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BOENNING & SCATTERGOOD

ESTABLISHED 1914

February 15, 2012

Stephen J. Johnson, CPA
Deputy Insurance Commissioner
Pennsylvania Insurance Department
1345 Strawberry Square
Harrisburg, PA 17120

Dear Mr. Johnson:

This letter will serve as the second addendum ("*Addendum II*") to the engagement agreement dated November 18, 2011 ("*Agreement*") by which the Insurance Department of the Commonwealth of Pennsylvania ("*Department*") engages Boenning & Scattergood, Inc. ("*Boenning*") as financial advisor to the Department to review the proposed merger ("*Transaction*") of Harleysville Group, Inc. and Harleysville Mutual Insurance Company (collectively, "*Company*") with Nationwide Mutual Insurance Company ("*Transaction Partner*") and specifically in connection with issuing a report and conclusions as to the reasonableness of the Company's conclusion that the transaction is fair to Harleysville Mutual Insurance Company policyholders ("*Policyholders*").

Unless otherwise stated in Addendum II, all terms as defined in the Agreement remain the same. The Agreement is hereby modified as follows:

2. Services of Boenning

In addition to those services agreed to in the Agreement, Boenning will also provide the following services:

- (r) Review the Company's rationale for executive level and director compensation, including the analysis and opinions of expert compensation consultants utilized by the Company.
- (s) Review the Transaction Partner's rationale and explanation for retention, severance and other executive level and director compensation for Company employees.
- (t) Include a summary of the Company's and Transaction Partner's analysis in the Report, including Boenning's conclusions as to the reasonableness of the supporting analysis and if the Company followed the recommendations of its consultants in determining compensation. The Department acknowledges that Boenning is not a compensation consultant and its opinion will be limited to the reasonableness of the analysis and not the specific conclusions drawn by the consultants or Company as the case may be.

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3. Fees and Expenses

It is Boenning's understanding that the Transaction Partner will be responsible for the payment of Boenning's fees pursuant to Insurance Company Law of 1921, as amended. As financial advisor to the Department, Boenning will receive a fee of \$1,230,000, payable as follows:

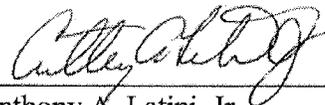
- (i) \$50,000 upon execution of this Agreement;
- (ii) \$100,000 on December 31, 2011;
- (iii) \$250,000 upon issuance of Boenning's draft report;
- (iv) \$575,000 upon the earlier of: (a) thirty (30) days after issuance of the draft report noted in (iii) above, or, (b) issuance of Boenning's final Report;
- (v) \$130,000 upon the earlier of (a) the Department's public hearing regarding the Transaction, or, (b) March 31, 2012;
- (vi) \$125,000 upon the earlier of (a) May 31, 2012, or, (b) the completion of Boenning's engagement.

Boenning will also be reimbursed on a timely basis for database costs and reasonable out-of-pocket expenses (e.g., travel, legal review of report, fax, copying, etc.) incurred in providing its services. Boenning shall, in addition, be reimbursed for reasonable attorneys' fees and related legal expenses incurred in connection with the negotiation and performance of this Agreement and the matters contemplated hereby.

All other terms and conditions in the Agreement remain in force.

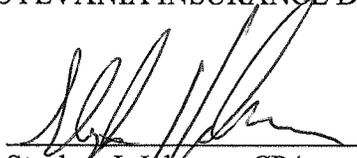
Please indicate your acceptance of the foregoing by executing and returning the enclosed copy of this letter.

Boenning & Scattergood, Inc.

By: 
 Anthony A. Latini, Jr.
 Managing Director

Accepted by:

PENNSYLVANIA INSURANCE DEPARTMENT

By: 
 Stephen J. Johnson, CPA
 Deputy Insurance Commissioner

2/15/12
 Date