

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2009 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: ☐ a multiemployer plan; ☒ a single-employer plan; ☐ a multiple-employer plan; or ☐ a DFE (specify) ____
B	This return/report is: ☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information—enter all requested information
1a	Name of plan PROGRESSIVE INC. 401K PROFIT SHARING PLAN & TRUST
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 05/30/1986
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) PROGRESSIVE, INC. 1030 COMMERCIAL BLVD. NORTH ARLINGTON, TX 76001-7197
2b	Employer Identification Number (EIN) 41-2127968
2c	Sponsor's telephone number 817-465-3221
2d	Business code (see instructions) 336410

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2010	SHELBY LEE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") PROGRESSIVE, INC. 1030 COMMERCIAL BLVD. NORTH ARLINGTON, TX 76001-7197	3b Administrator's EIN 41-2127968 3c Administrator's telephone number 817-465-3221
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN	
	4c PN	
5 Total number of participants at the beginning of the plan year	5	142
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	157
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	9
d Subtotal. Add lines 6a , 6b , and 6c	6d	166
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	166
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	125
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	2
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2G 2J 2K 2T 3D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
(2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
(2) ☐ **I** (Financial Information – Small Plan)
(3) ☐ **A** (Insurance Information)
(4) ☒ **C** (Service Provider Information)
(5) ☒ **D** (DFE/Participating Plan Information)
(6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan PROGRESSIVE INC. 401K PROFIT SHARING PLAN & TRUST	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 PROGRESSIVE, INC.	D Employer Identification Number (EIN) 41-2127968	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
CHARLES SCHWAB & CO. INC. AND AFFIL
94-1737782

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

SCHWAB RETIREMENT PLAN SERVICES INC

34-1479833

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15 50 64	NONE	10422	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

CHARLES SCHWAB & CO., INC.

94-1737782

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
59 62	NONE	0	Yes ☒ No ☐	Yes ☐ No ☒	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

CHARLES SCHWAB TRUST COMPANY

42-1558009

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
52 59 62	NONE	0	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
CHARLES SCHWAB & CO. AND AFFILIATES	59	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
SEE ATTACHMENT 11-1111111	SEE ATTACHMENT

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>PROGRESSIVE INC. 401K PROFIT SHARING PLAN & TRUST</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>PROGRESSIVE, INC.</u>	D Employer Identification Number (EIN) <u>41-2127968</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB MANAGED RETIREMENT 2010</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625169-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>117342</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB STABLE VALUE FUND</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625180-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3490753</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB MANAGED RETIREMENT 2020</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625169-002</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3192</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB MANAGED RETIREMENT 2030</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625169-003</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>4105</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB MANAGED RETIREMENT 2040</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625169-004</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2366</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SCHWAB MANAGED RETIREMENT 2050</u>		
b Name of sponsor of entity listed in (a): <u>CHARLES SCHWAB TRUST COMPANY</u>		
c EIN-PN <u>81-0625169-010</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>773</u>
a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan PROGRESSIVE INC. 401K PROFIT SHARING PLAN & TRUST	B Three-digit plan number (PN)	001
C Plan sponsor's name as shown on line 2a of Form 5500 PROGRESSIVE, INC.	D Employer Identification Number (EIN) 41-2127968	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	18025	16531
(2) Participant contributions	1b(2)	5000	0
(3) Other.....	1b(3)		48
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1	0
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	337685	398017
(9) Value of interest in common/collective trusts.....	1c(9)	3050194	3618531
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	3347386	4461401
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	6758291	8494528

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	5947	4705
k Total liabilities (add all amounts in lines 1g through 1j)	1k	5947	4705

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	6752344	8489823
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	189226	
(B) Participants	2a(1)(B)	656454	
(C) Others (including rollovers)	2a(1)(C)	2005	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		847685
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	24526	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		24526
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	87926	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		87926
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		281195
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		786950
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		2028282

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	275676	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		275676
f Corrective distributions (see instructions)	2f		4705
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	10422	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		10422
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		290803

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		1737479
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: WHITLEY PENN, LLP

(2) EIN: 75-2393478

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	X		5000
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		5000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>12/31/2009</u>		
A Name of plan <u>PROGRESSIVE INC. 401K PROFIT SHARING PLAN & TRUST</u>	B Three-digit plan number (PN) ▶ <u>001</u>	
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PROGRESSIVE, INC.</u>	D Employer Identification Number (EIN) <u>41-2127968</u>	

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....

1	<u>0</u>
----------	----------

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):
EIN(s): 42-1558009

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....

3	
----------	--

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☐ No ☐ N/A
If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year

6a	
b Enter the amount contributed by the employer to the plan for this plan year	
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	
6c	

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No

11 **a** Does the ESOP hold any preferred stock? ☐ Yes ☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ☐ Yes ☐ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

**PROGRESSIVE, INC. 401(k) PROFIT
SHARING PLAN AND TRUST**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

**Years Ended December 31, 2009 and 2008
with Report of Independent Auditors**

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

Years Ended December 31, 2009 and 2008

Table of Contents

Report of Independent Auditors	1
Financial Statements:	
Statements of Net Assets Available for Benefits	2
Statements of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedules:	
Form 5500, Schedule H, Line 4a - Schedule of Delinquent Participant Contributions	14
Form 5500, Schedule H, Line 4i - Schedule of Assets (Held at End of Year).....	15

NOTE: All other schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted since they are either not applicable or the information required therein has been included in the financial statements or notes thereto.

REPORT OF INDEPENDENT AUDITORS

To the Plan Administrator of the
Progressive, Inc. 401(k) Profit Sharing Plan and Trust

We were engaged to audit the financial statements of the Progressive, Inc. 401(k) Profit Sharing Plan and Trust as of December 31, 2009 and 2008, and for the years then ended, and the supplemental schedules, as listed in the accompanying table of contents. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information which was certified by The Charles Schwab Trust Company, the trustee of the Plan, except for comparing such investment information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the years ended December 31, 2009 and 2008, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedules taken as a whole. The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Fort Worth, Texas
October 13, 2010

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2009	2008
Assets		
Investments, at fair value:		
Mutual funds	\$ 4,461,401	\$ 3,347,386
Common/collective trust fund	3,618,531	3,050,194
Participant loans	398,017	337,685
Total investments at fair value	<u>8,477,949</u>	<u>6,735,265</u>
Receivables:		
Participant	-	5,000
Employer	16,531	18,025
Other	48	-
Total receivables	<u>16,579</u>	<u>23,025</u>
Total assets	8,494,528	6,758,290
Liabilities		
Excess contributions payable	<u>4,705</u>	<u>5,947</u>
Net assets available for benefits at fair value	8,489,823	6,752,343
Adjustment from fair value to contract value relating to fully benefit-responsive investment contract	<u>(23,921)</u>	<u>143,537</u>
Net assets available for benefits	<u><u>\$ 8,465,902</u></u>	<u><u>\$ 6,895,880</u></u>

See accompanying notes to financial statements.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2009	2008
Additions to (reductions from) Net Assets		
Investment income (loss)		
Net realized and unrealized gain (loss) on investments	\$ 899,362	\$ (2,097,238)
Interest and dividends	113,778	174,446
Total investment income (loss)	1,013,140	(1,922,792)
Contributions:		
Participant	651,749	615,141
Employer	189,226	173,785
Rollover	2,005	320,501
Total contributions	842,980	1,109,427
Total additions to (reductions from) net assets	1,856,120	(813,365)
Deductions from Net Assets		
Benefits paid to participants	275,676	767,100
Administrative expenses	10,422	10,342
Total deductions from net assets	286,098	777,442
Net increase (decrease) in net assets available for benefits	1,570,022	(1,590,807)
Net assets available for benefits at beginning of year	6,895,880	8,486,687
Net assets available for benefits at end of year	<u>\$ 8,465,902</u>	<u>\$ 6,895,880</u>

See accompanying notes to financial statements.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

A. Description of the Plan

Plan Description

The following brief description of the Progressive, Inc. 401(k) Profit Sharing Plan and Trust (the “Plan”) is provided for general information purposes only. The Plan is sponsored by Progressive, Incorporated (the “Company”). Participants should refer to the Plan Document for more complete information.

General

The Plan is a defined contribution plan available to all employees of the Company who have completed six months of service. Eligible employees may enter the Plan on the earliest of the first day of the Plan year or the first day of the seventh month of the Plan year coinciding with or next following the date on which the employee meets the Plan’s eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The purpose of the Plan is to encourage the Company’s employees to save and invest, systematically, a portion of their current compensation so that they and their families may have a source of additional income upon their retirement, or for their family in the event of death.

Contributions

Participants may contribute up to 100% of pre-tax annual compensation, as defined by the Plan. Contributions are subject to limitations on annual additions and other limitations imposed by the Internal Revenue Code (the “Code”) as defined in the Plan Document. Eligible participants may make a rollover contribution to the Plan from other qualified plans.

Participants who are eligible to make salary deferral contributions under the Plan and who have attained age 50 before the close of the Plan year may make catch-up contributions in accordance with, and subject to the limitations imposed by the Code.

The Company may make discretionary matching and profit sharing contributions to the Plan as determined annually by its board of directors. During 2009 and 2008, the Company made discretionary matching contributions of 50 cents for every one dollar contributed by each participant, up to a maximum of 5% of a participant’s eligible compensation. The Company made no profit sharing contributions during 2009 or 2008.

Investment Options

Upon enrollment in the Plan, a participant may direct employer and employee contributions into any of the Plan’s investment options.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (continued)

A. Description of the Plan – continued

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of: (a) the Company's contributions and, (b) Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting

Participants are immediately vested in their voluntary contributions plus actual earnings thereon. Vesting in the Company contribution portion of accounts plus actual earnings thereon is as follows:

Years of Service	Vested Percentage
Less than 2 year	0%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years	100%

In the event of disability, early retirement, or death, a participant will become fully vested.

Participant Loans

Participants may borrow from their accounts a minimum of \$1,000 up to a maximum amount equal to the lesser of \$50,000 or 50% of their account balance. Loan terms range up to five years or fifteen years if for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Plan Administrator. As of December 31, 2009, interest rates range from 4.25% to 9.25%. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits

Participants withdrawing during the year for reasons of disability, retirement, death, or termination of service are entitled to their vested account balance. Participants may also receive an in-service distribution from their vested account balance attributable to elective deferrals at age 59½ or rollover and transfer contributions at age 59½. Benefits are distributed to participants in the form of a single lump sum. Participant's whose vested balance is less than \$5,000 will receive a distribution within a reasonable amount of time following their termination. If withdrawing participants are not entitled to their entire account balance, the amounts not received are forfeited. Hardship distributions are not permitted under the Plan.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (*continued*)

A. Description of the Plan – continued

Forfeited Accounts

Forfeited balances of terminated participants' non-vested accounts are used to pay Plan expenses, offset employer matching and profit sharing contributions for the Plan year or used to restore the account balances of former Plan participants who are rehired within five years. No forfeitures were allocated to reduce matching contributions during the years ended December 31, 2009 and 2008. During 2009 and 2008, there was approximately \$3,900 and \$4,700, respectively, of forfeitures that were used to offset administrative expenses. As of December 31, 2009 and 2008, unallocated forfeitures were approximately \$7,200 and \$5,300, respectively.

Administrative Expenses

Employees of the Company perform certain administrative functions with no compensation from the Plan. In accordance with Plan provisions, the Plan pays substantially all costs relating to asset charges and recordkeeping. All administrative expenses paid by the Company are not reflected in the accompanying financial statements.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Investment Valuation and Income

The investments of the Plan are stated at fair value as of the end of the Plan year and are subject to market or credit risks customarily associated with equity investments. Fair value measurements are determined in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC 820") Topic No. 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about assets and liabilities measured at fair value. For information related to the Plan's valuation methodologies under ASC 820, see Note D of these financial statements.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Investment Valuation and Income – continued

As described in FASB ASC Topic No. 962, *Plan Accounting – Defined Contribution Pension Plans*, investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in a common/collective trust fund that has a guaranteed interest rate. The fair value of this investment is presented in the statement of net assets available for benefits as well as the adjustment of the investment from fair value to contract value.

The net realized and unrealized gain (loss) on investments includes realized gains and losses on sales of investments during the year and unrealized increases or decreases in the market value of investments held at year end. Purchases and sales of investments are reflected on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Contributions

Contributions from the Company and participants are accrued as they become obligations of the Company, as determined by the Plan's Administrator, and in the period in which they are deducted, in accordance with salary deferral agreements.

Payment of Benefits

Benefits are recorded when paid.

Recently Issued Accounting Pronouncement

In June 2009, the FASB issued a standard which established the FASB Accounting Standards Codification ("ASC") as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The ASC was effective for financial statements issued for annual periods ending after September 15, 2009, and was adopted by the Plan in the year ended December 31, 2009. Adoption of this standard did not have a significant impact on the Plan's financial statements.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (continued)

C. Investments

Investments that represent 5% or more of net assets available for benefits at December 31 are as follows:

	<u>2009</u>
Schwab Stable Value Fund	\$ 3,490,753
ING Corporate Leaders Trust Fund	1,753,903
Janus Twenty Fund	612,714
ING Davis New York Venture Fund	550,640
American Funds Europacific Growth Fund	492,590
	<u>2008</u>
Schwab Stable Value Fund	\$ 2,956,619
ING Corporate Leaders Trust Fund	1,595,715
Janus Twenty Fund	426,101
ING Davis New York Venture Fund	366,262

During 2009 and 2008, the Plan's net realized and unrealized gain (loss) on investments were comprised of the following

	<u>2009</u>	<u>2008</u>
Mutual funds	\$ 785,695	\$ (2,111,044)
Common and collective trust fund	113,667	13,806
Net realized and unrealized gain (loss) on investments	<u>\$ 899,362</u>	<u>\$ (2,097,238)</u>

The accompanying statements of net assets available for benefits presents the fair value as well as the adjustment from fair value to contract value relating to the Schwab Stable Value Fund with The Charles Schwab Trust Company ("Schwab"), as required by ASC 962. The accompanying statements of changes in net assets available for benefits are prepared on a contract-value basis. The average yield earned by the underlying investments of the Schwab Stable Value Fund was 2.65% and 5.25% during 2009 and 2008, respectively. The average yield of the underlying investments, after an adjustment to reflect the actual interest credited to participants, was 3.06% and 3.72% during 2009 and 2008, respectively.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (*continued*)

D. Fair Value Measurements

ASC 820 defines fair value as 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 and establishes a three-tier hierarchy that is used to identify assets and liabilities measured at fair value. The hierarchy focuses on the inputs used to measure fair value and requires that the lowest level input be used. The three levels defined in ASC 820 are as follows:

- Level 1 – observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.
- Level 2 – observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.
- Level 3 – inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

ASC 820 requires the methodologies used to measure the fair value of assets and liabilities be described. The methodologies which were consistently applied to all investments carried at December 31, 2009 and 2008 are as follows:

- Mutual funds are measured using quoted market prices available on an active market and classified within Level 1 of the valuation hierarchy.
- The common/collective trust fund is valued as reported by the Plan's third-party trustee's audited financial statements of the funds, and transaction prices before and after the Plan's year end. They are classified within Level 2 of the valuation hierarchy.
- Participant loans are valued at the outstanding principal balance which approximates fair value and are classified within Level 2 of the valuation hierarchy.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (continued)

D. Fair Value Measurements – continued

The following tables present the investments carried at fair value at December 31, 2009 and 2008, by caption on the statements of net assets available for benefits and by ASC 820 valuation hierarchy (as described above). The Plan has no investments classified within Level 3 of the valuation hierarchy.

Investment	December 31, 2009		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Mutual funds	\$ 4,461,401	\$ -	\$ 4,461,401
Common/collective trust fund	-	3,618,531	3,618,531
Participant loans	-	398,017	398,017
	<u>\$ 4,461,401</u>	<u>\$ 4,016,548</u>	<u>\$ 8,477,949</u>

Investment	December 31, 2008		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Mutual funds	\$ 3,347,386	\$ -	\$ 3,347,386
Common/collective trust fund	-	3,050,194	3,050,194
Participant loans	-	337,685	337,685
	<u>\$ 3,347,386</u>	<u>\$ 3,387,879</u>	<u>\$ 6,735,265</u>

E. Information Certified by the Trustee

The Plan Administrator elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan Administrator limited auditing procedures with respect to the investment information certified by the trustee, which included total investments as of December 31, 2009 and 2008, the total investment income (loss) for the years ended December 31, 2009 and 2008, and all information included in the supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year).

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS *(continued)*

F. Tax Status

Effective January 1, 2002, the Plan was amended and restated by the adoption of a Charles Schwab Standardized 401(k) Profit Sharing Plan which has a favorable opinion letter from the IRS dated May 23, 2008. This opinion letter states that the form of the prototype plan is acceptable under Section 401 of the Code. The Company may rely on this letter with respect to the qualification of the Plan under Code Section 401(a) with certain limitations. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes that the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan was qualified and the related trust was tax-exempt as of the date of financial statements.

G. Parties-in-Interest Transactions

The Plan invests in shares of mutual funds and a common/collective trust fund managed by Schwab, which acts as trustee for only those investments as defined by the Plan. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules.

H. Plan Termination

Although it has not expressed any intention to do so, the Company has the right to terminate the Plan subject to the provisions set forth in ERISA. In the event the Plan terminates, all amounts credited to a participant's accounts will become 100% vested.

I. Excess Contributions Payable

The Code attempts to ensure that employees at all levels of income share the tax advantages of the Plan proportionally. A non-discrimination test is required by the Code to determine a contribution level that makes all employees' contributions, as a percentage of compensation, fall within prescribed limits. The amounts accrued as excess contributions payable at December 31, 2009 and 2008 represent contributions exceeding the allowed limits to be refunded to employees subsequent to the end of the Plan year.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

NOTES TO FINANCIAL STATEMENTS (continued)

J. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits as of December 31, 2009 and 2008 per the accompanying financial statements to Schedule H of the Form 5500:

	2009	2008
Net assets available for benefits per the financial statements	\$ 8,465,902	\$ 6,895,880
Difference in reporting of common/collective trust fund at fair market value per the Form 5500 and contract value per the financial statements	23,921	(143,537)
Net assets available for benefits per the Form 5500	<u>\$ 8,489,823</u>	<u>\$ 6,752,343</u>

The following is a reconciliation of the net increase (decrease) in net assets available for benefits for the years ended December 31, 2009 and 2008 per the accompanying financial statements to Schedule H of the Form 5500:

	2009	2008
Net decrease in net assets available for benefits per the financial statements	\$ 1,570,022	\$ (1,590,807)
Prior year difference in reporting of common/collective trust fund at fair market value per the Form 5500 and contract value per the financial statements	143,537	-
Current year difference in reporting of common/collective trust fund at fair market value per the Form 5500 and contract value per the financial statements	23,921	(143,537)
Net decrease in net assets available for benefits per the 5500	<u>\$ 1,737,480</u>	<u>\$ (1,734,344)</u>

The reconciling items noted above are due to the difference in the method of accounting used in preparing the Form 5500 as compared to the Plan's financial statements. The reporting rules used to prepare the Form 5500 require benefit-responsive investment contracts to be reported at fair value while accounting principles generally accepted in the United States of America require them to be reported at contract value.

K. Subsequent Events

In preparing the accompanying financial statements, management of the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through October 13, 2010, the date the financial statements were available for issuance.

SUPPLEMENTAL SCHEDULES

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

**FORM 5500, SCHEDULE H, LINE 4a -
SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS**

Year Ended December 31, 2009

EIN: 41-2127968

Plan #: 001

Participant Contributions Transferred Late to Plan (Check here if Late Participant Loan Repayments are included) ☐	Total that Constitutes Nonexempt Prohibited Transactions				Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP		
* \$ 5,000	\$ -	\$ 5,000	\$ -		\$ -

* Amount represents 2008 contributions that were corrected in 2009.

PROGRESSIVE, INC. 401(k) PROFIT SHARING PLAN AND TRUST

**FORM 5500, SCHEDULE H, LINE 4i -
SCHEDULE OF ASSETS (HELD AT END OF YEAR)**

December 31, 2009

EIN: 41-2127968

Plan #: 001

(a)	(b)	(c)	(d)	(e)
	Identity of issuer, borrower, lessor or similar party	Description of investment including maturity date, rate of interest, collateral, par, or maturity value	Cost	Current Value
*	Schwab Funds	Stable Value Fund	**	\$ 3,490,753
	ING Corporate Leaders	Trust Fund	**	1,753,903
	Janus	Twenty Fund	**	612,714
	ING Davis New York	Venture Fund	**	550,640
	American Funds	Europacific Growth Fund	**	492,590
	Baron	Asset Fund	**	378,684
	Dreyfus	Appreciation Fund	**	283,669
	Alger	Spectra Fund	**	275,599
*	Schwab Funds	Managed Retirement 2010	**	117,342
	Artisan	Mid Cap Value Fund	**	89,933
	Pimco	Total Return Fund	**	16,763
*	Schwab Funds	Managed Retirement 2030	**	4,105
	Allianz NFJ	Small Cap Value	**	3,613
	Dreyfus Boston Company	Small/Mid Cap Fund	**	3,293
*	Schwab Funds	Managed Retirement 2020	**	3,192
*	Schwab Funds	Managed Retirement 2040	**	2,366
*	Schwab Funds	Managed Retirement 2050	**	773
*	Participant loans	Interest rates ranging from 4.25% to 9.25% with various due dates	-0-	398,017
				<u>\$ 8,477,949</u>

* A party-in-interest as defined by ERISA

** Cost omitted for participant directed investments

Progressive, Inc. 401(k) Profit Sharing Plan & Trust
Schedule C, Part 1, Line 3 - Service Provider Indirect Compensation Information
December 31, 2009

EIN: 41-2127968

Plan Number: 001

Received by Charles Schwab & Co., Inc. (EIN#94-1737782)

Fund Family/Provider	EIN	Formula
Alger	13-2665689	Rate of 0.40% of average daily balance of asset(s)
Allianz Funds	33-0457728	Rate of 0.40% of average daily balance of asset(s)
American Funds	95-1411037	Rate of 0.35% of average daily balance of asset(s)
Artisan	39-1811840	Rate of 0.40% of average daily balance of asset(s)
Baron Capital Group	13-3122938	Rate of 0.40% of average daily balance of asset(s)
Davis Funds	52-1346931	Rate of 0.40% of average daily balance of asset(s)
Dreyfus	13-5673135	Range of 0.35 - 0.48% of average daily balance of assets
ING Funds	95-4516049	Rate of 0.30% of average daily balance of asset(s)
Janus	43-1804048	Rate of 0.33% of average daily balance of asset(s)
Schwab Funds	94-3106735	Rate of 0.35% of average daily balance of asset(s)

Received by Charles Schwab Trust Company (EIN#42-1558009)

Fund Family/Provider	EIN	Formula
Schwab Funds	94-3106735	Rate of 0.44% of average daily balance of asset(s)

Received by Schwab Retirement Plan Services, Inc. (EIN#34-1479833)

Fund Family/Provider	EIN	Formula
Dreyfus	13-5673135	\$16.00 per year per participant with a balance in certain fund(s)

Schedule H, line 4i - Schedule of Assets (Held at End of Year)

NAME OF PLAN SPONSOR:

NAME OF PLAN:

EIN:

PLAN NUMBER:

PROGRESSIVE, INC.

Progressive, Inc. 401(k) Profit Sharing Plan & Trust

41-2127968

001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current Value
*	PARTICIPANT LOANS	Loans (4.25%-9.25%)		398,017
*	SCHWAB STABLE VALUE FUND	Common Collective Trust Fund		3,490,753
*	SCHWAB MANAGED RETIREMENT 2010	Common Collective Trust Fund		117,342
*	SCHWAB MANAGED RETIREMENT 2020	Common Collective Trust Fund		3,192
*	SCHWAB MANAGED RETIREMENT 2030	Common Collective Trust Fund		4,105
*	SCHWAB MANAGED RETIREMENT 2040	Common Collective Trust Fund		2,366
*	SCHWAB MANAGED RETIREMENT 2050	Common Collective Trust Fund		773
	ALGER SPECTRA FUND CL A	Registered Investment Company		275,599
	ALLIANZ NFJ SMALL CAP VALUE A	Registered Investment Company		3,612
	ARTISAN MIDCAP VALUE FUND	Registered Investment Company		89,933
	BARON ASSET FUND	Registered Investment Company		378,684
	DAVIS NEW YORK VENTURE FUND A	Registered Investment Company		550,640
	DREYFUS APPRECIATION FUND	Registered Investment Company		283,669
	DREYFUS BOSTON CO S/MCAP GR I	Registered Investment Company		3,293
	EUROPACIFIC GROWTH R4	Registered Investment Company		492,590
	ING CORP LEADERS TRUST CL A	Registered Investment Company		1,753,903
	JANUS TWENTY J	Registered Investment Company		612,714
	PIMCO TOTAL RETURN FD CLASS D	Registered Investment Company		16,763

Attachment to 2009 Form 5500
Schedule H, line 4a - Schedule of Delinquent Participant Contributions

Plan Name Progressive, Inc. 401(k) Profit Sharing Plan & Trust
Plan Sponsor's Name Progressive, Inc.

EIN: 41-2127968
PN: 001

Total that Constitute Nonexempt Prohibited Transactions				
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
Check here if Late Participant Loan Repayments are included: ☐	0	5,000	0	0