

AUGUST 16, 2018

Estimate Changes

Progressive Corp (PGR - \$64.06): FY 2018: from \$4.30 to \$4.55, FY 2019: from \$4.15 to \$4.45,
Robert Glasspiegel - Insurance

REITs**REIT Relative Implied Cap Rate Chartbook - August 2018**

Analyzing current versus historical valuations to highlight potential value. Leveraging several years of implied capitalization rate (cap rate) data for the REITs, we can compare current trading levels to historical levels (as well as their variance to the peer group averages) to determine if today's premiums/ discounts are unwarranted and/or outside of historical norms.

Analyst: Robert Stevenson

Progressive Corp**(PGR) - BUY****PGR: Model Update**

Subsequent to publishing our "Initial Thoughts," we revised our 2018 estimate to \$4.55 from \$4.30 (Consensus: \$4.47) and our 2019 estimate to \$4.45 from \$4.15 (Consensus: \$4.49).

Analyst: Robert Glasspiegel

Company Description

Progressive offers insurance for personal and commercial autos and trucks, motorcycles, boats, recreational vehicles, and homes. It's the fourth largest auto insurer in the country, the largest seller of motorcycle insurance, and a leader in commercial auto insurance. Progressive distributes its products through independent agents and direct through TV/internet.

IMPORTANT DISCLOSURES

Research Analyst Certification

The Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Janney Montgomery Scott LLC currently acts as a market-maker in the securities of Progressive Corp.

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Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Progressive Corp in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts

Janney Montgomery Scott Ratings Distribution as of 06/30/18

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	121	49.39	27	22.31
NEUTRAL [N]	122	49.80	23	18.85
SELL [S]	2	0.82	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

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Investment opinions are based on each stock's 6-12 month return potential. Our ratings are not based on formal price targets, however, our analysts will discuss fair value and/or target price ranges in research reports. Decisions to buy or sell a stock should be based on the investor's investment objectives and risk tolerance and should not rely solely on the rating. Investors should read carefully the entire research report, which provides a more complete discussion of the analyst's views. Supporting information related to the recommendation, if any, made in the research report is available upon request.