

ARGONAUT GROUP INC

Form 425

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**PXRE GROUP LTD. ANNOUNCES TRADING OF ITS COMMON SHARES ON THE NASDAQ GLOBAL
SELECT MARKET EXPECTED TO START ON AUGUST 7, 2007 SUBJECT TO COMPLETION OF
MERGER WITH ARGONAUT GROUP, INC.**

HAMILTON, Bermuda August 2, 2007 PXRE Group Ltd. (NYSE: PXT) (PXRE) announced today that, conditioned on and subject to the completion of the merger transaction contemplated by the previously announced agreement and plan of merger by and among PXRE, PXMS Inc. and Argonaut Group, Inc. (Argonaut) dated as of March 14, 2007, and amended and restated as of June 8, 2007 (the Merger Agreement), it has requested that the New York Stock Exchange (NYSE) suspend trading of its common shares on the NYSE at the opening of business on August 7, 2007, the expected closing date of the merger, at which time it expects its common shares to start trading on the NASDAQ Global Select Market. The common shares will trade under the ticker symbol AGII. Initially, a fifth character D will be appended to the AGII symbol for 20 trading days to reflect a one for ten reverse share split to be effected upon the completion of the merger. Upon the completion of the merger, PXRE will change its name to Argo Group International Holdings, Ltd. PXRE and Argonaut have received the required regulatory approvals in connection with the merger, however, the completion of the merger is subject to the satisfaction or waiver of the remaining closing conditions pursuant to the Merger Agreement.

About PXRE Group Ltd.

PXRE with operations in Bermuda, Europe and the United States provides reinsurance products and services to a worldwide marketplace. PXRE's primary focus is providing property catastrophe reinsurance and retrocessional coverage. PXRE also provides marine, aviation and aerospace products and services. PXRE's common shares trade on the NYSE under the symbol PXT. To request other printed investor material from PXRE or additional copies of this news

release, please contact Jamie Tully or Lesley Bogdanow at Sard Verbinen & Co, 212-687-8080 or visit www.PXRE.com.

Where to Find Additional Information about the Proposed Merger Transaction

In connection with the proposed merger transaction between PXRE and Argonaut, PXRE has filed with the Securities and Exchange Commission (the SEC) a registration statement on Form S-4 which contains a joint proxy statement/prospectus. PXRE and Argonaut mailed the joint proxy statement/prospectus on or about June 20, 2007 to their respective shareholders of record on June 4, 2007. Investors and shareholders of PXRE and Argonaut are urged to read the definitive joint proxy statement/prospectus (including any amendments or supplements thereto) and any other relevant materials regarding the proposed merger transaction because they contain important information about PXRE, Argonaut and the contemplated merger transaction. The definitive joint proxy statement/prospectus and other relevant materials, and any other documents filed by PXRE with the SEC, may be obtained free of charge at the SEC's web site at <http://www.sec.gov>. In addition, investors and shareholders may obtain free copies of the documents filed with the SEC by PXRE by directing a written request to PXRE Group Ltd., Attention: Robert P. Myron, Chief Financial Officer, PXRE House, 110 Pitts Bay Road, Pembroke, HM 08 Bermuda or by calling 441-296-5858. Investors and shareholders are urged to read the definitive joint proxy statement/prospectus and any other relevant materials before making any investment decisions with respect to the proposed merger transaction. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended (the Securities Act).

Participants in the Solicitation

PXRE and its directors and executive officers and Argonaut and its directors and executive officers may be deemed to have participated in the solicitation of proxies from the shareholders of PXRE and Argonaut in connection with the proposed merger transaction. Information regarding the special interests of these directors and executive officers in the proposed merger transaction is included in the joint proxy statement/prospectus referred to above.

Forward Looking Statements

This news release may contain forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on PXRE's current expectations and beliefs concerning future developments and their potential effects on PXRE. Except for historical information contained herein, the matters discussed herein are forward-looking statements (as such term is defined in the Securities Act) that are subject to risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, the timing of listing and trading of PXRE's common shares on the NASDAQ Global Select Market, whether such listing and trading will occur at all, the timing of suspension of trading of PXRE's common shares by the NYSE and whether such suspension will occur at all. There are a number of factors that may cause actual results to differ from these forward-looking statements, including the failure of the proposed merger transaction to close. Other risks and uncertainties that may materially affect PXRE are contained in PXRE's filings with the SEC, which are available at the SEC's website <http://www.sec.gov>. Please refer to these filings for a more thorough description of these and other risk factors. PXRE disclaims any obligation to update and revise statements contained in these materials based on new information or otherwise.

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