

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: August 6, 2007

Re: PXRE Group, Inc. (PXT) - 1 for 10 Reverse Stock Split

PXRE Group, Inc. (PXT) is anticipated to complete its acquisition of Argonaut Group, Inc. on Monday, August 7, 2007. Upon completion of the merger, PXRE Group Inc. has announced a 1 for 10 reverse stock split. In addition to the split, PXRE Group will also change its name, stock symbol, CUSIP number and primary exchange. The stock split is expected to become effective immediately following the completion of the Argonaut Group, Inc. merger

EFFECTIVE DATE: ANTICIPATED to become effective on Tuesday, August 7, 2007

SYMBOL: PXT becomes MLJ
ZYN becomes XJU
LZK becomes KVE

POSITION LIMITS: No change

STRIKE PRICES: No change

NEW DELIVERABLE: 1) 10 Argonaut Group, Inc. (AGIID) Common shares

COMPANY NAME: PXRE Group Inc. becomes Argo Group International Holdings Ltd.

STOCK SYMBOL: PXT becomes AGIID
(Will revert to AGII after twenty (20) NASDAQ Trading days)

CUSIP NUMBER: To be announced

PRIMARY EXCHANGE: NYSE becomes NASDAQ Global Select

The resulting list of adjusted strike prices and symbols is as shown on the following pages:

PXRE Group, Inc. (PXT) (Before 8/7/2007) (100 shrs PXT)					Argo Group International Holdings Ltd. (MLJ) (Beginning 8/7/2007) (See new deliverable above)				
			Calls	Puts				Calls	Puts
PXT	AUG	2 1/2	HZ	TZ	MLJ	AUG	2 1/2	HZ	TZ
PXT	AUG	5	HA	TA	MLJ	AUG	5	HA	TA
PXT	AUG	7 1/2	HU	TU	MLJ	AUG	7 1/2	HU	TU
PXT	AUG	10	HB	TB	MLJ	AUG	10	HB	TB
PXT	SEP	2 1/2	IZ	UZ	MLJ	SEP	2 1/2	IZ	UZ
PXT	SEP	5	IA	UA	MLJ	SEP	5	IA	UA
PXT	SEP	7 1/2	IU	UU	MLJ	SEP	7 1/2	IU	UU
PXT	SEP	10	IB	UB	MLJ	SEP	10	IB	UB
PXT	OCT	2 1/2	JZ	VZ	MLJ	OCT	2 1/2	JZ	VZ
PXT	OCT	5	JA	VA	MLJ	OCT	5	JA	VA
PXT	OCT	7 1/2	JU	VU	MLJ	OCT	7 1/2	JU	VU
PXT	OCT	10	JB	VB	MLJ	OCT	10	JB	VB
PXT	JAN	2 1/2	AZ	MZ	MLJ	JAN	2 1/2	AZ	MZ
PXT	JAN	5	AA	MA	MLJ	JAN	5	AA	MA
PXT	JAN	7 1/2	AU	MU	MLJ	JAN	7 1/2	AU	MU
PXT	JAN	10	AB	MB	MLJ	JAN	10	AB	MB
PXT	JAN	12 1/2	AV	MV	MLJ	JAN	12 1/2	AV	MV
PXT	JAN	15	AC	MC	MLJ	JAN	15	AC	MC

PXRE Group, Inc. - 2009 Leap (ZYN)
 (Before 8/7/2007)
 (100 shrs PXT)

			Calls	Put
ZYN	JAN	2 1/2	AZ	MZ
ZYN	JAN	5	AA	MA
ZYN	JAN	7 1/2	AU	MU

Argo Group International Holdings Ltd. - 2009 Leap (XJU)
 (Beginning 8/7/2007)
(See new deliverable above)

			Calls	Put
XJU	JAN	2 1/2	AZ	MZ
XJU	JAN	5	AA	MA
XJU	JAN	7 1/2	AU	MU

PXRE Group, Inc. - 2010 Leap (LZK)
 (Before 8/7/2007)
 (100 shrs PXT)

			Calls	Put
LZK	JAN	2 1/2	AZ	MZ
LZK	JAN	5	AA	MA
LZK	JAN	7 1/2	AU	MU

Argo Group International Holdings Ltd. - 2010 Leap (KVE)
 (Beginning 8/7/2007)
(See new deliverable above)

			Calls	Put
KVE	JAN	2 1/2	AZ	MZ
KVE	JAN	5	AA	MA
KVE	JAN	7 1/2	AU	MU

Any additional PXT series that are added prior to the ex-date will also be adjusted in the manner described above.

The new PXT option contracts representing 100 shares of PXT, will be admitted to trading on Wednesday, August 8, 2007. Strike prices and expiration months will be announced on a separate release prior to that date.

GOOD-TILL-CANCELLED (GTC) ORDERS:

Customers should be advised that Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the ex-distribution date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.