

To the annual general meeting of Gjensidige Forsikring ASA

REPORT FROM THE BOARD OF DIRECTORS REGARDING MERGER WITH GJENSIDIGES ARBEJDSSKADEFORSIKRING A/S

1. About the merger

This report on the merger was drafted by the Company's Board of Directors on the basis of Section 13-27 of the Norwegian Public Limited Companies Act, which requires that the Board explains and justifies the merger and the proposed consideration and that it gives a statement of the significance of the merger for the employees, creditors and shareholders.

Gjensidige Forsikring ASA is a company resident in Norway and the owner of all the shares in Gjensidiges Arbejdsskadeforsikring A/S, a company resident in Denmark.

As a result of the merger, Gjensidiges Arbejdsskadeforsikring A/S's assets, rights and liabilities will be transferred in their entirety to Gjensidige Forsikring ASA.

2. Reasons for the merger

Gjensidige Forsikring ASA is the ultimate company group parent for a number of companies. The Board of Directors has based their assessment on the fact that the corporate structure shall be as simplified as possible, e.g. that equivalent operations shall be amalgamated in one company unless there are specific reasons for not doing so.

The advantage of amalgamating equivalent operations in one company is firstly reduced friction costs. Secondly, it will lead to a more efficient use of the capital by amalgamating it in one company. The merger must also be considered in the context of the Solvency II – regime that will commence on 1 January 2013 and of the capital effects starting on 1 January 2014.

With regard to management and communication with customers it will be easier with one company. The management costs, costs related to supervisory reporting and similar matters will be reduced. Our relationship to the supervisory authorities will be simplified, and the same applies to reinsurance, ICT systems and other operational matters.

It is assumed that the new group model will give rise to a clearer division of work, simplified routines and also give the Group a more easily comprehensible ownership and management structure. This will help facilitate an active ownership and a better utilisation of the Group's resources.

3. Determination of the merger consideration

The merger will be implemented pursuant to the simplified rules concerning cross-country parent-subsidiary mergers. Thus, no payment shares will be issued as payment in the merger.

Gjensidiges Arbejdsskadeforsikring A/S will be wound up when the merger is implemented so that the shares in this company will be repaid and deleted. The tax-related positions of the shares will not be continued.

4. Corporate legal matters

It is the companies' boards of directors that have entered into the merger plan (agreement). The merger plan is contingent upon it being approved by Gjensidige Forsikring ASA. It is the

boards that must each decide whether the terms and conditions of the merger plan have been met and make the decision to implement the merger.

The merger will be initiated after the expiry of the creditor notification period when all necessary government permits have been obtained. The merger will come into force when registered in the Norwegian Register of Business Enterprises in accordance with Section 13-32, paragraph one of the Norwegian Public Limited Companies Act. It is expected that this will occur at the end of December 2012.

The merger will take legal effect when the entry into force of the merger is registered.

It is assumed that there are no legal matters concerning any of the companies that will prevent the implementation of the merger. For further details about the procedure, cf. the Merger Plan.

5. The significance for employees

At year-end 2011, there were 2,559 employees in Gjensidige Forsikring ASA. In Gjensidiges Arbejdsskadeforsikring A/S, there were 133 employees. All conditions of employment will be continued, but only be in Gjensidige Forsikring ASA. The cost efficiency improvement will be achieved through current cost-effectiveness programmes.

With regard to the employees, the Parties will implement the merger in accordance with laws, regulations and signed agreements that are in force.

The employees and elected representatives have been provided with information about the merger.

The merger plan with appendices and the current report from the Board of Directors have been presented to the employees in the Company.

6. The significance for the companies' creditors

The creditors' claims against Gjensidige Forsikring ASA will remain unchanged. As a result of the merger, the Company acquires rights and liabilities and will be responsible for fulfilling these. Gjensidiges Arbejdsskade A/S has positive equity, so it infuses Gjensidige Forsikring ASA with more capital that increases the possibilities of coverage for the Company's creditors. Gjensidige Forsikring ASA has an equity that both relatively and absolutely is higher. Altogether, it is the creditors in Gjensidige Arbejdsskadeforsikring A/S (primarily Danish insurance policyholders) who will strengthen their position. The merger is expected to make the basis for operations that are more rational and efficient. It is taken for one's basis that these creditors position will not worsen. .

Thus, it is assumed that the merger will not have any significant effects on the creditors of the companies.

7. Significance for the shareholders of Gjensidige Forsikring ASA

The shareholders of Gjensidige Forsikring ASA will continue to be subject to the same rules of law. The place of business and the Company's management will remain unchanged and correspondence and company documents will be formulated in the same language as before. Thus, the shareholders of Gjensidige Forsikring ASA will retain their shareholder rights unchanged and will be able to exercise their shareholder rights in Gjensidige Forsikring ASA in the same way as before in both legal and practical terms.

The merger entails that they will be direct owners of the business that is currently conducted in Gjensidiges Arbejdsskadeforsikring A/S instead of its being owned indirectly as at present.

8. Tax and accounting matters

The merger shall be implemented with full tax continuity to the extent this is permissible pursuant to Danish and Norwegian law.

For Gjensidiges Arbejdsskadeforsikring A/S, the tax continuity may be taken care of by seeing that tax positions will be continued in Gjensidige Forsikring ASA's branch in Denmark. Thus, the merger in itself will not result in any taxation of Gjensidiges Arbejdsskadeforsikring A/S.

For Gjensidige Forsikring ASA, redeeming the shares in Gjensidiges Arbejdsskadeforsikring A/S will not result in any taxation of the shares. With regard to the assets, rights and liabilities that are transferred to the Danish branch, general rules concerning the determination of tax values for acquired assets, etc. shall apply.

For the purposes of taxation, the merger will take effect starting on the date of entry into force.

The merger will be implemented with accounting continuity in accordance with the principle of group continuity and be implemented with accounting effect starting on 1 January 2012.

Oslo, Norway, 7 March 2012
The Board of Directors of Gjensidige Forsikring ASA

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Randi Bakkerud Sætershagen

Per Arne Bjørge

Trond Vegard Andersen

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Liv Gisele Marchand

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