

PROGRESSIVE CORP/OH/
Form 11-K
March 25, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-9518

A. Full title of the plan and the address of the Plan, if different from that of the issuer named below:

THE PROGRESSIVE CORPORATION

EXECUTIVE DEFERRED COMPENSATION PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

THE PROGRESSIVE CORPORATION

6300 WILSON MILLS ROAD

MAYFIELD VILLAGE, OHIO 44143

Table of Contents

REQUIRED INFORMATION

See the attached Financial Statements for The Progressive Corporation Executive Deferred Compensation Plan, for the years ended December 31, 2013, 2012 and 2011.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

The Progressive Corporation Executive Deferred
Compensation Plan

By: /s/ Jeffrey W. Basch
Jeffrey W. Basch
Authorized Signatory

Date: March 25, 2014

Table of Contents

THE PROGRESSIVE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
For the Years Ended
December 31, 2013, 2012 and 2011

Table of Contents

INDEX

| | Page |
|--|-------------|
| <u>Report of Independent Registered Public Accounting Firm</u> | 1 |
| Financial Statements: | |
| <u>Statement of Net Assets Available for Benefits</u> | 2 |
| <u>Statement of Changes in Net Assets Available for Benefits</u> | 3 |
| <u>Notes to Financial Statements</u> | 4 - 18 |

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors

The Progressive Corporation

We have audited the accompanying statement of net assets available for benefits of The Progressive Corporation Executive Deferred Compensation Plan (the Plan), as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the three years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ MEADEN & MOORE, LTD.

MEADEN & MOORE, LTD.

Certified Public Accountants

March 25, 2014

Cleveland, Ohio

Table of Contents

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

The Progressive Corporation

Executive Deferred Compensation Plan

| | December 31 | |
|--|-----------------------|-----------------------|
| | 2013 | 2012 |
| Assets: | | |
| Receivables: | | |
| Employer | \$ 3,311,974 | \$ 1,535,998 |
| Total Receivables | 3,311,974 | 1,535,998 |
| Investments, at Fair Value: | | |
| Common Shares of The Progressive Corporation (cost: \$62,097,394 and \$53,243,367) | 79,931,375 | 57,280,863 |
| Other investments (cost: \$97,305,882 and \$65,965,729) | 113,032,066 | 73,463,097 |
| Total Investments | 192,963,441 | 130,743,960 |
| Total Assets | 196,275,415 | 132,279,958 |
| Liabilities: | | |
| Net Assets Available for Benefits | \$ 196,275,415 | \$ 132,279,958 |

See accompanying notes.

Table of Contents

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

The Progressive Corporation

Executive Deferred Compensation Plan

| | Year Ended December 31 | | |
|---|------------------------|-----------------------|-----------------------|
| | 2013 | 2012 | 2011 |
| Additions to Net Assets Attributed to: | | | |
| Contributions: | | | |
| Employer | \$ 32,779,366 | \$ 20,872,599 | \$ 7,891,502 |
| Net appreciation (depreciation) in the fair value of Common Shares of The Progressive Corporation | 13,796,485 | 3,050,517 | (677,483) |
| Net appreciation (depreciation) in the fair value of other investments | 8,228,816 | 4,327,165 | (2,691,212) |
| Net realized gains | 11,960,494 | 1,965,568 | 764,355 |
| Dividends | 4,017,961 | 5,773,792 | 2,411,571 |
| Interest | | 80 | 11 |
| Total Additions | 70,783,122 | 35,989,721 | 7,698,744 |
| Deductions from Net Assets Attributed to: | | | |
| Benefits paid to participants | 6,787,665 | 5,287,067 | 5,141,857 |
| Short-term trading fees | | 183 | 36 |
| | 6,787,665 | 5,287,250 | 5,141,893 |
| Net Increase | 63,995,457 | 30,702,471 | 2,556,852 |
| Net Assets Available for Benefits: | | | |
| Beginning of Year | 132,279,958 | 101,577,487 | 99,020,635 |
| End of Year | \$ 196,275,415 | \$ 132,279,958 | \$ 101,577,487 |

See accompanying notes.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

1 Description of the Plan

The Progressive Corporation Executive Deferred Compensation Plan (the Plan) became effective January 1, 1995, and is maintained pursuant to a 2010 Amendment and Restatement and First Amendment thereto. The Plan permits eligible executives of The Progressive Corporation (the Company) and its subsidiaries to defer all, or a portion, of their bonuses, restricted stock unit awards and incentive awards payable under certain bonus and incentive plans of the Company. Eligible executives include those with bonus targets of at least 35% and other employees designated by the Compensation Committee of the Company's Board of Directors. Plan participation is voluntary.

Eligible executives who wish to participate in the Plan must sign an irrevocable deferral agreement specifying the portion of the bonus to be deferred. Participants must sign a different deferral agreement for each bonus or other incentive award prior to the year in which the bonus or incentive award is earned. Deferral agreements relating to Stock Awards must be signed before the year in which the award is granted. Participants may transfer their fund balances on a daily basis, limited to two transfers per quarter.

The Plan is intended to be an unfunded Plan providing benefits for a select group of management and highly compensated employees for purposes of the Employee Retirement Income Security Act of 1974 (ERISA) and is, therefore, exempt from certain ERISA requirements.

A deferral account is established for all deferrals that relate to the same payout date. The account is credited with an amount equal to the initial amounts deferred as of the date such amounts otherwise would have been paid to the participant in cash. All amounts initially credited to each account will be deemed to be invested in the investment fund selected by the participant. However, deferrals of Stock Awards shall be deemed to be invested in Common Shares of the Company for six months and one day, following vesting of such awards. Any Deferral of a Stock Award granted on or after March 17, 2005, shall be deemed to be invested in the Company Stock Fund until the Deferral Account has been distributed or withdrawn. The gains or losses of each investment fund are allocated among the appropriate accounts based on the proportion each participant's account balance bears to the total account balances for all participants. Each participant's benefit at any date is equal to the value of his/her account as of that date.

All deferrals credited to a deferral account will be deemed to be invested in one or more of the investment funds available under the Plan, based on the participant's investment election. Investment funds include Common Shares of the Company, a money market fund, and several stock and bond mutual funds. Income from each fund is deemed to be reinvested in the fund that produced the income.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

1 Description of the Plan, Continued

The investment funds available under the Plan are merely devices used to calculate gains and losses on the amounts deferred by Plan participants. No participant has any rights or interests in any particular funds, securities or property of the Company or the Trust described in Note 6, or in any investment vehicle in which deferrals are deemed to be invested, by virtue of any investment election. Each deferral account, however, shall be credited or charged in accordance with the Plan with gains and losses as if the participant in fact had made a corresponding actual investment.

The balance of each deferral account will be distributed to the participant upon the earlier of death, termination of employment, change in control of the Company or the date on which any fixed deferral period elected by the participant expires. Distribution may also be made with the consent of the Plan committee, if the participant becomes disabled or experiences an unforeseeable emergency. Participants desiring to elect a fixed deferral period must do so irrevocably at the time the deferral agreement is signed.

Distributions made on account of the participant's death, disability, unforeseeable emergency or change in control of the Company will be paid in a lump sum. Distributions made on account of the participant's termination of employment or expiration of a fixed deferral period will be paid in either a lump sum or in three, five or ten annual installments, as elected by the participant. Distributions of deferred Stock Awards granted in 2005 and later years will be made in Common Shares; all other Plan distributions will be made in cash.

The above description is provided for informational purposes. Participants should refer to the Plan documents for a more complete description of the Plan's provisions.

2 Summary of Significant Accounting Policies

General:

The accompanying financial statements have been prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

2 Summary of Significant Accounting Policies, Continued

Investment Valuation:

At the close of business on June 3, 2013, the Vanguard Institutional Index Fund Institutional Shares were moved to the Vanguard Institutional Index Fund Institutional Plus Shares.

At the close of business on June 14, 2011, the Vanguard Total International Stock Index Fund Investor Shares were moved to the Vanguard Total International Stock Index Fund Institutional Shares.

The investment in Common Shares of the Company is valued at the last reported trade price on the New York Stock Exchange on the last business day of the year. Investments in the stock, bond and money market funds are valued at market. Market values for these mutual funds were determined by quoted prices, which represent the net asset value of shares held by the Plan at year-end.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect Plan investments.

Fair Value:

As defined in FASB ASC 820, Fair Value Measurements, fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The accounting guidance establishes a framework for measuring fair value, establishes a fair value hierarchy based on inputs used to measure fair value, and expands disclosure about fair value measurements.

The plan has categorized our financial instruments, based on the degree of subjectivity inherent in the valuation technique, into a fair value hierarchy of three levels, as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical instruments at the measurement date (e.g. active exchange-traded equity securities).

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the instrument either directly or indirectly. This includes: (i) quoted prices for similar instruments in active markets, (ii) quoted prices for identical or similar instruments in markets that are not active, (iii) inputs other than quoted prices that are observable for the instruments, and (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are unobservable. Unobservable inputs reflect the reporting entity's subjective evaluation about the assumptions market participants would use in pricing the financial instrument.

During 2013, the Plan transferred from Level 2 to Level 1 the Fidelity Money Market Trust Retirement Money Market Portfolio based on additional information obtained. The Plan recognizes transfers between levels at the end of the reporting period.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

2 Summary of Significant Accounting Policies, Continued*Fair Value, Continued:*

The composition of the investment portfolio as of December 31 was:

| Description | 12/31/2013 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------|-----------------------|---|--|--|
| Money Market Fund | \$ 10,550,328 | \$ 10,550,328 | \$ | \$ |
| Mutual Funds | | | | |
| Growth Funds | 17,090,909 | 17,090,909 | | |
| Balanced Funds | 13,700,456 | 13,700,456 | | |
| Index Funds | 62,342,025 | 62,342,025 | | |
| Income Funds | 9,348,348 | 9,348,348 | | |
| Total Mutual Funds | 102,481,738 | 102,481,738 | | |
| Common Equities | | | | |
| Insurance | 79,931,375 | 79,931,375 | | |
| Total | \$ 192,963,441 | \$ 192,963,441 | \$ | \$ |

| Description | 12/31/2012 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------|-------------------|---|--|--|
| Money Market Fund | \$ 9,514,833 | \$ | \$ 9,514,833 | \$ |
| Mutual Funds | | | | |
| Growth Funds | 10,424,910 | 10,424,910 | | |
| Balanced Funds | 13,016,083 | 13,016,083 | | |
| Index Funds | 27,541,351 | 27,541,351 | | |
| Income Funds | 12,965,920 | 12,965,920 | | |
| Total Mutual Funds | 63,948,264 | 63,948,264 | | |
| Common Equities | | | | |

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| | | | | |
|-----------|----------------|----------------|--------------|----|
| Insurance | 57,280,863 | 57,280,863 | | |
| Total | \$ 130,743,960 | \$ 121,229,127 | \$ 9,514,833 | \$ |

- 7 -

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

2 Summary of Significant Accounting Policies, Continued

Reclassifications:

Certain amounts have been reclassified to conform to current year presentation.

Subsequent Events:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Other:

Investment transactions are recorded on a trade date basis.

Realized gains and losses on the sale or distribution of securities are determined based on the average cost of the securities sold.

Dividend income is recorded on the ex-dividend date. Interest and other investment income are recorded as earned on the accrual basis.

Short-term trading fees are imposed by some funds in the Plan if any shares are sold, either withdrawn or transferred out, after holding them for less than a specified period of time.

Administrative expenses of the Plan, including trust management, legal and other fees, are paid by the Company and are not expenses of the Plan.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

3 Participant Accounts

Participant balances for all funds are maintained in shares. Share values are determined on a periodic basis. The total number of shares and share values as of December 31, 2013 and 2012, by fund, were as follows:

| Investment Options | Ticker Symbol | Total Number of Shares | Net Asset Share Value (\$) |
|--|---------------|------------------------|----------------------------|
| 2013 | | | |
| The Progressive Corporation | PGR | 2,931,110.18 | 27.27 |
| Templeton World Fund Class A | TEMWX | 25,135.36 | 19.41 |
| Fidelity Diversified International Fund - Class K | FDIKX | 194,506.82 | 36.84 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 25,972.26 | 49.42 |
| Wasatch Small Cap Growth Fund | WAAEX | 33,883.06 | 52.47 |
| John Hancock Small Company Fund Class A | JCSAX | 21,311.02 | 28.05 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 155,106.28 | 27.19 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 39,516.31 | 39.50 |
| Vanguard Institutional Index Fund Institutional Plus Shares | VIIIX | 282,502.08 | 169.28 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 241,939.56 | 29.78 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 30,012.70 | 47.87 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 29,941.86 | 30.08 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 16,160.61 | 112.01 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 14,866.90 | 52.71 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBPIX | 225,754.61 | 10.56 |
| Oakmark Equity And Income Fund Class I | OAKBX | 419,615.81 | 32.65 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 874,494.67 | 10.69 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 10,550,328.12 | 1.00 |

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

3 Participant Accounts, Continued

| Investment Options | Ticker Symbol | Total Number of Shares | Net Asset Share Value (\$) |
|--|---------------|------------------------|----------------------------|
| 2012 | | | |
| The Progressive Corporation | PGR | 2,714,732.82 | 21.10 |
| Templeton World Fund Class A | TEMWX | 29,445.97 | 15.74 |
| Fidelity Diversified International Fund - Class K | FDIKX | 176,392.41 | 29.89 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 22,914.70 | 39.47 |
| Wasatch Small Cap Growth Fund | WAAEX | 38,973.24 | 41.29 |
| John Hancock Small Company Fund Class A | JCSAX | 26,453.95 | 21.22 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 133,639.03 | 21.30 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 54,993.56 | 29.35 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 140,655.67 | 130.52 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 237,740.93 | 22.93 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 34,366.93 | 36.64 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 26,412.18 | 22.52 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 13,581.61 | 100.18 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 13,337.47 | 38.76 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 205,248.07 | 11.09 |
| Oakmark Equity And Income Fund Class I | OAKBX | 356,827.06 | 28.50 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 951,042.64 | 11.24 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 9,514,833.09 | 1.00 |

- 10 -

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

4 Investment Programs

At December 31, 2013 and 2012, there were 72 and 73 (respectively) Plan participants with contributions in one or more of the following funds:

| Investment Options | Ticker Symbol | Number of Participants |
|--|------------------|---------------------------|
| 2013 | | |
| The Progressive Corporation | PGR | 45 |
| Templeton World Fund Class A | TEMWX | 10 |
| Fidelity Diversified International Fund - Class K | FDIKX | 39 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 18 |
| Wasatch Small Cap Growth Fund | WAAEX | 24 |
| John Hancock Small Company Fund Class A | JCSAX | 13 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 13 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 22 |
| Vanguard Institutional Index Fund Institutional Plus Shares | VIIIX | 49 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 27 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 22 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 12 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 14 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 14 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 15 |
| Oakmark Equity And Income Fund Class I | OAKBX | 34 |
| PIMCO Total Return Fund Institutional Class | PTRRX | 40 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 31 |

The total number of participants in the Plan is less than the sum of the number of participants shown above because many were participating in more than one fund.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

4 Investment Programs, Continued

| Investment Options | Ticker Symbol | Number of Participants |
|--|------------------|---------------------------|
| 2012 | | |
| The Progressive Corporation | PGR | 43 |
| Templeton World Fund Class A | TEMWX | 13 |
| Fidelity Diversified International Fund - Class K | FDIKX | 39 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 14 |
| Wasatch Small Cap Growth Fund | WAAEX | 26 |
| John Hancock Small Company Fund Class A | JCSAX | 15 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 12 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 25 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 50 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 23 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 19 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 10 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 13 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 11 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 12 |
| Oakmark Equity And Income Fund Class I | OAKBX | 34 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 41 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 30 |

The total number of participants in the Plan is less than the sum of the number of participants shown above because many were participating in more than one fund.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

5 Investments

The Plan's investments and unrealized appreciation (depreciation) at December 31, 2013 and 2012, were as follows:

| | Ticker Symbol | Number of Shares | Cost | Fair Value | Unrealized Appreciation (Depreciation) |
|--|------------------|---------------------|----------------|----------------|--|
| 2013 | | | | | |
| Common Shares | | | | | |
| The Progressive Corporation | PGR | 2,931,110.18 | \$ 62,097,394 | \$ 79,931,375 | \$ 17,833,981 |
| Other Investments | | | | | |
| Templeton World Fund Class A | TEMWX | 25,135.36 | 431,783 | 487,877 | 56,094 |
| Fidelity Diversified International Fund - Class K | FDIKX | 194,506.82 | 4,489,166 | 7,165,631 | 2,676,465 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 25,972.26 | 976,886 | 1,283,549 | 306,663 |
| Wasatch Small Cap Growth Fund | WAAEX | 33,883.06 | 1,281,179 | 1,777,844 | 496,665 |
| John Hancock Small Company Fund Class A | JCSAX | 21,311.02 | 413,675 | 597,774 | 184,099 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 155,106.28 | 2,784,060 | 4,217,340 | 1,433,280 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 39,516.31 | 765,380 | 1,560,894 | 795,514 |
| Vanguard Institutional Index Fund Institutional Plus Shares | VIIIX | 282,502.08 | 42,652,732 | 47,821,952 | 5,169,220 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 241,939.56 | 6,352,910 | 7,204,960 | 852,050 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 30,012.70 | 930,962 | 1,436,708 | 505,746 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 29,941.86 | 570,695 | 900,651 | 329,956 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 16,160.61 | 1,692,168 | 1,810,150 | 117,982 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 14,866.90 | 572,885 | 783,635 | 210,750 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBPIX | 225,754.61 | 2,424,786 | 2,383,969 | (40,817) |
| Oakmark Equity And Income Fund Class I | OAKBX | 419,615.81 | 11,051,473 | 13,700,456 | 2,648,983 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 874,494.67 | 9,364,814 | 9,348,348 | (16,466) |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 10,550,328.12 | 10,550,328 | 10,550,328 | |
| | | | 97,305,882 | 113,032,066 | 15,726,184 |
| Total Assets Held for Investment | | | \$ 159,403,276 | \$ 192,963,441 | \$ 33,560,165 |

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

5 Investments, Continued

| | Ticker Symbol | Number of Shares | Cost | Fair Value | Unrealized Appreciation (Depreciation) |
|--|--------------------------|-----------------------------|----------------|-------------------|---|
| 2012 | | | | | |
| Common Shares | | | | | |
| The Progressive Corporation | PGR | 2,714,732.82 | \$ 53,243,367 | \$ 57,280,863 | \$ 4,037,496 |
| Other Investments | | | | | |
| Templeton World Fund Class A | TEMWX | 29,445.97 | 505,293 | 463,480 | (41,813) |
| Fidelity Diversified International Fund - Class K | FDIKX | 176,392.41 | 3,720,023 | 5,272,369 | 1,552,346 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 22,914.70 | 774,888 | 904,443 | 129,555 |
| Wasatch Small Cap Growth Fund | WAAEX | 38,973.24 | 1,404,199 | 1,609,205 | 205,006 |
| John Hancock Small Company Fund Class A | JCSAX | 26,453.95 | 505,982 | 561,353 | 55,371 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 133,639.03 | 2,213,373 | 2,846,511 | 633,138 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 54,993.56 | 1,033,005 | 1,614,061 | 581,056 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 140,655.67 | 15,686,029 | 18,358,379 | 2,672,350 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 237,740.93 | 6,119,622 | 5,451,400 | (668,222) |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 34,366.93 | 963,627 | 1,259,204 | 295,577 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 26,412.18 | 453,498 | 594,802 | 141,304 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 13,581.61 | 1,414,933 | 1,360,606 | (54,327) |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 13,337.47 | 444,410 | 516,960 | 72,550 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 205,248.07 | 2,200,606 | 2,276,201 | 75,595 |
| Oakmark Equity And Income Fund Class I | OAKBX | 356,827.06 | 8,890,108 | 10,169,571 | 1,279,463 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 951,042.64 | 10,121,300 | 10,689,719 | 568,419 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 9,514,833.09 | 9,514,833 | 9,514,833 | |
| | | | 65,965,729 | 73,463,097 | 7,497,368 |
| Total Assets Held for Investment | | | \$ 119,209,096 | \$ 130,743,960 | \$ 11,534,864 |

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

5 Investments, Continued

The Plan's net realized gains and losses were as follows:

| | Ticker Symbol | Aggregate Proceeds | Cost | Net Realized Gains (Losses) |
|--|--------------------------|-------------------------------|---------------|--|
| 2013 | | | | |
| The Progressive Corporation | PGR | \$ 25,144,230 | \$ 19,585,624 | \$ 5,558,606 |
| Templeton World Fund Class A | TEMWX | 96,258 | 97,691 | (1,433) |
| Fidelity Diversified International Fund - Class K | FDIKX | 578,428 | 389,549 | 188,879 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 272,786 | 217,197 | 55,589 |
| Wasatch Small Cap Growth Fund | WAAEX | 447,710 | 346,045 | 101,665 |
| John Hancock Small Company Fund Class A | JCSAX | 140,005 | 103,313 | 36,692 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 72,384 | 47,234 | 25,150 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 639,285 | 389,922 | 249,363 |
| Vanguard Institutional Index Fund Institutional Plus Shares | VIIIX | 215,163 | 211,338 | 3,825 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 43,935,171 | 38,670,633 | 5,264,538 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 495,238 | 402,264 | 92,974 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 478,540 | 352,179 | 126,361 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 36,408 | 21,958 | 14,450 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 388,500 | 386,511 | 1,989 |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 177,057 | 143,659 | 33,398 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 238,291 | 233,154 | 5,137 |
| Oakmark Equity And Income Fund Class I | OAKBX | 714,021 | 567,522 | 146,499 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 2,549,711 | 2,492,899 | 56,812 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTRX | 2,090,451 | 2,090,451 | |
| Total Net Realized Gains (Losses) | | \$ 78,709,637 | \$ 66,749,143 | \$ 11,960,494 |

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

5 Investments, Continued

| | Ticker Symbol | Aggregate Proceeds | Cost | Net Realized Gains (Losses) |
|--|------------------|-----------------------|----------------------|--------------------------------------|
| 2012 | | | | |
| The Progressive Corporation | PGR | \$ 1,299,981 | \$ 1,097,983 | \$ 201,998 |
| Templeton World Fund Class A | TEMWX | 134,913 | 157,543 | (22,630) |
| Fidelity Diversified International Fund - Class K | FDIKX | 881,832 | 675,023 | 206,809 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 496,065 | 462,308 | 33,757 |
| Wasatch Small Cap Growth Fund | WAAEX | 660,382 | 564,851 | 95,531 |
| John Hancock Small Company Fund Class A | JCSAX | 448,198 | 401,629 | 46,569 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 279,250 | 205,500 | 73,750 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 406,603 | 253,440 | 153,163 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 2,312,061 | 1,791,407 | 520,654 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 668,794 | 635,177 | 33,617 |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 644,005 | 540,577 | 103,428 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 129,804 | 114,696 | 15,108 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 513,135 | 565,367 | (52,232) |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 68,098 | 59,757 | 8,341 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 1,027,255 | 1,008,892 | 18,363 |
| Oakmark Equity And Income Fund Class I | OAKBX | 2,189,470 | 1,911,863 | 277,607 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 4,351,522 | 4,099,787 | 251,735 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 1,600,430 | 1,600,430 | |
| Total Net Realized Gains (Losses) | | \$ 18,111,798 | \$ 16,146,230 | \$ 1,965,568 |

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

5 Investments, Continued

| | Ticker Symbol | Aggregate Proceeds | Cost | Net Realized Gains (Losses) |
|--|--------------------------|-------------------------------|---------------|--|
| 2011 | | | | |
| The Progressive Corporation | PGR | \$ 1,157,153 | \$ 1,095,383 | \$ 61,770 |
| Templeton World Fund Class A | TEMWX | 114,986 | 131,147 | (16,161) |
| Fidelity Diversified International Fund - Class K | FDIKX | 604,860 | 417,810 | 187,050 |
| Fidelity Low-Priced Stock Fund - Class K | FLPKX | 62,381 | 58,657 | 3,724 |
| Wasatch Small Cap Growth Fund | WAAEX | 261,124 | 263,761 | (2,637) |
| John Hancock Small Company Fund Class A | JCSAX | 210,561 | 199,352 | 11,209 |
| American Beacon Small Cap Value Fund Class Institutional | AVFIX | 116,244 | 92,480 | 23,764 |
| Fidelity Mid-Cap Stock Fund - Class K | FKMCX | 377,038 | 220,391 | 156,647 |
| Vanguard Institutional Index Fund Institutional Shares | VINIX | 1,051,290 | 942,891 | 108,399 |
| Vanguard Value Index Fund Institutional Shares | VIVIX | 558,870 | 581,747 | (22,877) |
| Vanguard Growth Index Fund Institutional Shares | VIGIX | 441,547 | 405,408 | 36,139 |
| Vanguard Mid-Cap Index Fund Institutional Shares | VMCIX | 219,204 | 205,817 | 13,387 |
| Vanguard Total International Stock Index Fund Investor Shares | VGTSX | 1,924,720 | 1,857,004 | 67,716 |
| Vanguard Total International Stock Index Fund Institutional Shares | VTSNX | 116,207 | 135,117 | (18,910) |
| Vanguard Small-Cap Index Fund Institutional Shares | VSCIX | 142,158 | 139,193 | 2,965 |
| Vanguard Total Bond Market Index Fund Institutional Shares | VBTIX | 469,690 | 461,862 | 7,828 |
| Oakmark Equity And Income Fund Class I | OAKBX | 1,094,447 | 1,003,380 | 91,067 |
| PIMCO Total Return Fund Institutional Class | PTTRX | 1,696,405 | 1,643,130 | 53,275 |
| Fidelity Money Market Trust Retirement Money Market Portfolio | FRTXX | 2,704,052 | 2,704,052 | |
| Total Net Realized Gains (Losses) | | \$ 13,322,937 | \$ 12,558,582 | \$ 764,355 |

6 Trust

The Company maintains a Trust to provide a source of funds to assist the Company in meeting its obligations under the Plan. The Trust is irrevocable. The Company is required to make annual deposits to the Trust to the extent necessary to insure that the value of all Trust assets is sufficient to pay all Plan obligations as of the close of each Plan year. The rights of participants and their beneficiaries under the Plan are merely unsecured contractual rights against the Company and its participating subsidiaries. Participants and beneficiaries have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. All assets of the Trust are subject to the claims of the general creditors of the Company and its participating subsidiaries under Federal and state law, should the Company and its participating subsidiaries become unable to pay their debts as they become due or become subject to Federal bankruptcy proceedings.

Table of Contents

NOTES TO FINANCIAL STATEMENTS

The Progressive Corporation

Executive Deferred Compensation Plan

December 31, 2013

7 Related Party

Certain Plan investment choices are Fidelity mutual funds managed by Fidelity Management & Research Company (FMR Co.). Fidelity Management Trust Company (FMTTC) is the current trustee of the Trust and along with FMR Co. is a subsidiary of FMR Corp. These transactions, therefore, qualify as related party transactions. The Plan paid no fees in 2013, 2012 or 2011 for investment management or Trust services.

8 Administration of the Plan

The Plan is administered by a Committee consisting of not less than three members of the Company's Board of Directors, all of whom serve on the Committee at the pleasure of the Board. The Committee has full power to administer the Plan, including, but not limited to, the authority to make and enforce rules and regulations, to interpret the Plan's provisions, to compute amounts payable under the Plan and to authorize disbursements from the Plan and the Trust.

Certain administrative functions are performed by employees of the Company, or its subsidiaries. No such employees receive compensation from the Plan.

9 Tax Status

The Plan is not, and is not intended to be, qualified under Section 401 of the Internal Revenue Code. Consequently, an application for a favorable determination has not been filed with the Internal Revenue Service.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The Plan administrator has analyzed tax positions taken by the Plan and has concluded that, as of December 31, 2013, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress. The Plan administrator believes that the Plan is no longer subject to income tax examinations for years prior to December 31, 2010.

10 Right to Terminate

The Company may terminate the Plan at any time and for any reason. Following termination of the Plan, no additional deferrals may be made, but all existing participant accounts will continue to be administered in accordance with the Plan, unless the Company elects to accelerate distribution of all Plan accounts in accordance with Section 409A of the Internal Revenue Code.

Table of Contents

**THE PROGRESSIVE CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

EXHIBIT INDEX

| EXHIBIT NO. UNDER REG. S-K ITEM 601 | FORM 11-K EXHIBIT NO. | DESCRIPTION OF EXHIBIT |
|--|--------------------------------------|--|
| 23 | 23 | Consent of Meaden & Moore, Ltd., Independent Registered Public Accounting Firm, dated March 25, 2014, to incorporate by reference their report dated March 25, 2014. |