

PROGRESSIVE CORP/OH/
Form SC TO-I/A
September 29, 2004

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Schedule TO

*Tender Offer Statement under Section
14(d)(1) or 13(e)(1) of the Securities Exchange Act of 1934*

(Amendment No. 2)

THE PROGRESSIVE CORPORATION

(Name of Issuer)

THE PROGRESSIVE CORPORATION (Issuer)
(Name of Filing Person (Identifying Status as Offeror, Issuer or Other Person))

Common Shares, \$1.00 Par Value
(Title of Class of Securities)

0743315103
(CUSIP Number of Class of Securities)

Charles E. Jarrett, Secretary
The Progressive Corporation
6300 Wilson Mills Road
Mayfield Village, OH 44143
(440) 461-5000

**(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications on Behalf of Filing Persons)**

Copy to:
John M. Gherlein, Esq.
Baker & Hostetler LLP
3200 National City Center
1900 East 9th Street
Cleveland, Ohio 44114
(216) 621-0200

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CALCULATION OF FILING FEE

| Transaction Valuation* | Amount of Filing Fee** |
|-------------------------------|-------------------------------|
| \$1,886,676,176 | \$239,041.87 |

* Calculated solely for purposes of determining the amount of the filing fee. This amount is based upon the purchase of 21,439,502 outstanding Common Shares, \$1.00 par value, at the maximum tender offer price of \$88.00 per share.

** The amount of the filing fee, calculated in accordance with Rule 0-11 of the Securities Exchange Act of 1934, as amended, and Fee Advisory #7 for Fiscal Year 2004 issued by the Securities and Exchange Commission, equals \$126.70 per million of the value of the transaction.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$239,041.87
Form of Registration No.: Schedule TO
Filing Party: The Progressive Corporation
Date Filed: September 14, 2004

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1
- issuer tender offer subject to Rule 13e-4
- going-private transaction subject to Rule 13e-3
- amendment to Schedule 13D under Rule 13d-2

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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Items 1 through 11

Item 12. Exhibits

SIGNATURE

EXHIBIT INDEX

Q&A for Employees

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This Amendment No. 2 amends and supplements the Tender Offer Statement on Schedule TO originally filed with the Securities and Exchange Commission on September 14, 2004, as amended (the Schedule TO), by The Progressive Corporation, an Ohio corporation (the Company), relating to the offer by the Company to purchase up to 17,100,000 of its common shares, \$1.00 par value, (subject to its right to purchase up to an additional 2% of its outstanding shares) or such lesser number of common shares as is properly tendered and not properly withdrawn, at a purchase price not greater than \$88.00 nor less than \$78.00 per share, net to the seller in cash, without interest. The Company's offer is being made upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 14, 2004 (the Offer to Purchase), and in the related Letter of Transmittal (the Letter of Transmittal), (which together, as amended or supplemented from time to time, constitute the Offer). This Amendment No. 2 is intended to satisfy the reporting requirements of Rule 13e-4(c)(3) of the Securities Exchange Act of 1934, as amended. Copies of the Offer to Purchase and the accompanying Letter of Transmittal were previously filed with the Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii), respectively.

The information in the Offer is incorporated in this Amendment No. 2 to the Schedule TO by reference in response to all of the applicable items in the Schedule TO, except that such information is hereby amended and supplemented to the extent specifically provided herein.

Items 1 through 11.

Items 1 through 11 of the Schedule TO, which incorporate by reference the information contained in the Offer to Purchase and the Letter of Transmittal, copies of which were filed with the original Schedule TO as Exhibits (a)(1)(i) and (a)(1)(ii), respectively, are hereby amended as follows:

(1) The first page of the Summary Term Sheet in the Offer to Purchase is hereby amended to add the following two paragraphs after the third paragraph under the heading "What will be the purchase price for the shares?":

On September 28, 2004, the last full trading date before the date on which we amended this Offer to Purchase, the last reported sale price of the shares on the New York Stock Exchange was \$83.10 per share. The lowest price that we may pay for your shares in the tender offer is \$78.00 per share, which is below the market price of the common shares on September 28, 2004. You are urged to obtain current market quotations for the shares.

Peter B. Lewis, the Chairman of our Board of Directors, has advised us that he intends to tender 1,100,000 of his shares at the price determined by us in accordance with the Dutch auction tender offer process. The election by any shareholder, including Mr. Lewis, to tender shares at the price determined by the Dutch auction tender offer process could have the effect of decreasing the price at which we purchase tendered shares because shares tendered using this election will effectively be considered available for purchase at the minimum price of \$78.00 per share.

(2) The fourth page of the Summary Term Sheet in the Offer to Purchase is hereby amended to delete the last sentence of the third paragraph under the heading "How do I tender my shares?" and replace it with the following:

Note that this election could have the effect of decreasing the price at which we purchase tendered shares because shares tendered using this election will effectively be considered available for purchase at the minimum price of \$78.00 per share. Also, note that this election could result in your shares being purchased at the minimum price of \$78.00 per share. Peter B. Lewis, the Chairman of our Board of Directors, has advised us that he intends to tender 1,100,000 of his shares at the price determined by us in accordance with the Dutch auction tender offer process. Mr. Lewis' tender of his shares in this manner may also have the effect of decreasing the price at which we purchase tendered shares, since his 1,100,000 shares will be available for purchase at the minimum price of \$78.00 per share.

(3) The sixth page of the Summary Term Sheet in the Offer to Purchase is hereby amended to add the following after the third sentence under the heading "When and how will Progressive pay for the shares I tender?":

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We do not expect to announce the final results of the tender offer, including the proration factor, if applicable, or commence payment for tendered shares until five to seven business days after the expiration date of the tender offer.

(4) The first sentence under Section 7, Conditions of the Tender Offer, on page 24 of the Offer to Purchase is hereby amended to insert reasonably between any of the following events shall have occurred or are and determined by us to have occurred.

(5) The first sentence following the table set forth in Section 10, Certain Information Concerning Us, on page 27 and 28 of the Offer to Purchase is hereby amended to delete the following:

and any additional documents that we may file with the Commission under the Exchange Act between the date of this Offer to Purchase and the Expiration Date

Item 12. Exhibits.

Item 12 of the Schedule TO is hereby amended and supplemented by adding the following:

| Exhibit Number | Description |
|---------------------------|---|
| (a)(5)(iv) | Q&A for Employees Concerning the Company's Tender Offer dated September 29, 2004. |

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SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

THE PROGRESSIVE CORPORATION

By: /s/ Charles E. Jarrett
Charles E. Jarrett
Vice President, Secretary and
Chief Legal Officer

Dated: September 29, 2004

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| Exhibit Number | Description |
|---------------------------|--|
| (a)(1)(i) | Offer to Purchase dated September 14, 2004.* |
| (a)(1)(ii) | Letter of Transmittal (including Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).* |
| (a)(1)(iii) | Notice of Guaranteed Delivery.* |
| (a)(1)(iv) | Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees dated September 14, 2004.* |
| (a)(1)(v) | Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees dated September 14, 2004.* |
| (a)(1)(vi) | Letter to Shareholders dated September 14, 2004.* |
| (a)(1)(vii) | Notice to Employees Eligible to Participate in The Progressive Retirement Security Program dated September 14, 2004.* |
| (a)(1)(viii) | Notice to Holders of Vested Stock Options dated September 14, 2004.* |
| (a)(1)(ix) | Fidelity Letter to Participants in The Progressive Retirement Security Program dated September 16, 2004.* |
| (a)(1)(x) | Trustee Direction Form.* |
| (a)(2) | None. |
| (a)(3) | Not applicable. |
| (a)(4) | Not applicable. |
| (a)(5)(i) | Form of summary advertisement dated September 14, 2004.* |
| (a)(5)(ii) | Press Release dated September 13, 2004.* |
| (a)(5)(iii) | Communication to Employees dated September 13, 2004.* |
| (a)(5)(iv) | Q&A for Employees Concerning the Company's Tender Offer dated September 29, 2004. |
| (b) | None. |
| (d)(1) | The Progressive Corporation 2004 Gainsharing Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(F) therein). |

- (d)(2) 2004 Progressive Capital Management Bonus Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(H) therein).
- (d)(3) The Progressive Corporation 2004 Executive Bonus Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(J) therein).

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| Exhibit Number | Description |
|---------------------------|---|
| (d)(4) | The Progressive Corporation 2004 Information Technology Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(K) therein). |
| (d)(5) | The Progressive Corporation 1989 Incentive Plan (amended and restated as of April 24, 1992, as further amended on July 1, 1992 and February 5, 1993). * |
| (d)(6) | Form of Non-Qualified Stock Option Agreement under The Progressive Corporation 1989 Incentive Plan (single award), incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 29, 2001; Exhibit 10(R) therein). |
| (d)(7) | Form of Non-Qualified Stock Option Agreement under The Progressive Corporation 1989 Incentive Plan (multiple awards), incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 29, 2001; Exhibit 10(S) therein). |
| (d)(8) | The Progressive Corporation 1995 Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 30, 2000; Exhibit 10(P) therein). |
| (d)(9) | Form of Non-Qualified Stock Option Agreement under The Progressive Corporation 1995 Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 14, 2003; Exhibit 10(M) therein). |
| (d)(10) | Form of Objective-Based (now known as Performance-Based) Non-Qualified Stock Option Agreement under The Progressive Corporation 1995 Incentive Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 29, 2001; Exhibit 10(T) therein). |
| (d)(11) | The Progressive Corporation 2003 Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 No. 333-104646 (filed with SEC on April 21, 2003; Exhibit 4(a) therein). |
| (d)(12) | Form of The Progressive Corporation 2003 Incentive Plan Restricted Stock Award Agreement (Time-Based Award), incorporated by reference to the Company's Registration Statement on Form S-8 No. 333-104646 (filed with SEC on April 21, 2003; Exhibit 4(b) therein). |
| (d)(13) | Form of The Progressive Corporation 2003 Incentive Plan Restricted Stock Award Agreement (Performance-Based Award), incorporated by reference to the Company's Registration Statement on Form S-8 No. 333-104646 (filed with SEC on April 21, 2003; Exhibit 4(c) therein). |
| (d)(14) | The Progressive Corporation 2003 Directors Equity Incentive Plan, incorporated by reference to the Company's Registration Statement on Form S-8 No. 333-104653 (filed with SEC on April 21, 2003; Exhibit 4(a) therein). |
| (d)(15) | Amendment No. 1 to The Progressive Corporation 2003 Directors Equity Incentive Plan incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(V) therein). |

- (d)(16) Form of The Progressive Corporation 2003 Directors Equity Incentive Plan Restricted Stock Award Agreement, incorporated by reference to the Company's Registration Statement on Form S-8 No. 333-104653 (filed with SEC on April 21, 2003; Exhibit 4(b) therein).
- (d)(17) The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement), incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on May 12, 2003; Exhibit 10(A) therein).

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| Exhibit Number | Description |
|---------------------------|---|
| (d)(18) | First Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement), incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(Y) therein). |
| (d)(19) | Second Amendment to The Progressive Corporation Executive Deferred Compensation Plan (2003 Amendment and Restatement), incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(Z) therein). |
| (d)(20) | The Progressive Corporation Executive Deferred Compensation Plan Deferral Agreement, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(AA) therein). |
| (d)(21) | The Progressive Corporation Executive Deferred Compensation Plan Performance-Based Restricted Stock Deferral Agreement (for 2003), incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on May 12, 2003; Exhibit (10(B) therein). |
| (d)(22) | The Progressive Corporation Executive Deferred Compensation Plan Performance-Based Restricted Stock Deferral Agreement, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(AC) therein). |
| (d)(23) | The Progressive Corporation Executive Deferred Compensation Plan Time-Based Restricted Stock Deferral Agreement, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on May 12, 2003; Exhibit 10(C) therein). |
| (d)(24) | The Progressive Corporation Executive Deferred Compensation Plan Time-Based Restricted Stock Deferral Agreement, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(AE) therein). |
| (d)(25) | The Progressive Corporation Executive Deferred Compensation Trust (November 8, 2002 Amendment and Restatement). * |
| (d)(26) | First Amendment to Trust Agreement between Fidelity Management Trust Company and the Company.* |
| (d)(27) | The Progressive Corporation Directors Deferral Plan (Amendment and Restatement), as further amended on October 25, 1996, incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 29, 2001; Exhibit 10(I) therein). |
| (d)(28) | The Progressive Corporation Directors Restricted Stock Deferral Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(AH) therein). |
| (d)(29) | The Progressive Corporation Directors Restricted Stock Deferral Plan Deferral Agreement, incorporated by reference to the Company's Annual Report on Form 10-K (filed with the SEC on March 4, 2004; Exhibit 10(AI) therein). |
| (d)(30) | |

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The Progressive Corporation 1990 Directors' Stock Option Plan (Amended and Restated as of April 24, 1992 and as further amended on July 1, 1992), incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 14, 2003; Exhibit 10(T) therein).

(d)(31) The Progressive Corporation 1998 Directors' Stock Option Plan, incorporated by reference to the Company's Annual Report on Form 10-K (filed with SEC on March 14, 2003; Exhibit 10(U) therein).

(d)(32) The Progressive Corporation Executive Separation Allowance Plan, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(I) therein).

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| Exhibit Number | Description |
|---------------------------|---|
| (d)(33) | Agreement dated May 16, 2001 between The Progressive Corporation and Glenn Renwick, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 13, 2001; Exhibit 10(A) therein). |
| (d)(34) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and W. Thomas Forrester, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(A) therein). |
| (d)(35) | Amendment to Employment Agreement between The Progressive Corporation and W. Thomas Forrester, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(A) therein). |
| (d)(36) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and Brian J. Passell, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(B) therein). |
| (d)(37) | Amendment to Employment Agreement between The Progressive Corporation and Brian J. Passell, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(B)). |
| (d)(38) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and Charles E. Jarrett, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(C) therein). |
| (d)(39) | Amendment to Employment Agreement between The Progressive Corporation and Charles E. Jarrett, incorporated by reference to the Company's Quarterly Report on form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(C) therein). |
| (d)(40) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and Glenn M. Renwick, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(D) therein). |
| (d)(41) | Amendment to Employment Agreement between The Progressive Corporation and Glenn M. Renwick, incorporated by reference to the Company's Quarterly Report on form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(D) therein). |
| (d)(42) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and Richard H. Watts, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(E) therein). |
| (d)(43) | Amendment to Employment Agreement between The Progressive Corporation and Richard H. Watts, incorporated by reference to the Company's Quarterly Report on form 10-Q (filed with SEC on August 14, 2003, Exhibit 10(E) therein). |
| (d)(44) | |

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Employment Agreement dated August 24, 2001 between The Progressive Corporation and Raymond M. Voelker, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(F) therein).

(d)(45) Amendment to Employment Agreement between The Progressive Corporation and Raymond M. Voelker, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(F) therein).

(d)(46) Employment Agreement dated August 24, 2001 between The Progressive Corporation and Robert T. Williams, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(G) therein).

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| Exhibit Number | Description |
|---------------------------|---|
| (d)(47) | Amendment to Employment Agreement between The Progressive Corporation and Robert T. Williams, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 14, 2003, Exhibit 10(G) therein). |
| (d)(48) | Employment Agreement dated August 24, 2001 between The Progressive Corporation and Alan R. Bauer, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on November 5, 2001; Exhibit 10(H) therein). |
| (d)(49) | Amendment to Employment Agreement between The Progressive Corporation and Alan R. Bauer, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on August 14, 2003; Exhibit 10(H) therein). |
| (d)(50) | Employment Agreement dated April 21, 2003 between The Progressive Corporation and S. Patricia Griffith, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on May 12, 2003; Exhibit 10(I) therein). |
| (d)(51) | Employment Agreement dated April 21, 2003 between The Progressive Corporation and William M. Cody, incorporated by reference to the Company's Quarterly Report on Form 10-Q (filed with SEC on May 12, 2003; Exhibit 10(J) therein). |
| (g) | Not applicable. |
| (h) | Not applicable. |

* Previously filed