, due to his strong leadership of the company while serving as CEO, his in-depth understanding of the company's operations and the competitive environment, and his vision for the company's future. Mr. Renwick worked for the company from 1986 until July 2017 in a variety of leadership roles, culminating in service as President and CEO from 2001 until 2016 when he retired as President and CEO but continued serving as our Executive Chairman of the Board. During his tenure as CEO, Mr. Renwick displayed respect for the oversight and advisory roles of the Board and he fostered a strong working relationship with the Board, which continued in his role as Chairman. His operational history and leadership of the company provide him with a unique perspective to continue to lead the Board.

With the appointment of Mrs. Griffith as President and CEO of the company in July 2016, the Board further determined that Mr. Renwick's continued service as Chairman would enhance management continuity for the company and provide a valuable resource for Mrs. Griffith as she transitioned into her current role. As a result, the Board also concluded that splitting the roles of Chairman and CEO was the best leadership structure for the Board at that time. Mr. Renwick served as Executive Chairman until July 2017, when he retired from his status as an employee of the company. He continues to serve as Chairman in a non-management capacity.

Given that Mr. Renwick is not an independent director under applicable NYSE rules, the Board was also mindful of the need to continue the strong voice of independent directors that has historically existed on our Board. Accordingly, the Board created the role of Lead Independent Director and has maintained that position during Mr. Renwick's tenure as Chairman. Ms. Fitt has been elected as Lead Independent Director by the independent directors since May 2016.

Pursuant to our Corporate Governance Guidelines, the Lead Independent Director works collaboratively with the Chairman and management on Board governance, process, and communication matters. The Lead Independent Director's responsibilities specifically include:

- presiding at all meetings of the Board at which the Chairman is not present or from which the Chairman is excused;
- having the authority to call meetings of the Board or of the independent directors;
- presiding at all meetings and executive sessions of the independent or non-management directors;

• serving as the principal liaison to facilitate communications between the Chairman and the independent directors on Board-related issues, without inhibiting direct communications between the Chairman and other directors;
• working with the Chairman to establish Board meeting schedules to ensure that there is sufficient time to discuss all agenda items;

11

- consulting with the Chairman on the matters to be included on the Board's meeting agendas and approving those agendas;
- approving the type of information to be provided to directors for Board meetings, and advising the Chairman and management of any director concerns regarding the information provided; and
- being available to serve as a liaison to shareholders, in consultation with the Nominating and Governance Committee, as further described in our Corporate Governance Guidelines.

In addition, the Lead Independent Director consults periodically with the Chairs of the various Board Committees to keep apprised of critical issues facing the company as they develop, and carries out other appropriate duties as may be requested by the independent directors, the Board, or any of the Board Committees. The Lead Independent Director is elected annually by, and serves at the discretion of, the independent directors. Our Corporate Governance Guidelines also provide that the Lead Independent Director will typically be a member of the Board's Nominating and Governance Committee.

The independent directors concluded that Ms. Fitt is the best candidate to serve as the Lead Independent Director due to her performance as an independent director in representing shareholders' interests. Ms. Fitt has a strong business background, executive management experience, and additional experience as a member of a number of public company boards. Ms. Fitt's knowledge of our businesses acquired as a Board and Committee member, her demonstrated willingness to challenge management and the status quo, and her effective working relationship with Mr. Renwick and Mrs. Griffith, also contributed to the decision. The independent directors believe that Ms. Fitt, acting as the Lead Independent Director, along with the active participation of the other directors, has maintained a strong independent presence on our Board.

The Board currently expects to appoint Ms. Fitt to the position of Chairperson of the Board when Mr. Renwick retires in May 2018. She will remain the Lead Independent Director until that time.

Risk Oversight

The Board assigns the bulk of its risk oversight responsibilities to the Audit Committee, which oversees our Enterprise Risk Management (ERM) program. The Audit Committee's responsibilities with respect to risk oversight include the review of the guidelines, policies, and procedures that govern how we assess and manage our exposure to risk, and meeting periodically with management – including leaders and other representatives of the risk management department, compliance and ethics group, law department, control and analysis (internal audit), physical security, cybersecurity, and information technology groups, external auditors, and other business units as necessary – to review our major operational, financial, technological, reputational, and other risk exposures, as well as the steps management has taken to identify, monitor, assess, and mitigate such exposures. Our Management Risk Committee (MRC), which comprises members of management representing a cross-section of business units and functions, regularly performs an enterprise risk assessment and, with input from executive management, identifies the most critical risks facing the company. The MRC then formulates recommendations for managing those risks, which it presents to the Audit Committee for review. The Audit Committee reports to the full Board of Directors on our ERM program and MRC risk assessment.

The Board also assigns some risk oversight responsibilities to the Investment and Capital Committee and the Compensation Committee. The Investment and Capital Committee oversees our investment policy, which is designed to enable us to meet our business and financial objectives with a reasonable balance among risk, return, and cost. The Investment and Capital Committee also is responsible for ensuring that we have a capital plan that takes risk factors into consideration. The Compensation Committee regularly reviews the risks of our compensation plans and programs. Both of these Committees regularly report to the full Board.

The assignment of the Board's risk oversight function as described above enables the Board to function more effectively because the whole Board is required to focus only on those risk issues deemed most critical by the Audit Committee or the other Committees. On the other hand, the Committees provide a deeper focus on overseeing

management with respect to the full range of risks we confront. As mentioned above, the Lead Independent Director consults with the Committee Chairs, as necessary, to ensure that significant issues are brought to the attention of the independent directors. Otherwise, the Board's administration of its risk oversight function has not affected the Board's leadership structure.

Meetings of the Board of Directors and Attendance

The Board of Directors held six meetings during 2017.

12

All of the current directors were on the Board throughout 2017 except Mr. Bleser, who was appointed to the Board in August 2017. All current directors attended at least 75% of their scheduled Board and Committee meetings during their tenure.

Pursuant to our Corporate Governance Guidelines, directors are expected to attend our Annual Meeting of Shareholders whenever possible. Normally, a meeting of the Board is scheduled on the date of the Annual Meeting. Our 2017 Annual Meeting was attended by all of the then current directors.

A full copy of our Corporate Governance Guidelines can be found on our website at progressive.com/governance, or may be requested in print by writing to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, OH 44143 or email: investor_relations@progressive.com.

Meetings of the Non-Management and Independent Directors

Our non-management directors meet in executive session periodically throughout the year, typically at the conclusion of regularly scheduled Board meetings. Prior to July 2017, the Lead Independent Director presided at these meetings. Following Mr. Renwick's retirement from his executive position, in July 2017, Mr. Renwick presided at the meetings of the non-management directors. In the event that either the Lead Independent Director or the Chairman is not available to lead the meetings of non-management directors, the presiding director would be chosen by the non-management directors in attendance. In 2017, the non-management directors met in executive session five times. Prior to July 2017, two meetings of the non-management directors discussed above also constituted meetings of the Board's independent directors. After July 2017, the independent directors met in executive session on one more occasion, also with the Lead Independent Director presiding.

Board Committees

The Board has named an Executive Committee, an Audit Committee, a Compensation Committee, an Investment and Capital Committee, and a Nominating and Governance Committee, as described below. The complete written charter for each of the Committees (other than the Executive Committee, which does not have a charter) can be found on our website at progressive.com/governance, or may be requested in print by writing to: The Progressive Corporation, Investor Relations, 6300 Wilson Mills Road, Box W33, Mayfield Village, OH 44143 or email: investor_relations@progressive.com.

The following table summarizes the Board's current Committee assignments:

Name	Executive	Audit	Compensation	Investment and Capital	Nominating and Governance
Philip Bleser ¹			ü		
Stuart B. Burgdoerfer		ü*			
Charles A. Davis				ü	C
Roger N. Farah			ü		ü
Lawton W. Fitt	ü			C	ü
Susan Patricia Griffith	ü				
Jeffrey D. Kelly		ü*			
Patrick H. Nettles, Ph.D.		C*			
Glenn M. Renwick	C			ü	
Bradley T. Sheares, Ph.D.			C		
Barbara R. Snyder		ü			

¹ Mr. Bleser was appointed to the Board in August 2017 and became a member of the Compensation Committee in February 2018.

ü Member of the Committee

C Chairperson of the Committee

* Audit Committee Financial Expert

Executive Committee. The Executive Committee exercises all powers of the Board between Board meetings, except the power to fill vacancies on the Board or its Committees and the power to adopt amendments to our Code of

Regulations. During 2017, the Executive Committee adopted resolutions by written action pursuant to Ohio corporation law on six occasions.

13

Audit Committee. The Audit Committee is responsible for ensuring that the organizational structure, policies, controls, and systems are in place to monitor and accurately report performance. The Audit Committee monitors the integrity of our financial statements, our financial reporting processes, internal control over financial reporting, and the public release of financial information, and oversees our compliance and ethics and risk management programs. The Committee also is responsible for confirming the independence of, and the selection, appointment, compensation, retention, and oversight of the work of, our independent registered public accounting firms. The Committee provides an independent channel to receive appropriate communications from employees, shareholders, auditors, legal counsel, bankers, consultants, and other interested parties. The Board of Directors has determined that each of the members of the Audit Committee is financially literate, has no relationship to Progressive that may interfere with the exercise of his or her independence from management and Progressive, and is independent as defined in the applicable SEC rules and NYSE Listing Standards. During 2017, the Audit Committee met 10 times and adopted resolutions by written action pursuant to Ohio corporation law on one occasion.

Audit Committee Financial Experts. The Board of Directors has determined that each of Dr. Nettles, Mr. Burgdoerfer, and Mr. Kelly is an audit committee financial expert, as that term is defined in the applicable SEC regulations, and that each has accounting or related financial management expertise, as required by the NYSE Listing Standards. Dr. Nettles is the current Executive Chairman of the Board of Ciena Corporation and its former Chief Executive Officer, and has been a member of our Audit Committee since 2005. Mr. Burgdoerfer is the Chief Financial Officer of L Brands, Inc. and was formerly the Senior Vice President of Finance of a major retail company. Mr. Kelly was formerly the Chief Operating Officer and Chief Financial Officer of RenaissanceRe Holdings Ltd., and previously served as the Chief Financial Officer at a major commercial bank.

Compensation Committee. The Compensation Committee is composed entirely of independent directors, each of whom, the Board has determined, also satisfies the additional requirements for independence of a compensation committee member under NYSE rules. The Compensation Committee makes final determinations regarding executive compensation, including salary, equity-based awards, and annual cash incentive targets, and related performance goals, formulae, and procedures. The Committee (or in certain circumstances, the full Board of Directors, based on the Committee's recommendation) also approves the terms of the various compensation and benefit plans in which executive officers and other employees may participate. Committee decisions are made after considering third-party compensation data for comparable companies, internal analyses, and recommendations presented by management. The executive compensation decisions for executive officers generally represent the culmination of extensive analysis and discussion, which typically take place over the course of multiple Committee meetings and in meetings between the Committee and management, including our Chief Executive Officer, our Chief Human Resource Officer, members of our compensation and law departments, and sometimes compensation consultants. In addition, the Committee frequently reports to the full Board of Directors on executive compensation matters.

The Committee's determinations regarding incentive compensation for executive level employees (for example, performance criteria and standards relating to "Gainsharing," our annual cash incentive program) also apply to incentive plans covering most non-executive employees. Under this arrangement, executives and non-executives alike are motivated to achieve the same performance objectives. The Committee has delegated to management the authority to implement such plans, and make other compensation-related decisions (such as salary and equity-based awards), for non-executive level employees. During 2017, the Compensation Committee met eight times and adopted resolutions by written action pursuant to Ohio corporation law on six occasions.

Compensation Consultants. The Committee has the authority under its charter to hire its own compensation consultants, at Progressive's expense. The Committee has engaged Semler Brossy Consulting Group, LLC ("Semler Brossy") to provide advice and other services related to executive officer and director compensation matters in general. Prior to this engagement, and annually thereafter, the Committee reviewed the independence of Semler Brossy and reviewed this relationship for conflicts of interest. The Committee has concluded that Semler Brossy is independent of the company's management and does not have a conflict of interest.

During 2017, management retained Pearl Meyer & Partners to provide comparative compensation information and analyses for our executive officers and directors, among other assignments. The company determined that Pearl Meyer

does not have a conflict of interest.

Investment and Capital Committee. The Investment and Capital Committee's responsibilities include monitoring: whether the company has adopted and adheres to rational and prudent investment and capital management policies; whether management's investment and capital management actions are consistent with our investment policy, financial objectives, and business goals; our compliance with legal and regulatory requirements, as well as internal guidelines, pertaining to investment and capital management; the competence and performance of the company's internal and

14

external money managers, and the compensation of the company's external money managers; and such other matters as the Board or the Committee deems appropriate. The Committee does not make operating decisions about money manager selection or compensation, asset allocation, market timing, sector rotation, or security selection, which are the responsibilities of management. The full Board of Directors must approve significant changes to the company's capital structure, dividend policy, or portfolio asset allocation. During 2017, the Investment and Capital Committee met six times and adopted resolutions by written action pursuant to Ohio corporation law on one occasion.

Nominating and Governance Committee. The Nominating and Governance Committee is composed entirely of independent directors. Among other responsibilities, the Committee considers the qualifications of individuals who are proposed as possible nominees for election to the Board and makes recommendations to the Board with respect to such potential candidates. The Committee also oversees the procedures for evaluating director, committee and Board performance.

The Committee also is responsible for monitoring corporate governance matters affecting the Board and the company. The Committee regularly reviews our Corporate Governance Guidelines to ensure that they continue to correspond to and support the Board's governance philosophy. The Committee considers and, where appropriate, recommends to the Board for approval, changes to the Corporate Governance Guidelines based on suggestions from its members, other Board members, or management. During 2017, the Nominating and Governance Committee met five times.

The Nominating and Governance Committee welcomes input from shareholders regarding potential director nominees. Shareholders can recommend a candidate for consideration by the Committee. These procedures are described under "Procedures for Recommendations and Nominations of Directors and Shareholder Proposals."

Communications with the Board of Directors

The Board of Directors has adopted procedures for shareholders or other interested parties to send written communications to the entire Board or to the non-management directors. Such communications must be clearly addressed to the Board or the non-management directors, as appropriate, and sent to any of the following:

• Glenn M. Renwick, Chairman of the Board, email: chairman@progressive.com

• Lawton W. Fitt, Lead Independent Director, email: lead_director@progressive.com

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

The recipient will promptly forward communications so received to the full Board of Directors or to the non-management directors, as specified by the sending party.

Transactions with Related Persons

From time to time, we may enter into transactions with a director or executive officer, certain of his or her relatives, or an entity in which one or more of our directors or executive officers, or a relative of such person, is a substantial owner, director, or executive officer. With limited exceptions relating to transactions made in the ordinary course of our businesses and certain low dollar transactions, such transactions must be disclosed to and, in some circumstances, approved by our Board of Directors under our Code of Business Conduct and Ethics. This policy is carried out by the Secretary of the company as transactions with such persons or entities, or proposals for such transactions, are identified by management or disclosed by members of the Board. The Board reviews these transactions as they are identified and, for ongoing transactions, on an annual basis thereafter.

The following discussion sets forth transactions with related persons during 2017 that exceeded \$120,000 in value and are reportable under SEC rules. Each of these relationships and transactions was approved by the Board. For purposes of these disclosures, we exclude purchases of Progressive insurance policies, payments of claims required by our insurance policies, and other ordinary course transactions that did not exceed 1% of either our revenues or the other company's revenues for the year.

John F. Auer, President and CEO of our majority-owned subsidiary, ARX Holding Corp. ("ARX"), has two adult children, a nephew and a spouse of a child, who were employed by an ARX subsidiary during 2017. Using the Summary Compensation Table methodology, the collective dollar value of these employment relationships for 2017 was less than \$325,000. We believe that the level of compensation is appropriate in view of each individual's position, responsibilities, and experience and is consistent with the overall compensation structure.

Mr. Auer is also a stockholder of ARX, along with Progressive and other minority stockholders. Under the stockholders' agreement among ARX and its stockholders, each of the minority stockholders, including Mr. Auer and an entity he controls, has the right to “put” to Progressive (i.e., require Progressive to purchase) up to 50% of the ARX shares that they own in a transaction expected to be completed in the second quarter 2018. Mr. Auer and that entity have elected to put to Progressive approximately 47.1% of their aggregate holdings, and we currently expect that this transaction will result in Progressive paying to Mr. Auer and that entity approximately \$177.6 million in the aggregate in exchange for those shares.

Compensation Committee Interlocks and Insider Participation

Dr. Sheares and Mr. Farah served as members of the Board’s Compensation Committee during 2017. There are no Compensation Committee interlocks.

REPORT OF THE AUDIT COMMITTEE

The following Report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Progressive filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Progressive specifically incorporates this Report by reference therein.

The Audit Committee of the Board of Directors consists of the four directors named below, each of whom the Board has determined meets the applicable independence and experience requirements of the New York Stock Exchange and the Securities and Exchange Commission (SEC). In addition, the Board has determined that each of Dr. Nettles, Mr. Burgdoerfer, and Mr. Kelly is an Audit Committee Financial Expert, as that term is defined by the SEC.

The Audit Committee is responsible, on behalf of the Board, for ensuring that the organizational structure, policies, controls, and systems are in place to monitor and accurately report the company's performance. The Committee monitors the integrity of the company's financial statements, its financial reporting processes, its system of internal control over financial reporting, and the public release of financial information. In addition, the Committee oversees the company's compliance and ethics and enterprise risk management programs. During 2017, the Committee held 10 meetings to review these matters and conduct other business.

The Committee also is directly responsible for the appointment, compensation, retention, and oversight of the company's independent registered public accounting firm and for reviewing that firm's independence. For 2017, the Committee appointed PricewaterhouseCoopers LLP (PwC) as the company's independent registered public accounting firm. The Committee's appointment of PwC was ratified by shareholders at the company's 2017 Annual Meeting of Shareholders.

In supervising the work of PwC on the 2017 audit, the Committee has received the written disclosures and letter from PwC concerning its independence as required by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB), and the Committee has discussed with PwC its independence. In addition, the Committee has reviewed, and discussed with PwC, among other matters: PwC's report on its internal quality control procedures, including issues raised by governmental investigations of PwC in the preceding five years; the publicly available parts of the PCAOB's report on its most recent inspection of PwC, and PwC's response to the report; regulatory developments during the year that impacted PwC's audit work for the company or its communications with the Committee; and the other matters that PwC is required to communicate to the Committee under Auditing Standard No. 16, "Communication with Audit Committees," as adopted by the PCAOB.

The Committee's role relating to the financial statements is one of oversight. The company's management has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting. Management reports to the Committee on financial, accounting, and operational developments that may impact the financial statements, and on issues relating to the company's internal controls, among other matters. The Committee also oversees the work of PwC and the company's internal audit staff. During 2017, the Committee discussed with PwC and the internal auditors the overall scope and plans for their respective audits. The Committee then met with PwC and the internal auditors at various times throughout the year, with and without management present, to discuss the results of their examinations, evaluations of the company's internal controls, and the overall quality of the company's financial reporting.

Notwithstanding the Committee's oversight efforts, and the work performed by the company's internal audit staff, PwC alone is responsible for expressing its opinion on the conformity of the company's consolidated year-end financial statements with accounting principles generally accepted in the United States of America and its assessment of the effectiveness of the company's internal control over financial reporting.

In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the company's audited consolidated financial statements for the year ended December 31, 2017. These discuss