



Investor Relations

EFFICIENT MARKETING
FOR GROWTH

2017
Q4

PROGRESSIVE[®]

Safe Harbor Statement

UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

Investors are cautioned that certain statements in this presentation 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,” 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 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 estimates, assumptions, and projections generally; inflation and changes in general economic conditions (including changes in interest rates and financial markets); the possible failure of one or more governmental, corporate, or other entities to make scheduled debt payments or satisfy other obligations; our ability to access capital markets and financing arrangements when needed to support growth or other capital needs, and the favorable evaluations by credit and other rating agencies on which this access depends; the potential or actual downgrading by one or more rating agencies of our securities or governmental, corporate, or other securities we hold; the financial condition of, and other issues relating to the strength of and liquidity available to, issuers of securities held in our investment portfolios and other companies with which we have ongoing business relationships, including reinsurers and other counterparties to certain financial transactions or under certain government programs; the accuracy and adequacy of our pricing, loss reserving, and claims methodologies; the competitiveness of our pricing and the effectiveness of our initiatives to attract and retain more customers; initiatives by competitors and the effectiveness of our response; our ability to obtain regulatory approval for the introduction of products to new jurisdictions, for requested rate changes and the timing thereof and for any proposed acquisitions; the effectiveness of our brand strategy and advertising campaigns relative to those of competitors; legislative and regulatory developments at the state and federal levels, including, but not limited to, matters relating to vehicle and homeowners insurance, health care reform and tax law changes; the outcome of disputes relating to intellectual property rights; the outcome of litigation or governmental investigations that may be pending or filed against us; severe weather conditions and other catastrophe events; the effectiveness of our reinsurance programs; changes in vehicle usage and driving patterns, which may be influenced by oil and gas prices; changes in residential occupancy patterns and the effects of the emerging “sharing economy”; advancements in vehicle or home technology or safety features, such as accident and loss prevention technologies or the development of autonomous or partially autonomous vehicles; our ability to accurately recognize and appropriately respond in a timely manner to changes in loss frequency and severity trends; technological advances; acts of war and terrorist activities; our ability to maintain the uninterrupted operation of our facilities, systems (including information technology systems), and business functions, and safeguard personal and sensitive information in our possession, whether from cyber-attacks, other technology events or other means; our continued access to and functionality of third-party systems that are critical to our business; our continued ability to access cash accounts and/or convert securities into cash on favorable terms when we desire to do so; restrictions on our subsidiaries’ ability to pay dividends to The Progressive Corporation; possible impairment of our goodwill or intangible assets if future results do not adequately support either, or both, of these items; court decisions, new theories of insurer liability or interpretations of insurance policy provisions and other trends in litigation; changes in health care and auto and property repair costs; and other matters described from time to time in our releases and publications, and in our periodic reports and other documents filed with the United States Securities and Exchange Commission. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for one or more contingencies. Also, our regular reserve reviews may result in adjustments of varying magnitude as additional information regarding claims activity becomes known. Reported results, therefore, may be volatile in certain accounting periods.

Tricia Griffith

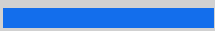


PRESIDENT AND CEO



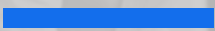
CORE VALUES

who we are



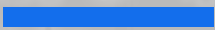
PURPOSE

why we're here



VISION

where we're headed



STRATEGY

how we'll get there



Progressive people and culture
are collectively our most powerful
source of competitive advantage.



WE WILL ACHIEVE OUR VISION BY ...

- Meeting the broader needs of our customers throughout their lifetimes.
- Offering competitive prices driven by industry-leading segmentation, claims accuracy, and operational efficiency.
- **Maintaining a leading brand recognized for innovative offerings and supported by experiences that instill confidence.**

Are you being smart and efficient
with your increasing media spend?

What are you getting for the extra spend?

The media landscape is changing;
are you on top of those shifts?

Has PGR evolved its messaging as
your business model has evolved?

We see a little less Flo than in the past;
what are the results of the new creative?

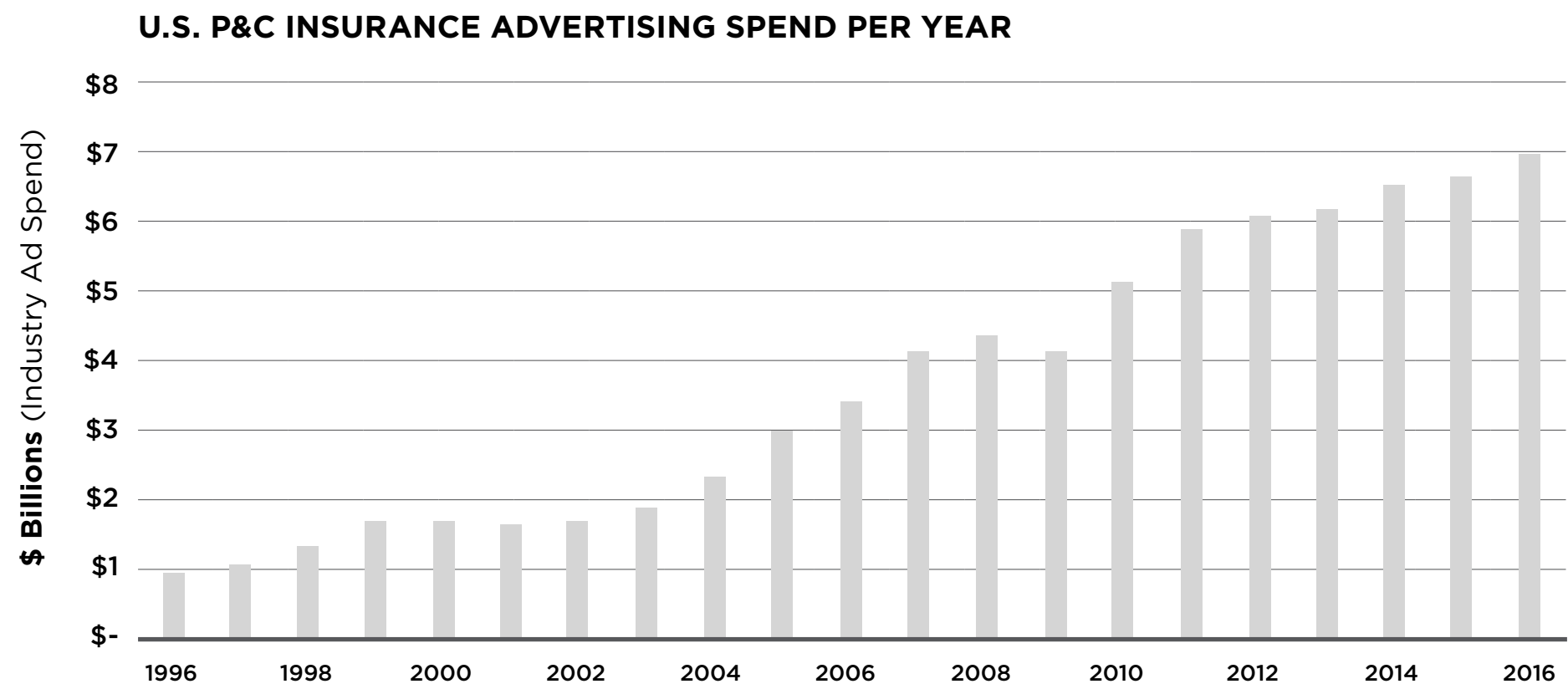


Dan Witalec



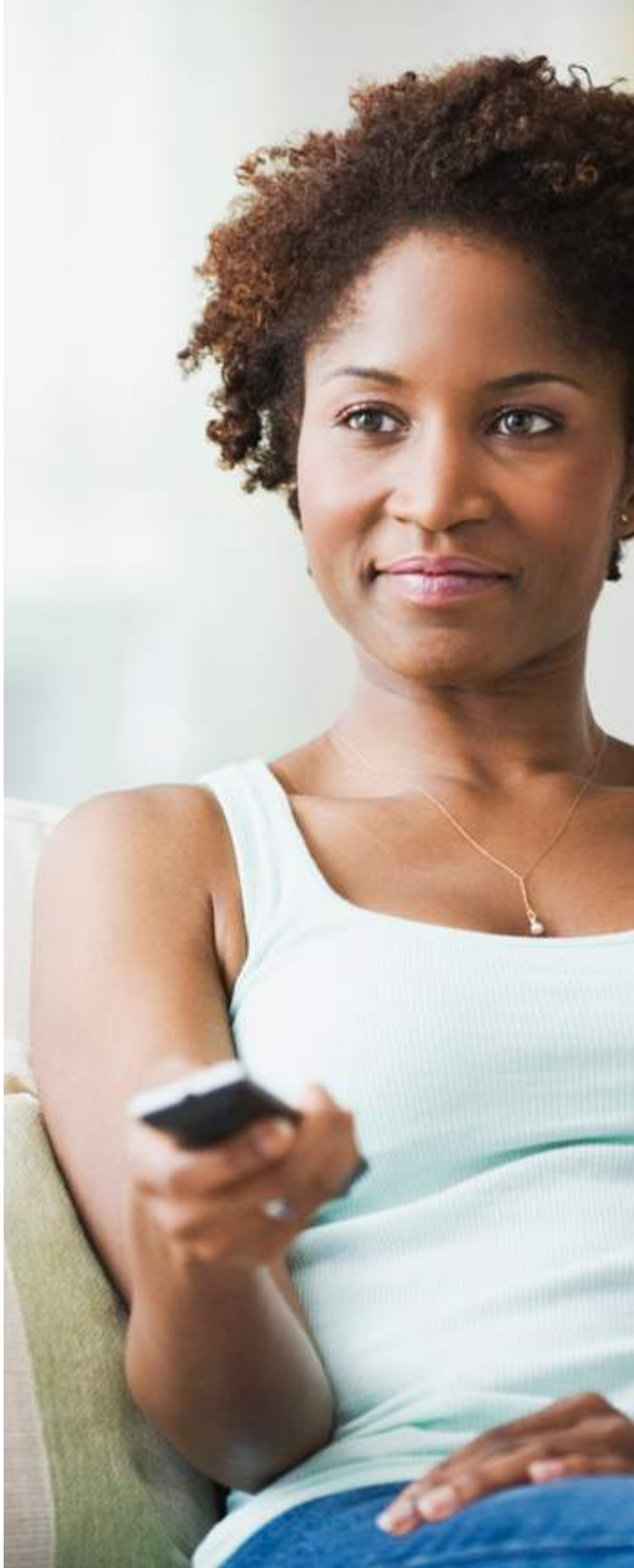
CUSTOMER ACQUISITION LEADER

Advertising spend has exploded over the last two decades

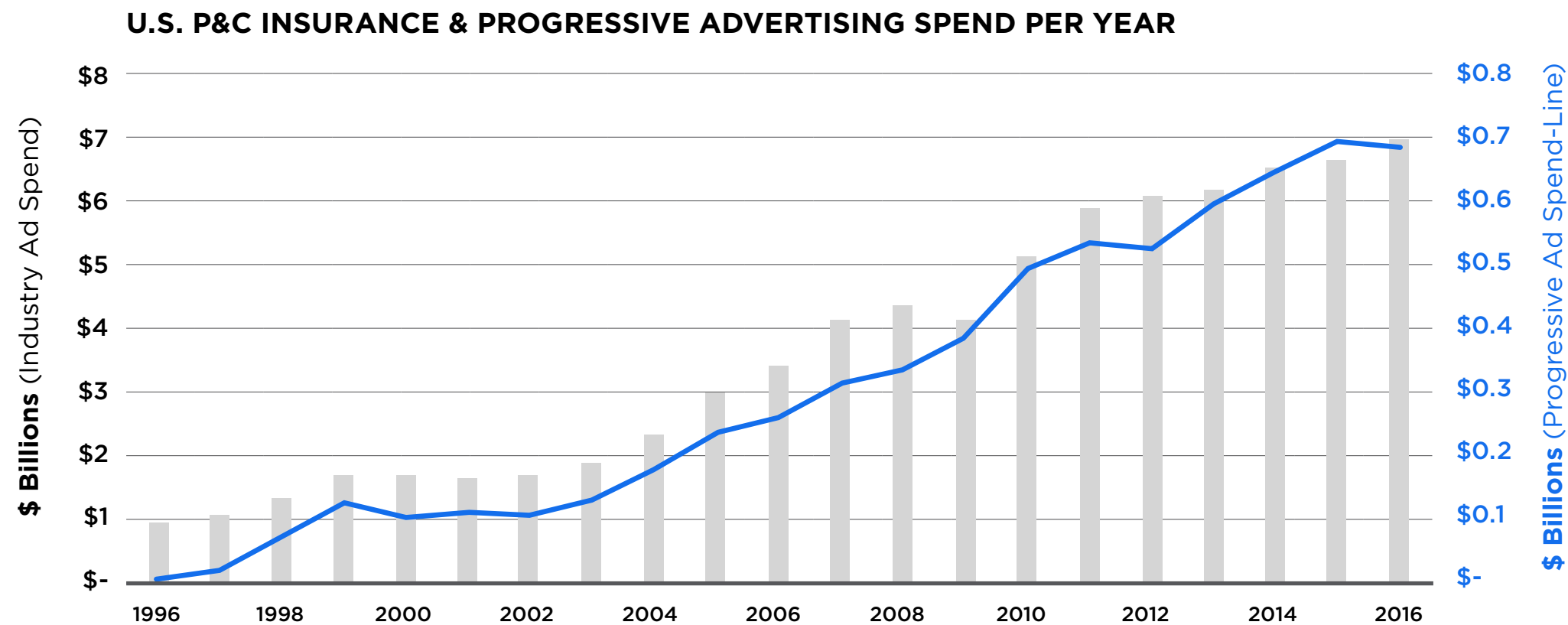


Compound Annual Growth Rate (CAGR) in Ad Spending: **+11%**

Source: PGR analysis supported by SNL Financial and public company earnings documents



Progressive has been a leader in ad spend



Source: PGR analysis supported by SNL Financial and public company earnings documents



How we stay efficient in marketing



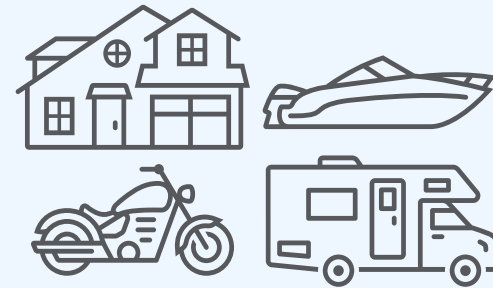
1

DISCIPLINE



2

MEDIA MIX



3

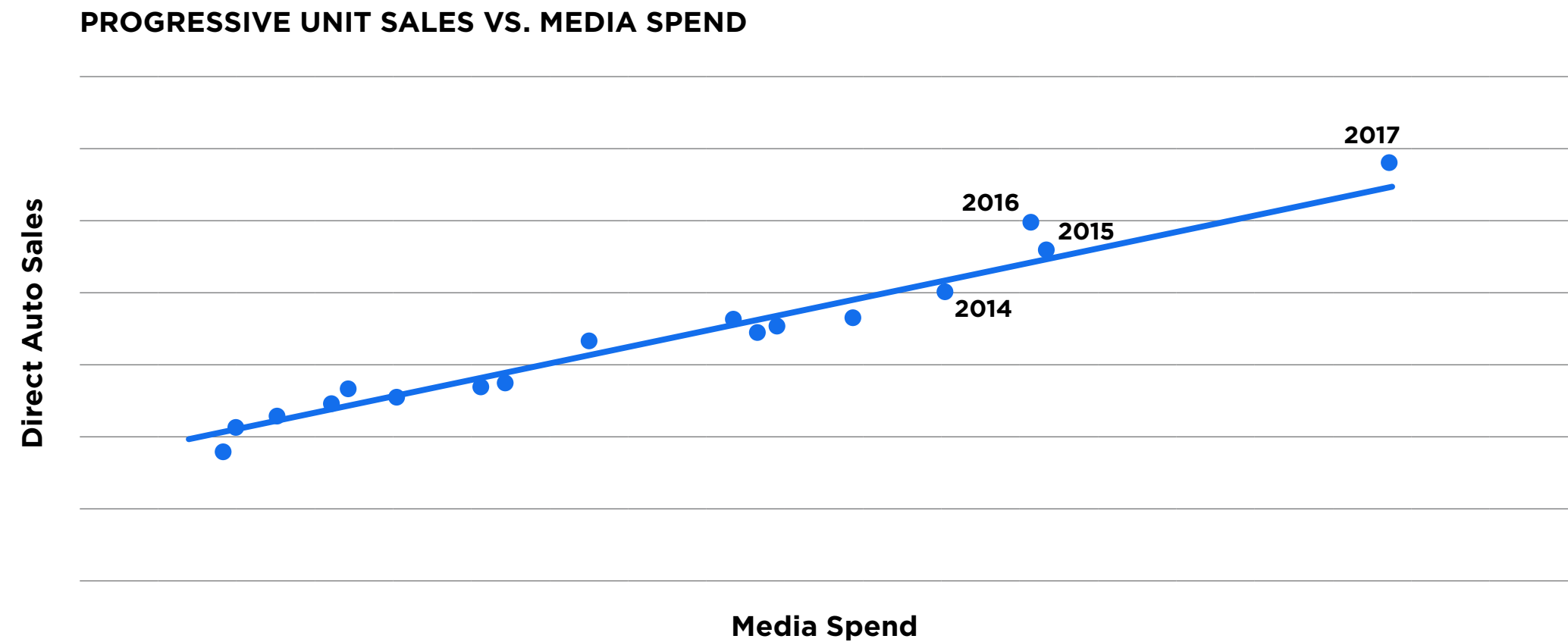
BEYOND
AUTO



4

CREATIVE
NETWORK

Incremental sales for our increased spend



Each dot is a year from 2001–2017

Controls on our spending



Cost Per Sale

(CPS)

Total Acquisition Costs

Direct Auto Sales

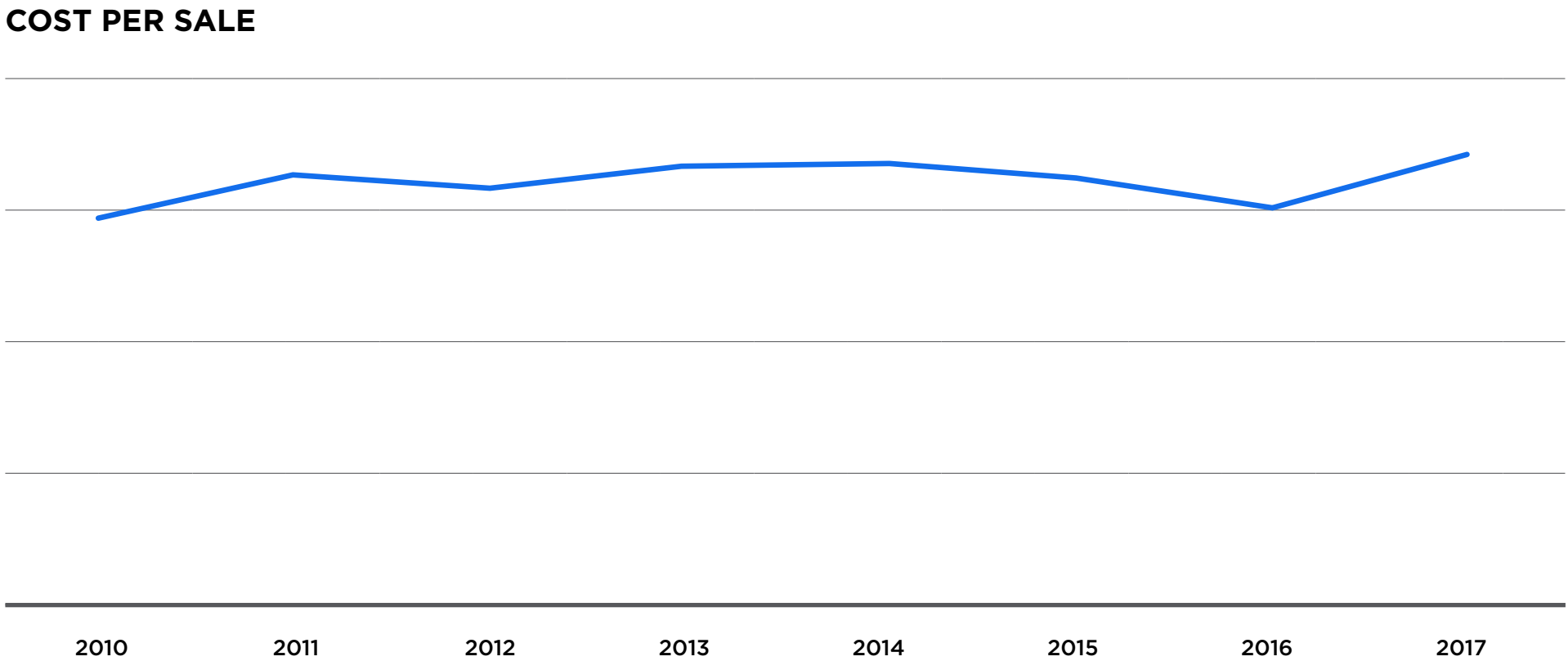


**Target
Acquisition Cost**

(TAC)

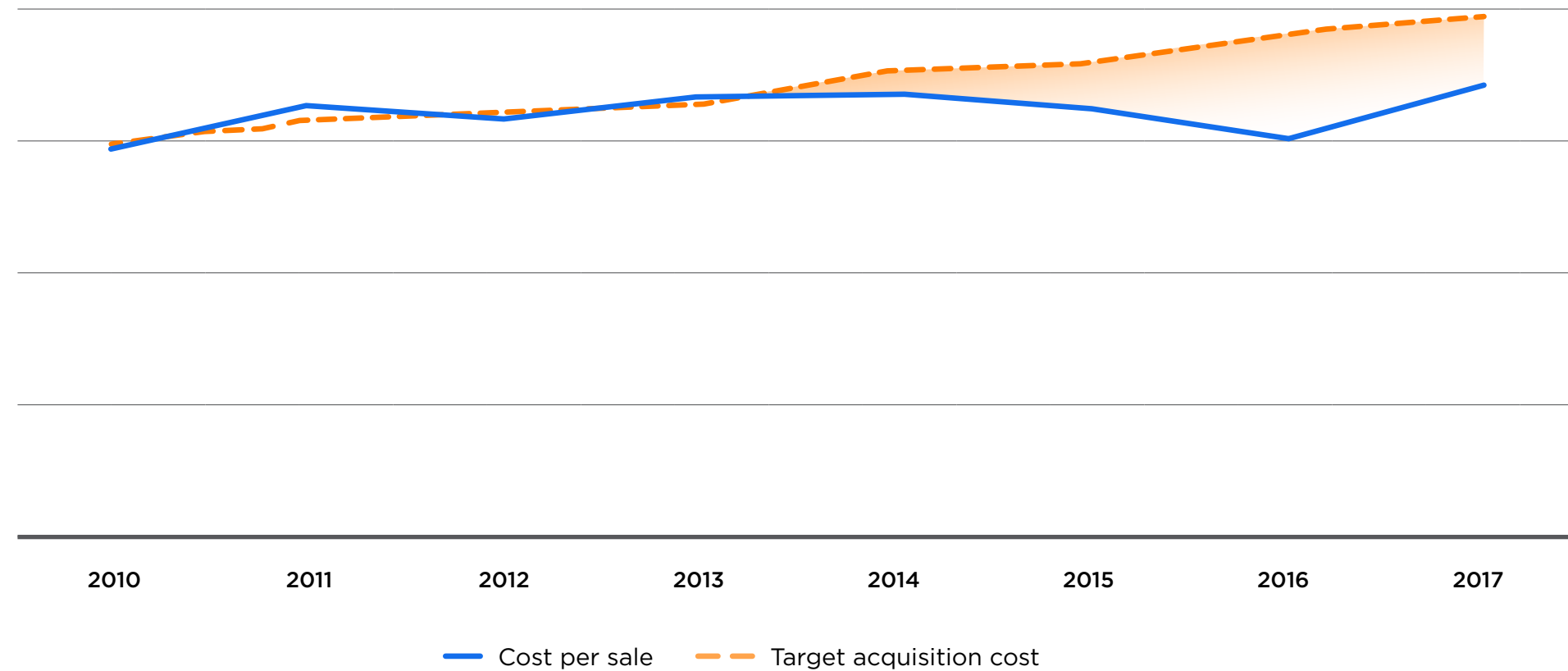
How much we recover for
acquisition expenses over
the life of a policy

Cost per sale (new customer) relatively constant



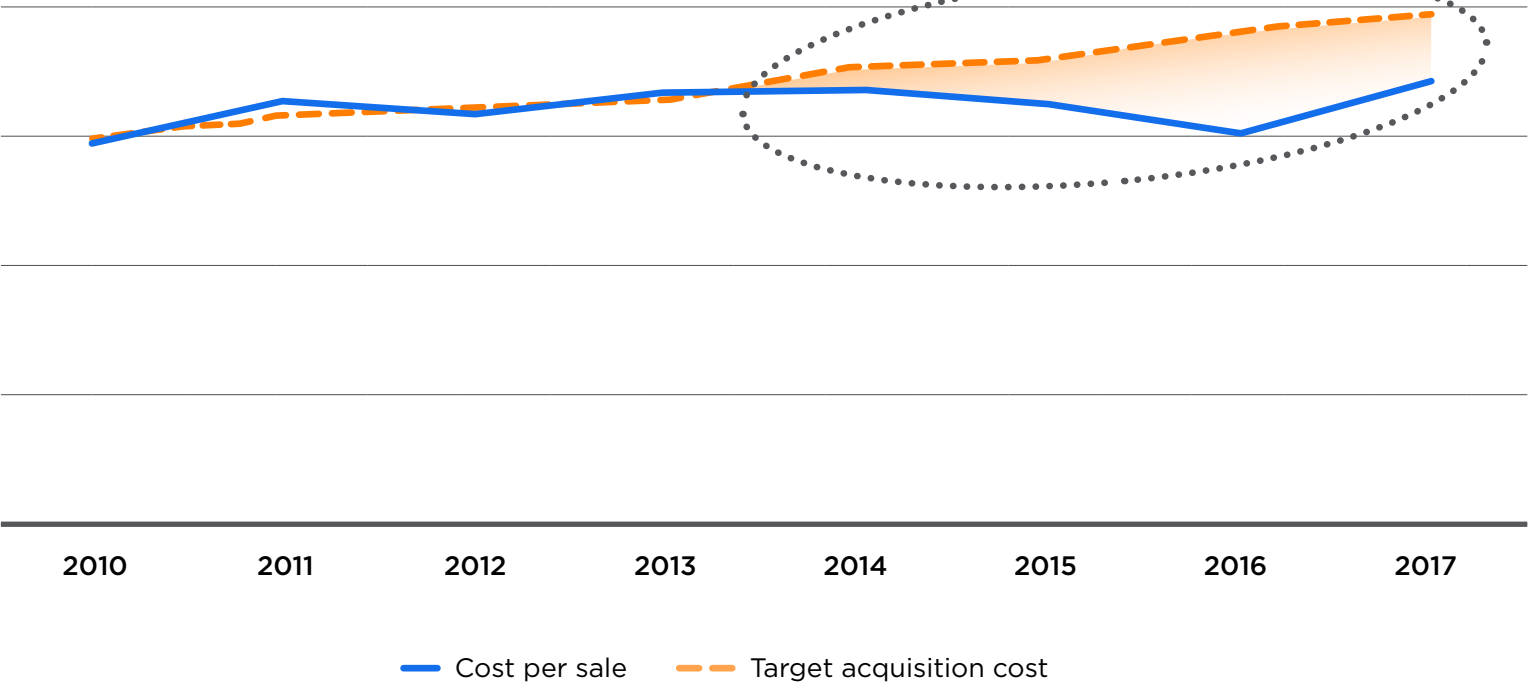
“Allowable” spend per customer up significantly

COST PER SALE VS. TARGET ACQUISITION COST



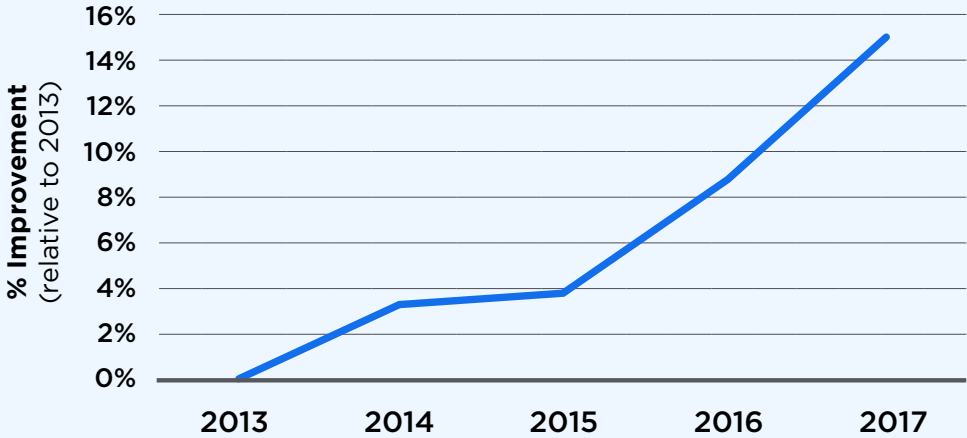
“Allowable” spend per customer up significantly

COST PER SALE VS. TARGET ACQUISITION COST



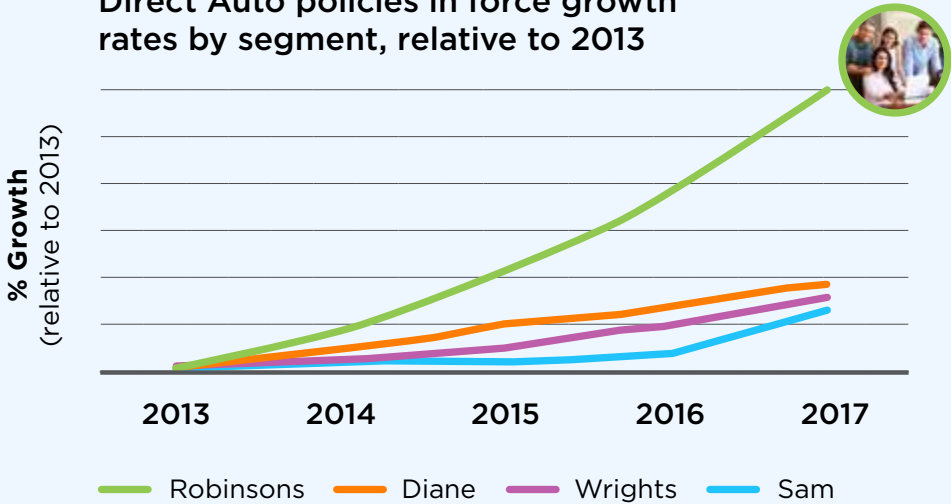
RETENTION

Direct Auto Trl12 Policy Life Expectancy



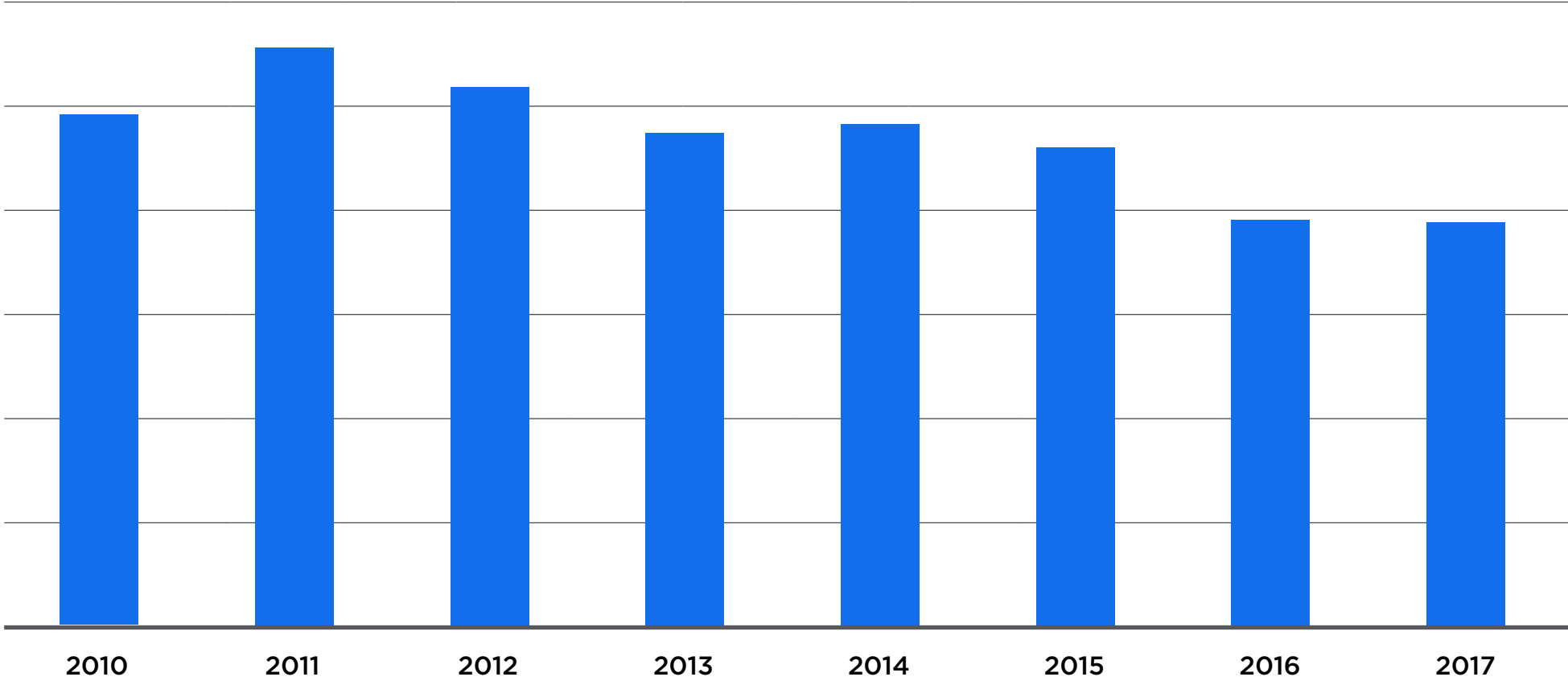
CUSTOMER MIX

Direct Auto policies in force growth rates by segment, relative to 2013



Another view ... acquisition expenses as %
of lifetime earned premium trending down

ACQ EXPENSE/DIRECT AUTO PROJECTED LIFETIME EARNED PREMIUM



Controls on our spending



SUBJECT TO:

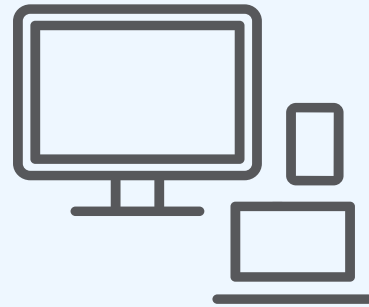
- Direct Auto **Lifetime** Combined Ratio (CR) at or below a 96%
- Ability to service our customers well
- Aggregate companywide **Calendar Year** CR at or below a 96%
- **Efficient Incremental Cost Per Sale (iCPS)**

How we stay efficient in marketing



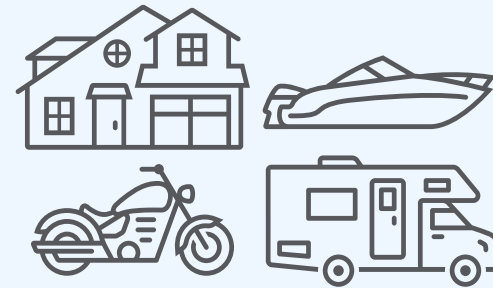
1

DISCIPLINE



2

MEDIA MIX



3

BEYOND
AUTO



4

CREATIVE
NETWORK

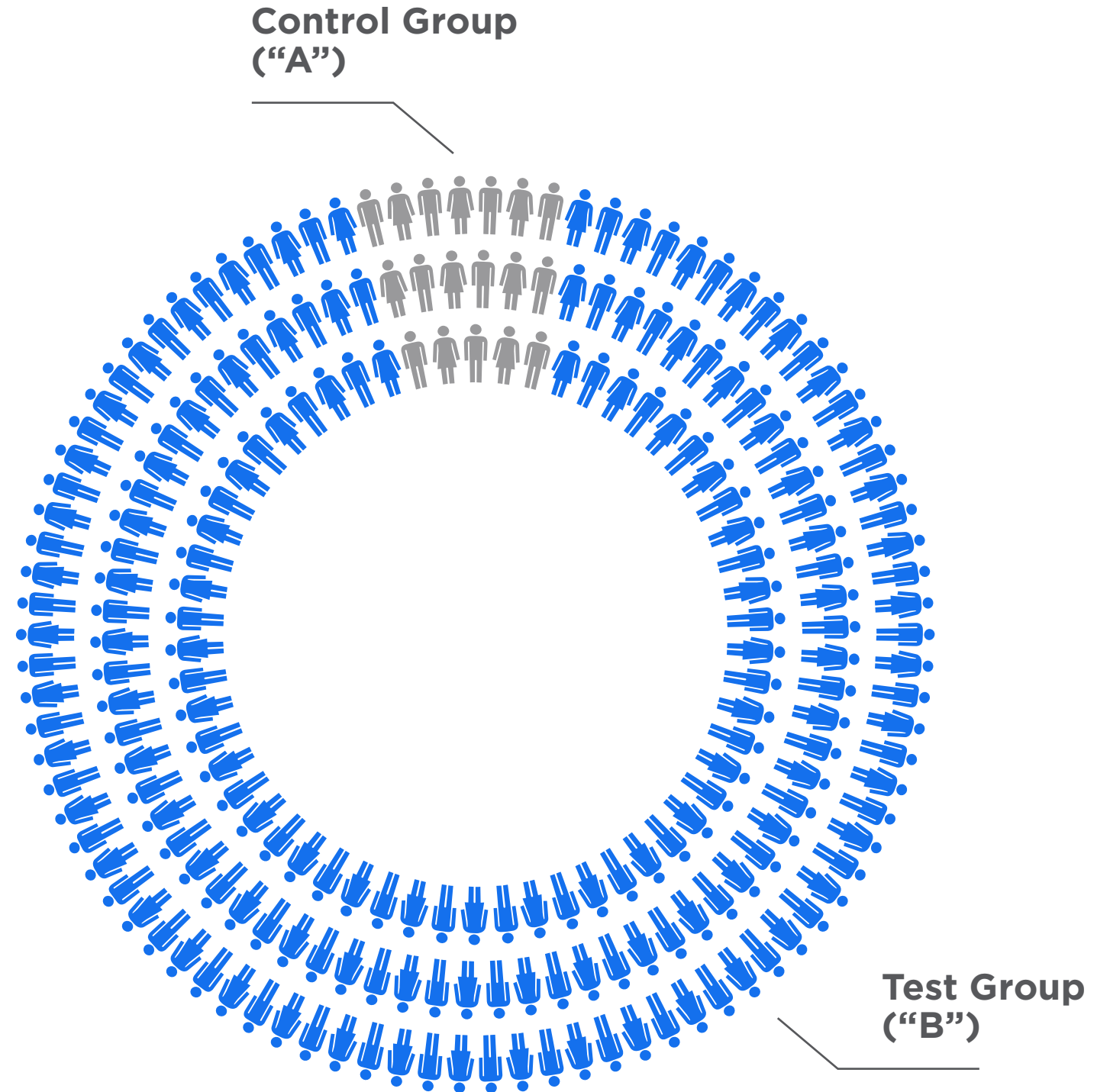


“HALF THE MONEY
I SPEND ON ADVERTISING
IS WASTED; THE TROUBLE
IS I DON'T KNOW
WHICH HALF.”

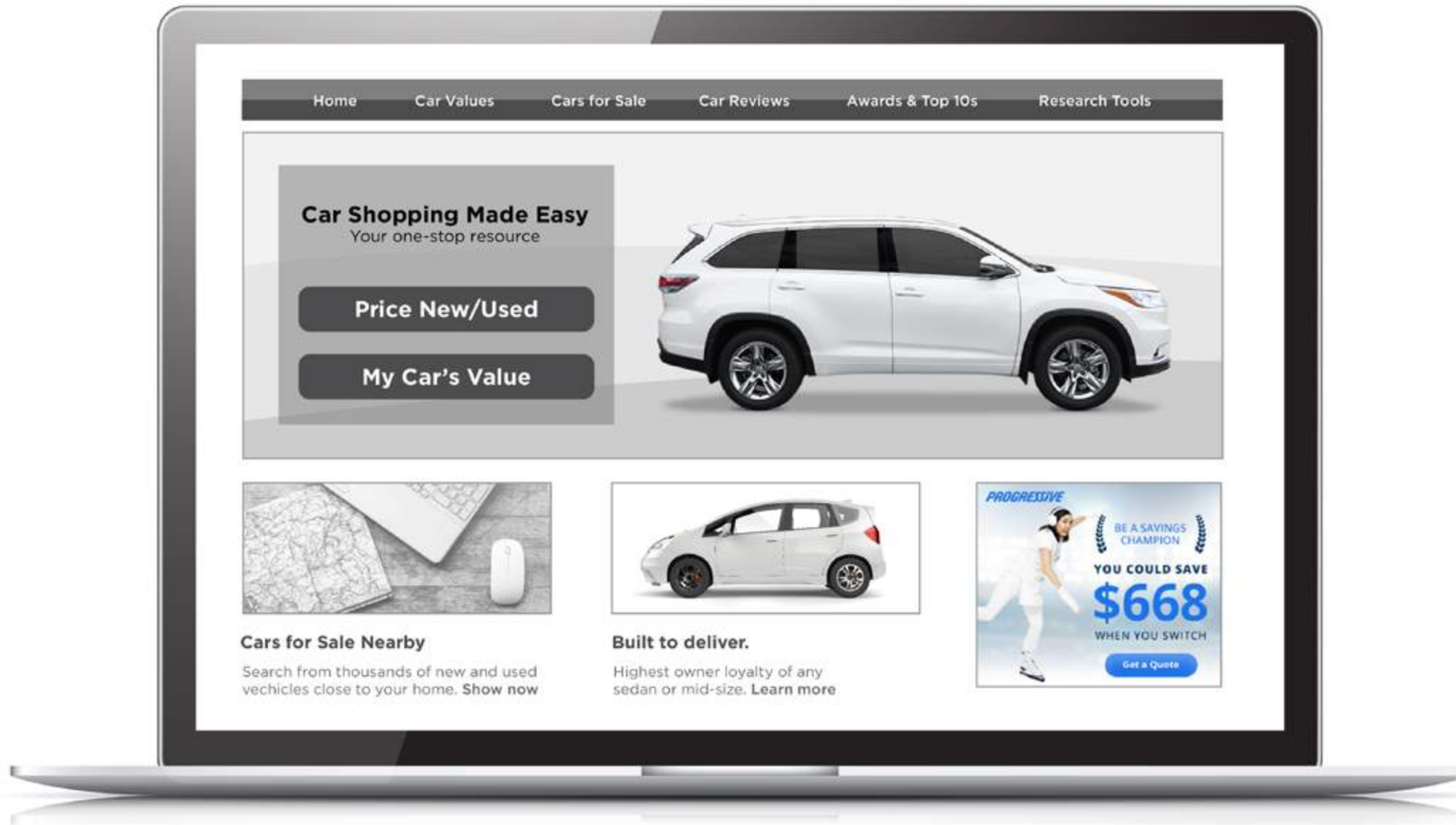
John Wanamaker
(1838-1922)

How to know what works? Focus on “randomized control tests” or “A/B testing”

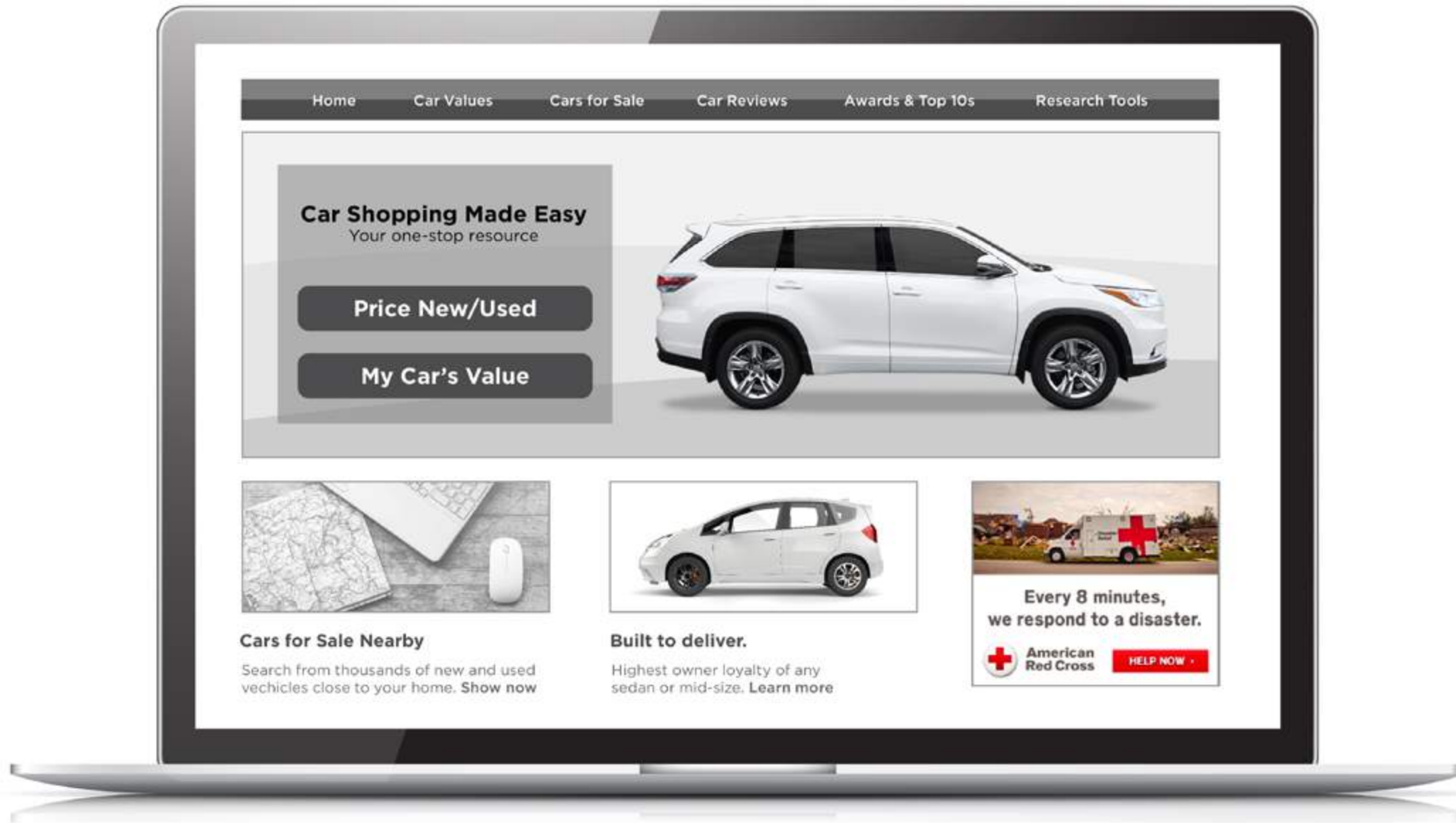
A/B testing framework used
for our ad tests allows us to
understand the **incremental**
sales benefit of our ads



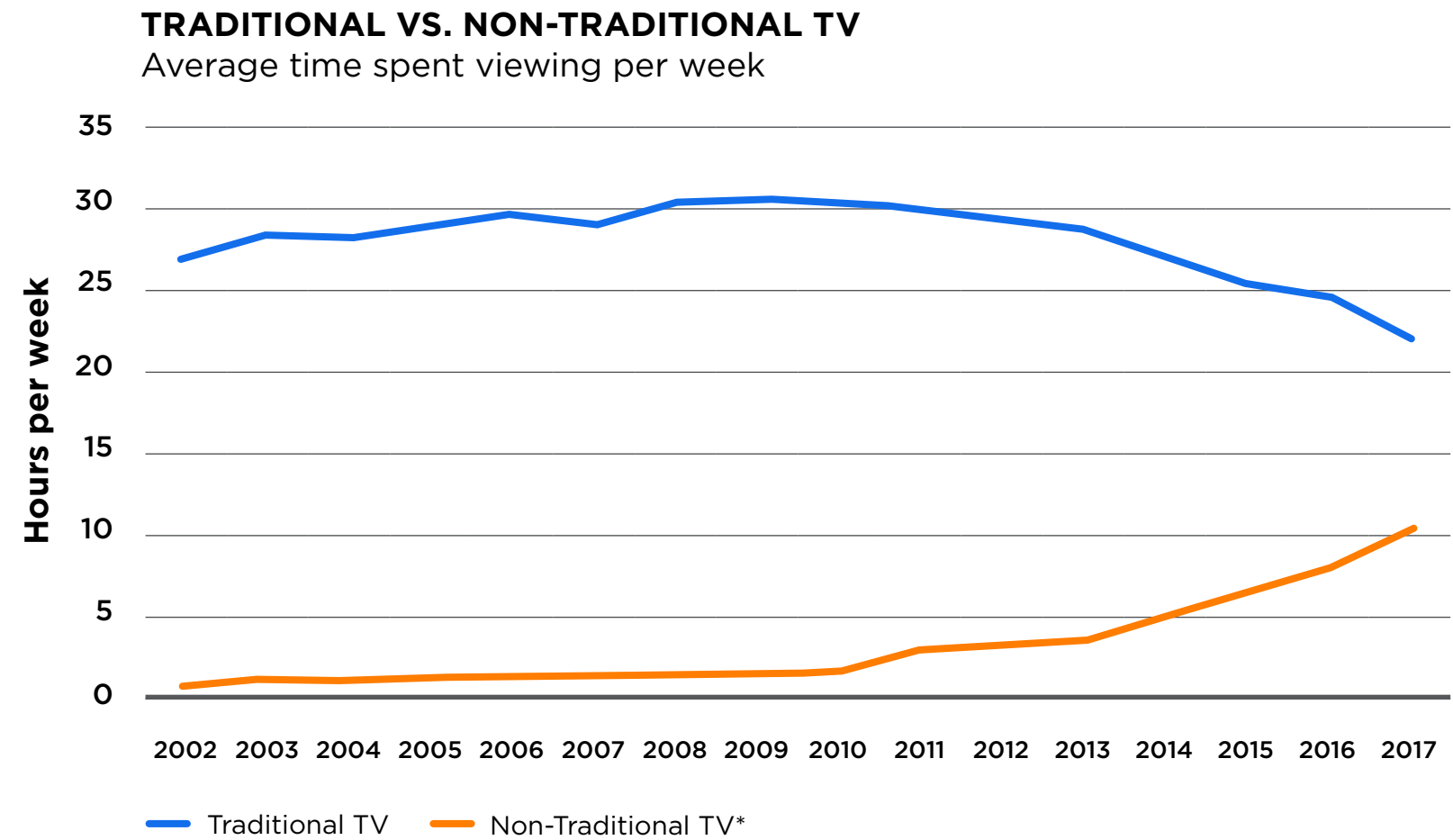
The importance of incrementality



The importance of incrementality

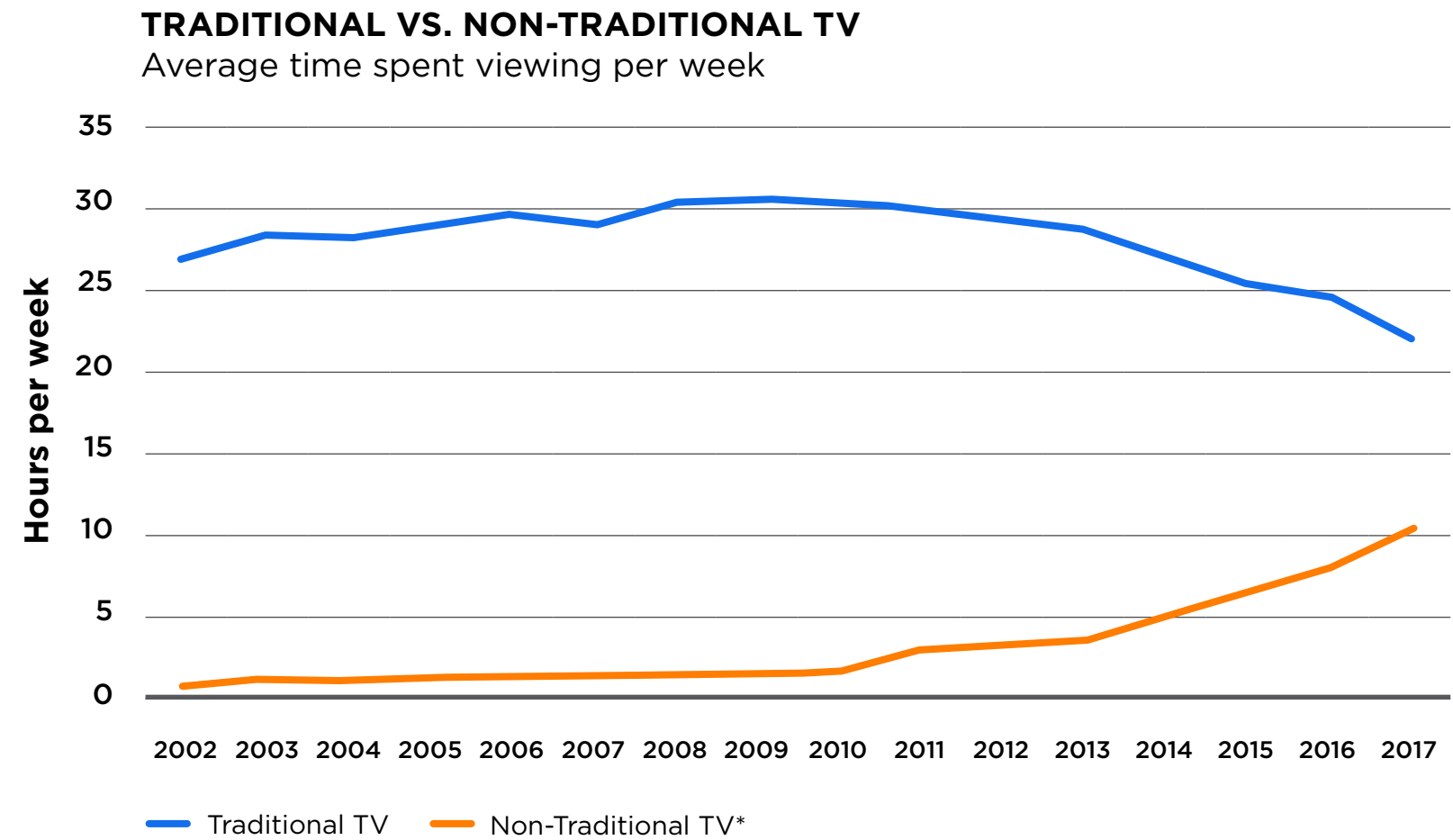


What about TV? Traditional TV continues to lose ground to streaming services



* Video game consoles, internet connected devices, video on smartphone, and video on PC/laptop
Source: Nielsen Total Audience Report, Q2 2002 - Q2 2017. Data for each year is as of Q2. Among 18-49 year-olds.

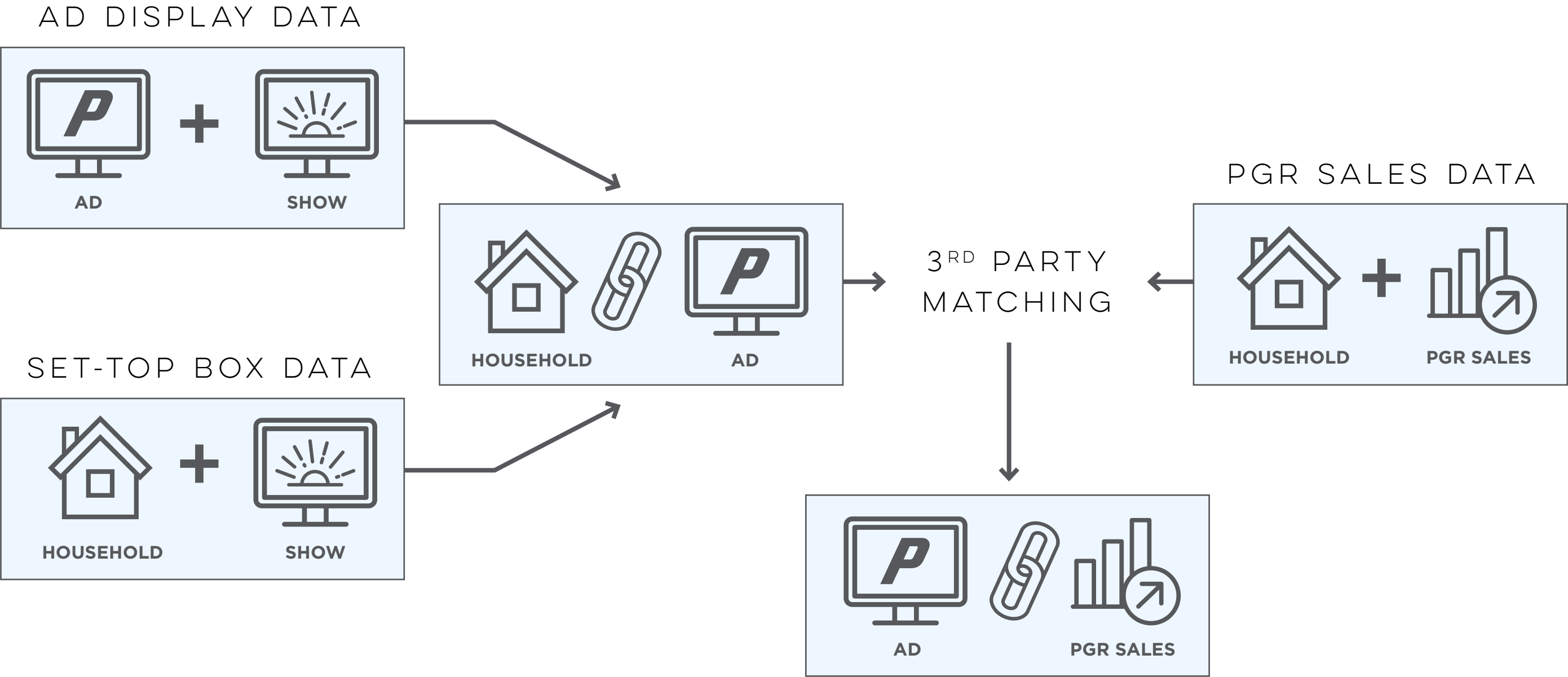
What about TV? Traditional TV continues to lose ground to streaming services



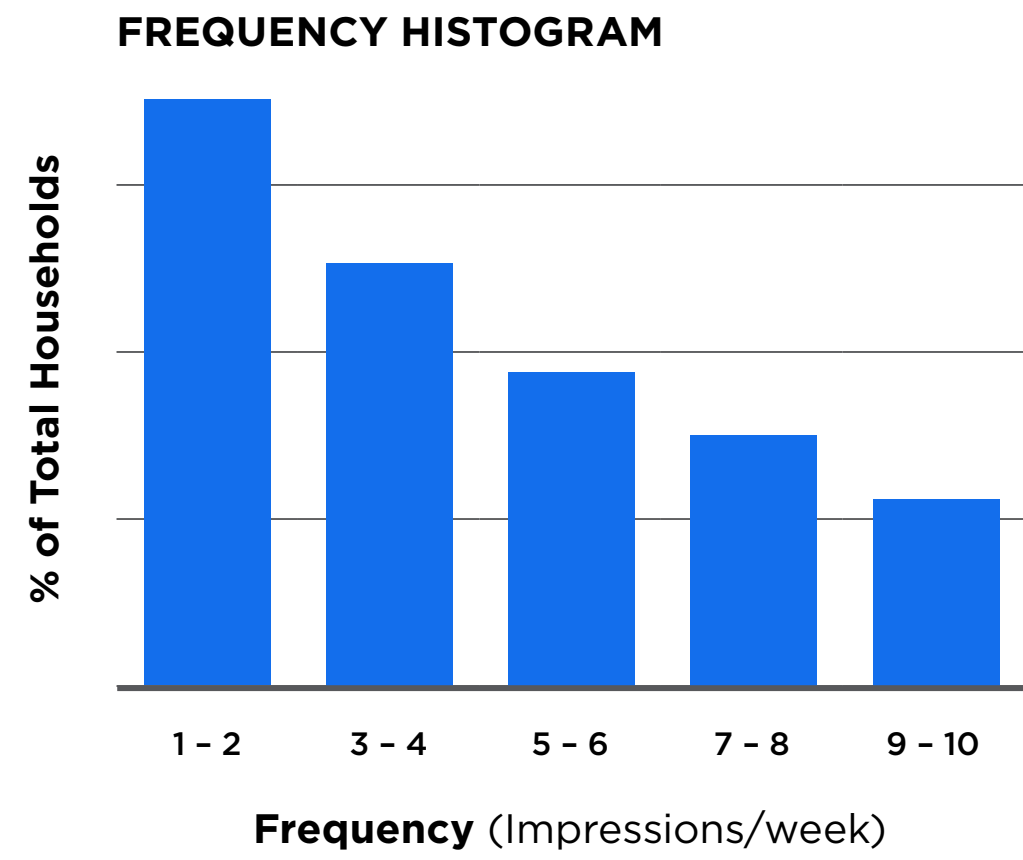
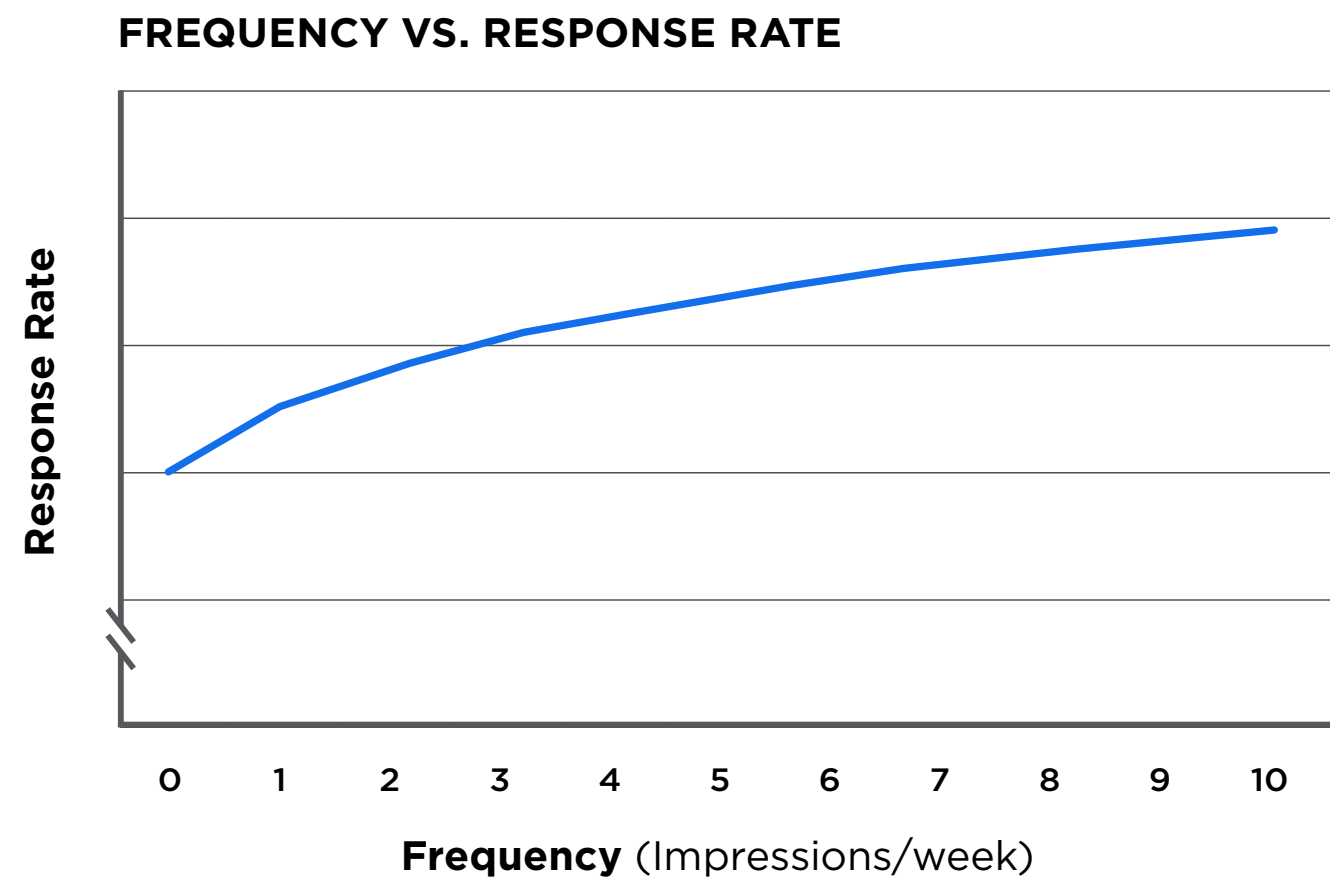
Impressions	▼
Demand	▲
CPMs (Cost per thousand Impressions)	▲

* Video game consoles, internet connected devices, video on smartphone, and video on PC/laptop
Source: Nielsen Total Audience Report, Q2 2002 - Q2 2017. Data for each year is as of Q2. Among 18-49 year-olds.

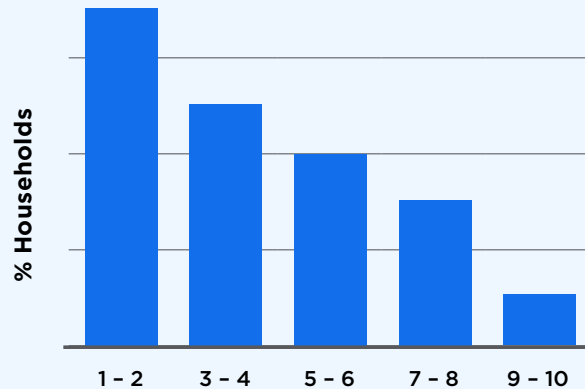
New data allows us to better understand incremental sales from TV advertising














New data allows us improved output
for use in negotiating with networks



Example: Using the data

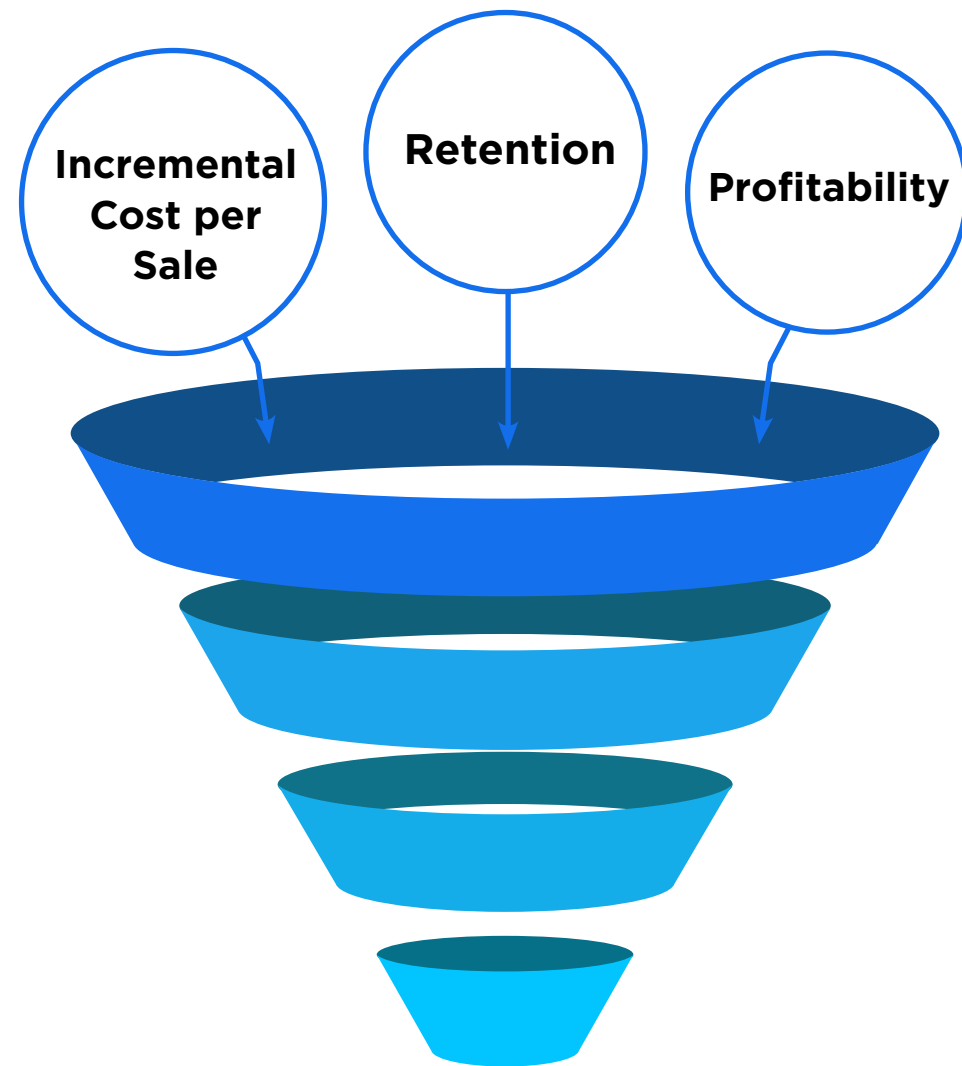
	PROGRAM A	PROGRAM B																								
Creative:																										
Impressions:	1,000,000	1,000,000																								
Cost:	\$15,000	\$18,000																								
CPM:	\$15	\$18																								
How many total PGR ads did the exposed household see?	<p>FREQUENCY HISTOGRAM</p>  <table><tr><th>Number of Ads</th><th>% Households</th></tr><tr><td>1 - 2</td><td>15%</td></tr><tr><td>3 - 4</td><td>25%</td></tr><tr><td>5 - 6</td><td>35%</td></tr><tr><td>7 - 8</td><td>45%</td></tr><tr><td>9 - 10</td><td>55%</td></tr></table>	Number of Ads	% Households	1 - 2	15%	3 - 4	25%	5 - 6	35%	7 - 8	45%	9 - 10	55%	<p>FREQUENCY HISTOGRAM</p>  <table><tr><th>Number of Ads</th><th>% Households</th></tr><tr><td>1 - 2</td><td>55%</td></tr><tr><td>3 - 4</td><td>45%</td></tr><tr><td>5 - 6</td><td>35%</td></tr><tr><td>7 - 8</td><td>25%</td></tr><tr><td>9 - 10</td><td>15%</td></tr></table>	Number of Ads	% Households	1 - 2	55%	3 - 4	45%	5 - 6	35%	7 - 8	25%	9 - 10	15%
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1 - 2	55%																									
3 - 4	45%																									
5 - 6	35%																									
7 - 8	25%																									
9 - 10	15%																									
Incremental Sales:	1.0x	1.5x																								
Incremental Cost per Sale:	1.0y	0.8y																								

New digital platforms / opportunities

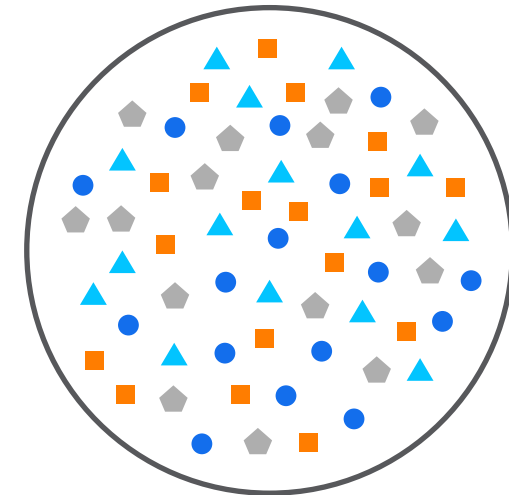
VIDEO	MOBILE	SOCIAL	GAMES	VOICE
   	 	 	 	

Where we're going – evaluating individual media based on lifetime value of customers they attract

LIFETIME VALUE MODEL

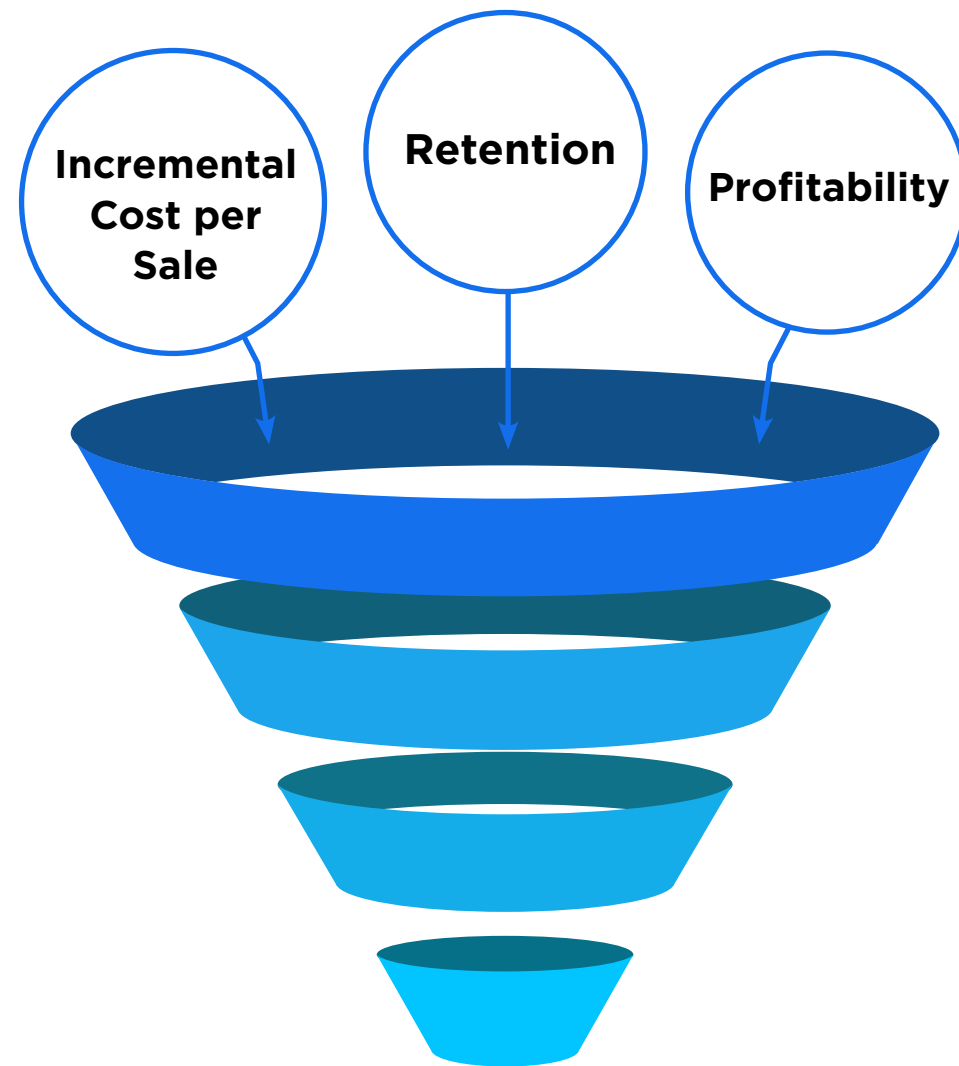


SEGMENTATION

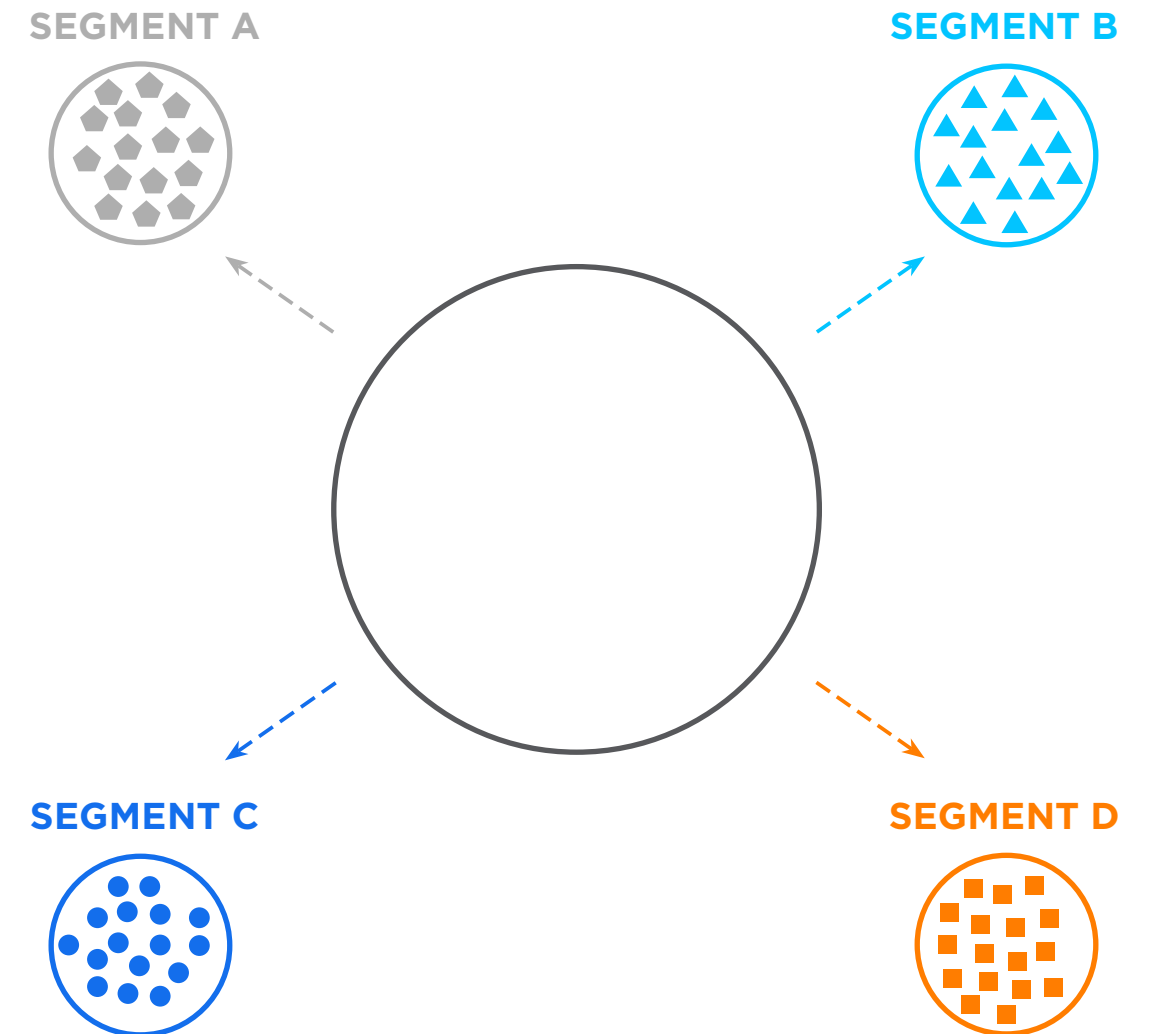


Where we're going – evaluating individual media based on lifetime value of customers they attract

LIFETIME VALUE MODEL



SEGMENTATION



Cat Kolodij



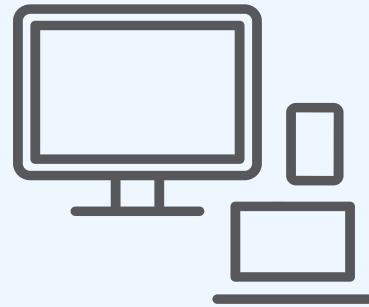
MARKETING STRATEGY LEADER

How we stay efficient in marketing



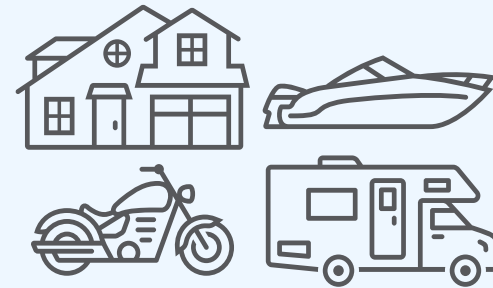
1

DISCIPLINE



2

MEDIA MIX



3

BEYOND
AUTO



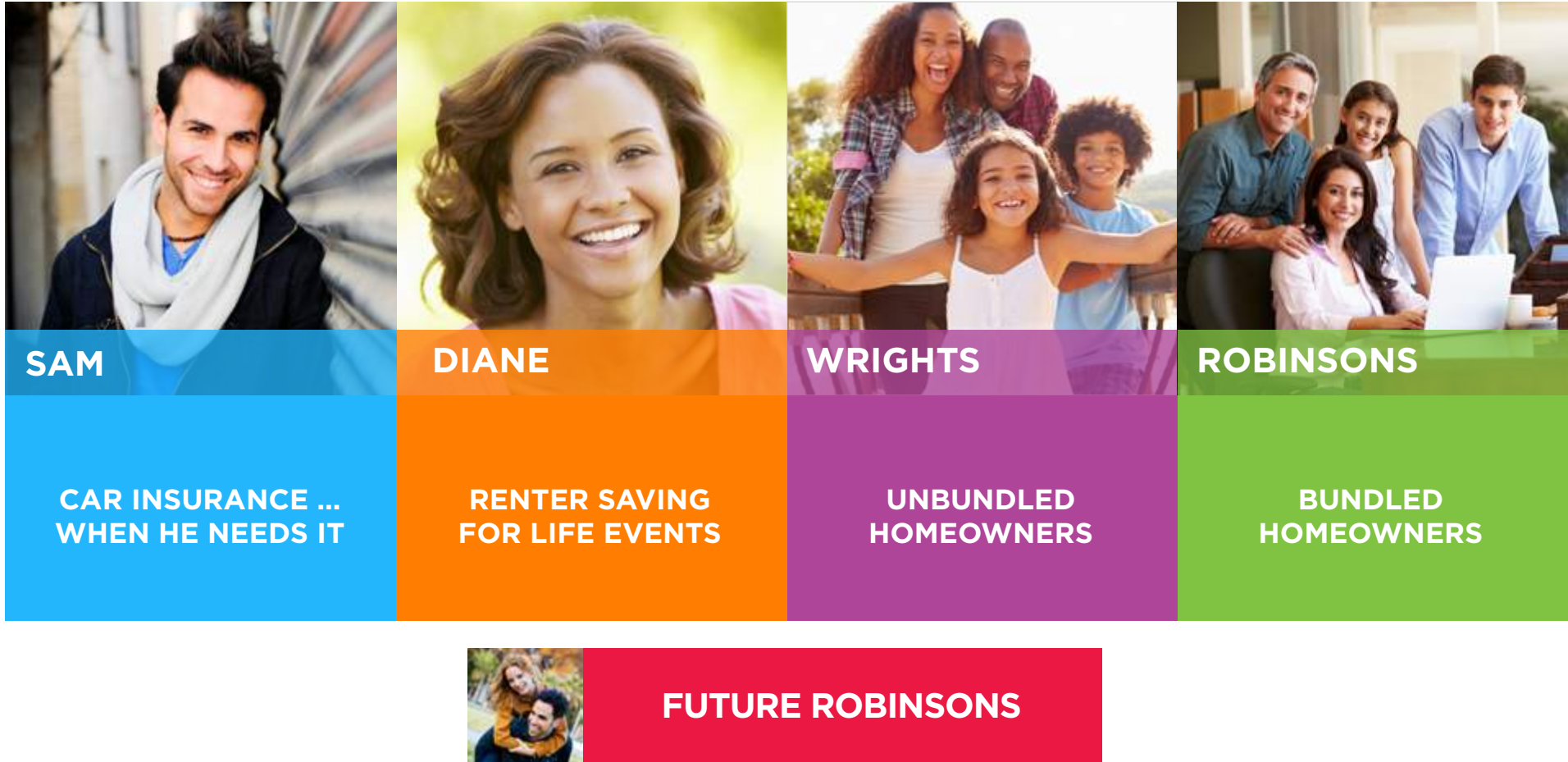
4

CREATIVE
NETWORK

Focused on segmentation

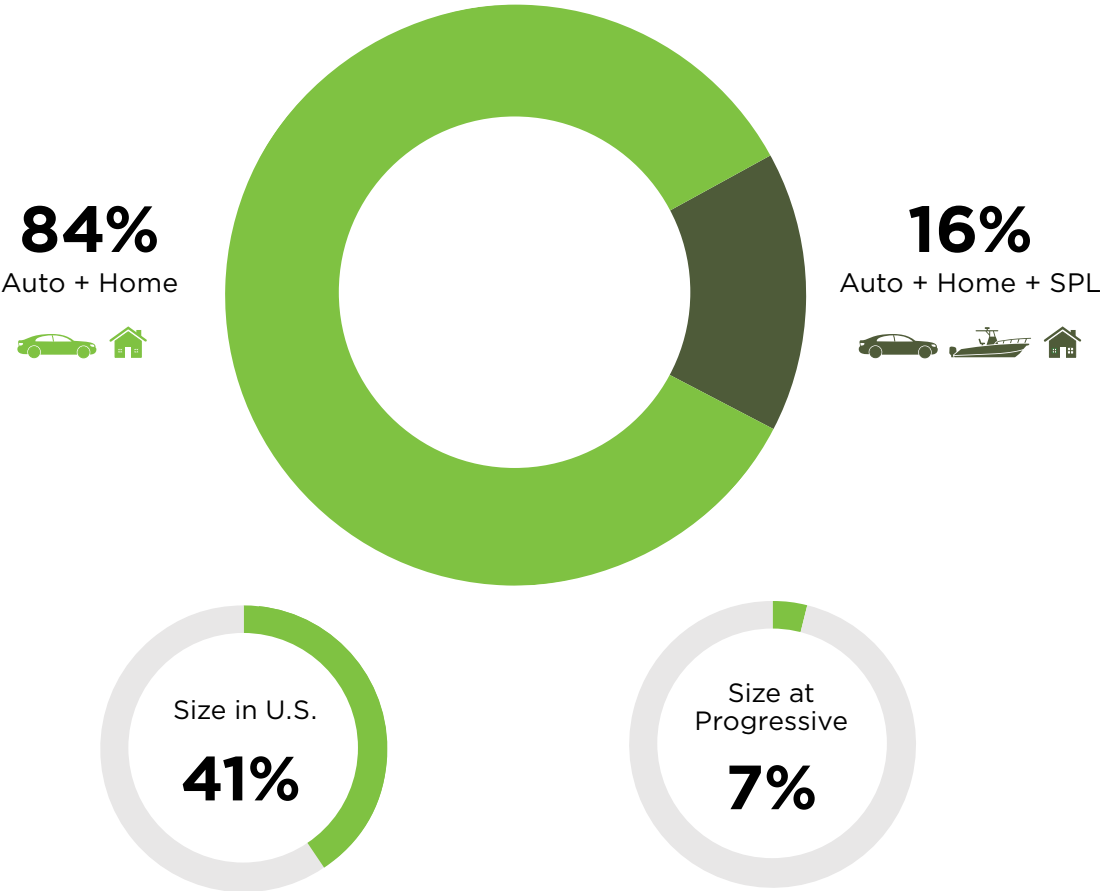
			
SAM	DIANE	WRIGHTS	ROBINSONS
CAR INSURANCE ... WHEN HE NEEDS IT	RENTER SAVING FOR LIFE EVENTS	UNBUNDLED HOMEOWNERS	BUNDLED HOMEOWNERS

Focused on segmentation

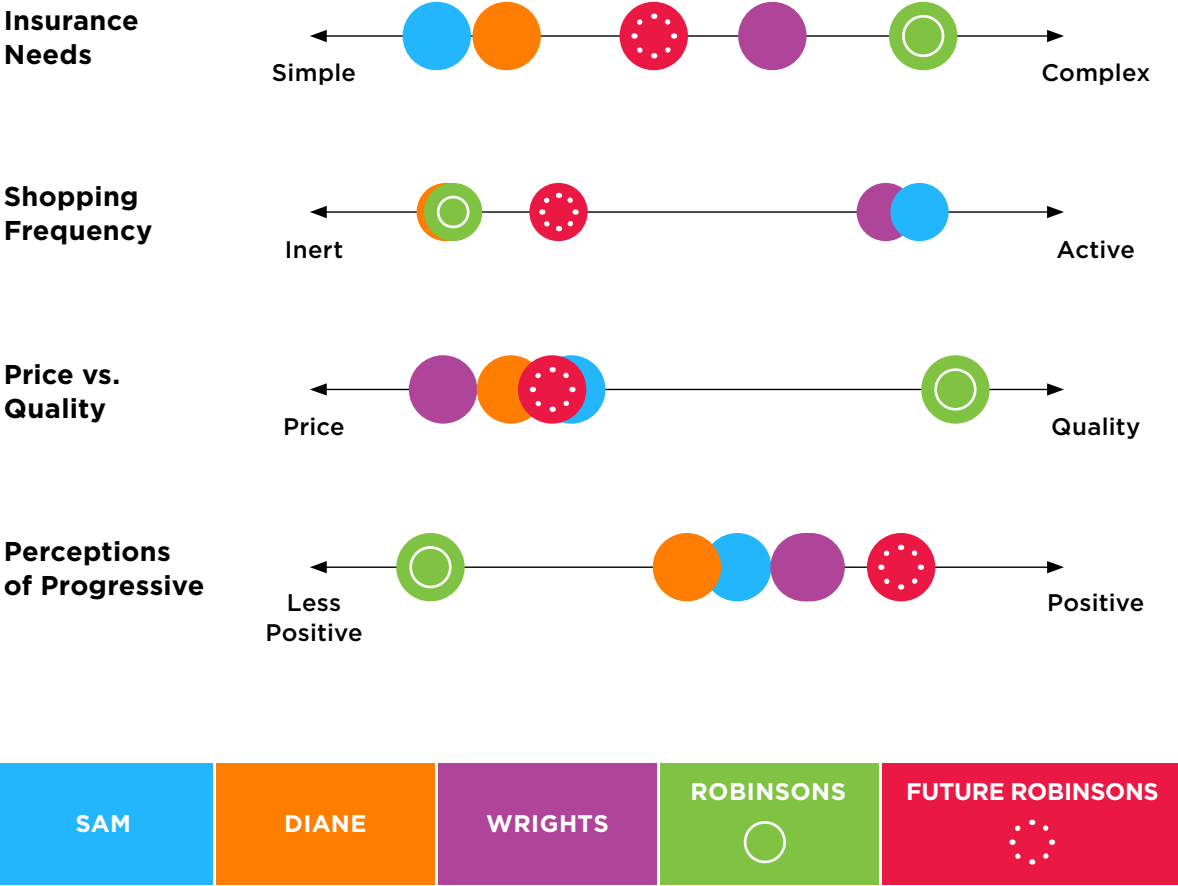


Adapt to different needs

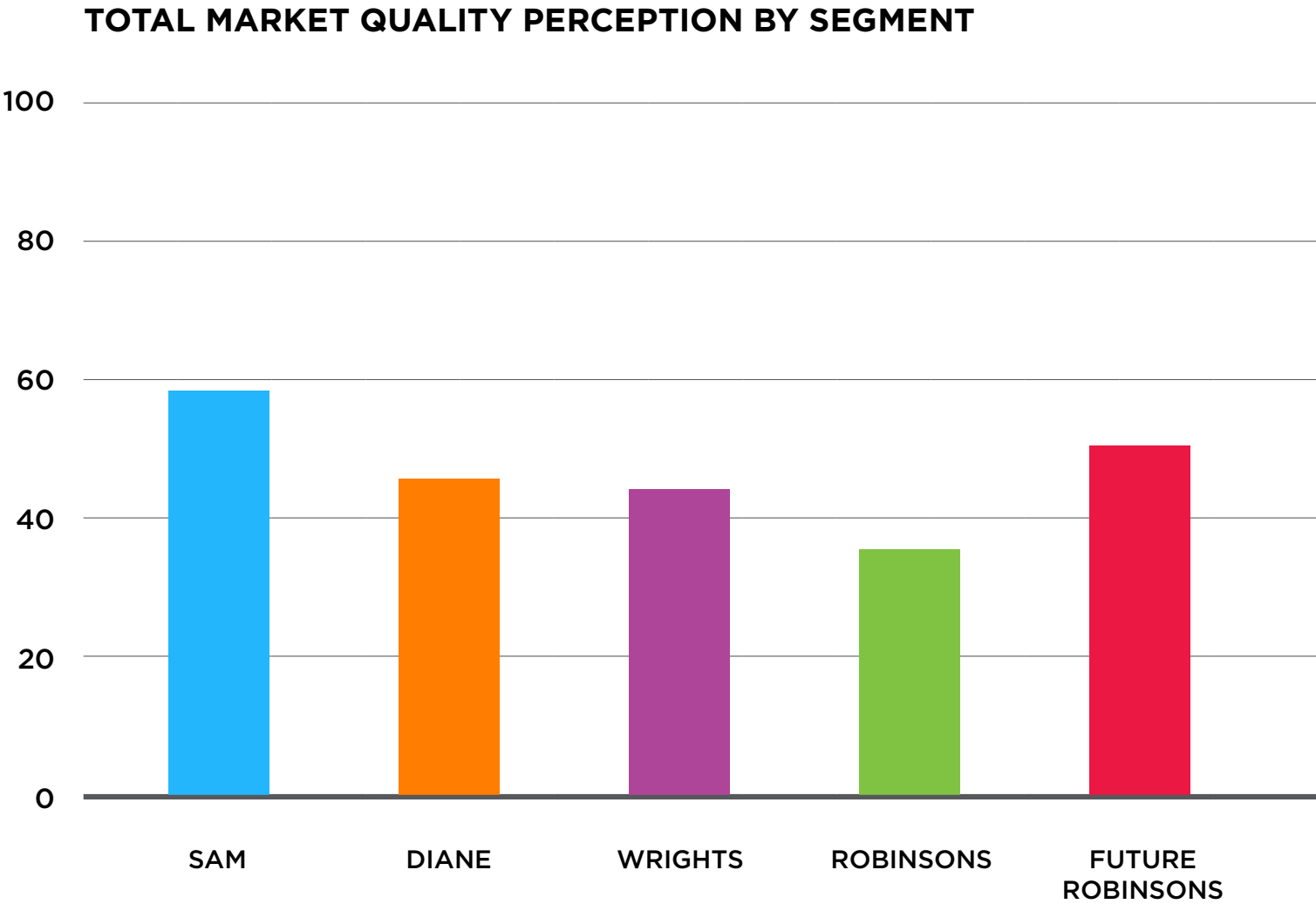
ROBINSONS PROFILE



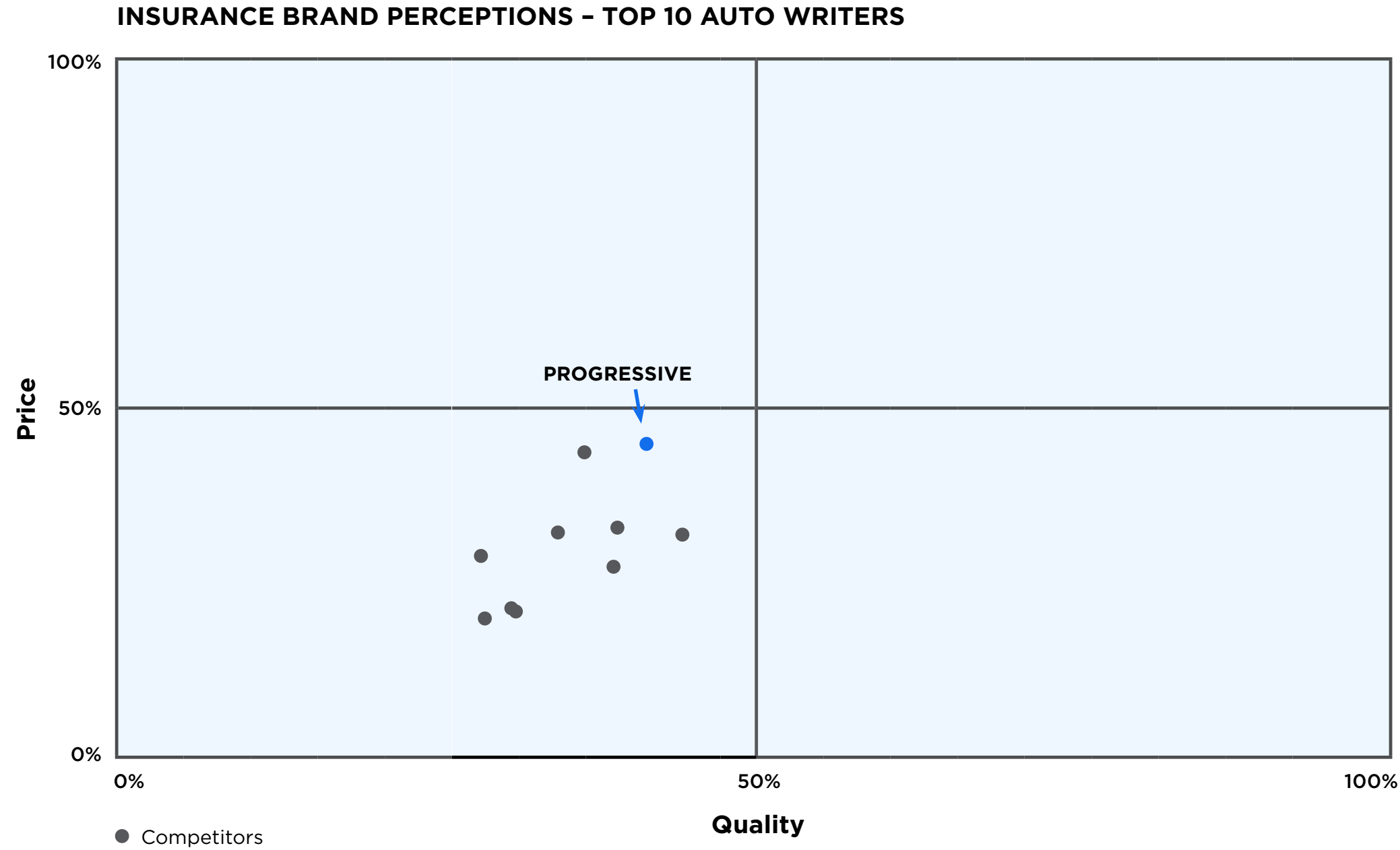
NEEDS BY CONSUMER SEGMENT



Future Robinsons perception

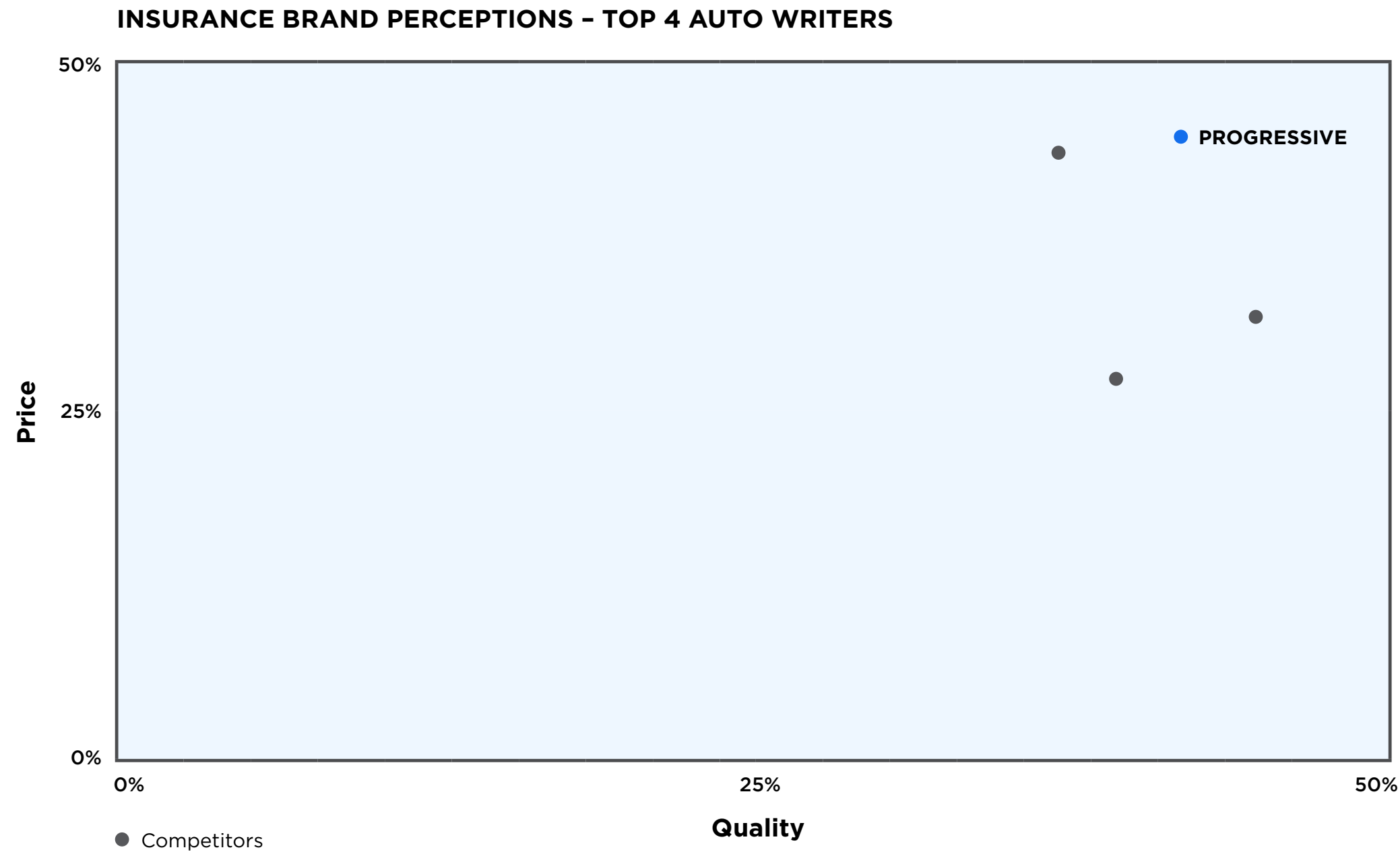


Continue our “price plus” strategy

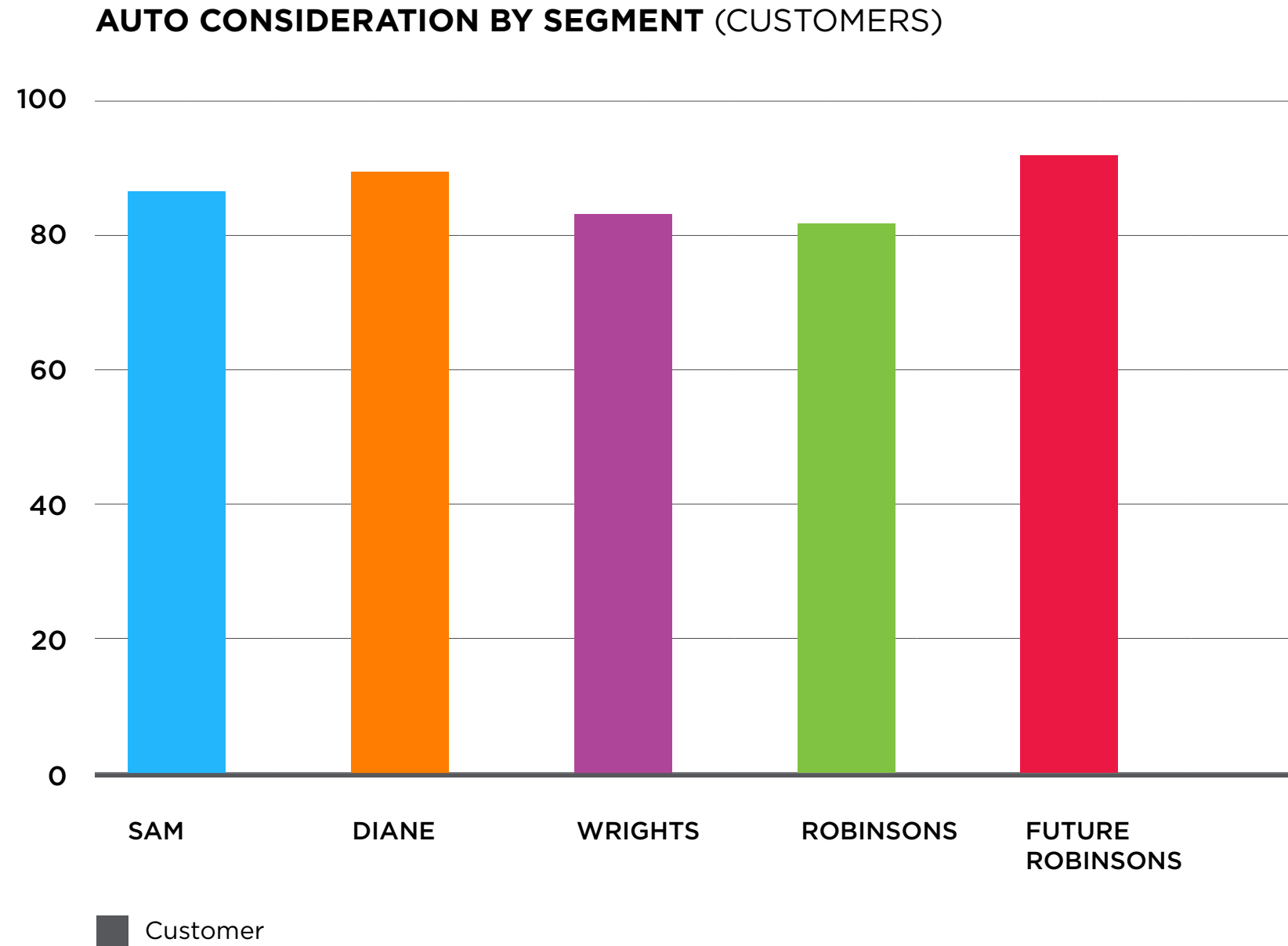


Source: PGR Market Research/PL Destination Brand Tracker 2017 Q3

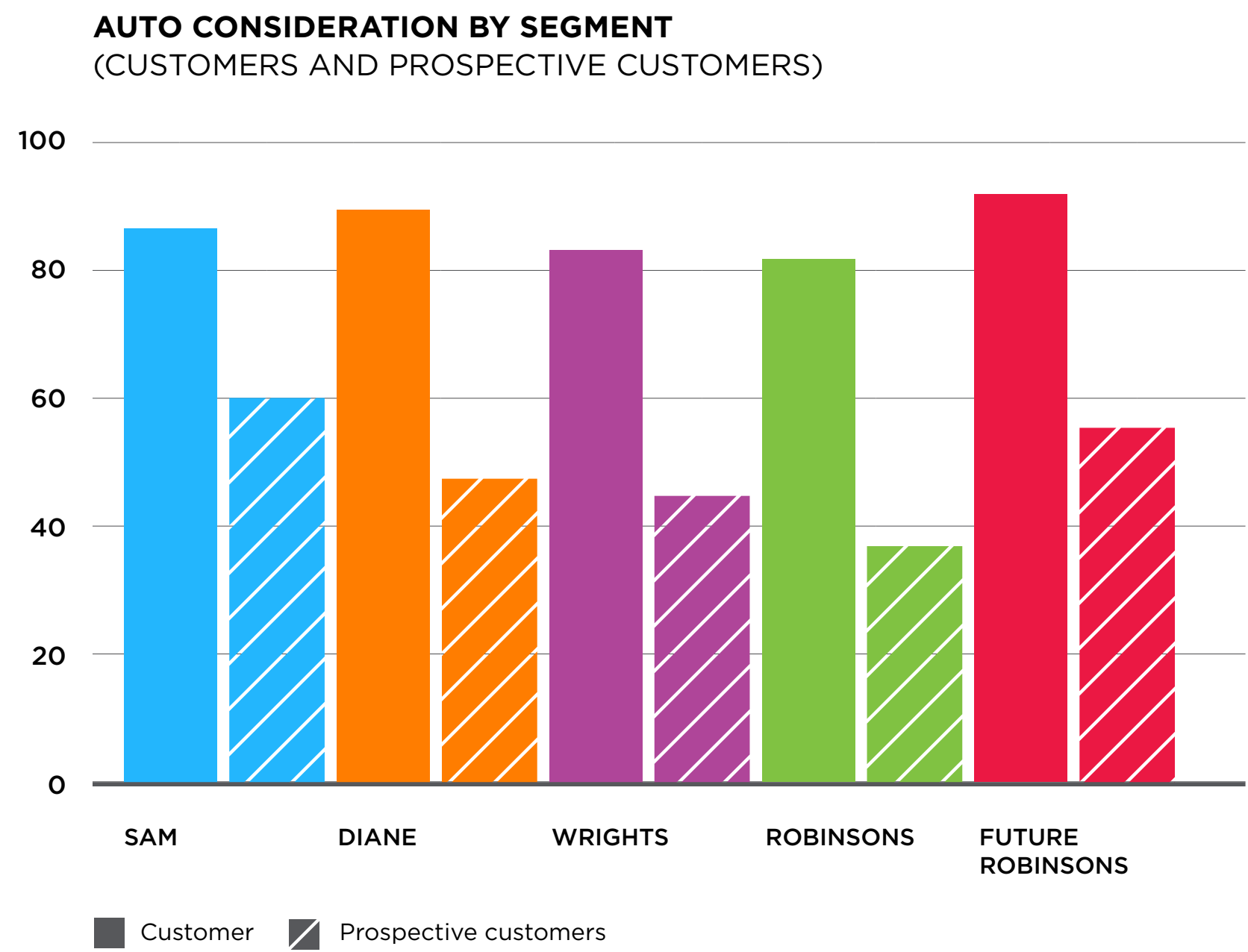
Continue our “price plus” strategy



Strong consideration among customers



Work to be done with prospective customers



Source: PGR Market Research/PL Destination Brand Tracker 2017 Q3

Shift message mix to improve consideration

IN ORDER OF IMPORTANCE	PROGRESSIVE	COMPETITOR 1	COMPETITOR 2	COMPETITOR 3
Is for people like me	29%	30%	30%	36%
Gives me confidence that I'm getting great coverage, service	26%	26%	27%	32%
Provides a good value for the money	28%	31%	21%	26%
Makes the entire auto insurance process easier	27%	27%	22%	27%
Resolves customer problems quickly and efficiently	23%	24%	26%	31%

Agents are critical

**“ Everyone knows who Progressive is,
so the name goes a long way. ”**

**“ The Progressive name goes a long
way with our clients. It’s even
getting better over the years. ”**

-Preferred Agency Partner



Supporting agent growth

AGENTS OF
innovation

YOU'RE THE CONSTANT IN AN ENDLESS SEA OF CHANGE. RISING TO THE OCCASION. MAKING THINGS WORK SMARTER, FASTER, EASIER. DOING THE RIGHT THING? THAT COMES NATURALLY. YOU'RE ALWAYS THINKING AHEAD BECAUSE THE FUTURE EXCITES YOU. AND YOUR GREATEST OPPORTUNITY IS WHATEVER'S NEXT.

Read on to learn more about how Jeremy, Kim, José and Robert are helping us push the industry forward, together.

TECHNOLOGY / EASE

"If you're not growing, you're going out of business." This is the mantra that drives Jeremy Huerta to continue to stay relevant. Adapting to a rapidly changing tech environment is essential, which is why Jeremy appreciates Progressive for "always trying to stay relevant, making those changes and adjusting to the times — especially on the technology front."

We've brought that to life through our commitment to improving Snapshot® our usage-based insurance tool that rewards Jeremy's best drivers. With our mobile app, his customers can service their account 24/7 so he can spend more time focused on growing his business. And, thanks to Progressive's efficient quoting platform he can quickly customize policies to meet the needs of his customers.

For more than 15 years, Jeremy has counted on Progressive to help his agency grow. And if you ask him, he'll tell you, "Companies like Progressive are ones that I trust will have the technology to help my clients and provide more stability."

Progressive is at the forefront of technology trends.

JEREMY HUERTA
HURTADO INSURANCE | PHOENIX, AZ

[AgentsofProgressive.com](#)

NE
NEXT

INSIGHTS/TOOLS

Having that local brand awareness along with a national brand is the best combination.

MARK GARRON
GARRON ASSOCIATES | ATHENS, GA

When Mark Garron took over the agency's family business, he had no idea he'd grow to more than 100 employees and 100 policies in 47 states. Relying on a career like Progressive that provides growth as much as Mark does has been key to his success.

"It's been a mixture of someone working with us. And to learn, training our staff, presenting new technology and showing us how to use it. That's been a winning combination. Just the willingness to continue to change and adapt."

**AGENTS OF
*growth***

[AgentsofProgressive.com](#)

ALWAYS BE RELEVANT AND ADAPT TO THE CHANGING ENVIRONMENT — THAT'S THE GOAL.

Our agents have the drive to embrace these changes and we have the tools, the technology, the stability, and the breadth of product to ensure we thrive well into the future. That's because together, we are agents of whatever's next.



AgentsofProgressive.com


motorcycle, RV and them all," she said.

It wasn't long ago Kim Riha's Progressive RV coverage protected her from a devastating tornado. "I get to speak from experience and I'll say, the coverage provided was perfect. There's not another coverage Progressive offers that's better. As a preferred customer, the value of offering me that bundle, the longer policy with you." More opportunity to grow that simple. And Progressive offers options for all the customers from simple needs to preferred, multi-product.

"As far as toys go, there's nothing that has the coverage that Progressive has."

KIM RIHA,
ACCREDITED INSURANCE GROUP

Kim Riha

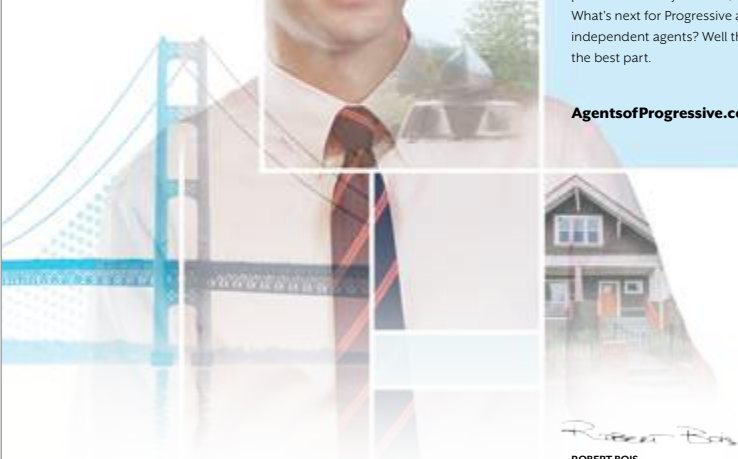


**AGENTS OF
*Whatever's next***

BETTER TOGETHER, EVERY DAY

Robert Bois didn't achieve his success by standing still. The mantra that hangs in his agency—be better every day than the day before. It's Robert's goal, it's our goal. And with stronger insights, more product offerings, and the latest tools and technology, we're continuing to push the industry forward, together. What's next for Progressive and our independent agents? Well that's the best part.

AgentsofProgressive.com

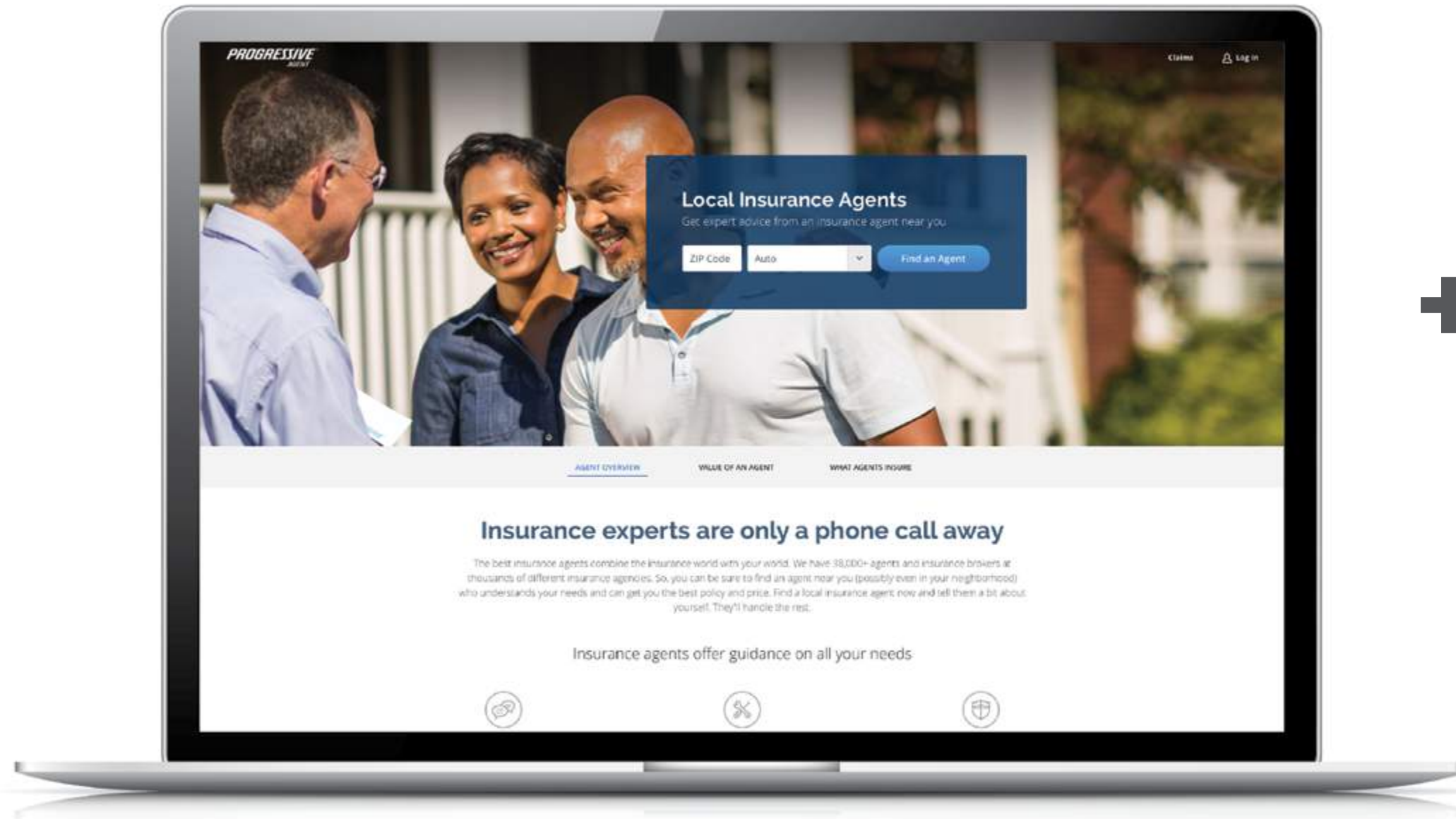


PROGRESSIVE

Vehicle insurance is provided by Progressive Casualty Ins. Co. & affiliates. Home and renters policies are provided and serviced by affiliated and third-party insurers who are solely responsible for claims. Prices, coverages, and privacy policies vary among these insurers. 17AD09681

Supporting agent growth

“FIND AN AGENT” ENGAGEMENT



+52%

v 2016

How we stay efficient in marketing



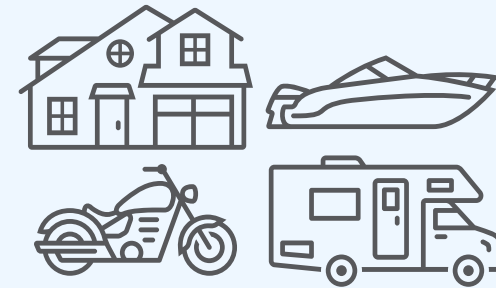
1

DISCIPLINE



2

MEDIA MIX



3

BEYOND
AUTO



4

CREATIVE
NETWORK



The network



EXTEND

SERVICE

Helping people see themselves staying with Progressive; telling the story of how we take care of customers

SUPERSTORE + BOX
SHOP

Helping people shop
Progressive



“FUNNY BECAUSE IT’S TRUE”

RELEVANCE

Helping people take another
look at Progressive

Superstore



POP CULTURE



CHARACTER
DEVELOPMENT



NEW
SITUATIONS



SPIN OFF



Mark of Flo



61%

Recognize the "Mark of Flo"
and attribute the image to
Progressive and/or Flo



Friendly, personal,
and accessible
service



Cares about
customers



For people
like me



Leading brand
in the industry

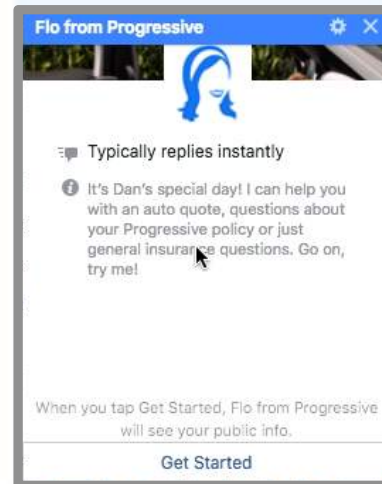
Mark of Flo



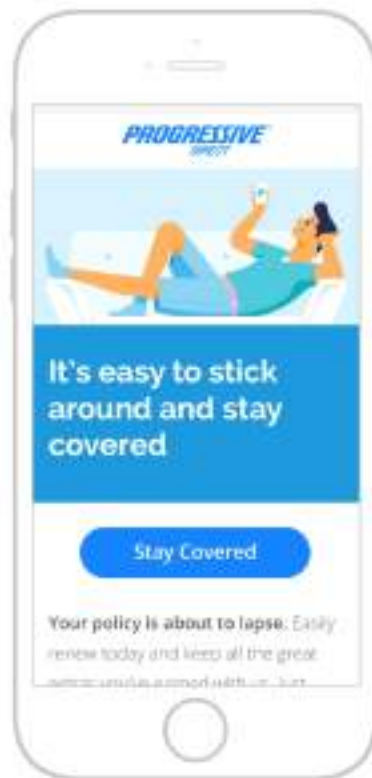
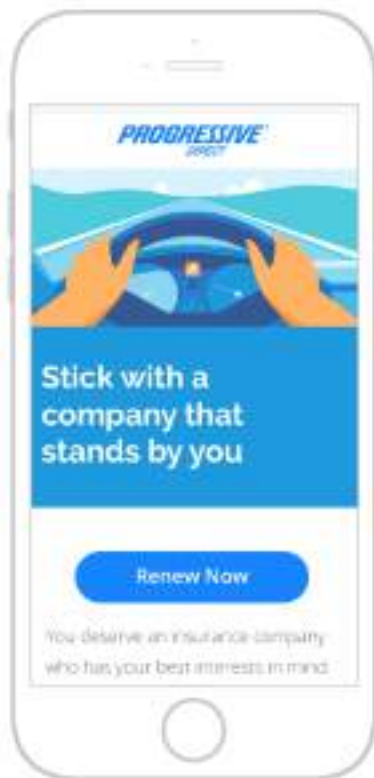
SYMBOL OF
PROMISE



ASSISTANT



Extend



ACQUIRE



ANCHOR

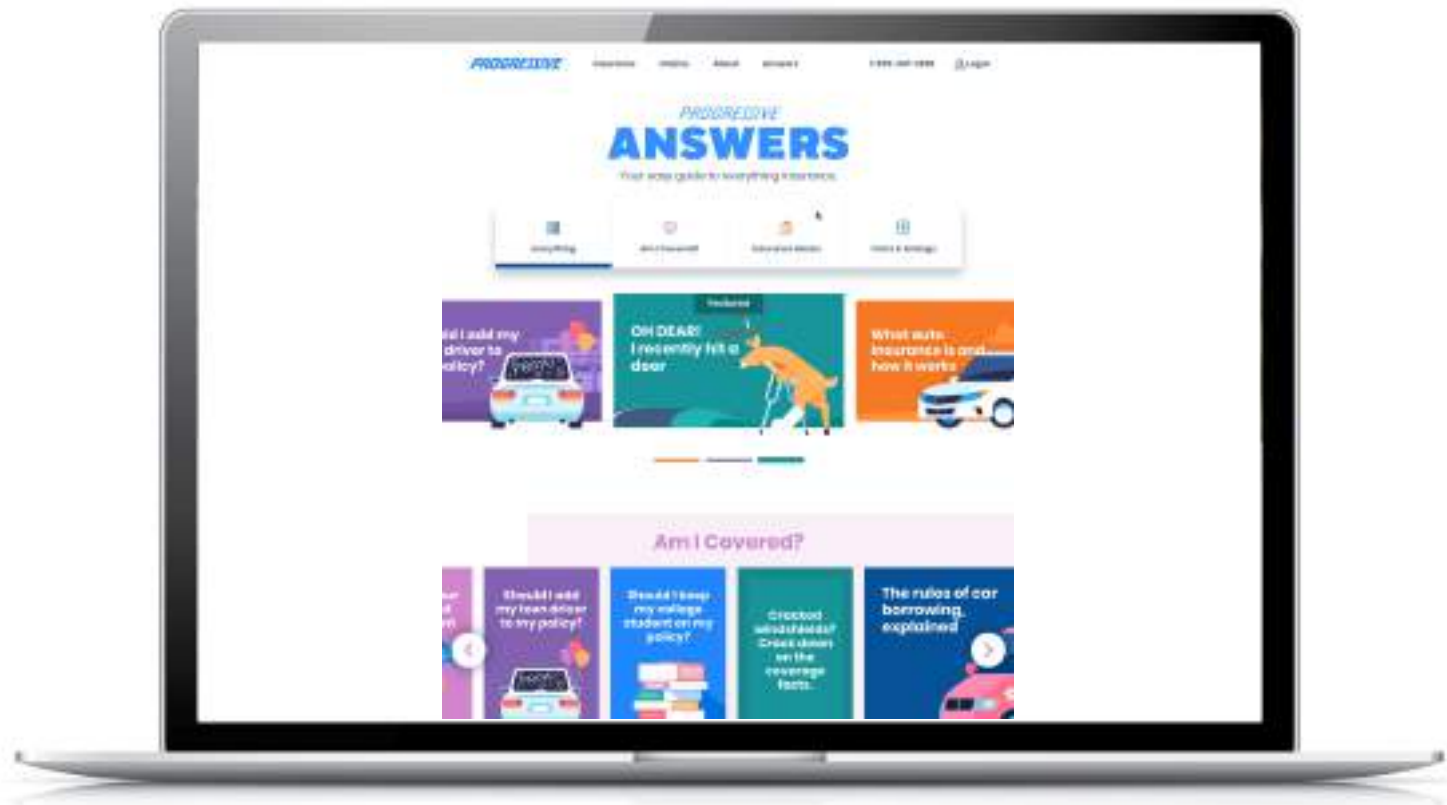


BUNDLE



EXTEND

Progressive Answers



Common goal

REACTION

“ IT'S FUNNY BECAUSE IT'S TRUE ”



Funny because it's true



PARENTAMORPHOSIS



PRIZED POSSESSIONS



SMALL BUSINESS

The network

ANCHOR
SUPERSTORE

POP CULTURE



CHARACTER
DEVELOPMENT



NEW
SITUATIONS



SPIN OFF



PILOTS
FUNNY BECAUSE
IT'S TRUE

PARENTAMORPHOSIS



BABYMAN



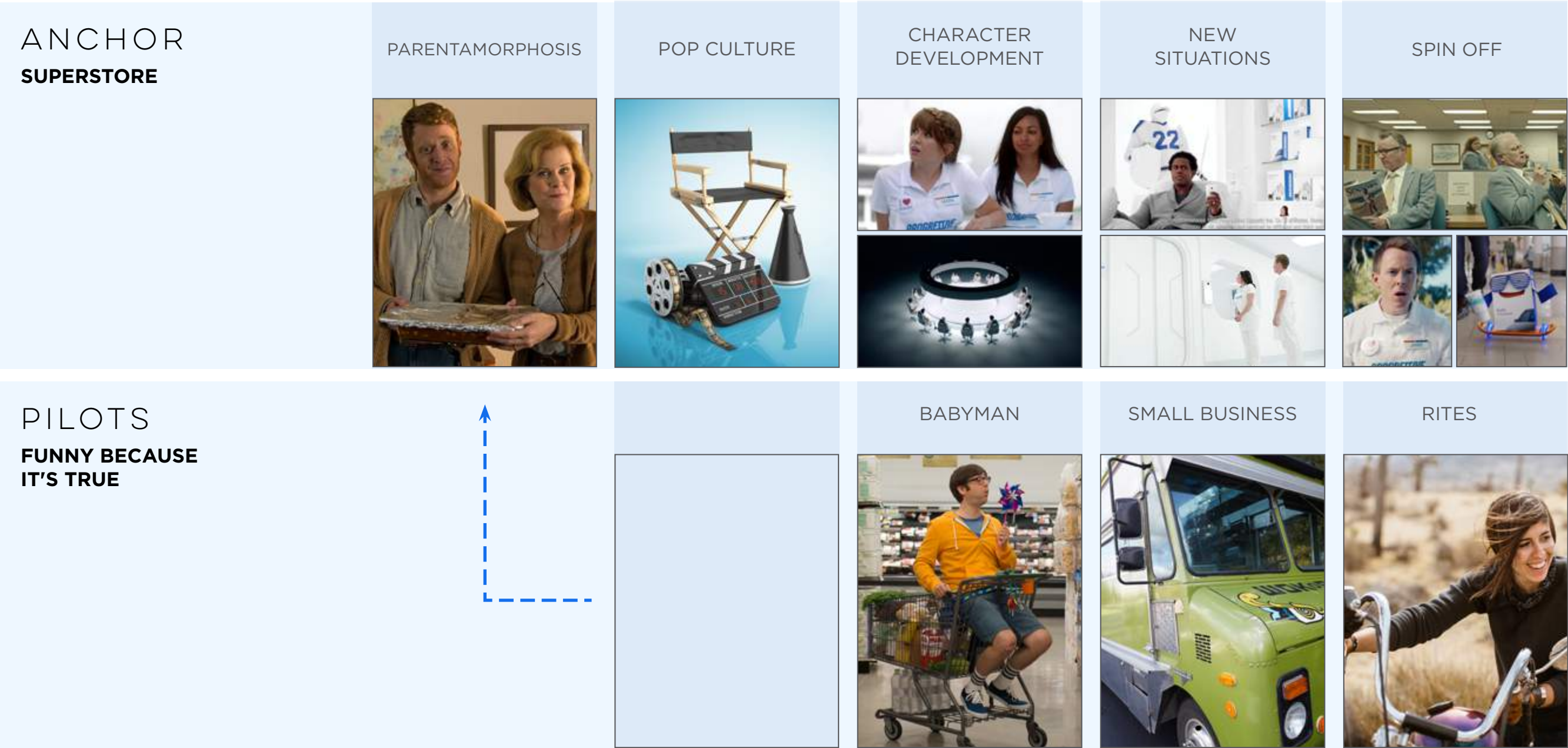
SMALL BUSINESS



rites



The network



The network

ANCHOR
SUPERSTORE

PARENTAMORPHOSIS



POP CULTURE



CHARACTER
DEVELOPMENT



NEW
SITUATIONS



SPIN OFF



PILOTS
FUNNY BECAUSE
IT'S TRUE

YOUNG
HOMEOWNERS



BABYMAN



SMALL BUSINESS



rites



Future Robinsons

AWARENESS

BROADCAST



Doppeldinner: 30-second TV

CONTENT



TIER 1 INFLUENCERS



Houzz



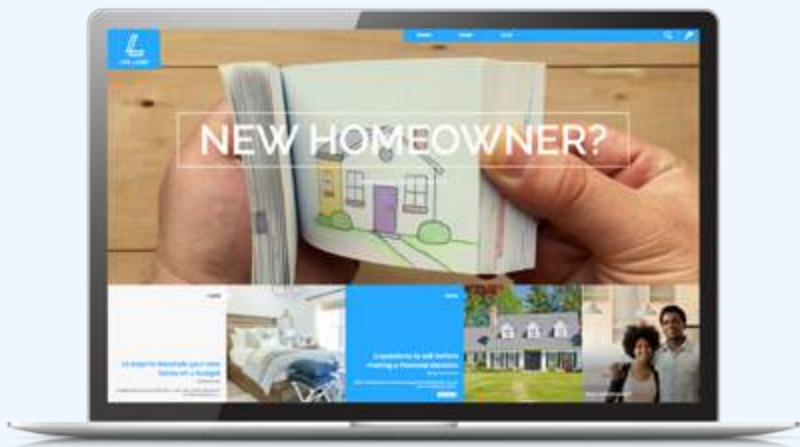
Partners



Influencers

CONSIDERATION

CONTENT HUB



Life Lanes on Progressive.com

PROMOTED SOCIAL



Facebook



Twitter



Instagram



Pinterest

QUOTE

PROGRESSIVE.COM

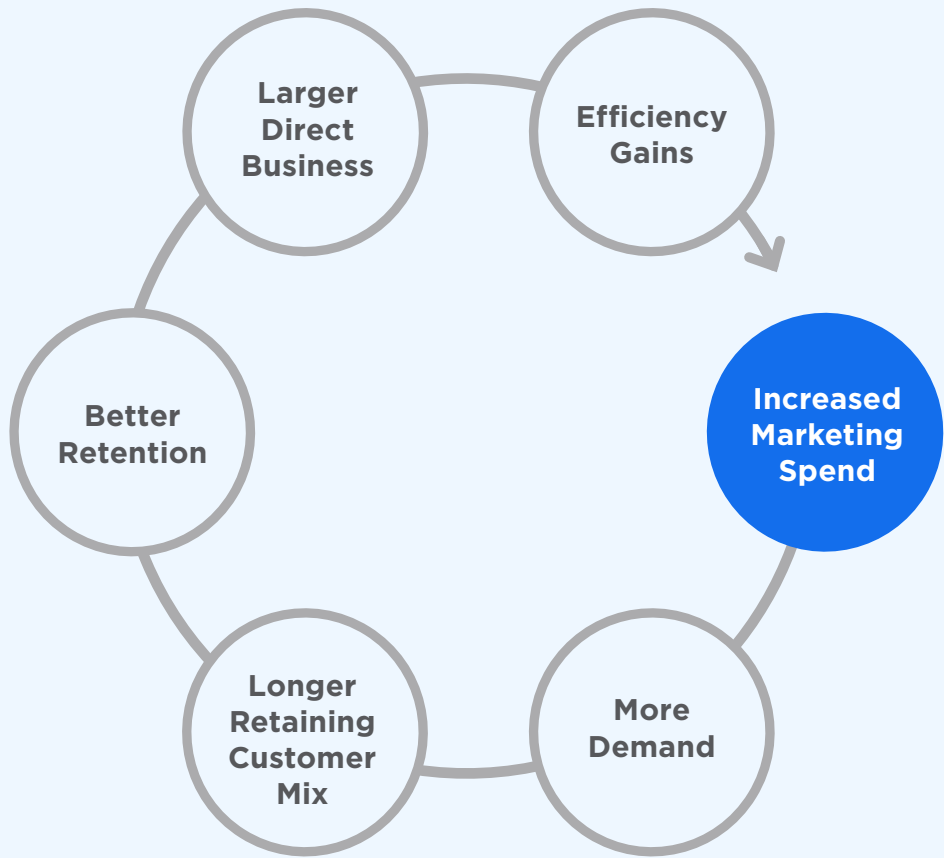


Auto Quote

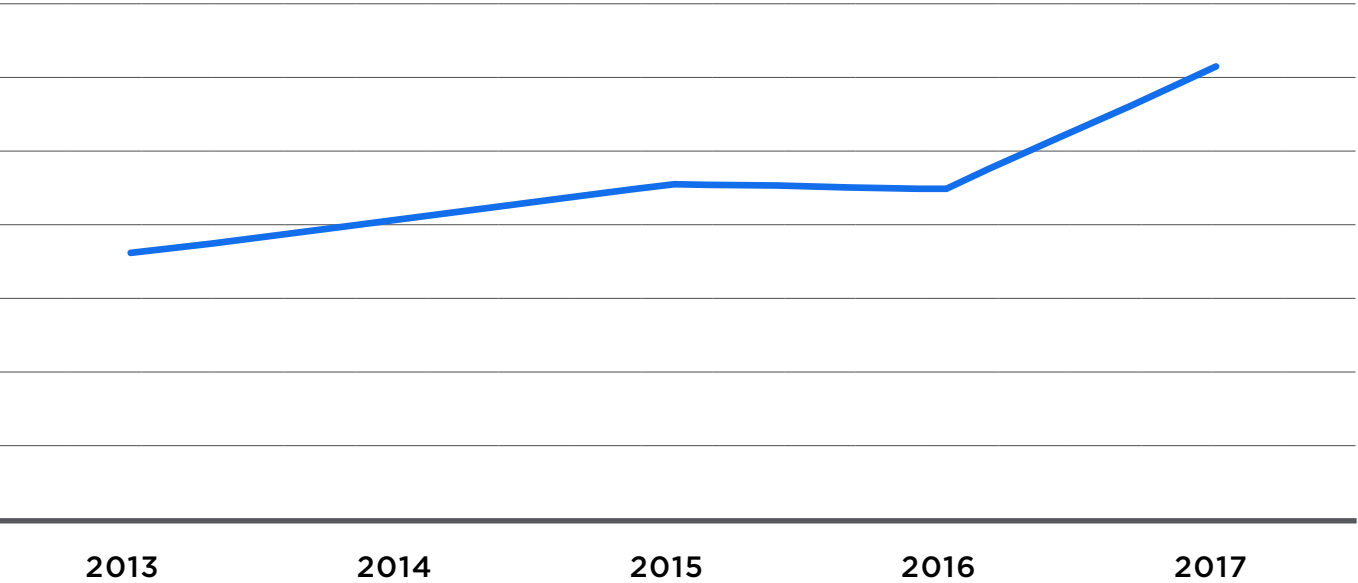


Home Quote

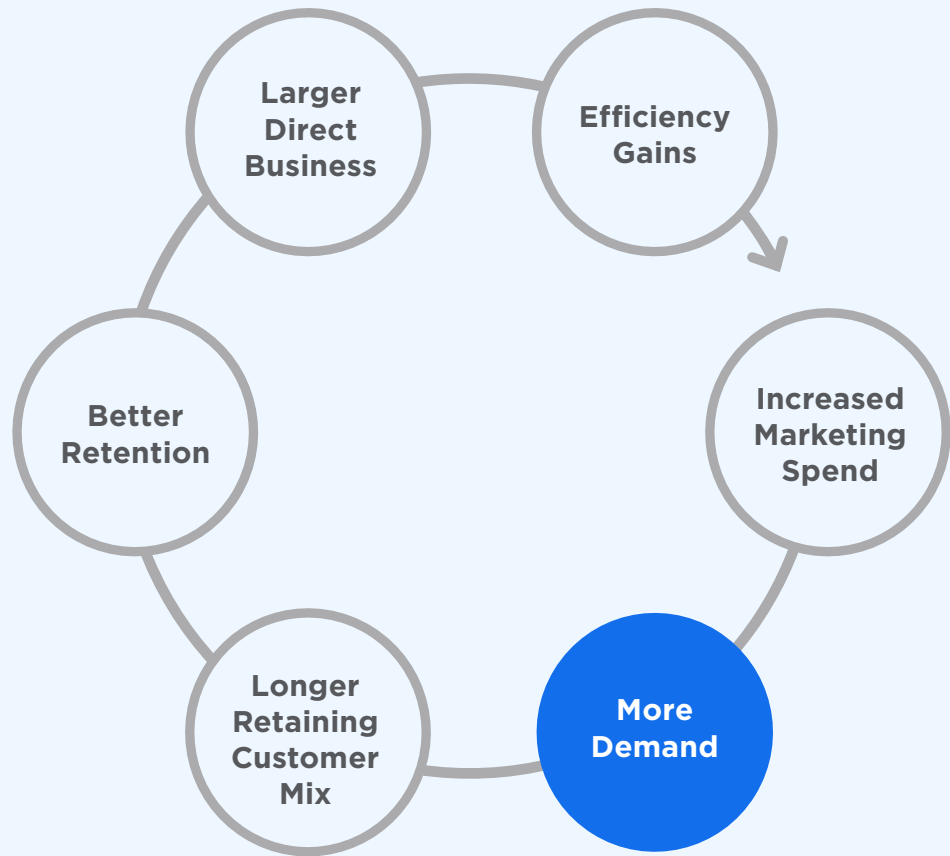
Efficient marketing for growth



PROGRESSIVE MEDIA SPEND



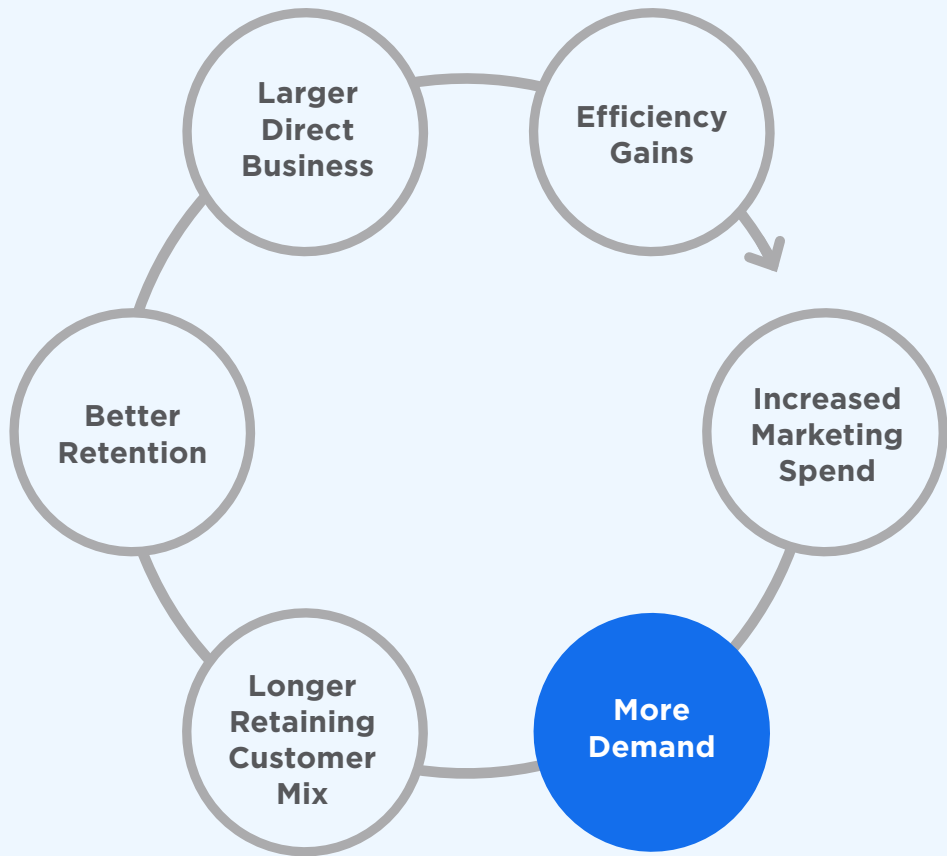
Efficient marketing for growth



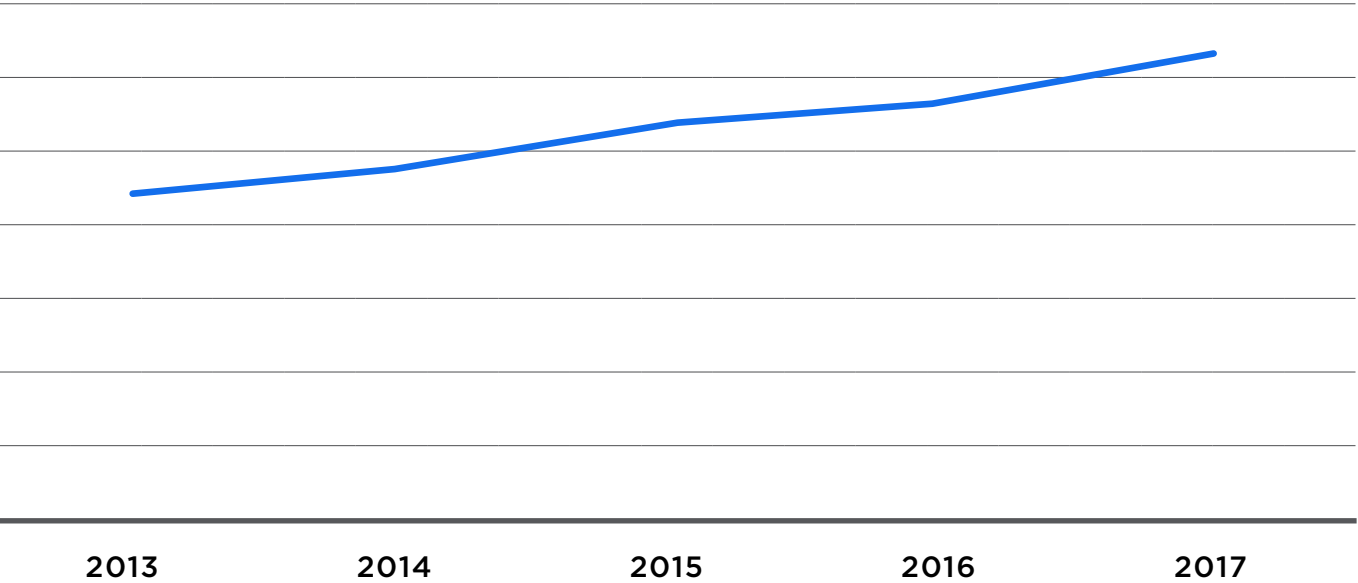
COUPLED WITH BETTER CREATIVE



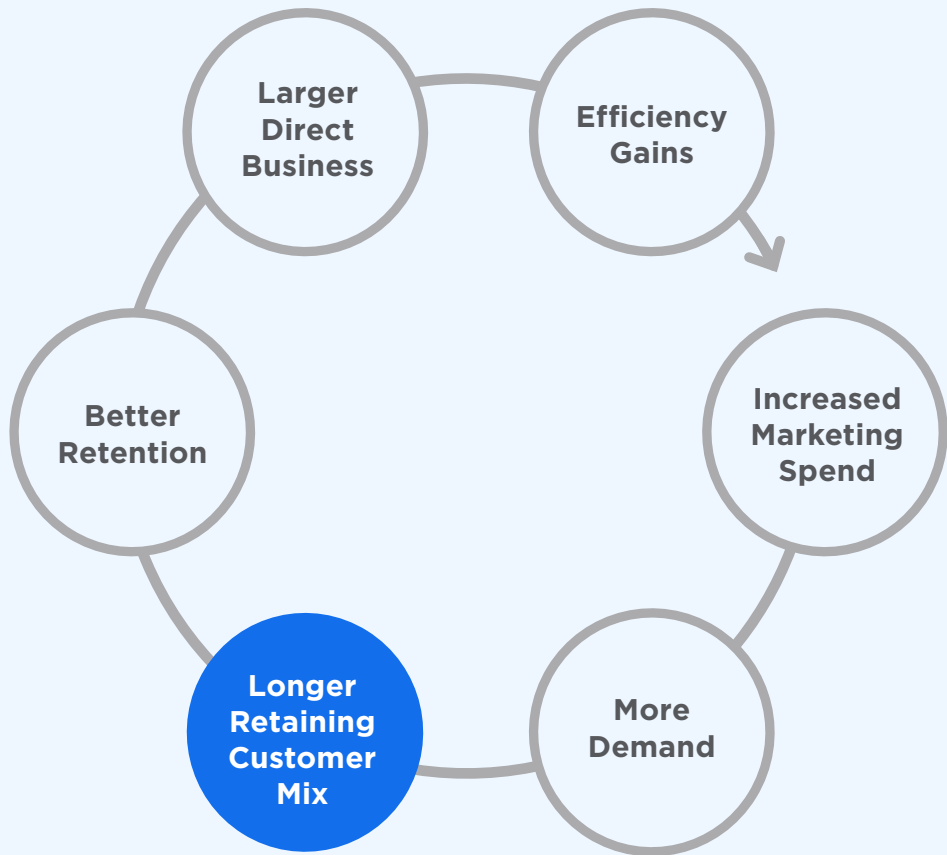
Efficient marketing for growth



DIRECT AUTO NEW PROSPECTS

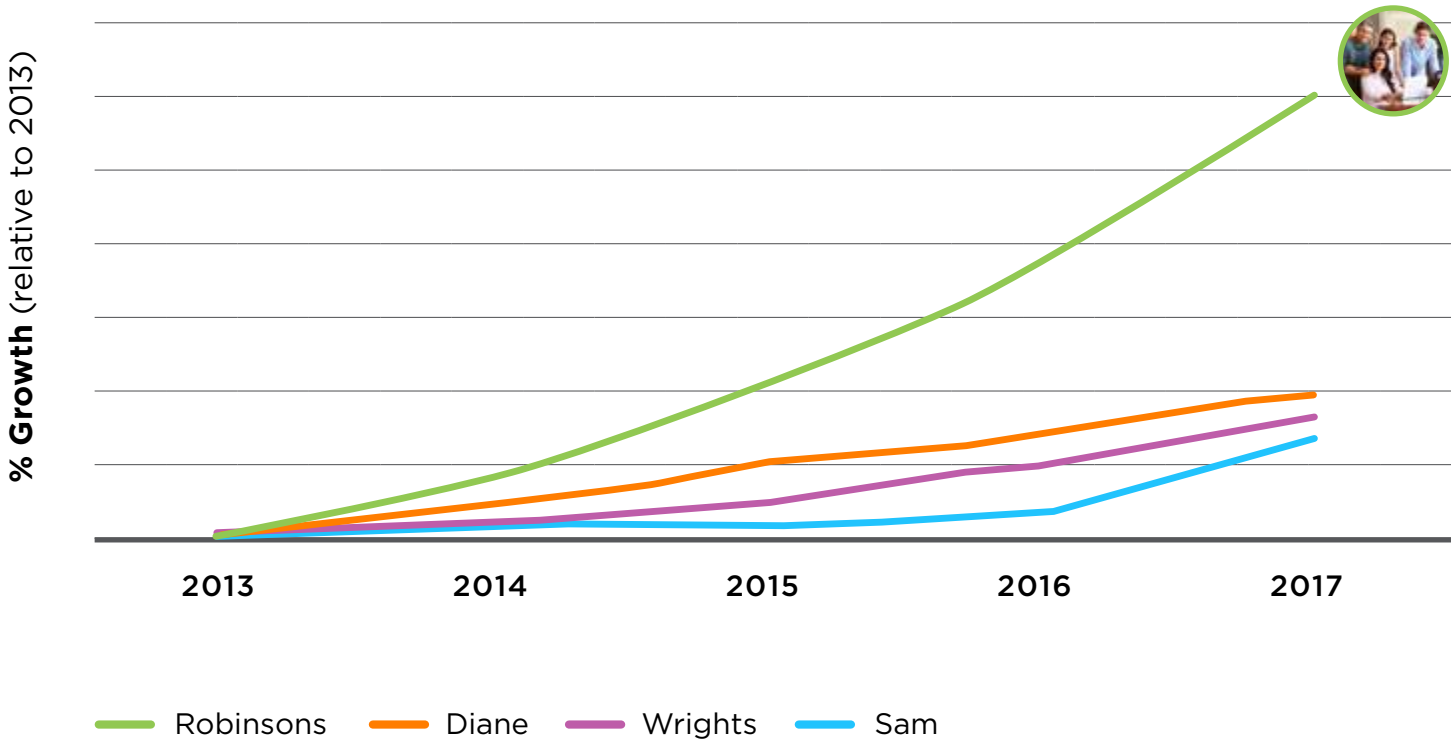


Efficient marketing for growth

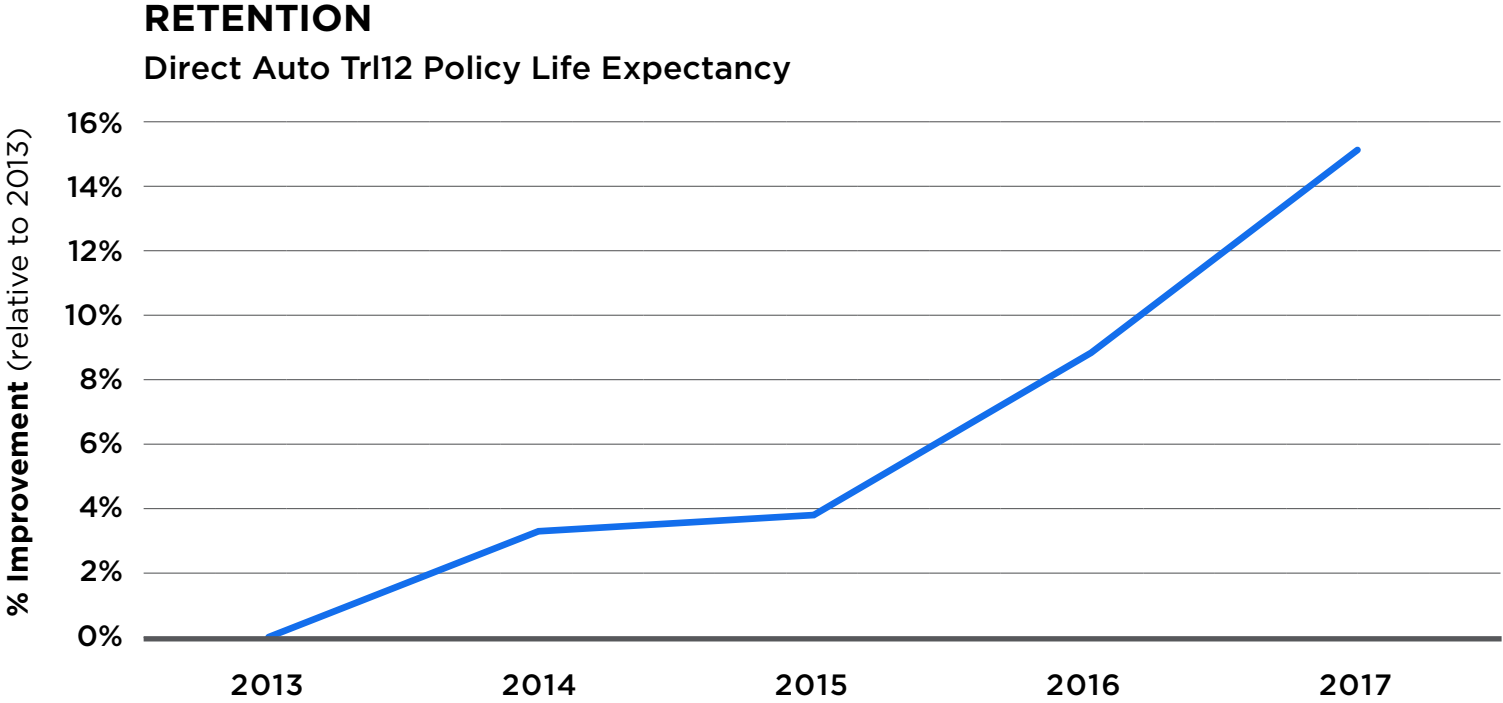
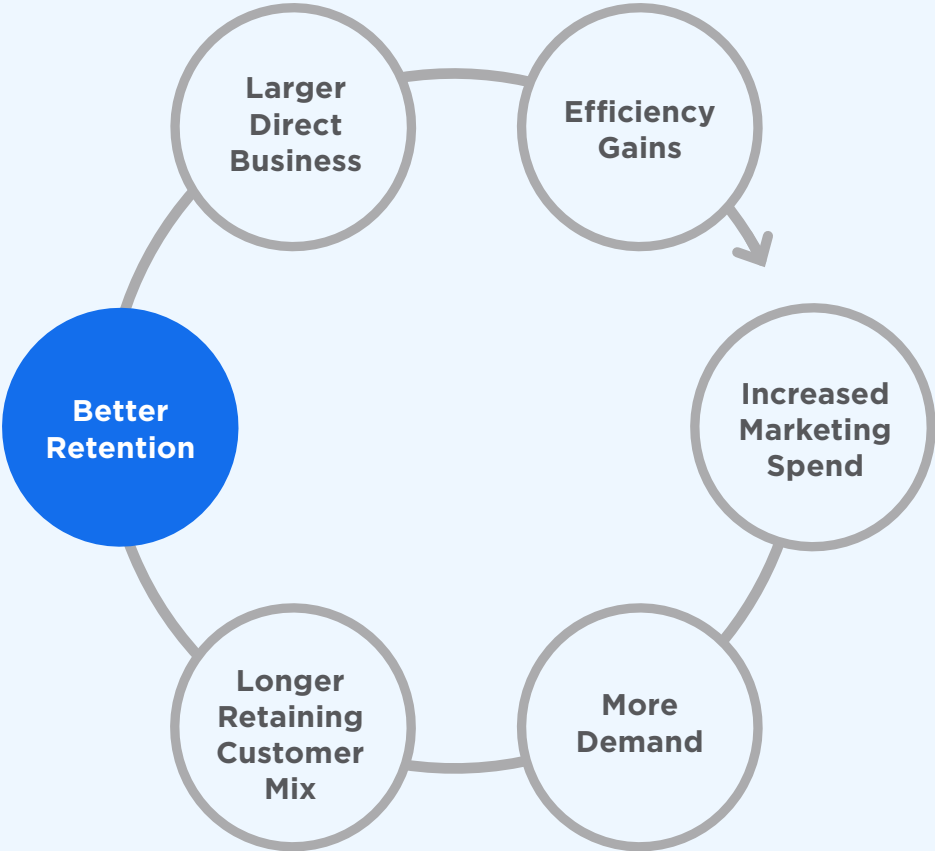


CUSTOMER MIX

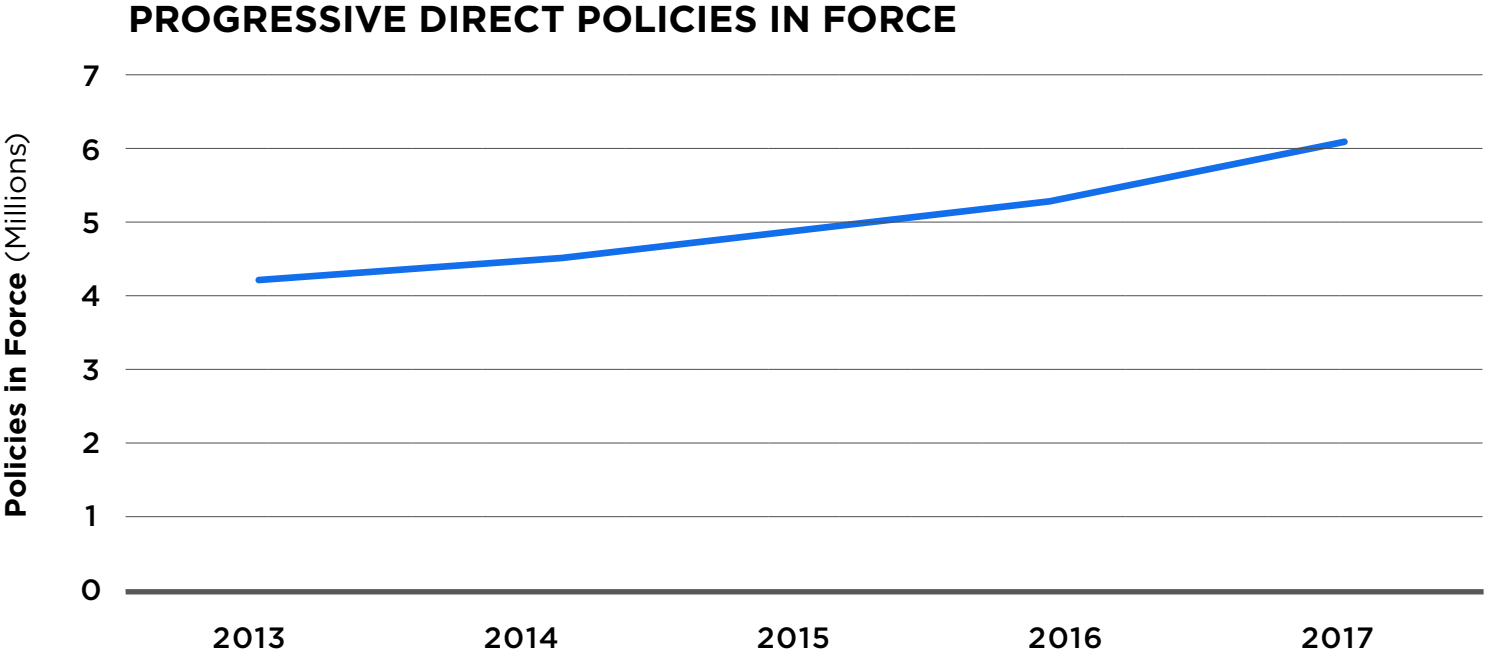
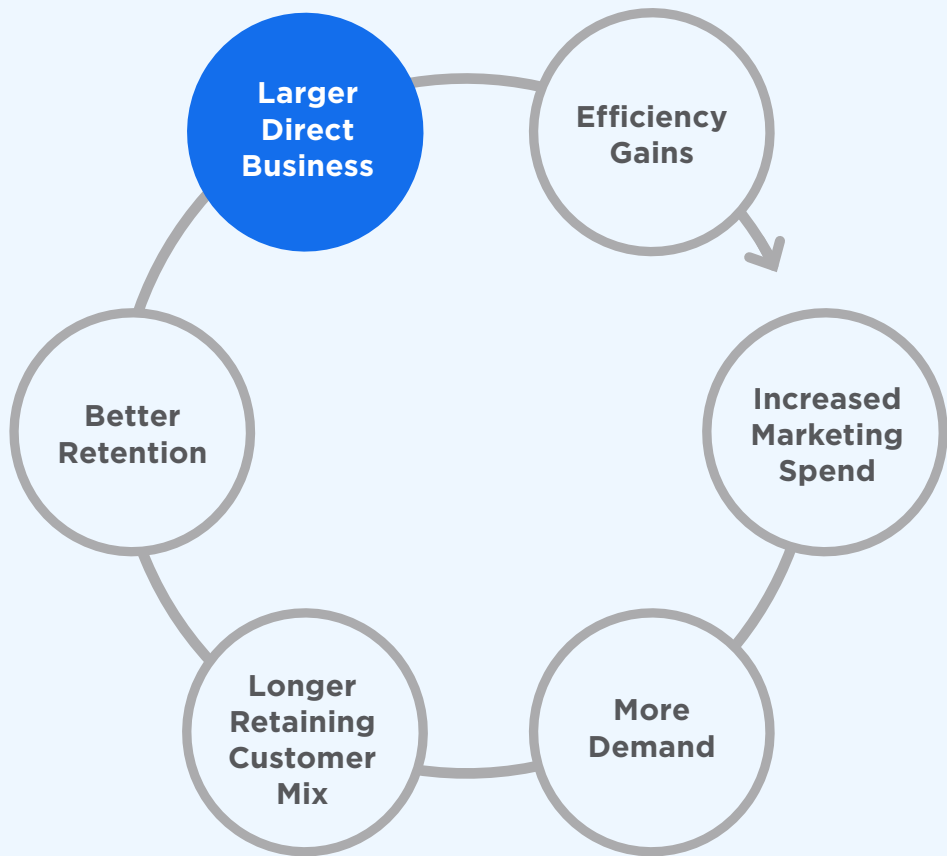
Direct Auto policies in force growth rates by segment, relative to 2013



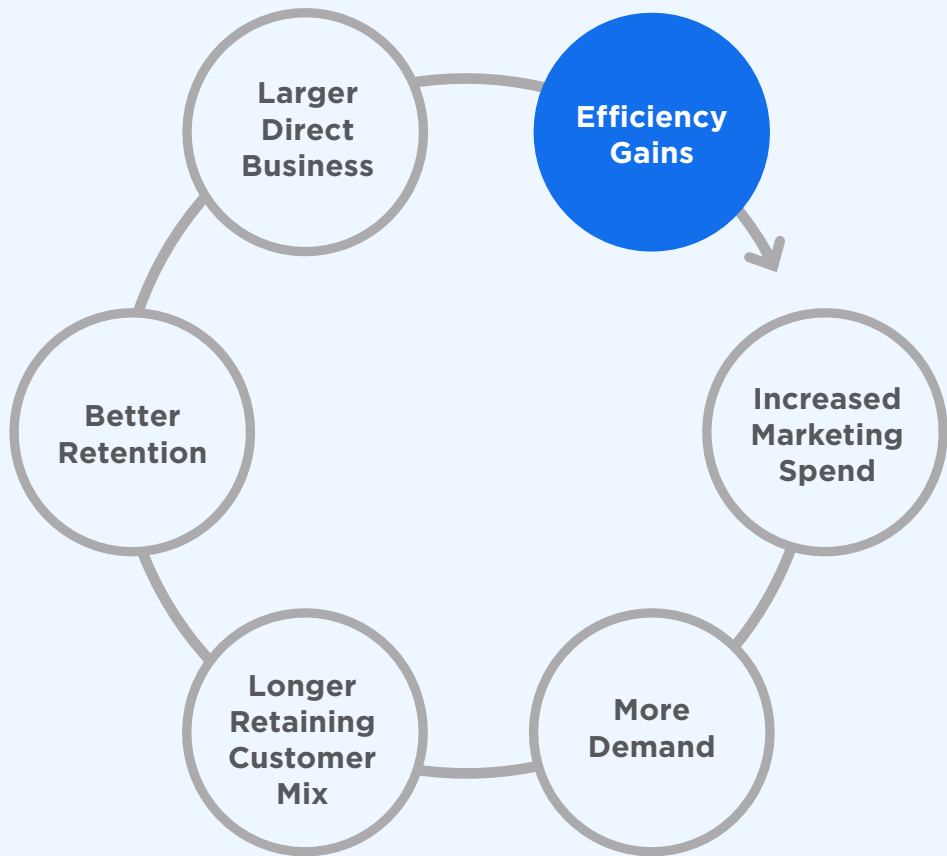
Efficient marketing for growth



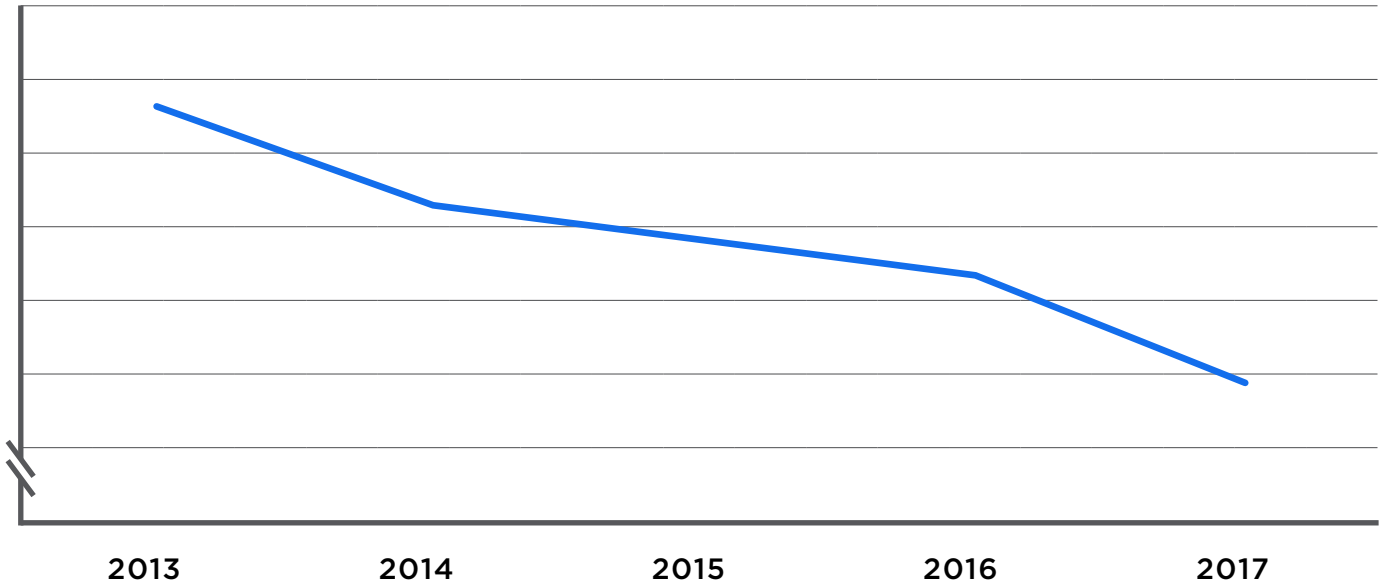
Efficient marketing for growth



Efficient marketing for growth



PROGRESSIVE DIRECT AUTO NON-ACQUISITION EXPENSE RATIO



How do we view the Tax & Jobs Act of 2017 for all three important constituencies?

CUSTOMERS AND THEIR COMMUNITIES

- Increased contribution to The Progressive Foundation
- Invest in jobs in our communities



INVESTORS

- Re-investing higher retained earnings in our profitable and growing business
- The annual variable dividend policy contemplates the new statutory federal income tax rate



EMPLOYEES

- Continue market-based approach to compensation and benefits
- Monitor and respond to wage inflation