
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **October 11, 2011**

HARLEYSVILLE GROUP INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

0-14697
(Commission File Number)

51-0241172
(IRS Employer Identification
No.)

355 Maple Avenue, Harleysville, Pennsylvania
(Address of Principal Executive Offices)

19438
(Zip Code)

(215) 256-5000
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 8.01 OTHER EVENTS.

As previously disclosed in a Current Report on Form 8-K filed by Harleysville Group Inc. (the “Company”) on September 30, 2011, the Company and Harleysville Mutual Insurance Company (“Harleysville Mutual”) entered into an Agreement and Plan of Merger, dated September 28, 2011 (the “Merger Agreement”), with Nationwide Mutual Insurance Company (“Nationwide Mutual”) and its wholly owned subsidiary, Nationals Subs, Inc. (“Merger Sub”). Pursuant to the Merger Agreement, upon receipt of all required approvals and consents, and satisfaction of all closing conditions, Harleysville Mutual will merge with and into Nationwide Mutual and Merger Sub will merge with and into the Company.

On October 11, 2011, the Company and Harleysville Mutual distributed through its intranet site to employees the following documents and materials: Employee & Retiree Frequently Asked Questions, Agent Frequently Asked Questions, Key Message Map, Map of Harleysville/Nationwide Operations, Nationwide at a Glance Facts Sheet, and Web Cam Video— Town Hall Excerpts and Interviews with Key Leaders, copies of which are attached hereto as [Exhibit 99.1](#), [Exhibit 99.2](#), [Exhibit 99.3](#), [Exhibit 99.4](#), [Exhibit 99.5](#), and [Exhibit 99.6](#), respectively, to this Current Report on Form 8-K and are incorporated herein by reference. On the same date, the Employee & Retiree Frequently Asked Questions document was mailed together with a cover letter to retirees and former employees of the Company and the Agent Frequently Asked Questions document was e-mailed to agents and employees. A copy of the letter which accompanied the Employee & Retiree Frequently Asked Questions document is attached hereto as [Exhibit 99.7](#) to this Current Report on Form 8-K and is incorporated herein by reference.

Cautionary Notice Regarding Forward Looking Statements

Certain statements in this Current Report on Form 8-K may be deemed to be forward-looking statements. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future company or industry performance based on management’s judgment, beliefs, current trends and market conditions. Actual outcomes and results may differ materially from what is expressed, forecasted or implied in any forward-looking statement. Forward-looking statements made by Nationwide Mutual, Harleysville Mutual or Harleysville Group may be identified by the use of words such as “will,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “seeks,” “estimates,” and similar expressions. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this document. For example, (1) Harleysville Group may be unable to obtain stockholder approval required for the transactions; (2) regulatory approvals required for the transactions may not be obtained, or required regulatory approvals may delay the transactions or result in the imposition of conditions that could have a material adverse effect on Nationwide Mutual, Harleysville Mutual or Harleysville Group or cause the parties to abandon the transactions; (3) conditions to the closing of the transactions may not be satisfied; (4) the business of Nationwide Mutual, Harleysville Mutual or Harleysville Group may suffer as a result of uncertainty surrounding the transactions; and (5) Nationwide Mutual, Harleysville Mutual or Harleysville Group may be adversely affected by other economic, business, and/or competitive factors. These and other factors that could cause Harleysville Group’s actual results to differ materially from those expressed or implied are discussed under “Risk Factors” in Harleysville Group’s most recent annual report on Form 10-K and other filings with the Securities and

Exchange Commission. Nationwide Mutual, Harleysville Mutual and Harleysville Group undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed transactions between Harleysville and Nationwide. In connection with the proposed transactions, a proxy statement of Harleysville Group Inc. and other materials will be filed with the SEC. WE URGE INVESTORS TO READ THE PROXY STATEMENT AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT HARLEYSVILLE GROUP INC. AND THE PROPOSED TRANSACTIONS. Investors will be able to obtain free copies of the proxy statement (when available) as well as other filed documents containing information about Harleysville Group Inc. on the SEC's website at <http://www.sec.gov>. Free copies of Harleysville Group Inc.'s SEC filings are also available from Harleysville Group Inc., 355 Maple Avenue, Harleysville, PA 19438-2297, Attention: Mark R. Cummins, Executive Vice President, Chief Investment Officer & Treasurer.

Participants in the Solicitation

The Company and its executive officers, directors, other members of management, employees and Harleysville Mutual may be deemed, under SEC rules, to be participants in the solicitation of proxies from the Company's stockholders with respect to the proposed transactions. Information regarding the executive officers and directors of the Company is set forth in its definitive proxy statement for its 2011 annual meeting filed with the SEC on March 23, 2011. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities holdings or otherwise, will be set forth in the proxy statement and other materials to be filed with the SEC in connection with the proposed transactions.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

Exhibit No.	Description
99.1	Employee & Retiree Frequently Asked Questions (FAQs), first distributed to employees and retirees and posted on the Company's intranet site on October 11, 2011.
99.2	Agent Frequently Asked Questions (FAQs), first distributed to agents and employees and posted on the Company's intranet site on October 11, 2011.
99.3	Key Message Map, first distributed to employees and posted on the Company's intranet site on October 11, 2011.
99.4	Map of Harleysville/Nationwide Operations, first distributed to employees and posted on the Company's intranet site on October 11, 2011.

- 99.5 Nationwide at a Glance Facts Sheet, first distributed to employees and posted on the Company's intranet site on October 11, 2011.
- 99.6 Transcript of Web Cam Video— Town Hall Excerpts and Interviews with Key Leaders, first distributed to employees and posted on the Company's intranet site on October 11, 2011.
- 99.7 Letter to Retirees and Former Employees first distributed on October 11, 2011

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 11, 2011

HARLEYSVILLE GROUP INC.

By: /s/ Robert A. Kauffman
Robert A. Kauffman
Senior Vice President, Secretary, General Counsel & Chief
Compliance Officer

EXHIBIT INDEX

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**Harleysville-Nationwide Transaction
Employee & Retiree “Frequently Asked Questions” & Responses**

A. General

Q1. Why did Harleysville enter into the agreement with Nationwide?

Both Harleysville and Nationwide believe there is a strategic benefit in creating a national independent agency distribution network that will make the combined organization stronger over the long term. Under the Nationwide umbrella, the merger brings together two best-in-class property/casualty carriers (Harleysville and Allied) with complementary geographic marketing territories — Harleysville’s strong independent agency network, located primarily east of the Mississippi, and Allied’s strong independent agency network, which is mainly in the Midwest and West.

Although Harleysville previously had been actively looking to acquire, the merger with Nationwide was the right step for the organization — given the anticipated strategic benefits of the combination to Harleysville’s policyholders, agents, and employees.

Q2. What will happen to Harleysville under the agreement?

Under the terms of the agreement, Harleysville Mutual would merge directly into and become a part of Nationwide Mutual. In addition, Harleysville Group will merge with a subsidiary of Nationwide, and, as part of that merger, Nationwide would acquire all of the outstanding publicly held shares of common stock of Harleysville Group Inc. for \$60.00 per share. The two mergers must both be approved by a number of constituencies and regulators and occur together. After the mergers occur, Harleysville Mutual would be a part of Nationwide, and Harleysville Group and its subsidiaries would be wholly owned by Nationwide. After the mergers, the Harleysville companies would operate along with the independent agency arm of Nationwide, Allied Insurance. For additional details, please refer to the press release regarding this announcement.

Q3. What does Harleysville gain from the transaction, and how will the policyholders be affected?

The mergers will allow even more opportunity for Harleysville to focus on its long-term strategic goal—meeting the needs of its policyholders, agency partners, and employees.

For policyholders in particular, they will now be offered a broader portfolio of insurance, financial, and banking products and services. Additionally, the policyholders will enjoy the full backing of Nationwide’s financial strength. While Harleysville has approximately \$1.3 billion of surplus, the combined companies will have approximately \$13.5 billion of surplus after the merger is complete. Moreover, Harleysville’s current A.M. Best rating is “A,” and Nationwide’s current rating is an “A+.” Finally, the combined organization will retain the mutual insurance company structure with its focus on meeting the insurance needs of its policyholders.

In light of the mutual structure and with Nationwide’s deeper financial platform, the organization will have the ability to make greater investments in its products and resources. This will result in more growth opportunities and in the long-term needs of the policyholders being better served and benefiting from even greater protection and financial security. In this regard, it is worth noting that since its merger with Nationwide in 1998, Allied has expanded from 23 states to 33 states — and has tripled its direct written premium from \$900 million to nearly \$3.4 billion.

Q4. How does Harleysville’s business complement Nationwide’s business?

Harleysville’s geographic strength east of the Mississippi complements Nationwide’s independent agency presence—through Allied Insurance—west of the Mississippi, bringing together two best-in-class independent agency carriers.

Q5. When will the mergers be completed?

In order to be completed, the mergers require approvals from a number of constituencies and regulators. For instance, the policyholders of Harleysville Mutual must approve the merger between Harleysville Mutual and Nationwide, the stockholders of Harleysville Group must approve the merger of Harleysville Group with a subsidiary of Nationwide, and the Ohio Department of Insurance and the Pennsylvania Insurance Department must review and approve the transactions. In light of these required approvals, it is anticipated that the mergers will not be completed until early 2012.

Q6. What happens between now and when the mergers are completed?

Until the transactions close, Harleysville Insurance will run its business the same as it always has — with a focus on doing great work for its agency partners and policyholders. Harleysville Group will continue as a publicly-owned company until the transactions are complete.

Q7. What happens the day after the mergers are completed? What will be different?

After the mergers are completed, Harleysville will continue to provide exceptional services to its agents and policyholders — it will just do so as part of a larger, financially stronger organization, with Harleysville operating along with Allied Insurance—the independent agency arm of Nationwide.

Q8. Will Harleysville keep its name?

Yes. There are no anticipated brand changes related to the terms of the transaction.

Q9. Will Michael Browne continue to play a key leadership role after the mergers?

Yes. After completion of the mergers, Michael will serve as President and Chief Operating Officer of Harleysville. Michael is excited about his new role and looks forward to working with Harleysville’s key agency partners and employees, as the Company moves to the next level of excellence.

B. Jobs/Compensation

Q1. Will the mergers impact employees’ jobs?

There will be no immediate impact to employees’ jobs. The combination with Nationwide will create new career opportunities for employees in both organizations, and the proposed mergers would allow Harleysville employees to become part of a larger, more financially stable organization that has similar values. Nationwide recognizes the importance of Harleysville’s headquarters, and its home office will serve as an integral part of the combined company’s national, independent agency-based platform.

It is worth noting that Nationwide’s presence in DesMoines, Iowa (Allied’s headquarters) has grown substantially since its combination with Allied in 1998. In fact, the number of employees in the DesMoines location has more than doubled since that time, with a current employee population of over 4,000.

Q2. Will the mergers impact employees’ salaries?

There are no anticipated changes to employees’ salaries for 2012 as a result of the mergers. Nationwide will spend the next several months continuing to review and analyze Harleysville’s compensation in detail, and employees will be informed when changes are being made to any programs. Although the specific details are still unknown, it is worth noting that Nationwide’s compensation programs are consistent with the industry benchmarks, and like Harleysville, Nationwide understands the importance of a competitive total compensation package.

Q3. What is Nationwide’s commitment to the Harleysville 2011 incentive bonuses, assuming that the transactions are completed?

Nationwide has agreed that, once the closing occurs (subject to all the necessary approvals, of course), it will make the payments necessary to ensure that all Harleysville employees receive their 2011 target bonuses. (For example, if an employee earns a base salary of \$40,000 and has a target bonus of 5% of base salary for 2011, Nationwide has agreed to provide that individual with his/her bonus of \$2,000.) The payment date will not be later than 60 days after the closing date.

These bonus payments are being made at target regardless of whether the performance or individual goals established for the 2011 bonus plan are met. (So, even if the bonus payout would have been \$0 under the terms of the Harleysville bonus plan, the employee in the above example would still receive his/her \$2,000 target bonus from Nationwide.)

Nationwide’s agreement to pay target bonuses is an indication that—like Harleysville—Nationwide recognizes the value that employees provide and the integral role employees play in the success of an organization.

C. Benefits

Q1. Will the mergers impact employees' benefit plans (such as group health & life, dental, 401(k) contributions, and vacation time)?

There are no anticipated changes to Harleysville's employee benefit plans during 2012. Nationwide will spend the next several months continuing to review and analyze Harleysville's benefit plans in detail, and employees will be informed when changes are being made to the plans. Any changes are not expected to occur before January 2013, and employees will be provided with the necessary information once decisions have been made and in advance of changes being implemented.

In light of this, Harleysville will conduct its open benefits enrollment for 2012, consistent with previous years. The benefits elected during that enrollment will remain in effect throughout 2012.

Although specific details remain unknown at this time, it is worth noting that Nationwide recognizes that benefits are an important part of an employee's total rewards package, and offers a competitive benefits program to its employees.

Q2. Prior to the mergers' completion, will Harleysville employees be able to view the benefits package (such as group health & life, dental, 401(k) contributions, and vacation time) currently being offered by Nationwide to its employees?

No. Employees will not be able to view Nationwide's benefit offerings prior to the completion of the transactions. As noted above, any changes to the Harleysville benefit plans are not expected to occur before January 2013. In the upcoming months, Nationwide will continue to review and analyze the benefit plans for both Nationwide and Harleysville, and determine what the key differences between the various plans are and, in conjunction with Harleysville, determine the appropriate transition plans. Harleysville employees will be provided with the necessary information once decisions have been made and in advance of changes being implemented.

Q3. If an employee has a 401(k) loan, will it become due once the mergers are complete?

No. Harleysville will be continuing its 401(k) plan for 2012. In light of this, an employee's process for repaying any outstanding loans will remain the same throughout that time. Employees will be provided with the necessary information once decisions have been made and in advance of any changes to the 401(k) plan.

Q4. How will the transactions impact the Harleysville pension plan?

Harleysville froze its pension plan in 2006. Employees (current or former) who are vested in the pension plan as of the closing of the transactions will retain the right to receive pension benefits under the Harleysville pension plan upon an eligible retirement. The right to receive vested pension benefits generally is protected by federal law. If Nationwide determines to make any administrative changes after the transactions are completed, additional information will be provided.

D. Retiree Benefits

Q1. Will the mergers impact retirees' medical benefits or the enrollment process?

There are no anticipated changes to the retiree benefit plan for 2012 as a result of the mergers. Therefore, both the enrollment process and the benefits offerings should remain largely the same. Nationwide will spend the upcoming months continuing to review and analyze the benefit plans, and no changes are expected to be implemented before January 2013. Retirees will receive necessary information once decisions have been made and in advance of any changes being implemented.

Q2. Will the mergers impact retirees' pension payments?

No. Retirees currently drawing their pension will continue to receive payments following the mergers.

E. Equity

Q1. How does the merger involving Harleysville Group affect employees/retirees who are stockholders?

There are Harleysville employees/retirees who own HGI shares outright. Such ownership could result from (a) past market purchases, (b) Employee Stock Purchase Plan (ESPP) purchases, (c) the vesting of formerly restricted stock, (d) an exercise-and-hold of stock options, and/or (e) participation in the dividend reinvestment plan. When the merger of Harleysville Group and the Nationwide subsidiary occurs, each outstanding share of HGI stock, other than the shares owned by Harleysville Mutual, will be converted into the right to receive Merger Consideration equal to \$60.00 per share. So, for instance, if an employee/retiree owns 100 shares of HGI stock, he or she will receive Merger Consideration of \$6,000 (i.e., 100 multiplied by \$60) in exchange for such shares.

Q2. How will the Merger Consideration be paid after the Harleysville Group merger?

Between now and the closing, Nationwide will select an “exchange agent” to process the payment of the Merger Consideration. After the closing, each HGI stockholder, including applicable employees/retirees, will receive a “letter of transmittal” with specific instructions about how to submit the certificates representing owned shares (or confirm ownership of shares held in book entry) in exchange for receipt of the Merger Consideration for such shares.

Q3. What are the tax consequences of receiving the Merger Consideration?

The receipt of cash in exchange for stock is a taxable transaction. The amount of the tax depends upon each employee’s/retiree’s personal situation — such as: how long have the shares of stock been held/owned; what is the basis in such shares; and whether or not the shares were acquired under the ESPP or some other way. The company is not in a position to provide financial or tax advice and encourages employees/retirees to seek advice from a financial and/or tax advisor. Current employees can contact CareBridge, the employee assistance provider, for help in locating a financial professional who can provide assistance.

Q4. How do the contemplated transactions impact the Harleysville Employee Stock Purchase Plan (ESPP)? Will payroll deductions for stock purchase stop or do employees need to stop them?

The payroll deductions for active ESPP participants will continue for this current subscription period (7/15/2011 — 1/14/2012) and purchases of HGI stock will be made in accordance with the ESPP on January 14, 2012. As always, the subscription price for participating employees will be 85% of the lower of the fair market value of stock the day before, or the last day of, the current subscription period.

If the transactions are not completed before January 14, 2012, a new subscription period under the ESPP for the period from January 15, 2012 through July 14, 2012 will not begin.

The merger agreement contains a few provisions related to the ESPP. If the transactions close before the end of the current subscription period, the Harleysville Group Board will take actions necessary to move up the end of the current subscription period to the trading date immediately preceding the closing date. At that time, the ESPP share purchases will occur, and participating employees’ accounts will be credited with the applicable share purchases, in advance of the closing, and will receive Merger Consideration for such shares. The Harleysville Board of Directors will take the actions necessary to terminate the ESPP effective as of the closing of the Harleysville Group merger transaction.

If an employee would like to discontinue his or her participation in the ESPP before the end of this subscription period, the normal process of informing the payroll department, in writing, must be followed. In such situation, the employee will receive a distribution in cash, without interest, of the payroll deductions currently held in his or her account.

Under the provisions of the ESPP, no current participant can change his or her payroll deduction amount for the current subscription period that is already in progress.

Q5. What happens to an employee’s stock options and outstanding restricted stock and restricted stock units?

Under the terms of the Harleysville equity incentive plan, all outstanding equity awards will vest at the time the Harleysville Group transaction is completed.

For time-based restricted stock and/or restricted stock unit awards, the awards will vest in full. Under the merger agreement, each employee will then be entitled to receive \$60.00 in cash for each share of stock received upon such vesting. Such payments will be processed and made, on behalf of Nationwide, by the exchange agent.

In the case of outstanding stock option awards, such fully vested awards will be converted into the right to receive, in cash, an amount equal to the difference between the strike (or exercise) price of each award and \$60.00, less required withholdings. Again, the payment of such cash will be made by the exchange agent.

Q6. Can Harleysville provide any guidance about the tax implications of the cash-out of equity awards?

The receipt of cash in exchange for the cancellation of equity awards is treated as compensation for income tax purposes and employees will owe income tax at ordinary income levels. The Company is not in a position to provide financial or tax guidance and encourages employees to work with a financial and/or tax advisor on this matter. Employees can contact CareBridge, the employee assistance provider, for help in locating a financial professional who can provide assistance.

F. Employee Relations

Q1. Will employees be able to see Nationwide’s employee handbook prior to the completion of the mergers?

No. Until the transaction is closed, Harleysville will continue to operate as a separate company, and therefore, the policies applicable to Harleysville employees will continue to be set forth in the existing Harleysville Employee Manual. Employees will be provided with Nationwide’s employment policies and procedures, as appropriate following closing, once decisions have been made and in advance of changes being implemented.

Q2. Is Harleysville planning to fill the current list of open positions available on the Company’s JobLink?

Yes. Harleysville is continuing to operate in a “business as usual” manner, and therefore, the recruiting process for the current open positions will continue. In fact, additional positions may become available based upon business needs. The current practice of job postings will continue moving forward, and employees interested in pursuing internal opportunities are encouraged to apply. Any questions about individual opportunities or the job posting process should be directed to Human Resources.

Q3. In the event that a position is eliminated and the employee is unable to obtain another position, what will the terms of severance package be?

There is no immediate impact or change to Harleysville’s severance plans.

Q4. When can employees expect to get more information about the progress of the mergers and how often?

As there is new information to share, employees will be provided with updates on *The Link*, as well as periodic *Viewpoint* messages from Michael. Employees are encouraged to submit any questions — at any time — by sending an email to AskMichael@harleysvillegroup.com. These questions will be addressed in a later edition of “Employee and Retiree Frequently Asked Questions,” just like this, when a response can be provided.

G. About Nationwide/Allied

Q1. Who is Nationwide?

Based in Columbus, Ohio, Nationwide is one of the largest and strongest diversified insurance and financial services organizations in the U.S. Nationwide is rated A+ by A.M. Best and employs approximately 33,000 associates across the country. Its current distribution model includes exclusive agents, independent agents, and a direct channel.

Q2. Is Nationwide a mutual or a stock-based company?

Nationwide is a mutual insurance company that operates in the independent agency system with the brands of Allied Insurance, Nationwide Agribusiness, Nationwide Bank, Nationwide Insurance, Nationwide Financial, Scottsdale Insurance, Titan Insurance and VPI Pet Insurance. Nationwide is not a stock-based company.

Q3. Who is Allied Insurance?

Allied is the current independent agency arm of Nationwide. Since joining Nationwide in 1998, Allied has grown from 23 states to 33 states, and tripled its direct written premium from \$900 million to nearly \$3.4 billion—accounting for 23% of Nationwide’s overall P&C direct written premium. Allied’s business mix is 70% personal and 30% commercial. The company operates primarily in the midwestern and western United States and partners with 4,400 independent agencies.

Q4. Do Nationwide/Allied and Harleysville share the same values?

Nationwide’s/Allied’s culture and values are similar to those of Harleysville. It’s an organization committed to the independent agency system and dedicated to offering customers the best personal and commercial lines protection. Its organizational philosophy aligns with Harleysville’s philosophy — with a strong focus on providing outstanding service to its agents and policyholders. Both organizations have strong, people-oriented cultures. Both organizations believe in investing heavily in their people, and both organizations are committed to employee development and recognition.

Q5. How can Harleysville employees learn more about Nationwide?

Employees can learn more by visiting Nationwide’s website at www.Nationwide.com.

Q6. How can Harleysville employees learn more about Allied Insurance?

Employees can learn more by visiting Allied’s website at www.Alliedinsurance.com.

More Questions?

Questions or comments can be sent to AskMichael@harleysvillegroup.com.

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Issued Oct. 11, 2011



Harleysville-Nationwide Transaction
Agent “Frequently Asked Questions” & Responses

General

Q1. Why is Harleysville entering into the contemplated transactions with Nationwide?

Both Harleysville and Nationwide believe there is a strategic benefit in creating a national independent agency distribution network that will make the combined organization stronger over the long term. Under the Nationwide umbrella, the contemplated transactions bring together two best-in-class property & casualty carriers (Harleysville and Allied) with complementary geographic marketing territories—Harleysville’s strong independent agency network, primarily east of the Mississippi, and Allied’s strong independent agency network in the Midwest and West.

Q2. What impact will the transactions have on Harleysville Life Insurance Company?

For the foreseeable future, Harleysville Life Insurance Company will continue to support our P&C operation, and its business strategy remains unchanged.

Q3. What transactions will occur under the merger agreement, and when will they be completed?

Under the terms of the agreement, Harleysville Mutual would merge directly into and become a part of Nationwide Mutual. In addition, Harleysville Group would merge with a subsidiary of Nationwide, and, as part of that merger, Nationwide would acquire all of the outstanding publicly held shares of common stock of Harleysville Group Inc. for \$60.00 per share. The two mergers must both be approved by a number of constituencies and regulators and occur together. After the mergers occur, Harleysville Mutual would be a part of Nationwide, and Harleysville Group and its subsidiaries would be wholly owned by Nationwide. After the mergers, the Harleysville companies would operate along with Allied Insurance, the independent agency arm of Nationwide. For additional details, please refer to the press release regarding this announcement.

In order to be completed, the mergers require approvals from a number of constituencies and regulators. For instance, the policyholders of Harleysville Mutual must approve the merger between Harleysville Mutual and Nationwide, the stockholders of Harleysville Group Inc. must approve the merger of Harleysville Group with a subsidiary of Nationwide, and the Ohio Department of Insurance and the Pennsylvania Insurance Department must review and approve the transactions.

We anticipate that the mergers will be completed in the early part of 2012.

Q4. Will Michael Browne continue to play a key role after the merger?

Yes. Michael will become President and Chief Operating Officer of Harleysville following the completion of the mergers, and looks forward to working with you as we take Harleysville to the next level of excellence.

Q5. How will the contemplated transactions affect my existing relationship with Harleysville?

It will take several months to close the transactions. Until that time, Nationwide and Harleysville will continue to operate as *separate* companies as we do today. For now, this means:

- Harleysville will continue to appoint new agents to represent us.
- Direct commissions and contingent commissions (if you participate) will remain the same.
- The same underwriters, agency relationship managers, and other Harleysville representatives will continue to support your agency.
- You will continue to write and process business as you do today.

Q6. How will my Harleysville policyholders be affected by these transactions?

There will be no immediate impact to policyholders. They will continue to be served by their same Harleysville agent and Harleysville customer service representatives. Our company will write new business and renew existing business based on our current product portfolio, and will continue to have the support of our current underwriting, claims, and risk control services.

Additionally, upon completion of the mergers, Harleysville will have even greater opportunity to focus on its long-term strategic goal—meeting the needs of its policyholders, agency partners, and employees.

For policyholders in particular, they will now be offered a broader portfolio of insurance, financial, and banking products and services. Additionally, the policyholders will enjoy the full backing of Nationwide’s financial strength. While Harleysville has approximately \$1.3 billion of surplus, the combined companies will

have approximately \$13.5 billion of surplus after the merger is complete. Moreover, Harleysville's current A.M. Best rating is "A," and Nationwide's current rating is an "A+." Finally, the combined organization will retain the mutual insurance company structure with its focus on meeting the insurance needs of its policyholders.

In light of the mutual structure and with Nationwide's deeper financial platform, the organization will have the ability to make greater investments in its products and resources. This will result in more growth opportunities and in the long-term needs of the policyholders being better served and benefiting from even greater protection and financial security. In this regard, it is worth noting that since its merger with Nationwide in 1998, Allied has expanded from 23 states to 33 states — and has tripled its direct written premium from \$900 million to nearly \$3.4 billion.

Q7. Will you be holding meetings with agents to provide further details on the mergers?

Yes. We are hosting meetings throughout our operating territory for agency principals, beginning in early October, to share details and answer questions firsthand.

Q8. Will there be ongoing communication with agents between now and when the transactions close?

Yes. We will continue to share additional information regarding the merger transactions as it becomes available to us, and we will hold meetings, as appropriate, to maintain ongoing dialogue with our agency partners.

About Nationwide/Allied

Q9. Who is Nationwide?

Based in Columbus, Ohio, Nationwide is one of the largest and strongest diversified insurance and financial services organizations in the United States. Nationwide is rated A+ by A.M. Best and employs approximately 33,000 associates across the country. Its current distribution model includes exclusive agents, independent agents and a direct channel.

Q10. Is Nationwide a mutual or a stock-based company?

Nationwide is a mutual insurance company that operates with the brands of Allied Insurance, Nationwide Agribusiness, Nationwide Bank, Nationwide Insurance, Nationwide Financial, Scottsdale Insurance, Titan Insurance, and VPI Pet Insurance. Nationwide is not a stock-based company.

Q11. Who is Allied?

Allied is the current independent agency arm of Nationwide. Since joining Nationwide in 1998, Allied has grown from 23 states to 33 states, and tripled its direct written premium from \$900 million to nearly \$3.4 billion—accounting for 23% of Nationwide's overall P&C direct written premium. Allied's business mix is 70% personal and 30% commercial. The company operates primarily in the midwestern and western United States and partners with 4,400 independent agencies.

Q12. What products does Allied offer?

As part of Nationwide, Allied provides a full range of insurance and financial services, including: auto, motorcycle, boat, homeowners, farm, commercial, excess and surplus lines, life insurance, annuities, mortgages, mutual funds, pensions and long-term savings plans.

Q13. Does Allied have any regional offices?

Allied has regional offices in Sacramento, CA; Denver, CO; Lincoln, NE; Des Moines, IA; and Gainesville, FL—all located well outside of Harleysville's current operating territory.

Q14. Do Nationwide/Allied share Harleysville's same values?

Nationwide's/Allied's culture and values are similar to ours—an organization committed to the independent agency system and dedicated to offering customers the best personal and commercial lines protection. Its organizational philosophy aligns well with that of Harleysville—with a strong focus on providing outstanding service to agents and policyholders.

Q15. How can I learn more about Nationwide and Allied?

You can learn more by reviewing the Nationwide Fact Sheet and by visiting the companies' websites at www.Nationwide.com and www.Alliedinsurance.com.

Marketing/Brand

Q16. Will Harleysville keep its name?

Yes. There are no anticipated brand changes related to the terms of the transaction.

Q17. Will Harleysville remain headquartered in Harleysville, PA?

Yes. Harleysville's home office will serve as an integral part of the combined companies' national, independent agency-based platform.

Q18. Will Harleysville remain committed to the independent agency distribution system?

Yes. Harleysville's strong, long-term commitment to the independent agency system will continue. While Harleysville will become part of the Nationwide family, it will remain a separate organization that will distribute its products and services through independent insurance agents, just as Allied does today.

Impact on Your Agency

Q19. How do these transactions benefit Harleysville agents?

Upon completion of the mergers, Harleysville agents will be representing one of the largest and strongest diversified insurance and financial services organizations in the United States. At the same time, agents will benefit from the local underwriting presence and market knowledge that has served them so well. Longer term, the combined organization will give our agents access to a more robust product portfolio, enabling them to compete more effectively for quality accounts and to expand their business through new market opportunities.

Q20. Will you consolidate Harleysville's claims, customer service and underwriting areas with Nationwide's P&C service operations?

Once the transactions are complete, we will work through all of the operational considerations. Our goal is to maintain the same high level of quality service you receive today, with minimal disruption.

Q21. Do you anticipate any regional realignment or underwriting changes?

We will work through all of the operational considerations upon closing, with a focus on the need to leverage the benefits of a national provider while maintaining the strong, local relationships that exist today between Harleysville's underwriters and the agents they serve.

Q22. What impact will these transactions have on the Harleysville Agency Stock Purchase Plan (ASPP)?

The deductions for active ASPP participants will continue for this current subscription period (July 15, 2011 through January 14, 2012) and purchases of Harleysville Group stock will be made in accordance with the ASPP on January 14, 2012. As always, the purchase price, as set forth in the ASPP, will be 90% of the fair market value of the stock on the last trading day of the subscription period. If the transactions are not completed before January 14, 2012, we will not start a new subscription period under the ASPP for the period from January 15, 2012 through July 14, 2012.

The merger agreement contains a few provisions related to the ASPP. If the transactions close before the current subscription period ends, the Harleysville Group Board will take actions necessary to move up the end of the current subscription period to the trading date immediately preceding the closing date. At that time, the ASPP share purchases will occur, and your account will be credited with the applicable share purchases, in advance of the closing, and you will receive "Merger Consideration" for such shares. The Harleysville Board of Directors will take the actions necessary to terminate the ASPP effective as of the closing of the Harleysville Group merger transaction.

If an agent would like to discontinue his or her participation in the ASPP before the end of this subscription period, the normal process of informing the company, in writing, must be followed. In such situation, the agent will receive in cash, without interest, any contributions made for this current subscription period prior to the withdrawal date.

There are two ways an agent can make contributions under the ASPP for the current period. One way was for the agent to sign up for this subscription period during the July 2011 enrollment period and establish a

percentage of ongoing commissions to be deducted and placed in an ASPP account. Under the provisions of the ASPP, no current participant can change his or her commission deduction amount for the current subscription period that is already in progress. A second way for the agent to participate is to make a lump sum contribution to his or her ASPP account. For the current subscription period, any such lump sum contribution must be made by no later than December 1, 2011. If an agent is already participating in the ASPP for this current subscription period, the combined total of the commission deductions and the lump sum contribution can be as much as \$12,500. If not, the limit on such lump sum contribution is \$6,000. In either event, the minimum lump sum contribution is \$1,000. Any such lump sum contribution must be accompanied by a supplemental Subscription Agreement.

More Questions?

Questions or comments can be sent to AskMichaelBrowne@harleysvillegroup.com, or directed to Brian Flemming, vice president of marketing and agency relations, at 1.800.523.6344, ext. 8587 or 215.513.8587.

This communication may be deemed to be solicitation material in respect of the proposed transactions between Harleysville and Nationwide. In connection with the proposed transactions, a proxy statement of Harleysville Group Inc. and other materials will be filed with the SEC. **WE URGE STOCKHOLDERS TO READ THE PROXY STATEMENT AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT HARLEYSVILLE GROUP INC. AND THE PROPOSED TRANSACTIONS.** Investors will be able to obtain free copies of the proxy statement (when available) as well as other filed documents containing information about Harleysville Group Inc. on the SEC's website at <http://www.sec.gov> Free copies of Harleysville Group Inc.'s SEC filings are also available from Harleysville Group Inc., 355 Maple Avenue, Harleysville, PA 19438-2297, Attention: Mark R. Cummins, Executive Vice President, Chief Investment Officer & Treasurer.

Issued Oct. 11, 2011

Key Message Map



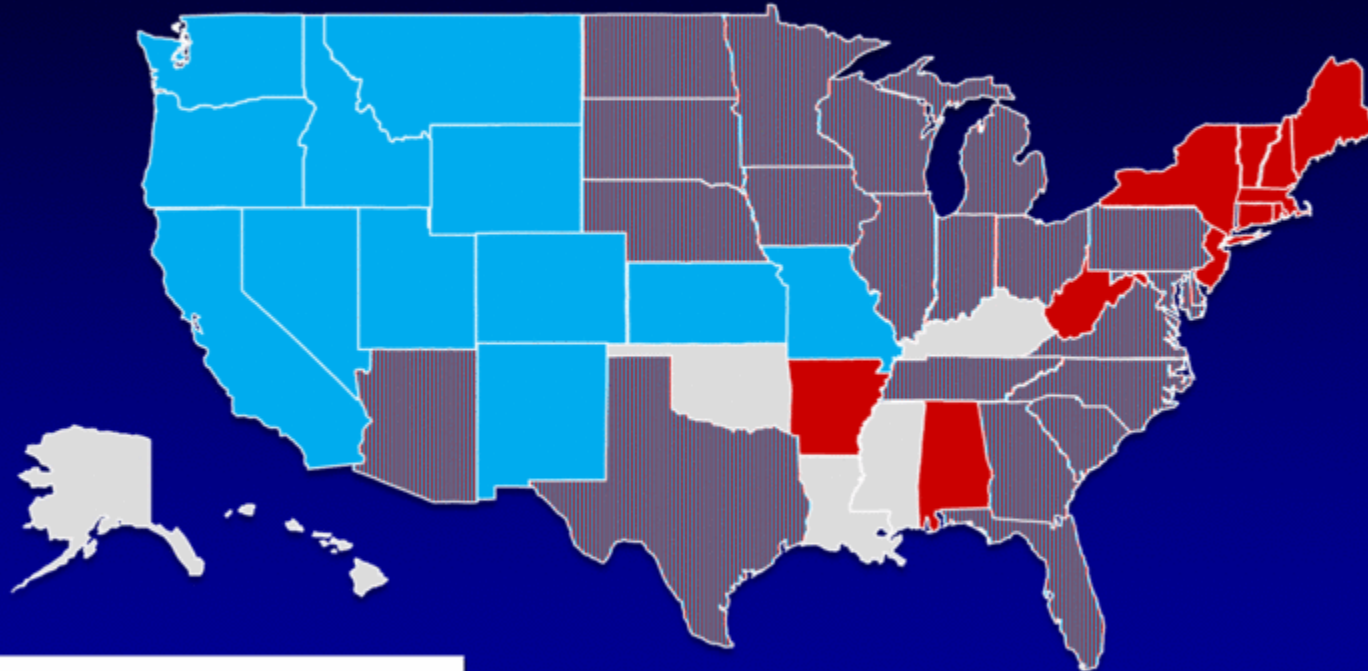
Corporate Communications Contacts
Employee and External Communications:
 Randy Buckwalter, 215.256-5288
Investor Relations: Mark Cummins, 215.256-5025
Agent Communications: Brian Flemming 215.513-8587

Any inquiries from the news media should immediately be referred to Harleyville's Office of Corporate Communications at 215.256-5288

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Complementary Geographic Distribution Networks

Independent Agency Partners



- States where Harleyville has agency partners
- States where Allied has agency partners
- States where both Harleyville and Allied have agency partners
- No current agency partners

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On Your Side®

Nationwide at a glance

Our History

Nationwide was founded as a mutual company in 1926 to serve the needs of our customers. Although we've grown to be one of the largest insurance and financial services companies in the U.S., our focus remains unchanged. We help our customers do together what they cannot do alone, and we keep this commitment through capital strength and financial stability. Nationwide is based in Columbus, Ohio, and employs approximately 33,000 associates across the U.S.

Financial Strength — First Half 2011

- Total operating revenue: \$10.5 billion
- Net income: \$219 million
- Total assets: \$152.6 billion
- Statutory surplus: \$13.1 billion
- Policyholder equity: \$17.3 billion
- Rated A+ by A.M. Best and Standard & Poor's

Our Products

Nationwide provides a full range of personalized insurance and financial services through two primary business segments:

- **Property and casualty:** Auto and homeowners insurance, farm coverage, agribusiness and commercial insurance, excess and surplus lines, specialty health and pet insurance
- **Financial services:** Traditional life insurance, fixed and variable annuities, variable and universal life insurance, banking, mutual funds, public- and private sector retirement plans

One Company, Many Brands

Nationwide distributes its products through multiple channels—exclusive agents, independent agencies and direct (phone and Internet). We are one company, but we go to market as many different brands.

- Allied Insurance
- Nationwide Agribusiness
- Nationwide Bank
- Nationwide Financial
- Nationwide Insurance
- Scottsdale Insurance Company
- Titan Insurance
- VPI Pet Insurance

Rankings and Numbers

- #127 on the Fortune 500
- 15 million policies in force
- #1 writer of farm insurance in the U.S.
- 6th largest auto insurer in the U.S.
- 7th largest homeowner insurer in the U.S.
- #1 provider of public-sector retirement plans
- 4th largest excess and surplus lines carrier
- #1 veterinarian-recommended pet insurance

Learn More

To learn more, visit nationwide.com.

Issued Oct. 11, 2011

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**Nationwide video
October 4, 2011**

Michael Browne, president and CEO of Harleysville Insurance

Harleysville and Nationwide have entered into an agreement to combine our organizations, contingent upon regulatory, stockholder and member approvals. I believe this is a great strategic step for both companies.

Kim Austen, president and COO of Allied Insurance

Today we have the opportunity to announce the agreement to merge Harleysville and Nationwide Mutual together, and create an organization that is even stronger for both sides.

Steve Rasmussen, CEO of Nationwide Insurance

Harleysville compliments our structure in many ways. First of all, their dominance has been for years in the Northeast states and the Mid-Atlantic states and the independent agency ranks. And they've also been viewed over time as a very well-respected commercial carrier, so those things compliment our growth goals for Allied and the independent agency channel. But also bring us expertise more broadly in terms of their knowledge of commercial lines, commercial pricing and other things.

Browne

Harleysville is 96 years old. We started as a mutual. You know our tagline is "Good people to know." And that I think it really is reflective of our culture. We are a people first culture. People are very important and we pride ourselves on our service to our agencies and our policyholders.

Austen

What this gives us the opportunity to do is extend Nationwide's independent agency a piece across the entire nation. Allied has been working for many years to move to the East and interestingly enough Harleysville, who is headquartered in the Northeast and very strong in this part of the country, has been moving their operations to the West. And the combination of the two will truly make us a national player for independent agents.

Browne

I think it's a very exciting and strategic step for our company. We remain committed to independent agents, which is always been our business model. But that now, we have more product, we have more capacity, so we have more sources to bring to the marketplace. I think we're going to be able to grow and that means our independent agencies are going to be able to grow their business. And I think once they really understand what this combination means for them, I think our agents are going to be truly excited about it.

Rasmussen

Frankly our company is split into three pretty equal slices of the pie. Nationwide is roughly between all the parts that Kim manages, which are Allied, Scottsdale, Nationwide Agribusiness and Titan. All four of those together are roughly one third of our revenue. Nationwide Insurance, our exclusive agency arm, is roughly one third of our revenue. And our life company is roughly one third of our revenue.

So we're a pretty diversified organization and a lot of people don't necessarily always think of us that way and all the things that we do and can do as an organization. We have a very effective bank, we do a number of other businesses that we have, that I think add to the total equation of our relationships with

not only our producers, but our relationships with our ultimate clients out there and the folks that we take care of every day.

In 1998, in October, I was sitting exactly where you are, and wondering, well what's going to happen to me. This is a winner. I understand the absolute emotion of well shock and what's this going to mean to me and are these guys really what they look like? All we can do is prove it to you over time. And that will be our test, and you hold us to it. Cause in the end it's all of you who get the job done. You're the ones who are close to our customers, so you're the ones we count on.

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Michael L. Browne
President and
Chief Executive Officer

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Harleysville, PA 19438
www.harleysvillegroup.com

Tel 215.256.5000
Fax 215.256.5008
mbrowne@harleysvillegroup.com



October 11, 2011

Dear Retirees and Former Employees who are Retirement Eligible:

I am excited to share some important news about our company with you. As you may have heard, Harleysville and Nationwide announced recently that they have entered into an agreement to combine organizations, pending approval by various constituencies and regulatory authorities. I am confident that this merger is a great strategic step for both companies, creating a best-in-class national independent agency distribution network that will grow and flourish for many years to come. If you have not done so already, you can review a copy of our joint news release by visiting the Investor Relations section of the Harleysville Group website (www.harleysvillegroup.com).

I am sure you are familiar with Nationwide, one of the largest and strongest diversified insurance and financial services organizations in the United States. What you may not realize is that nearly one-quarter of its property & casualty direct written premium is generated by independent insurance agents through Allied Insurance, which joined the Nationwide family in 1998. Harleysville's strong presence east of the Mississippi is a great complement to Allied's footprint west of the Mississippi.

I realize that you may have questions about how this announcement might impact you personally. Our goal is to provide you with as much information as possible, when it becomes available. To that end, I am enclosing our "Employee & Retiree Frequently Asked Questions & Responses," which hopefully will answer some of the more immediate concerns you may have. (Sections D and E may be of particular interest to you.) This document and other informational materials relating to the transaction are posted on the Harleysville Group website. I encourage you to visit this site on an on-going basis, as we will supplement it once we have additional information to share.

As an important member of the Harleysville family, I hope you, too, see the significant advantages that this merger will provide to our policyholders, our agents, and our employees.

Please feel free to submit any questions or comments you may have to the following email address: AskMichael@harleysvillegroup.com. I look forward to hearing from you.

With best regards,

A handwritten signature in black ink, appearing to read "Michael Browne", written in a cursive style.

Michael L. Browne

MLB/lmj
Enclosures

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