

PROGRESSIVE CORP/OH/
Form PRE 14A
February 28, 2003

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934 (AMENDMENT NO._)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

The Progressive Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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- Fee paid previously with preliminary materials.
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1) Amount Previously Paid:

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2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

[PROGRESSIVE LOGO]

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 18, 2003

Notice is hereby given that the Annual Meeting of Shareholders of The Progressive Corporation will be held at 6671 Beta Drive, Mayfield Village, Ohio, on Friday, April 18, 2003, at 10:00 a.m., Cleveland time, for the following purposes:

1. To elect three directors;
2. To approve an amendment to the Company's Amended Articles of Incorporation to increase the number of authorized Common Shares from 300,000,000 to 600,000,000;
3. To approve The Progressive Corporation 2003 Incentive Plan and the performance goals set forth therein;
4. To approve The Progressive Corporation 2003 Directors Equity Incentive Plan;
5. To approve an amendment to the Company's Code of Regulations to allow the Company to notify shareholders of record of shareholder meetings by electronic or other means of communication authorized by the shareholder;
6. To approve an amendment to the Company's Code of Regulations to allow the Board of Directors to hold shareholder meetings, or to permit shareholders to attend and participate in shareholder meetings, by communications equipment;
7. To approve an amendment to the Company's Code of Regulations to allow shareholders and others entitled to vote at shareholder meetings to appoint proxies by verifiable non-written communications; and
8. To transact such other business as may properly come before the meeting.

Only shareholders of record at the close of business on February 28, 2003, will be entitled to notice of and to vote at said meeting or any adjournment thereof.

By Order of the Board of Directors.

Charles E. Jarrett, *Secretary*

March , 2003

Shareholders who do not expect to attend the meeting in person are urged to date and sign the enclosed proxy and return it in the enclosed postage-paid envelope.

THE PROGRESSIVE CORPORATION

PROXY STATEMENT

This statement is furnished in connection with the solicitation of proxies for use at the Annual Meeting of Shareholders of The Progressive Corporation, an Ohio corporation (Company), to be held at 10:00 a.m., Cleveland time, on Friday, April 18, 2003, at 6671 Beta Drive, Mayfield Village, Ohio 44143, and at any adjournment thereof. This statement and the accompanying proxy, which includes the Company's Annual Report to Shareholders for the fiscal year ended December 31, 2002 as an Appendix, will be sent to shareholders on or about March 17, 2003.

The close of business on February 28, 2003, has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the meeting. At that date, the Company had outstanding Common Shares, each of which will be entitled to one vote.

ITEM 1: ELECTION OF DIRECTORS

The Company's Code of Regulations provides that the number of directors shall be fixed at no fewer than five or more than twelve. The number of directors has been fixed at twelve and there are currently twelve directors on the Board. The Code of Regulations provides that the directors are to be divided into three classes as nearly equal in number as possible and that the classes are to be elected for staggered terms of three years each. Directors of one class are elected annually. At the meeting, the shares represented by the proxies obtained hereby, unless otherwise specified, will be voted for the election as directors of the three nominees hereinafter named, each to serve for a three-year term and until his respective successor is duly elected and qualified. If, by reason of death or other unexpected occurrence, any one or more of the nominees herein named should not be available for election, the proxies will be voted for such substitute nominee(s), if any, as the Board of Directors may propose.

Based upon a recommendation from the Nominating and Governance Committee, the Board has nominated the three nominees named below for reelection to the Board. Since the terms of four directors will expire on the date of the Annual Meeting, a vacancy on the Board will be created. Vacancies on the Board may be filled by a majority vote of the remaining directors and, in such event, the new director will serve for the remainder of the unexpired term of the class of directors to which he is assigned. Assignments will be made so that the directors are distributed among the several classes as nearly equally as possible. No decision has been made to fill the vacancy, nor has the Nominating and Governance Committee or the Board selected any candidates to fill the vacancy.

Proxies cannot be voted at the Annual Meeting for a greater number of persons than the three nominees named in this proxy statement. No shareholder nominations for the election of directors have been received within the time period required by Section 13 of Article II of the Company's Code of Regulations.

If notice in writing 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 such shareholder desires that the voting for election of directors shall be cumulative, and if an announcement of the giving of such notice is made upon the convening of such meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder shall have the right to cumulate such voting power as he possesses at such election and to give one nominee a number of votes equal to the number of directors to be elected multiplied by the number of shares he holds, or to distribute such number of votes among two or more nominees, as he sees fit. If the enclosed proxy is executed and returned and voting for the election of directors is cumulative, the persons named in the enclosed proxy will have the authority to cumulate votes and to vote the shares represented by such proxy, and by other proxies held by them, so as to elect as many of the three nominees named below as possible.

The following information is set forth with respect to each person nominated for election as a director and for those directors whose terms will continue after the Annual Meeting. Unless otherwise indicated, each such nominee or director has held the principal occupation indicated for more than the last five years. Each such nominee is currently a director of the Company.

Nominees for Election at the Annual Meeting

Name	Age	Principal Occupation and Last Five Years Business Experience	Director Since	Term Expires
Stephen R. Hardis(1)	67	Chairman of the Board, Axcelis Technologies, Inc., Beverly, Massachusetts (semiconductor equipment manufacturing) since May 2000; Chairman of the Board and Chief Executive Officer, Eaton Corporation, Cleveland, Ohio (manufacturing) prior to July 2000	1988	2006
Philip A. Laskawy(2)	61	Retired since September 2001; Chairman and Chief Executive Officer, Ernst & Young, New York, New York (professional services) prior to September 2001	2001	2006
Norman S. Matthews(3)	70	Consultant, New York, New York	1981	2006

Directors whose terms will continue after the Annual Meeting

Name	Age	Principal Occupation and Last Five Years Business Experience	Director Since	Term Expires
B. Charles Ames(4)	77	Partner, Clayton, Dubilier & Rice, Inc., New York, New York (investment banking)	1983	2004
Peter B. Lewis	69	Chairman of the Board of the Company; President of the Company prior to January 2001; Chief Executive Officer during 2000 and prior to January 1999; Chief Executive Officer Insurance Operations during 1999; President, Chairman of the Board and Chief Executive Officer of Progressive Casualty Insurance Company prior to March 2000	1965	2004
Glenn M. Renwick(5)	47	President and Chief Executive Officer of the Company since January 2001; Chief Executive Officer-Insurance Operations during 2000; Chief Information Officer from January 1998 to March 2000; President, Chairman of the Board and Chief Executive Officer of Progressive Casualty Insurance Company since March 2000	1999	2004
Donald B. Shackelford(6)	70	Chairman of the Board, Fifth Third Bank, Central Ohio (successor to State Savings Bank), Columbus, Ohio (commercial bank) since June 1998; Chairman of the Board, State Savings Bank, Columbus, Ohio (savings bank) prior to June 1998	1976	2004
Milton N. Allen(7)	75	Consultant to or director or trustee of various for-profit and not-for-profit organizations	1978	2005
Charles A. Davis(8)	54	Vice Chairman, Marsh & McLennan Companies, New York, New York (insurance) since September 1999; Chairman and Chief Executive Officer, MMC Capital, Inc., New York, New York (global private equity firm) since April 1998; Limited Partner, Goldman Sachs Group L.P., New York, New York (investment banking) prior to April 1998	1996	2005

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Name	Age	Principal Occupation and Last Five Years Business Experience	Director Since	Term Expires
Bernadine P. Healy, M.D.(9)	58	Medical & Science Columnist, U.S. News & World Report, Washington, D.C. (publishing) since September 2002; President and Chief Executive Officer, American Red Cross, Washington D.C. (emergency services) from September 1999 to December 2001; Dean of the College of Medicine and Public Health and Professor of Medicine, Ohio State University, Columbus, Ohio (education) prior to 1999	2002	2005
Jeffrey D. Kelly(10)	49	Executive Vice President and Chief Financial Officer, National City Corporation, Cleveland, Ohio (commercial banking)	2000	2005

- (1) Mr. Hardis is also a director of Nordson Corporation, Lexmark International, Inc., American Greetings Corp., STERIS Corporation, Apogent Technologies Inc. and Marsh & McLennan Companies, all of which, as well as Axcelis Technologies, Inc., are publicly held.
- (2) Mr. Laskawy is also a director of General Motors Corporation, Loews Corporation, Henry Schein, Inc., and Heidrick & Struggles International, Inc., which are publicly held.
- (3) Mr. Matthews is also a director of Toys R Us, Inc., Sunoco, Inc., Finlay Fine Jewelry, Inc., Henry Schein, Inc. and Galyan's Trading Company, which are publicly held.
- (4) Mr. Ames is also a director of Lexmark International, Inc., which is publicly held, and Riverwood International, Inc., Remington Arms Co. and Schulte Bautechnik GmbH and Co., KG, which are privately held.
- (5) Mr. Renwick is also an officer and director of other subsidiaries of the Company and a director of Fiserv, Inc., which is publicly held.
- (6) Mr. Shackelford is also a director of The Limited, Inc., Intimate Brands, Inc. and Fifth Third Bancorp of Cincinnati, which are publicly held.
- (7) Mr. Allen is also a director of Phoenix Venture Partners and Del Rio Investment Corporation, which are privately held.
- (8) Mr. Davis is also a director of Marsh & McLennan Companies, Media General, Inc. and Merchants Bancshares, Inc., which are publicly held.
- (9) Dr. Healy is also a director of Medtronic Inc., Ashland Inc., National City Corporation and Invacare Corp., which are publicly held.
- (10) Mr. Kelly is also a director of National Processing Co., Inc., which is publicly held.

Six meetings of the Board of Directors were held during 2002 and the Board adopted resolutions by written action pursuant to Ohio corporation law on one occasion.

The Board has named an Executive Committee, an Audit Committee, an Investment and Capital Committee, a Compensation Committee, and a Nominating and Governance Committee, as described below.

Messrs. Allen, Hardis, Lewis and Renwick are the current members of the Board's Executive Committee, which exercises all powers of the Board between Board meetings, except the power to fill vacancies on the Board or its committees. During 2002, the Executive Committee adopted resolutions by written action pursuant to Ohio corporation law on seven occasions.

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Messrs. Allen, Ames and Laskawy are the current members of the Board's Audit Committee, which assures that the organizational structure, policies, controls and systems are in place to monitor performance and monitors the integrity of the Company's financial statements, the Company's financial reporting processes and internal controls, and compliance by the Company with legal and regulatory requirements. The Committee also is responsible for confirming the indepen-

dence of, and for the appointment, compensation, retention and oversight of the work of, the Company's independent accountants. The Committee provides an independent channel to receive appropriate communications from employees, auditors, legal counsel, bankers and consultants and monitors the public release of financial information. All members of the Audit Committee have no relationship to the Company that may interfere with the exercise of their independence from management and the Company and are independent as defined in Sections 303.01(B)(2)(a) and (3) of the New York Stock Exchange's listing standards. During 2002, the Audit Committee met six times, participated in eight conference calls to review the Company's financial and operating results and adopted resolutions by written action pursuant to Ohio corporation law on one occasion.

Messrs. Hardis, Kelly and Shackelford are current members of the Board's Investment and Capital Committee, which monitors and advises the Company on its investment and capital management policies. During 2002, the Investment and Capital Committee met six times.

Messrs. Davis and Matthews and Ms. Hill are the current members of the Board's Compensation Committee, which approves the Company's equity and other compensation plans and awards thereunder and monitors the operation of the Company's compensation programs, including the various cash and stock incentive programs in which executive officers and employees of the Company participate. During 2002, the Compensation Committee met five times and adopted resolutions by written action pursuant to Ohio corporation law on five occasions.

Messrs. Davis, Hardis and Matthews are the current members of the Board's Nominating and Governance Committee, which 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 possible nominees and reviews and makes recommendations on corporate governance issues. During 2002, the Nominating and Governance Committee reviewed the qualifications of potential candidates and recommended Bernadine P. Healy, M.D. to fill the vacancy on the Board that existed in 2002 and further recommended the three nominees named above for reelection to the Board. The Nominating and Governance Committee will consider candidates for the Board proposed by shareholders. Nominations from shareholders that are submitted to the Nominating and Governance Committee, c/o Charles E. Jarrett, Secretary, 300 North Commons Blvd., Mayfield Village, Ohio 44143, will be forwarded to the Committee for consideration. The Nominating and Governance Committee, which was reconstituted in August 2002 to include only independent directors, met one time and adopted resolutions by written action pursuant to Ohio corporation law on one occasion.

Certain Relationships and Related Transactions

During 2002, Mr. Peter B. Lewis reimbursed the Company the amount of \$454,892 for: a) the salaries and all other payroll expenses of three pilots and a part-time mechanic who are employees of a subsidiary of the Company and support the operation of an airplane independently owned by Mr. Lewis, and b) for a portion of the rental costs and certain other expenses incurred by a subsidiary of the Company in connection with the lease of an airplane hangar, the use of which is shared by a subsidiary of the Company and Mr. Lewis. In addition, commencing on December 23, 2002, Mr. Lewis began reimbursing the Company for the salary and related employee costs of an employee of a subsidiary of the Company who acted as Mr. Lewis' executive assistant; this arrangement terminated February 28, 2003.

In March 2002, the Company purchased 6,182 of the Company's Common Shares from Lewis Children V LLC, of which Mr. Peter Lewis is the managing member, for \$1,000,000, or \$53.92 per share on a split-adjusted basis. The price per share equaled the then current market price of the Company's Common Shares as quoted on the New York Stock Exchange. In addition, in January 2003, the Company purchased 400,000 of the Company's Common Shares from Mr. Lewis for \$52.23 per share, which represented the then current market price.

Compensation Committee Interlocks and Insider Participation

Messrs. Davis, Matthews and Shackelford and Ms. Hill served as members of the Company's Compensation Committee during 2002. 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 Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this Report by reference therein.

The Audit Committee of the Board of Directors (the Committee) oversees the Company's financial reporting process on behalf of the Board. The Company's management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the Company's audited financial statements for the year ended December 31, 2002, including a discussion of the quality, not just the acceptability, of the accounting principles, reasonableness of significant judgments, and clarity of disclosures in the financial statements.

The Committee has discussed with the independent accountants, who are responsible for expressing an opinion on the conformity of the financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the Committee received the written disclosures and letter from the independent accountants required by Independence Standards Board Standard No. 1 and has discussed with the independent accountants their independence from management and the Company.

The Committee discussed with the Company's internal and independent accountants the overall scope and plans for their respective audits. The Committee meets with the internal and independent accountants, 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. During 2002, the Committee held six meetings and participated in eight conference calls to review the Company's financial and operating results. Also, during 2002, the Committee reassessed the adequacy of the Audit Committee's charter and recommended that the charter be revised to comply with recently proposed New York Stock Exchange listing standards and other corporate governance initiatives. The revised charter was approved by the Board in December 2002 and is included as Appendix A.

Based on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2002, for filing with the Securities and Exchange Commission. The Committee has recommended and the Board has designated PricewaterhouseCoopers LLP to serve as the independent accountants for the Company and its subsidiaries for 2003.

AUDIT COMMITTEE

Milton N. Allen, Chairman
B. Charles Ames
Philip A. Laskawy

SECURITY OWNERSHIP OF CERTAIN**BENEFICIAL OWNERS AND MANAGEMENT**

Security Ownership of Certain Beneficial Owners. The following information is set forth with respect to persons known to management to be the beneficial owners, as of January 31, 2003, or other date indicated below, of more than 5% of the Company's Common Shares:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Ruane, Cunniff & Co., Inc. 767 Fifth Avenue Suite 4701 New York, New York 10153-4798	26,508,534(2)	12.1%
The TCW Group, Inc. 865 South Figueroa Street Los Angeles, California 90017	26,345,160(3)	12.1%
Peter B. Lewis 6300 Wilson Mills Road Mayfield Village, Ohio 44143	20,487,975(4)	9.4%
Davis Selected Advisers, L.P. 2949 East Elvira Road, Suite 101 Tucson, Arizona 85706	11,721,045(5)	5.4%

- (1) Except as otherwise indicated, the persons listed as beneficial owners of the Common Shares have sole voting and investment power with respect to those shares. Certain of the information contained in this table, including related footnotes, is based on the Schedule 13G filings made by the beneficial owners identified herein.
- (2) The Common Shares are held in investment accounts maintained with Ruane, Cunniff & Co., Inc. as of December 31, 2002, and it disclaims any beneficial interest in such shares. Ruane, Cunniff & Co., Inc. has advised that it has sole voting power as to 12,371,543 of these shares, no voting power as to the balance of these shares, and sole investment power as to 26,508,534 of these shares.
- (3) The Common Shares are held in investment accounts maintained with The TCW Group, Inc. as of December 31, 2002, and it disclaims any beneficial interest in such shares. The TCW Group, Inc. has advised that it has shared voting and investment power as to all of these shares.
- (4) Includes 49,524 Common Shares held for Mr. Lewis by a trustee under the Company's Retirement Security Program and 727,902 Common Shares subject to currently exercisable stock options. Also includes 38,274 shares held by a charitable corporation of which Mr. Lewis serves as a trustee and an officer as to which Mr. Peter B. Lewis disclaims any beneficial interest. In addition, amount includes 4,170,989 Common Shares held by two limited partnerships, in which Mr. Lewis is a general partner, and three limited liability companies, in which Mr. Lewis holds a membership interest, as to which shares Mr. Lewis disclaims any beneficial interest, except to the extent of his own pecuniary interest therein.
- (5) The Common Shares are held in investment accounts maintained with Davis Selected Advisers, L.P. as of December 31, 2002, and it disclaims any beneficial interest in such shares. Davis Selected Advisers, L.P. has advised that it has sole voting and sole investment power as to all of these shares.

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Security Ownership of Management. The following information is set forth with respect to the Company's Common Shares beneficially owned as of January 31, 2003, by all directors and nominees for election as directors of the Company, each of the named executive officers (as identified on page 10) and by all directors and all individuals who were executive officers of the Company on December 31, 2002, as a group:

Name	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Milton N. Allen	99,981(2)	*
B. Charles Ames	215,982(3)	*
Alan R. Bauer	298,134(4)	*
Charles A. Davis	58,767(5)	*
W. Thomas Forrester	343,131(6)	*
Stephen R. Hardis	70,191(3)	*
Bernadine P. Healy, M.D.	6,000	*
Janet Hill	30,267(7)	*
Jeffrey D. Kelly	22,919(8)	*
Philip A. Laskawy	5,619(9)	*
Peter B. Lewis	20,487,975(10)	9.4%
Norman S. Matthews	86,370(11)	*
Brian J. Passell	110,165(12)	*
Glenn M. Renwick	490,625(13)	*
Donald B. Shackelford	228,273(14)	*
Robert T. Williams	213,814(15)	*
All 23 Executive Officers and Directors as a Group	23,026,537(16)	10.4%

* Less than 1% of the outstanding Common Shares of the Company.

- (1) Includes Common Shares held for executive officers or their spouses under The Progressive Retirement Security Program and currently exercisable stock options held by directors and executive officers under various incentive plans maintained by the Company. Unless otherwise indicated below, beneficial ownership of the Common Shares reported in the table is comprised of both sole voting power and sole investment power, or voting power and investment power that is shared with the spouse and/or minor children of the director or executive officer.
- (2) Includes 5,148 Common Shares owned by Mr. Allen's wife and 27,204 Common Shares held by Mr. Allen's wife as trustee for the benefit of his children, as to which shares he disclaims any beneficial interest, and 52,767 Common Shares subject to currently exercisable stock options.
- (3) Includes 52,767 Common Shares subject to currently exercisable stock options.
- (4) Includes 256,425 Common Shares subject to currently exercisable stock options and 5,849 Common Shares held under The Progressive Corporation Executive Deferred Compensation Plan, as to which shares Mr. Bauer has sole investment power but no voting power.
- (5) Includes 28,767 Common Shares subject to currently exercisable stock options.
- (6) Includes 278,871 Common Shares subject to currently exercisable stock options and 27,000 Common Shares held by Mr. Forrester as trustee for three trusts established for the benefit of his children.
- (7) Includes 28,767 Common Shares subject to currently exercisable stock options.
- (8) Includes 14,919 Common Shares subject to currently exercisable stock options.
- (9) Includes 2,619 Common Shares subject to currently exercisable stock options and 3,000 Common Shares owned by Mr. Laskawy's wife, as to which shares he disclaims any beneficial interest.

(10) See footnote 4 on page 6.

(11) Includes 46,767 Common Shares subject to currently exercisable stock options.

7

- (12) Includes 101,823 Common Shares subject to currently exercisable stock options.
- (13) Includes 338,901 Common Shares subject to currently exercisable stock options and 32,454 Common Shares held under The Progressive Corporation Executive Deferred Compensation Plan, as to which shares Mr. Renwick has sole investment power but no voting power.
- (14) Includes 46,767 Common Shares subject to currently exercisable stock options and 20,493 Common Shares held by Mr. Shackelford as trustee of a trust established for the benefit of his daughter.
- (15) Includes 192,507 Common Shares subject to currently exercisable stock options and 12,429 Common Shares held under The Progressive Corporation Executive Deferred Compensation Plan, as to which shares Mr. Williams has sole investment power but no voting power.
- (16) Includes 2,404,518 Common Shares subject to currently exercisable stock options.

Directors Deferral Plan Each director of the Company who is not an employee of the Company participates in The Progressive Corporation Directors Deferral Plan, as amended (Directors Deferral Plan) (see page 13 for a description of the Directors Deferral Plan). Pursuant to the Directors Deferral Plan, all retainer fees and, if so elected by the director, meeting fees are deferred pursuant to the plan and converted into units that are equivalent in value and dividend rights to the Company's Common Shares. In addition to the ownership of the Company's Common Shares set forth above, as of January 31, 2003, the number of units held by each non-employee director was as follows:

Name	Units Equivalent to Common Shares
Milton N. Allen	138
B. Charles Ames	9,110
Charles A. Davis	5,370
Stephen R. Hardis	30,088
Bernadine P. Healy, M.D.	
Janet Hill	643
Jeffrey D. Kelly	2,040
Philip A. Laskawy	786
Norman S. Matthews	3,399
Donald B. Shackelford	5,305

Securities authorized for issuance under equity compensation plans. The following information is set forth with respect to the equity compensation plan information at December 31, 2002.

EQUITY COMPENSATION PLAN INFORMATION(1)			
Plan category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders:			
Employee Plans:			
1995 Incentive Plan	7,975,978	\$33.42	6,990,750
1989 Incentive Plan	3,969,022	15.42	
Directors Plans:			
1998 Directors Stock Option Plan	193,044	36.19	406,956
1990 Directors Stock Option Plan	150,000	15.98	
Equity compensation plans not approved by security holders:			
None			

(1) In addition to the information set forth in the table, the Company is submitting The Progressive Corporation 2003 Incentive Plan and The Progressive Corporation 2003 Directors Equity Incentive Plan to shareholders for approval at the Annual Meeting of Shareholders. If these plans are approved by shareholders, the number of securities available for future issuance under these plans will be 5,000,000 Common Shares and 350,000 Common Shares, respectively.

Section 16(a) Beneficial Ownership Reporting Compliance. In a Form 5 filed with the Securities and Exchange Commission on February 3, 2003, Milton N. Allen, a director of the Company, reported that during 2000 and 2001, a trust controlled by his wife acquired a total of 154,2582 of the Company's Common Shares (after giving effect to the Company's 3-for-1 stock split in April 2002) in eight (8) transactions pursuant to a brokerage firm's automatic dividend reinvestment plan. The shares so acquired during 2000 should have been reported on a Form 5 filed on or before February 14, 2001, and the shares so acquired during 2001 should have been reported on a Form 5 filed on or before February 14, 2002.

EXECUTIVE COMPENSATION

The following information is set forth with respect to the Company's Chief Executive Officer and the other four most highly compensated executive officers, each of whom was serving as an executive officer at December 31, 2002 (the named executive officers). The titles set forth below reflect positions held at December 31, 2002.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards	All Other Compensation(2) (\$)
		Salary (\$)	Bonus(1) (\$)	Securities Underlying Options (#)	
Glenn M. Renwick(3) President and Chief Executive Officer	2002	\$ 744,231	\$ 1,834,157	136,077	\$ 9,396
	2001	676,923	1,376,862	162,213	7,815
	2000	488,462	0	148,752	23,339
W. Thomas Forrester(3) Vice President and Chief Financial Officer	2002	\$ 447,688	\$ 735,551	32,826	\$ 9,396
	2001	426,538	578,386	56,937	8,316
	2000	397,115	0	75,726	35,221
Robert T. Williams Group President of the Agent Business	2002	\$ 413,269	\$ 656,685	28,557	\$ 8,794
	2001	397,115	515,456	48,996	8,087
	2000	369,231	0	71,001	30,473
Alan R. Bauer Group President of the Direct Business	2002	\$ 372,451	\$ 676,743	27,117	\$ 10,245
	2001	350,324	541,601	46,386	9,919
	2000	350,162	0	66,267	39,367
Brian J. Passell Group President of Claims	2002	\$ 358,276	\$ 588,647	23,559	\$ 10,006(4)
	2001	339,808	460,779	42,261	8,316
	2000	294,231	0	56,799	8,187

- (1) Includes bonus amounts, if any, deferred under The Progressive Corporation Executive Deferred Compensation Plan.
- (2) Except as otherwise disclosed, the reported amounts for 2002 represent employer contributions made during the year under the Company's Retirement Security Program.
- (3) Excludes other annual compensation in the form of personal use of corporate aircraft for Messrs. Renwick and Forrester in the amount of \$21,547 and \$2,318, respectively, since the amounts did not exceed the disclosure threshold of the lesser of \$50,000 or 10% of the combined salary and bonus.
- (4) In addition to contributions made under the Company's Retirement Security Program, the reported amount includes a \$298 anniversary award for 20 years of employment with the Company.

**OPTION GRANTS IN LAST FISCAL YEAR
INDIVIDUAL GRANTS**

Name	Number of Securities Underlying Options Granted(1)(2) (#)	% of Total Options Granted to Employees in 2002	Exercise Price (\$/share)	Expiration Date	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
					5% (\$)	10% (\$)
Glenn M. Renwick	136,077	11.4%	\$52.0466	12/31/2011	\$4,454,049	\$11,287,434
W. Thomas Forrester	32,826	2.7	52.0466	12/31/2011	1,074,455	2,722,880
Robert T. Williams	28,557	2.4	52.0466			