

MEADOWBROOK INSURANCE GROUP INC

Form S-4

April 11, 2008

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As filed with the Securities and Exchange Commission on
April 11, 2008

Registration No. [_____]

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM S-4**

**REGISTRATION STATEMENT
Under the Securities Act of 1933**

MEADOWBROOK INSURANCE GROUP, INC.
(Exact name of registrant as specified in its charter)

6331

(Primary Standard Industrial Classification Code Number)

Michigan

(State or other jurisdiction of incorporation or
organization)

38-2626206

(I.R.S. Employer Identification No.)

26255 American Drive, Southfield, Michigan 48034-5178, (248) 358-1100

(Address, including zip code and telephone number, including area code,
of registrant's principal executive offices)

**Robert S. Cubbin, President and Chief Executive Officer
Meadowbrook Insurance Group, Inc.**

**26255 American Drive
Southfield, Michigan 48034-5178
(248) 358-1100**

(name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

**Timothy E. Kraepel, Esq.
Howard & Howard Attorneys PC
The Pinehurst Office Center, Suite 101
39400 Woodward Avenue
Bloomfield Hills, Michigan 48304-5151
Phone: (248) 645-1483
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Baker & Hostetler LLP
3200 National City Center
1900 East 9th Street
Cleveland, Ohio 44114-3485
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Approximate date of commencement of proposed sale of securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the proposed merger described herein have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller

reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common stock, \$0.01 par value	19,333,993 shares	\$18.15	\$140,364,791	\$5,516.34

(1) Represents the estimated maximum number of shares to be issued pursuant to the agreement and plan of merger dated as of February 20, 2008, between Meadowbrook Insurance Group, Inc., a Michigan corporation, and ProCentury Corporation, an Ohio corporation. Also includes an equal number of rights to purchase shares of Registrant's Series A Preferred Stock, which rights are not (a) separable from the shares of common stock; or (b) presently exercisable.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) of Regulation C under the Securities Act of 1933, as amended.

DELAYING AMENDMENT: The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this document is not complete and may be changed. Meadowbrook may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and Meadowbrook is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED APRIL 10, 2008

**Proxy Statement for the Special Meeting of
Shareholders of Meadowbrook Insurance Group,
Inc.**

**Proxy Statement for the Special Meeting of
Shareholders of ProCentury Corporation**

**Prospectus of Meadowbrook Insurance Group, Inc. in connection with the Issuance of up to
19,333,993 Shares of its Common Stock
Merger Proposed Your Vote is Very Important**

The boards of directors of Meadowbrook Insurance Group, Inc. and ProCentury Corporation have approved a merger agreement that would result in Meadowbrook's acquisition of ProCentury.

In the transaction, subject to the limitations described in this document, shareholders of ProCentury will have the election to receive cash, shares of common stock of Meadowbrook, or a combination of both in exchange for ProCentury common shares.

Under the terms of the merger agreement, Meadowbrook will give each ProCentury shareholder the opportunity to elect to receive in connection with the merger, for each ProCentury common share that he or she owns, either: \$20.00 in cash, without interest; or

a number of shares of Meadowbrook common stock intended to provide ProCentury shareholders with Meadowbrook shares having a value of \$20.00, subject to adjustment. We will determine the exact exchange ratio by dividing \$20.00 by the volume-weighted average sales price of a share of Meadowbrook common stock for the 30-day trading period ending on the sixth trading day before we complete the merger. The exchange ratio will be fixed at 1.9048 if the average sales price of a share of Meadowbrook common stock over this period is equal to or greater than \$10.50 and at 2.5000 if the average sales price of a share of Meadowbrook common stock over this period is equal to or less than \$8.00.

As we more fully explain in this joint proxy statement-prospectus, ProCentury shareholders will be permitted to elect to receive cash, shares of Meadowbrook common stock, or a combination of both in exchange for their ProCentury common shares; except that the elections by ProCentury shareholders will be subject to proration if the result of those elections would cause the value of the cash to be received by holders of outstanding ProCentury shares to not equal 45% of the total value of the merger consideration.

Meadowbrook common stock is traded on the New York Stock Exchange under the symbol MIG. The closing price of Meadowbrook common stock on [____], 2008, was \$[_____].

To complete this merger we must obtain the necessary government approvals and the approvals of the shareholders of both our companies. Each of us will hold a special meeting of our shareholders to vote on this merger proposal. **Your vote is very important.** Whether or not you plan to attend your shareholder meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** the merger. If you do not return your card, or if you do not instruct your broker how to vote any shares held for you in your broker's name, the effect will be a vote against this merger.

The dates, times and places of the meetings are as follows:

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**Meadowbrook Insurance Group, Inc.
26255 American Drive
Southfield, Michigan 48034-5178
Notice of Special Meeting of Shareholders
To Be Held On [_____] , 2008**

A special meeting of the shareholders of Meadowbrook Insurance Group, Inc., a Michigan corporation, will be held at [], on [_____] , 2008, [__]:00 [__].m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of February 20, 2008, between Meadowbrook Insurance Group, Inc., a Michigan corporation, MBKPC Corp., a Michigan corporation, and ProCentury Corporation, an Ohio corporation, and approve the transactions it contemplates, including but not limited to, the issuance of common stock by Meadowbrook to ProCentury shareholders and the merger of ProCentury with MBKPC Corp.
2. To approve the adjournment and postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve and adopt the merger agreement.
3. To transact such other business as may properly be brought before the special meeting, or any adjournments or postponements of the special meeting.

The close of business on [_____] , 2008, has been fixed as the record date for determining those shareholders entitled to vote at the special meeting and any adjournments or postponements of the special meeting. Accordingly, only shareholders of record on that date are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

By Order of the Board of Directors,

[_____] , 2008

Robert S. Cubbin
President and Chief Executive Officer

YOUR VOTE IS VERY IMPORTANT

Whether or not you plan to attend the special meeting in person, please take the time to vote by completing and mailing the enclosed proxy card in the enclosed postage-paid envelope. If you attend the special meeting, you may still vote in person if you wish, even if you have previously returned your proxy card.

Your board of directors unanimously recommends that you vote FOR the approval and adoption of the merger agreement and approval of the transactions it contemplates and FOR the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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**ProCentury Corporation
465 Cleveland Avenue
Westerville, Ohio 43082**

**Notice of Special Meeting of Shareholders
To Be Held On [_____] , 2008**

A special meeting of the shareholders of ProCentury Corporation, an Ohio corporation, will be held at [] , on [_____] , 2008, [____]:00 [____].m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger dated as of February 20, 2008, between Meadowbrook Insurance Group, Inc., a Michigan corporation, MBKPC Corp., a Michigan corporation, and ProCentury Corporation, an Ohio corporation, and approve the transactions it contemplates, including the merger of ProCentury with MBKPC Corp.
2. To approve the adjournment and postponement of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve and adopt the merger agreement.
3. To transact such other business as may properly be brought before the special meeting, or any adjournments or postponements of the special meeting.

The close of business on [_____] , 2008, has been fixed as the record date for determining those shareholders entitled to vote at the special meeting and any adjournments or postponements of the special meeting. Accordingly, only shareholders of record on that date are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

By Order of the Board of Directors,

[_____] , 2008

Edward F. Feighan

Chairman, President and Chief Executive Officer

YOUR VOTE IS VERY IMPORTANT

Whether or not you plan to attend the special meeting in person, please take the time to vote by completing and mailing the enclosed proxy card in the enclosed postage-paid envelope. If you attend the special meeting, you may still vote in person if you wish, even if you have previously returned your proxy card.

Your board of directors unanimously recommends that you vote FOR the approval and adoption of the merger agreement and approval of the transactions it contemplates and FOR the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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HOW TO OBTAIN ADDITIONAL INFORMATION

This joint proxy statement-prospectus incorporates business and financial information about Meadowbrook and ProCentury that is not included in or delivered with this document. This information is described on page ___ under Where You Can Find More Information. You can obtain free copies of this information by writing or calling:

Meadowbrook Insurance Group, Inc.

26255 American Drive
Southfield, Michigan 48034-5178
Attention: Holly Moltane
Telephone: (248) 204-8590
Email: holly.moltane@meadowbrook.com

ProCentury Corporation

465 Cleveland Avenue
Westerville, Ohio 43082
Attention: Jeffrey Racz
Telephone: (614) 895-2000
Email: JRacz@centurysurety.com

To obtain timely delivery of the documents, you must request the information by [___], 2008.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What am I being asked to vote on?

A: Meadowbrook shareholders and ProCentury shareholders are being asked to approve and adopt a merger agreement that will result in the merger of ProCentury with and into a subsidiary of Meadowbrook.

Q: Why do Meadowbrook and ProCentury want to merge?

A: Meadowbrook and ProCentury believe that the proposed merger will provide each of its shareholders with substantial benefits and will advance each of the companies' strategic growth plans. The combination of the two companies creates a diversified platform and gives both companies the size and product depth to compete at a level greater than they could achieve as separate entities.

Q: What will happen to ProCentury as a result of the merger?

A: If the merger is completed, ProCentury will merge with and into a subsidiary of Meadowbrook with the Meadowbrook subsidiary being the surviving entity in the merger. The surviving entity will operate as a wholly owned subsidiary of Meadowbrook under the name ProCentury Corporation.

Q: What will I receive for my shares of ProCentury?

A: Under the terms of the merger agreement, at the effective time of the merger, shareholders of ProCentury will be entitled to receive, for each ProCentury common share, either \$20.00 in cash or Meadowbrook common stock having a value of \$20.00, subject to adjustment as described below. Each ProCentury shareholder will have the option to elect to receive cash or Meadowbrook stock, subject to proration so that the total cash consideration will equal 45% of the total consideration paid. The exact exchange ratio will be determined by dividing \$20.00 by the volume-weighted average sales price of a share of Meadowbrook common stock for the 30-day trading period ending on the sixth trading day before we complete the merger. The exchange ratio will be fixed at 1.9048 if the average sales price of a share of Meadowbrook common stock over this period is equal to or greater than \$10.50 and at 2.5000 if the average sales price of a share of Meadowbrook common stock over this period is equal to or less than \$8.00. As a result, ProCentury's shareholders receiving Meadowbrook common stock may receive more or less than \$20.00 per share in Meadowbrook common stock for their shares. Fractional shares will not be issued in the merger. Instead of fractional shares, ProCentury shareholders will receive cash in an amount determined as described in this joint proxy statement-prospectus.

Q: What will happen to my shares of Meadowbrook?

A: All shares of Meadowbrook will remain outstanding.

Q: How do I exchange my ProCentury stock certificates?

A: If the merger is approved and consummated, after the merger is effective, the exchange agent, LaSalle Bank National Association, will send to you a letter of transmittal, which will include instructions on where to surrender your stock certificates for exchange.

Q: What do the Meadowbrook board of directors and the ProCentury board of directors recommend?

A: Each of the boards of directors of Meadowbrook and ProCentury recommend and encourage their respective shareholders to vote **FOR** approval and adoption of the merger agreement and the transactions it contemplates.

Q: Who must approve the proposals at the special meeting?

A: Holders of a majority of the outstanding voting shares of ProCentury and a majority of the votes cast at the Meadowbrook special meeting (assuming a quorum is present) as of their respective record dates must approve and adopt the merger agreement and approve the transactions it contemplates and the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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Q: When and where will the special meetings take place?

A: The Meadowbrook special meeting will be held on [____], 2008, at [__]:00 [__].m., local time, at [____]. The ProCentury special meeting will be held on [____], 2008, at [__]:00 [__].m., local time, at [____].

Q: Who can vote at the special meetings?

A: You can vote at the Meadowbrook special meeting if you owned shares of Meadowbrook common stock at the close of business on [] [], 2008, the record date for the Meadowbrook special meeting.

You can vote at the ProCentury special meeting if you owned ProCentury common shares at the close of business on [] [], 2008, the record date for the ProCentury special meeting.

Q: What do I need to do now?

A: After reviewing this document, submit your proxy by sending a completed proxy card. By submitting your proxy, you authorize the individuals named in it to represent you and vote your shares at the special meeting in accordance with your instructions. **Your proxy vote is important. Whether or not you plan to attend the special meeting, please submit your proxy promptly in the enclosed envelope.**

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your shares only if you instruct your broker how to vote. Your broker will send you directions on how to do this.

Q: How will my shares be voted if I return a blank proxy card?

A: If you sign and date your proxy card but do not indicate how you want to vote, your proxies will be counted as a vote **FOR** the proposals identified in this document and in the discretion of the persons named as proxies in any other matters properly presented at the special meeting.

Q: What will be the effect if I do not vote?

A: If you are a ProCentury shareholder, your failure to vote will have the same effect **as if you voted against** approval and adoption of the merger agreement and the transactions it contemplates.

If you are a Meadowbrook shareholder, your failure to vote will affect whether or not a quorum is present for the special meeting, but will not be counted as a vote for or against the merger.

Q: Can I vote my shares in person?

A: Yes, if your shares are registered in your own name, you may attend the special meeting and vote your shares in person. However, we recommend that you sign, date and promptly mail the enclosed proxy card.

Q: Can I change my mind and revoke my proxy?

A: Yes, you may revoke your proxy and change your vote at any time before votes are taken at the special meeting by following the instructions in this document.

Q: What if I oppose the merger? Do I have dissenters' rights?

A: If you are a ProCentury shareholder, you have dissenters' rights under Ohio law. A copy of the applicable provisions of the Ohio Revised Code relating to dissenters' rights is attached as Appendix C to this document.

Meadowbrook shareholders do not have the right to dissent under the Michigan Business Corporation Act.

Q: Who can answer my questions?

A: You should contact:

Meadowbrook Insurance Group, Inc.

26255 American Drive
Southfield, Michigan 48034-5178
Attention: Karen M. Spaun
Telephone: (248) 358-1100

ProCentury Corporation

465 Cleveland Avenue
Westerville, Ohio 43082
Attention: Jeffrey Racz
Telephone: (614) 895-2000

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Q: Is the merger expected to be taxable to me?

A: In general, ProCentury shareholders will not recognize any taxable gain or loss for federal income tax purposes to the extent that they receive Meadowbrook common stock in exchange for their ProCentury common shares. However, ProCentury shareholders will recognize taxable income or gain in connection with any cash received in the merger.

Each of Meadowbrook's and ProCentury's obligations to complete the merger are conditioned upon receipt of an opinion about the federal income tax treatment of the merger from its counsel. The opinion will not bind the Internal Revenue Service, which could take a different view. To review in greater detail the tax consequences to ProCentury shareholders, see Description of Transaction Material Federal Income Tax Consequences of the Merger, beginning on page _____. You should consult your own tax advisor for a full understanding of the tax consequences to you of the merger.

Q: When do you expect the merger to be completed?

A: We are working to complete the merger as quickly as possible. If approved by the Meadowbrook and ProCentury shareholders, we anticipate closing the merger in the third quarter of 2008. However, it is possible that factors outside our control could require us to complete the merger at a later time or not complete it at all.

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SUMMARY

*This brief summary highlights selected information from this joint proxy statement-prospectus and does not contain all of the information that may be important to you. We urge you to carefully read this entire document and the other documents we refer to in this document. These will give you a more complete description of the transaction we are proposing. For more information about our two companies, see *Where You Can Find More Information*. We have included page references in this summary to direct you to other places in this joint proxy statement-prospectus where you can find a more complete description of the topics we have summarized.*

General

This joint proxy statement-prospectus relates to the proposed merger of ProCentury with and into a subsidiary of Meadowbrook. Meadowbrook and ProCentury believe the proposed merger will provide each of its shareholders with substantial benefits and will further each of the companies' strategic growth plans. The combination of the two companies creates a diversified platform and gives both companies the size and product depth to compete at a level greater than they could achieve as separate entities.

The Companies

(pages ___ and ___)

Meadowbrook Insurance Group, Inc.

26255 American Drive

Southfield, Michigan 48034-5178

(248) 358-1100

Meadowbrook, a Michigan corporation based in Southfield, Michigan, is a leader in the specialty program management market. Meadowbrook is a risk management organization, specializing in alternative risk management solutions for agents, professional/trade associations, and small to medium-sized insureds. Meadowbrook's total gross written premium for 2007 was \$346.5 million and total shareholders' equity at December 31, 2007 was \$301.9 million.

ProCentury Corporation

465 Cleveland Avenue

Westerville, Ohio 43082

Telephone: (614) 895-2000

ProCentury, an Ohio corporation, is a specialty property and casualty insurance holding company based in Columbus, Ohio. ProCentury writes specialty property and casualty insurance for small and mid-sized businesses through Century Surety Company and ProCentury Insurance Company, its operating insurance companies. Century Surety Company primarily writes excess and surplus lines insurance and markets its products through a select network of general agents. ProCentury's total gross written premium for 2007 was \$238.3 million and total shareholders' equity at December 31, 2007 was \$161.0 million.

Special Meeting

(pages ___ and ___)

Meadowbrook shareholders. A special meeting of Meadowbrook shareholders will be held on [____], 2008, at [__]:00 [__].m., local time, at [____]. At the special meeting, shareholders will be asked:
to approve and adopt the merger agreement and approve the transactions it contemplates;

to adjourn or postpone the special meeting to solicit additional proxies; and

to act on other matters that may properly be submitted to a vote at the meeting.

ProCentury shareholders. A special meeting of ProCentury shareholders will be held on [____], 2008, at [__]:00 [__].m., local time, at [____]. At the special meeting, shareholders will be asked:
to approve and adopt the merger agreement and approve the transactions it contemplates;

to adjourn or postpone the special meeting to solicit additional proxies; and

to act on other matters that may properly be submitted to a vote at the meeting.

Record Date; Vote Required

(pages ___and ___)

Meadowbrook shareholders. You may vote at the meeting of Meadowbrook s shareholders if you owned Meadowbrook common stock at the close of

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business on [____], 2008. You can cast one vote for each share of Meadowbrook common stock that you owned at that time. To adopt the merger agreement and approve the transactions it contemplates, the holders of a majority of the votes cast at Meadowbrook's special meeting (assuming a quorum is present) must vote in favor of the merger.

You may vote your shares in person by attending the meeting or by mailing us your proxy if you are unable to or do not wish to attend. You can revoke your proxy at any time before Meadowbrook takes a vote at the meeting by submitting a written notice revoking the proxy or a later-dated proxy to the secretary of Meadowbrook, or by attending the meeting and voting in person.

ProCentury shareholders. You may vote at the meeting of ProCentury's shareholders if you owned ProCentury common shares at the close of business on [____], 2008. You can cast one vote for each ProCentury common share that you owned at that time. To approve and adopt the merger agreement and approve the transactions it contemplates, the holders of a majority of the outstanding common shares of ProCentury as of the record date must vote in favor of the merger.

You may vote your shares in person by attending the meeting or by mailing us your proxy if you are unable to or do not wish to attend. You can revoke your proxy at any time before ProCentury takes a vote at the meeting by sending notice of revocation to ProCentury in writing, sending a new proxy with a later date or giving notice to ProCentury of your revocation at the special meeting. It is important to note that your presence at the special meeting, without any further action on your part, will not revoke your previously granted proxy.

Authority to Adjourn or Postpone Special Meeting to Solicit Additional Proxies

(page ____)

Each of Meadowbrook and ProCentury is asking its shareholders to grant full authority for their respective special meetings to be adjourned or postponed, if necessary, to permit solicitation of additional proxies to approve the transactions proposed by this joint proxy statement-prospectus.

Dissenters' Rights

(page ____)

For ProCentury shareholders, under Ohio law, if the merger agreement is approved and adopted by ProCentury's shareholders, any ProCentury shareholder that objects to the merger agreement may be entitled to seek relief as a dissenting shareholder under Section 1701.85 of the Ohio Revised Code. To perfect dissenters' rights, a record holder must:

not vote his or her ProCentury common shares in favor of the proposal to approve and adopt the merger agreement at the special meeting;

deliver a written demand for payment of the fair cash value of his or her ProCentury shares on or before the tenth day following the special meeting; and

otherwise comply with the statute.

Neither ProCentury nor Meadowbrook will notify shareholders of the expiration of this ten-day period. ProCentury shares held by any person who desires to dissent but fails to perfect or who effectively withdraws or loses the right to dissent as of the effective time of the merger under Section 1701.85 of the Ohio Revised Code will be converted into, as of the effective time, the right to receive the merger consideration, without interest. A copy of Section 1701.85 of the Ohio Revised Code is attached as Appendix C to this document.

Meadowbrook shareholders do not have the right to dissent under the Michigan Business Corporation Act.

Recommendation to Shareholders

(pages ____ and ____)

Meadowbrook shareholders. Meadowbrook's board of directors believes that the merger agreement and the merger are fair to you and in your best interests, and unanimously recommends that you vote **FOR** the approval and adoption of the merger agreement and approval of the transactions it contemplates and **FOR** the adjournment or postponement of

the special meeting, if necessary or appropriate, to solicit additional proxies.

ProCentury shareholders. ProCentury's board of directors believes that the merger agreement and the merger are fair to you and in your best interests, and unanimously recommends that you vote **FOR** the approval and adoption of the merger agreement and approval of the transactions it contemplates and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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Share Ownership of Directors and Executive Officers

(pages ___ and ___)

Meadowbrook shareholders. On the record date, Meadowbrook's directors, executive officers and their affiliates owned [] shares, or approximately []% of the outstanding shares of Meadowbrook common stock. Even if all of these individuals vote for the merger, because they own only approximately []% of the outstanding shares of Meadowbrook common stock, there is no assurance that the proposal will be approved.

ProCentury shareholders. On the record date, ProCentury's directors, executive officers and their affiliates owned [], or approximately []% of the outstanding ProCentury common shares. Even if all of these individuals vote for the merger, because they own only approximately []% of the outstanding ProCentury common shares, there is no assurance that the merger agreement will be approved and adopted.

The Merger

(page ___)

We have attached a copy of the merger agreement to this document as Appendix A. Please read the merger agreement. It is the legal document that governs the merger.

We propose a combination in which ProCentury will merge with and into a subsidiary of Meadowbrook, with the subsidiary being the surviving entity in the merger, but adopting the name ProCentury Corporation. We expect to complete the merger in the third quarter of 2008, although delays could occur.

What ProCentury Shareholders Will Receive in the Merger

(page ___)

Under the terms of the merger agreement, at the effective time of the merger, shareholders of ProCentury will be entitled to receive, for each ProCentury common share, either \$20.00 in cash or Meadowbrook common stock having a value of \$20.00, subject to adjustment as described below. Each ProCentury shareholder will have the option to elect to receive cash or Meadowbrook stock, subject to proration so that the total cash consideration will equal 45% of the total consideration paid. As long as the volume-weighted average sales price of a share of Meadowbrook common stock for the 30-day trading period ending on the sixth trading day before we complete the merger is between \$8.00 and \$10.50, the exchange ratio will vary such that the stock consideration equals \$20.00 per share based on the 30-day average price. Above or below this range for Meadowbrook's stock price, the exchange ratio will be fixed as if the 30-day volume-weighted average sales price preceding the election date equaled \$10.50 or \$8.00, as applicable. Specifically, if the 30-day volume-weighted average sales price is equal to or above \$10.50, the exchange ratio will be fixed at 1.9048, and if the 30-day volume-weighted average sales price is equal to or below \$8.00, the exchange ratio will be fixed at 2.5000. As a result, ProCentury's shareholders receiving Meadowbrook common stock may receive more or less than \$20.00 per share in Meadowbrook common stock for their shares. Fractional shares will not be issued in the merger. Instead of fractional shares, ProCentury shareholders will receive cash in an amount determined as described in this joint proxy statement-prospectus.

Each share of Meadowbrook common stock will include all rights that are attached to or inherent in the then-outstanding shares of Meadowbrook common stock, including preferred share purchase rights. See Effect of the Merger on Rights of Shareholders.

The number of shares of Meadowbrook common stock ProCentury shareholders will receive in the merger is subject to adjustments for reorganizations, recapitalizations, stock dividends and similar events that occur before the merger is completed. None of those adjustments would alter the value of the exchange ratio.

You will need to surrender your ProCentury common share certificates to receive new certificates representing common stock of Meadowbrook. However, this will not be necessary until you receive written instructions, which will occur shortly after the time of the merger.

Meadowbrook will not issue any fractional shares. Instead, ProCentury shareholders will receive cash in lieu of any fractional shares of common stock of Meadowbrook owed to them in exchange for their ProCentury common shares. The amount of cash for any fractional shares will be based on Meadowbrook's 30-day volume-weighted average sales

price preceding the election date.

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Exchange of Stock Certificates

(page ___)

Shortly after the effective date of the merger, ProCentury shareholders will receive a letter and instructions on how to surrender their certificates representing ProCentury common shares in exchange for certificates representing Meadowbrook common stock. You must carefully review and complete these materials and return them as instructed along with your ProCentury common share certificates. **Please do not send any share certificates to Meadowbrook or ProCentury until you receive these instructions.**

Effect of the Merger on ProCentury Options (page [___])

In the merger, outstanding options to purchase ProCentury common shares will become fully vested and option holders can either exercise such options and, in connection with the closing, elect to receive the form of merger consideration described above for the ProCentury shares acquired on exercise or agree to have their options cancelled in exchange for a per share cash payment equal to the difference between \$20.00 and the exercise price of their options.

Ownership After the Merger

(page ___)

The number of shares of Meadowbrook common stock that will be owned by ProCentury shareholders as a result of the merger will be determined based on the exchange ratio. The exact exchange ratio will be determined by dividing \$20.00 by the volume-weighted average sales price of a share of Meadowbrook common stock for the 30-day trading period ending on the sixth trading day before we complete the merger. *See* The Merger Agreement Merger Consideration . For purposes of this joint proxy statement-prospectus, we have assumed that Meadowbrook's 30-day volume-weighted average sales price preceding the election date will be [___], which is the 30-day volume-weighted average sales price for the 30 trading days immediately preceding the printing of this joint proxy statement-prospectus. Using this price, the exchange ratio would be ___. Based on this exchange ratio and assumed market price for the Meadowbrook common stock, upon completion of the merger, Meadowbrook would issue approximately _____ shares of its common stock to ProCentury shareholders. Based on these numbers, after the merger, on a fully-diluted basis, existing Meadowbrook shareholders would own approximately __%, and former ProCentury shareholders would own approximately __%, of the outstanding shares of common stock of Meadowbrook.

Effective Time of the Merger

(page ___)

The merger will become effective when certificates of merger with respect to the merger have been accepted for filing by the office of the Secretary of State of Ohio and the Michigan Department of Labor & Economic Growth, Bureau of Commercial Services, Corporation Division. If our shareholders approve and adopt the merger at their special meetings, and all required regulatory approvals are obtained, we anticipate that the merger will be completed in the third quarter of 2008, although delays could occur.

We cannot assure you that we can obtain the necessary shareholder and regulatory approvals or that the other conditions to completion of the merger can or will be satisfied.

Federal Income Tax Consequences

(page ___)

For federal income tax purposes, the exchange of ProCentury common shares for shares of Meadowbrook common stock will not cause the holders of ProCentury common shares to recognize any gain or loss. Holders of ProCentury common shares, however, will recognize income, gain or loss in connection with any cash received in the merger.

Tax matters can be complicated, and the tax consequences of the merger to you will depend on your particular tax situation. We urge you to consult your tax advisor to determine the tax consequences of the merger to you.

Reasons for the Merger

(pages ___and ___)

Each of our boards of directors believes that the proposed merger will provide its shareholders with substantial benefits and will advance each company's strategic growth plans. The combination of the two companies creates a diversified platform and gives both companies the size and product depth to compete at a level greater than they could

achieve as separate entities. The boards also believe there are

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significant revenue opportunities, as well as cost savings potential.

You can find a more detailed discussion of the background of the merger and Meadowbrook's and ProCentury's reasons for the merger in this document under [Description of Transaction Background of the Merger](#), [Meadowbrook's Reasons for the Merger and Board Recommendation](#) and [ProCentury's Reasons for the Merger and Board Recommendation](#).

The discussion of our reasons for the merger includes forward-looking statements about possible or assumed future results of our operations and the performance of the combined company after the merger. For a discussion of factors that could affect these future results, *see* [A Warning About Forward-Looking Statements](#).

Fairness Opinion of ProCentury's Financial Advisor

(page ___)

ProCentury has received a written opinion from Friedman, Billings, Ramsey and Co., Inc. (FBR) to the effect that, subject to the terms, conditions and qualifications set forth therein, as of the date of the merger agreement, the aggregate merger consideration to be received by holders of ProCentury common shares pursuant to the merger agreement is fair, from a financial point of view, to such holders. You can find a more detailed discussion of the opinion and summary of the analysis of FBR under [Description of the Transaction Fairness Opinion of ProCentury's Financial Advisor](#). We have attached this fairness opinion to this document as [Appendix C](#). You should read this opinion and the summary completely to understand the procedures followed, matters considered and limitations on the reviews undertaken by FBR in providing its opinion.

Acquisition Proposals

(page ___)

The merger agreement restricts ProCentury's ability to solicit or encourage alternative acquisition proposals from third parties. Notwithstanding these restrictions, under certain limited circumstances, ProCentury's board of directors may respond to an unsolicited bona fide written proposal that ProCentury's board of directors determines in good faith would or could result in a transaction that is more favorable to ProCentury's shareholders from a financial point of view than the merger.

Conditions to Completion of the Merger

(page ___)

The completion of the merger depends on a number of conditions being met. Subject to exceptions described in the merger agreement, these include:

accuracy of the respective representations and warranties of Meadowbrook and ProCentury in the merger agreement;

compliance in all material respects by each of Meadowbrook and ProCentury with their respective covenants and agreements in the merger agreement;

approval of regulatory authorities;

approval of the merger agreement by each company's shareholders;

receipt by each of us of an opinion by our respective counsel that, for federal income tax purposes, ProCentury shareholders who exchange their shares for shares of Meadowbrook common stock will not recognize any gain or loss as a result of the merger, except in connection with the receipt of cash in the merger (the opinions will be subject to various limitations and we recommend that you read the more detailed description of tax consequences provided in this document under [Description of Transaction United States Federal Income Tax Consequences of the Merger](#)); and

the absence of any injunction or legal restraint blocking the merger, or of any proceedings by a government body trying to block the merger.

A party to the merger agreement could choose to complete the merger even though a condition to its obligation has not been satisfied, as long as the law allows it to do so. We cannot be certain when or if the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination and Termination Fees

(page ___)

The parties can mutually agree at any time to terminate the merger agreement without completing the merger. Also, either party can decide, without the consent of the other, to terminate the merger agreement if the merger has not been completed by

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September 30, 2008 (which may be extended until December 31, 2008 in order to obtain governmental approvals), unless the failure to complete the merger by that time is due to a violation of the merger agreement by the party that wants to terminate the merger agreement.

In addition, either Meadowbrook or ProCentury can terminate the merger agreement if the conditions to its respective obligation to complete the merger have not been satisfied. ProCentury can terminate the merger agreement if its board of directors determines a competing takeover proposal from a third party is superior to the merger (provided certain notice requirements have been satisfied).

ProCentury may be required to pay a termination fee of \$9.5 million to Meadowbrook if the merger agreement is terminated due to certain circumstances outlined in the merger agreement. For a discussion of these conditions and fees, *see* Description of Transaction Termination and Termination Fees.

Waiver and Amendment

(page ___)

Meadowbrook and ProCentury may jointly amend the merger agreement and either party may waive its right to require the other party to adhere to any term or condition of the merger agreement. However, after ProCentury's shareholders approve the merger, there may not be any amendment to the merger agreement (unless approved by ProCentury's shareholders) if the amendment would reduce the amount or change the form of consideration to be paid to ProCentury shareholders.

Regulatory Approvals

(page ___)

We cannot complete the merger unless we obtain the prior approval from the Ohio Department of Insurance, Texas Department of Insurance, and Department of Insurance, Securities and Banking for the District of Columbia. Meadowbrook anticipates that all filings necessary to obtain such approvals will be filed with the appropriate state insurance departments early in the second quarter of 2008 and that the required approvals will be received in the third quarter of 2008.

Management and Operations After the Merger

(page ___)

The executive officers of Meadowbrook will remain the same as they were prior to the merger. The board of directors of Meadowbrook will be comprised of all of Meadowbrook's current directors, plus two persons from ProCentury's current board of directors who have yet to be selected.

Interests of Certain Persons in the Merger

(page ___)

Some of ProCentury's directors and officers have interests in the merger that differ from, or are in addition to, the interests of ProCentury shareholders generally.

The members of our boards of directors knew about these additional interests and considered them when they approved the merger agreement and the transactions it contemplates.

Accounting Treatment

(page ___)

The merger will be accounted for as a purchase transaction in accordance with accounting principles generally accepted in the United States.

Expenses

(page ___)

Each of Meadowbrook and ProCentury will pay its own expenses in connection with the merger, including printing fees and fees and expenses of its own financial or other consultants, accountants and counsel. However, Meadowbrook has agreed to pay the fees for all filings with the Securities and Exchange Commission (the SEC), registration and any fees payable to any governmental entity in connection with the merger, and Meadowbrook and ProCentury have each agreed to pay one-half of all filing fees under the Hart-Scott-Rodino Act.

Effect of the Merger on the Rights of Shareholders

(page ___)

Meadowbrook is incorporated in and governed by Michigan law. ProCentury is incorporated in and governed by Ohio law. Upon our completion of the merger, the rights of ProCentury shareholders who receive Meadowbrook common stock will be governed by Meadowbrook's articles of incorporation and bylaws and Michigan law. There

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are material differences between the rights of the shareholders of Meadowbrook and ProCentury, which we describe in this document under Effect of the Merger on Rights of Shareholders.

Comparative Market Prices of Common Stock

(pages ___ and ___)

Shares of Meadowbrook common stock are traded on the New York Stock Exchange under the symbol MIG. On February 20, 2008, the last trading day before we announced the merger, the last reported trading price of Meadowbrook common stock was \$9.16 per share. On [____], 2008, the last trading day before we printed this document, the last reported trading price of Meadowbrook common stock was \$[___] per share. We can make no prediction or guarantee at what price Meadowbrook common stock will trade after the completion of the merger. ProCentury common shares are traded on the Nasdaq Global Select Market under the symbol PROS. On February 20, 2008, the last trading day before we announced the merger, the last reported trading price of the ProCentury common shares was \$15.38 per share. On [____], 2008, the last trading day before we printed this document, the last reported trading price of the ProCentury common shares was \$[___] per share.

Table of Contents**Comparative Per Share Data**

The following table presents comparative historical per share data of Meadowbrook and ProCentury and unaudited pro forma per share data that reflect the combination of Meadowbrook and ProCentury using the purchase method of accounting.

In order to calculate the pro forma per share data for ProCentury, we have assumed an exchange ratio of 2.24, which was calculated by assuming a Meadowbrook stock price of \$8.92, which was the closing stock price of Meadowbrook common stock on the trading day immediately before the trading day on which Meadowbrook and ProCentury announced their merger agreement. The equivalent pro forma combined amounts for ProCentury were therefore calculated by multiplying the pro forma combined amounts for Meadowbrook by 2.24. However, as explained in this joint proxy statement-prospectus, the exchange ratio may vary as the market price of Meadowbrook's common stock fluctuates. The information listed below also assumes that the aggregate amount of stock consideration to be paid in the merger will be equal to 55% of the total consideration paid by Meadowbrook.

We expect that we will incur merger and integration charges as a result of combining our companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect these expenses or benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have actually been had our companies been combined as of the dates or for the periods presented.

Meadowbrook

	Year Ended December 31, 2007
Historical:	
Net income basic	\$ 0.85
Net income - diluted	\$ 0.85
Cash dividends declared	
Book value at end of period	\$ 8.16
Pro forma combined:	
Net income basic	\$ 0.94
Net income - diluted	\$ 0.94
Cash dividends declared	\$ 0.04
Book value at end of period	\$ 8.40

ProCentury

	Year Ended December 31, 2007
Historical:	
Net income basic	\$ 1.87
Net income - diluted	\$ 1.85
Cash dividends declared	\$ 0.16
Book value at end of period	\$ 12.05
Equivalent pro forma combined:	
Net income basic	\$ 2.11
Net income - diluted	\$ 2.11
Cash dividends declared	\$ 0.09
Book value at end of period	\$ 18.82

Table of Contents**Market Price Information**

Meadowbrook common stock is traded on the New York Stock Exchange under the symbol MIG. On February 20, 2008, the last trading day before public announcement of the execution of the merger agreement, and [____], 2008, the last trading day prior to the printing of this document, the market prices of Meadowbrook common stock and the equivalent price per share of Meadowbrook common stock giving effect to the merger, were as follows:

	Closing Sales Price		
	(a) Meadowbrook	(b) ProCentury	(c) Equivalent Price Per Share of Meadowbrook Common Stock
Price per share February 20, 2008	\$ 9.16	\$ 15.38	\$ 20.52
[____], 2008	\$ [_____]	\$ [_____]	\$ [_____]

The Equivalent Price Per Share of Meadowbrook Common Stock (Column (c) above) at each specified date in the above table represents the product achieved when the closing sales price of a share of Meadowbrook common stock on that date (Column (a) above) is multiplied by the exchange ratio of 2.24, which is the number of shares of Meadowbrook common stock that a ProCentury shareholder would receive for a ProCentury common share assuming the 30-day volume weighted average sales price of a share of Meadowbrook common stock is \$8.92 (the closing price of Meadowbrook common stock on the trading day immediately before the trading day on which Meadowbrook and ProCentury announced their merger agreement). The merger agreement provides that the actual exchange ratio will be set based on the 30-day volume weighted average sales price of a share of Meadowbrook common stock as of the sixth trading day prior to closing, unless such price is less than \$8.00, in which case the exchange ratio will be 2.5000, or if such price is more than \$10.50, the exchange ratio will be 1.9048. The Equivalent Price Per Share of Meadowbrook Common Stock is also subject to the assumption that the aggregate amount of stock consideration to be paid in the merger will be equal to 55% of the total consideration paid by Meadowbrook.

The market price of Meadowbrook common stock will fluctuate between the date of this document and the date on which the merger is completed and after the merger. Because the market price of Meadowbrook common stock is subject to fluctuations, the exchange ratio may change. In addition, the value of the shares of Meadowbrook common stock that ProCentury shareholders will receive in the merger may increase or decrease after the merger.

By voting to approve and adopt the merger agreement and approve the transactions it contemplates, ProCentury shareholders will be choosing to invest in the combined Meadowbrook/ProCentury, because they may receive Meadowbrook common stock in exchange for their ProCentury common shares. An investment in Meadowbrook common stock involves significant risk. In addition to the other information included in this joint proxy statement-prospectus, including the matters addressed in A Warning About Forward-Looking Statements beginning on page ____, ProCentury shareholders should carefully consider the matters described below in Risk Factors beginning on page ____ when determining whether to vote for approval and adoption of the merger agreement and approve the transactions it contemplates.

Table of Contents**Historical Market Prices and Dividend Information**

Meadowbrook. Meadowbrook's common stock is traded on the New York Stock Exchange under the symbol MIG. The following table sets forth, for the calendar quarter indicated, the high and low closing market prices per share of Meadowbrook common stock as reported on the New York Stock Exchange and the dividends per share of Meadowbrook common stock:

Quarter Ended	High	Low	Dividends Declared
Year-to-date 2008:	\$	\$	\$
Second quarter (through [____], 2008)			
First quarter	9.95	7.16	0.02
2007:			
Fourth quarter	10.00	8.40	
Third quarter	11.57	8.02	
Second quarter	12.45	9.94	
First quarter	11.68	9.10	
2006:			
Fourth quarter	12.48	8.78	
Third quarter	11.83	8.32	
Second quarter	8.91	6.68	
First quarter	7.00	5.63	

The timing and amount of future dividends on shares of Meadowbrook common stock will depend upon earnings, cash requirements, the financial condition of Meadowbrook and its subsidiaries, applicable government regulations and other factors deemed relevant by Meadowbrook's board of directors.

ProCentury. ProCentury's common shares are traded on the Nasdaq Global Select Market under the symbol PROS. The following table sets forth, for the calendar quarter indicated, the high and low closing market prices per ProCentury common share as reported on the Nasdaq Global Select Market and the dividends per ProCentury common share:

Quarter Ended	High	Low	Dividends Declared
Year-to-date 2008:	\$	\$	\$
Second quarter (through [____], 2008)			
First quarter	18.75	14.25	0.04
2007:			
Fourth quarter	15.54	13.60	0.04
Third quarter	16.84	11.90	0.04
Second quarter	24.00	16.50	0.04
First quarter	23.30	17.75	0.04
2006:			
Fourth quarter	18.92	14.29	0.04
Third quarter	15.74	12.89	0.04
Second quarter	14.29	12.50	0.035
First quarter	13.64	10.50	0.03

The timing and amount of future dividends on ProCentury common shares will depend upon earnings, cash requirements, the financial condition of ProCentury and its subsidiaries, applicable government regulations and other factors deemed relevant by ProCentury's board of directors.

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Selected Historical Financial Data

The following tables present selected consolidated financial data as of December 31, 2007, 2006, 2005, 2004 and 2003 and for each of the five years then ended, for each of Meadowbrook and ProCentury. The information for Meadowbrook is based on the historical financial information that is contained in reports Meadowbrook has previously filed with the Securities and Exchange Commission, or the SEC, which can be found in its Annual Report on Form 10-K for the year ended December 31, 2007. The information for ProCentury is based on the historical financial information that is contained in reports ProCentury has previously filed with the SEC, which can be found in its Annual Report on Form 10-K for the year ended December 31, 2007. *See* Where You Can Find More Information on page ____.

You should read the following tables in conjunction with the consolidated financial statements contained in the Annual Reports described above.

Historical results do not necessarily indicate the results that you can expect for any future period.

Table of Contents**MEADOWBROOK SELECTED HISTORICAL FINANCIAL DATA****(dollars in thousands, except per share and ratio data)**

	For the Years Ended December 31,				
	2007	2006	2005	2004	2003
Income Statement Data:					
Gross written premiums	\$ 346,451	\$330,872	\$332,209	\$313,493	\$253,280
Net written premiums	280,211	262,668	258,134	233,961	189,827
Net earned premiums	268,197	254,920	249,959	214,493	151,205
Net commissions and fees	45,988	41,172	35,916	40,535	45,291
Net investment income	26,400	22,075	17,975	14,911	13,484
Net realized gains	150	69	167	339	823
Total revenue	340,735	318,236	304,017	270,278	210,803
Net losses and LAE	150,969	146,293	151,542	135,938	98,472
Policy acquisition and other underwriting expenses	53,717	50,479	44,439	33,424	23,606
Other administrative expenses	32,269	28,824	26,810	25,588	22,879
Salaries and employee benefits	56,433	54,569	51,331	52,297	48,238
Amortization expense	1,930	590	373	376	353
Interest expense	6,030	5,976	3,856	2,281	977
Income before income taxes and equity earnings of affiliates	39,387	31,505	25,666	20,374	16,278
Equity earnings of affiliates	331	128	1	39	3
Net income	27,992	22,034	17,910	14,061	10,099
Earnings per share Diluted	\$ 0.85	\$ 0.75	\$ 0.60	\$ 0.48	\$ 0.35
Balance Sheet Data:					
Total investments and cash and cash equivalents	\$ 651,601	\$527,600	\$460,233	\$402,156	\$324,235
Total assets	1,113,966	969,000	901,344	801,696	692,266
Loss and LAE reserves	540,002	501,077	458,677	378,157	339,465
Debt		7,000	7,000	12,144	17,506
Debentures	55,930	55,930	55,930	35,310	10,310
Shareholders equity	301,894	201,693	177,365	167,510	155,113
Book value per share	\$ 8.16	\$ 6.93	\$ 6.19	\$ 5.76	\$ 5.34
Other Data:					
GAAP ratios (insurance companies only):					
Net loss and LAE ratio (1)	61.2%	62.3%	65.2%	67.9%	70.1%
Expense ratio (1)	34.2%	34.5%	33.5%	33.5%	34.3%
Combined ratio	95.4%	96.8%	98.7%	101.4%	104.4%

(1) Both the GAAP loss and loss adjustment expense ratio and the GAAP

expense ratio
are calculated
based upon
unconsolidated
insurance
company
operations. The
following table
sets forth the
intercompany
fees, which are
eliminated upon
consolidation.

Table of Contents**Unconsolidated GAAP data Ratio Calculation Table:**

	For the Years Ended December 31,				
	2007	2006	2005	2004	2003
Net earned premiums	\$268,197	\$254,920	\$249,959	\$214,493	\$151,205
Consolidated net losses and LAE	\$150,969	\$146,293	\$151,542	\$135,938	\$98,472
Intercompany claim fees	13,058	12,553	11,523	9,691	7,514
Unconsolidated net losses and LAE	\$164,027	\$158,846	\$163,065	\$145,629	\$105,986
GAAP net loss and LAE ratio	61.2%	62.3%	65.2%	67.9%	70.1%
Consolidated policy acquisition and other underwriting expenses	\$53,717	\$50,479	\$44,439	\$33,424	\$23,606
Intercompany administrative and other underwriting fees	37,890	37,442	39,231	38,359	28,296
Unconsolidated policy acquisition and other underwriting expenses	\$91,607	\$87,921	\$83,670	\$71,783	\$51,902
GAAP expense ratio	34.2%	34.5%	33.5%	33.5%	34.3%
GAAP combined ratio	95.4%	96.8%	98.7%	101.4%	104.4%

Management uses the GAAP combined ratio and its components to assess and benchmark underwriting performance. The GAAP combined ratio is the sum of the GAAP loss and loss adjustment expense ratio and the GAAP expense ratio. The GAAP loss and loss adjustment expense ratio is the unconsolidated net loss and loss adjustment expense in relation to net earned premiums. The GAAP expense ratio is the unconsolidated policy acquisition and other underwriting expenses in relation to net earned premiums.

Table of Contents**PROCENTURY SELECTED HISTORICAL FINANCIAL DATA**
(dollars in thousands, except per share data)

	Years Ended December 31,				
	2007	2006	2005	2004	2003
Operating Data:					
Premiums earned	\$ 217,562	218,992	177,630	148,702	108,294
Net investment income	22,081	19,372	14,487	10,048	6,499
Net realized investment (losses) gains	(1,982)	80	(326)	50	1,932
Other income	489	437	198		
 Total revenues	 238,150	 238,881	 191,989	 158,800	 116,725
 Discontinued operations (1) Net income	 24,756	 20,901	 10,241	 1,259 14,980	 1,548 314
 Comprehensive income (loss)	 18,442	 21,655	 6,271	 14,566	 (405)
Basic net income per share:					
Net income (loss) from continuing operations before discontinued operations	\$ 1.87	1.59	0.78	1.29	(0.25)
Discontinued operations				0.12	0.31
 Net income	 \$ 1.87	 1.59	 0.78	 1.41	 0.06
Diluted net income per share:					
Net income (loss) from continuing operations before discontinued operations	\$ 1.85	1.58	0.78	1.29	(0.25)
Discontinued operations				0.12	0.31
 Net income	 \$ 1.85	 1.58	 0.78	 1.41	 0.06
 Weighted average of shares outstanding					
- basic	13,242,083	13,121,848	13,060,509	10,623,645	5,000,532
- diluted	13,392,949	13,256,419	13,129,425	10,653,316	5,000,532
Insurance Performance Data:					
(for the periods ended)					
Gross written premiums (2)	\$ 238,346	283,036	216,164	191,405	149,708
Net written premiums (3)	203,804	247,919	189,519	166,024	131,839
GAAP Underwriting Ratios:					

(for the periods ended)

Loss ratio (4)	57.9%	61.9%	66.6%	59.9%	74.8%
Expense ratio (5)	33.8%	32.6%	32.8%	31.9%	34.2%
Combined ratio (6)	91.7%	94.5%	99.4%	91.8%	109.0%

Balance Sheet Data:**(at the end of the period)**

Cash and investments	\$ 467,276	436,062	366,410	315,008	171,201
Reinsurance recoverables on paid and unpaid losses, net	44,777	43,628	43,870	33,382	42,042
Assets available for sale					59,018
Total assets	607,054	579,048	474,145	394,927	332,113
Loss and loss expense reserves	279,253	250,672	211,647	153,236	129,236
Liabilities available for sale					51,431

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	Years Ended December 31,				
	2007	2006	2005	2004	2003
Long- term debt	25,000	25,000	25,000	25,000	34,133
Total shareholders equity	161,021	142,388	121,203	115,237	36,397

Other Data:

Net writings ratio, including discontinued operations (7)	1.3	1.8	1.6	1.4	1.7
Return on average equity (8)	16.3%	15.9%	8.7%	18.5%	0.9%

(1) Immediately prior to the completion of ProCentury's initial public offering, the common shares of Evergreen National Indemnity Company, or Evergreen, and its wholly owned subsidiary, Continental Heritage Insurance Company, or Continental, were distributed as dividends from Century Surety Company, or Century, to ProCentury and then by ProCentury to ProCentury's existing Class A shareholders. Prior to the dividends, Evergreen was a controlled subsidiary of Century. The

operations of Evergreen and Continental consisted of ProCentury's historical surety and assumed excess workers compensation lines of insurance, which were re-classified (net of minority interest and income taxes) as discontinued operations in the above selected consolidated financial data.

- (2) The amount received or to be received for insurance policies written by ProCentury during a specific period of time without reduction for acquisition costs, reinsurance costs or other deductions.
- (3) Gross written premiums less the portion of such premiums ceded to (reinsured by) other insurers during a specific period of time.
- (4) The ratio of losses and loss expenses to

premiums earned, net of the effects of reinsurance.

- (5) The ratio of amortization of deferred policy acquisition costs and other underwriting expenses to premiums earned, net of the effects of reinsurance.
- (6) The sum of the loss and loss expense ratio, net of the effects of reinsurance.
- (7) The ratio of net written premiums to ProCentury's insurance subsidiaries combined statutory surplus. Management believes this measure is useful in gauging ProCentury's exposure to pricing errors in its current book of business. It may not be comparable to the definition of net writings ratio used by other companies. For periods prior to 2004, this ratio

includes discontinued operations, as the insurance subsidiaries combined statutory surplus is not allocated by line of business.

Therefore, in computing the ratio of net written premiums to its insurance subsidiaries combined statutory surplus ProCentury did not restate the net written premium for discontinued operations to be consistent with that of the subsidiaries combined statutory surplus.

- (8) Return on average equity consists of the ratio of net income to the average of the beginning of period and end of period total shareholders equity. For 2004, return on average equity consists of the ratio of net income to the average equity, which is based on the average

of the beginning
of period and
the end of each
quarters total
shareholders
equity.

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Unaudited Pro Forma Condensed Consolidated Financial Statements

The preliminary Unaudited Pro Forma Condensed Consolidated Balance Sheet at December 31, 2007 combines the historical consolidated balance sheets of Meadowbrook and ProCentury, giving effect to the merger as if it had been consummated on December 31, 2007. The preliminary Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2007 combines the historical consolidated statements of income of Meadowbrook and ProCentury giving effect to the merger as if it had occurred on January 1, 2007. We have adjusted the historical consolidated financial statements to give effect to pro forma events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results. You should read this information in conjunction with the:

Accompanying notes to the preliminary unaudited pro forma condensed consolidated financial statements;

Meadowbrook's separate historical audited consolidated financial statements as of and for the year ended December 31, 2007 included in Meadowbrook's Annual Report on Form 10-K for the year ended December 31, 2007; and

ProCentury's separate historical audited consolidated financial statements as of and for the year ended December 31, 2007 included in ProCentury's Annual Report on 10-K for the year ended December 31, 2007.

The preliminary unaudited pro forma condensed consolidated financial statements have been prepared for informational purposes only. The preliminary unaudited pro forma adjustments represent management's estimates based on information available at this time. The preliminary unaudited pro forma condensed consolidated financial statements are not necessarily indicative of what the financial position or results of operations actually would have been had the merger been completed at the dates indicated. In addition, the preliminary unaudited pro forma condensed consolidated financial statements do not purport to project the future financial position or operating results of the combined company. The preliminary unaudited pro forma condensed consolidated financial statements do not give consideration to the impact of possible revenue enhancements, expense efficiencies, synergies or asset dispositions that may result from the merger.

The preliminary unaudited pro forma condensed consolidated financial statements have been prepared using the purchase method of accounting with Meadowbrook treated as the accounting acquirer. Accordingly, Meadowbrook's cost to acquire ProCentury has been allocated to the acquired assets, liabilities and commitments based upon their estimated fair values at the date indicated. The allocation of the purchase price is preliminary and is dependent upon certain valuations and other studies that have not progressed to a stage where there is sufficient information to make a definitive allocation. Accordingly, the final purchase accounting adjustments may be materially different from the preliminary unaudited pro forma adjustments presented herein.

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**Unaudited Pro Forma Condensed Consolidated Balance Sheet
December 31, 2007**

	Meadowbrook Historical	ProCentury Historical	Pro Forma Adjustments (Note 2)	Meadowbrook Pro Forma
			(dollars and shares in thousands)	
ASSETS				
Investments	\$ 610,756	\$ 455,510	\$ 11 (a)	\$ 1,066,277
Cash and cash equivalents	40,845	11,766	(52,611) (b)	
Accrued investment income	6,473	4,212		10,685
Premiums and agent balances receivable, net	87,341	31,805		119,146
Reinsurance recoverable on:				
Paid losses	1,053	3,914		4,967
Unpaid losses	198,461	40,863		239,324
Prepaid reinsurance premiums	17,763	14,834		32,597
Deferred policy acquisition costs	26,926	24,336		51,262
Deferred income taxes, net	14,936	13,584	(346) (c)	28,174
Goodwill	43,497	240	123,256 (d)	166,993
Other assets	65,915	5,990	1,007 (e)	72,912
Total assets	\$ 1,113,966	\$ 607,054	\$ 71,317	\$ 1,792,337
LIABILITIES AND SHAREHOLDERS EQUITY				
Losses and loss adjustment expenses	\$ 540,002	\$ 279,253		\$ 819,255
Unearned premiums	153,927	114,645		268,572
Bank revolving credit facility		4,650	2,013 (f)	6,663
Bank term loan facility			75,000 (g)	75,000
Debentures	55,930	25,000		80,930
Accounts payable and accrued expenses	22,604	5,775	6,050 (h)	34,429
Reinsurance funds held and balances payable	16,416	5,990		22,406
Payable to insurance companies	6,231			6,231
Other liabilities	16,962	10,720		27,682
Total liabilities	812,072	446,033	83,063	1,341,168
Shareholders' equity	301,894	161,021	(11,746) (i)	451,169
Total liabilities and shareholders' equity	\$ 1,113,966	\$ 607,054	\$ 71,317	\$ 1,792,337
Shares Outstanding (Note 3)	36,996	13,364		53,680

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

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**Unaudited Pro Forma Condensed Consolidated Income Statement
For the year ended December 31, 2007**

	Meadowbrook Historical	ProCentury Historical	Pro Forma Adjustments (Note 2)	Meadowbrook Pro Forma
	(dollars and shares in thousands, except per share data)			
Revenues				
Premiums earned				
Gross	\$ 337,099	\$ 251,321	\$	\$ 588,420
Ceded	(68,902)	(33,759)		(102,661)
Net earned premiums	268,197	217,562		485,759
Net commissions and fees	45,988	489		46,477
Net investment income	26,400	22,081	(2,825) (j)	45,656
Net realized gains (losses)	150	(1,982)		(1,832)
Total revenues	340,735	238,150	(2,825)	576,060
Expenses				
Losses and loss adjustment expenses	191,885	136,983	(5,647) (k)	323,221
Reinsurance recoveries	(40,916)	(11,066)		(51,982)
Net losses and loss adjustment expenses	150,969	125,917	(5,647)	271,239
Salaries and employee benefits	56,433		25,658 (k)	82,091
Policy acquisition and other underwriting expenses	53,717	55,230	(8,844) (k)	100,103
Other administrative expenses	32,269	18,280	(11,167) (k)	39,382
Amortization expense	1,930			1,930
Interest expense	6,030	2,681	5,930 (l)	14,641
Total expenses	301,348	202,108	5,930	509,386
Income before taxes and equity earnings	39,387	36,042	(8,755)	66,674
Federal and state income tax expense	11,726	11,286	(2,609) (m)	20,403
Equity earnings of affiliates	331			331
Net income	\$ 27,992	\$ 24,756	\$ (6,146)	\$ 46,602
Per common share information (Note 3)				
Net income per common share:				
Basic	\$ 0.85	\$ 1.87		\$ 0.94

Diluted	\$ 0.85	\$ 1.85		\$ 0.94
Weighted average number of shares outstanding:				
Basic	33,007	13,242	3,423 (n)	49,672
Diluted	33,102	13,393	3,272 (o)	49,767

See Accompanying Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements

Table of Contents**Notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements****Note 1 Basis of Pro Forma Presentation**

On February 20, 2008, Meadowbrook entered into an agreement and plan of merger with ProCentury. The transaction will be treated as a purchase business combination by Meadowbrook of ProCentury under accounting principles generally accepted in the United States of America.

The preliminary Unaudited Pro Forma Condensed Consolidated Balance Sheet at December 31, 2007 reflects the merger as if it occurred on December 31, 2007. The preliminary Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2007 reflects the merger as if it occurred on January 1, 2007. The pro forma adjustments herein reflect an exchange ratio of 2.24 shares of Meadowbrook common stock for each of the ProCentury common shares outstanding at December 31, 2007, along with 2.24 Meadowbrook common shares for each ProCentury restricted share and option vested and exercised in connection with the merger. These shares are then allocated between the shares that will be settled in cash (45%) and the shares that will be settled in stock (55%).

The stock price used in determining the preliminary estimated purchase price is based on the closing stock price of Meadowbrook common shares for the trading day immediately before the trading day that Meadowbrook and ProCentury announced their merger agreement on February 20, 2008. The preliminary estimated purchase price also includes the fair value of the ProCentury stock options, assuming that the merger consideration is paid for each share subject to an option, less the applicable exercise price, and is calculated as follows:

Number of ProCentury common shares outstanding as of December 31, 2007 (in thousands)	13,364
Per share consideration	\$ 20
Estimated fair value of ProCentury's common shares outstanding as of December 31, 2007 (in thousands)	\$ 267,277
Estimated fair value of approximately 533,000 ProCentury stock options outstanding as of December 31, 2007 (in thousands)	4,133
Estimated purchase price (in thousands)	\$ 271,410

The preliminary unaudited pro forma condensed consolidated financial statements presented herein are not necessarily indicative of the results of operations or the combined financial position that would have resulted had the merger been completed at the date indicated, nor is it necessarily indicative of the results of operation in future periods or the future financial position of the combined company.

The preliminary unaudited pro forma condensed consolidated financial statements have been prepared assuming that the merger is accounted for under the purchase method of accounting (referred to as purchase accounting) with Meadowbrook as the acquiring entity. Accordingly, under purchase accounting, the assets, liabilities, and commitments of ProCentury are adjusted to their fair value. For purposes of these preliminary unaudited pro forma condensed consolidated financial statements, consideration has also been given to the impact of conforming ProCentury's financial statement classifications to those of Meadowbrook. Additionally, certain amounts in the historical consolidated financial statements of ProCentury have been reclassified to conform to the Meadowbrook financial statement presentation. Also, possible adjustments of \$12.5 million related to restructuring charges (i.e. compensation directly related to the merger) and transaction fees are reflected in the preliminary unaudited Pro Forma Condensed Consolidated Balance Sheet but are subject to change. Revenue and expense synergies are not reflected in the preliminary unaudited pro forma condensed consolidated financial statements.

The preliminary unaudited pro forma adjustments represent management's estimates based on information available at this time. Actual adjustments to the combined balance sheet and income statement will differ, perhaps

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materially, from those reflected in these preliminary unaudited pro forma condensed consolidated financial statements because the assets and liabilities of ProCentury will be recorded at their respective fair values on the date the merger is consummated, and the preliminary assumptions used to estimate these fair values may change between now and the completion of the merger.

The preliminary unaudited pro forma adjustments included herein are subject to other updates as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is consummated and after completion of a thorough analysis to determine the fair values of ProCentury's tangible and identifiable intangible assets and liabilities. Accordingly, the final purchase accounting adjustments, including conforming ProCentury's financial statement classifications to those of Meadowbrook, could be materially different from the preliminary unaudited pro forma adjustments presented herein. Any increase or decrease in the fair value of ProCentury's assets, liabilities, commitments, contracts and other items as compared to the information shown herein will change the purchase price allocable to goodwill and may impact the combined income statement due to adjustments in yield and/or amortization or accretion related to the adjusted assets or liabilities.

Note 2 Pro Forma Adjustments

The pro forma adjustments related to the preliminary Unaudited Pro Forma Condensed Consolidated Balance Sheet at December 31, 2007 assume the merger took place on December 31, 2007. The pro forma adjustments to the preliminary Unaudited Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2007 assumes the merger took place on January 1, 2007.

The following pro forma adjustments result from the allocation of the purchase price for the acquisition based on the fair value of the assets, liabilities and commitments acquired from ProCentury. The amounts and descriptions related to the preliminary adjustments are as follows:

Unaudited Pro Forma Condensed Consolidated Balance Sheet	Increase (Decrease) as of December 31, 2007 (in thousands)
Assets	
(a) Investments	
Adjustment to reflect fair market value of held to maturity securities	\$ 11
(b) Cash	
i. Adjustment to reflect the net cash effect of vesting of ProCentury restricted stock and options and related exercise of options	\$ (1,860)
ii. Adjustment to reflect the payment of the cash portion of the merger consideration	(114,225)
iii. Adjustment to reflect the payment of transaction fees	(9,038)
iv. Adjustment to reflect the payment of restructuring charges	(3,494)
v. Adjustment to reflect the proceeds from the issuance of debt	77,013
vi. Adjustment to reflect the payment of the cost related to the issuance of debt	(1,007)
	\$ (52,611)
(c) Deferred tax asset, net	
i. To reflect deferred tax effect of vesting ProCentury restricted stock and options and related exercise of options	\$ (342)

ii. To reflect deferred tax effect of the adjustment to reflect the fair market value of the held to maturity securities	(4)
	\$ (346)

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	Increase (Decrease) as of December 31, 2007 (in thousands)
Unaudited Pro Forma Condensed Consolidated Balance Sheet	
(d) Goodwill	
Adjustment related to record positive goodwill as calculated as follows:	
Net book value of net assets acquired prior to fair value adjustments	\$ 161,021
Adjustments to fair value:	
Estimated transaction fees	(9,038)
Estimated compensation expense resulting from merger	(3,494)
Increase to record held to maturity investments at fair value	7
Decrease to record deferred tax adjustment related to the vesting of ProCentury restricted stock and options and exercise of options	(342)
Fair value of net assets acquired	148,154
Purchase price	271,410
Goodwill	\$ 123,256
(e) Other Assets	
Adjustment to reflect the capitalization of debt issuance costs	\$ 1,007
Liabilities and Shareholders Equity	
(f) Bank revolving credit facility	
Adjustment to reflect debt incurred on revolving credit facility by Meadowbrook to fund the proposed cash portion of the merger consideration and the payment of the transaction fees and restructuring charges	\$ 2,013
(g) Bank term loan facility	
Adjustment to reflect debt incurred on term loan facility by Meadowbrook to fund the proposed cash portion of the merger consideration and the payment of the transaction fees and restructuring charges	\$ 75,000
(h) Accounts payable and accrued expenses	
Adjustment related to the amount of proceeds, transaction costs and restructuring charges that are anticipated to be paid for in cash that exceeds the total amount of cash recorded at December 31, 2007. This additional cash is expected to be generated and on hand by the closing of the merger through operational cash flow generated in 2008.	\$ 6,050
(i) Shareholders Equity	

i. Adjustment to record the conversion of ProCentury's common shares to Meadowbrook's common stock at closing	\$	147,002
ii. Adjustment to remove the stock portion of the exercise of ProCentury's options due to change in control vesting provisions		2,273
iii. Adjustment to remove accumulated other comprehensive loss of ProCentury		8,710
iv. Adjustment to eliminate ProCentury's retained earnings		(66,448)
v. Adjustment to reflect changes in additional paid in capital of ProCentury		(103,283)
	\$	(11,746)

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	Increase (Decrease) Year Ended December 31, 2007 (in thousands)
Unaudited Pro Forma Condensed Consolidated Income Statement	
(j) Net investment income	
i. Adjustment to reflect the loss of investment income as a result of the payment of the cash portion of the merger consideration at an expected interest rate of 4.5%	\$ (2,825)
(k) Salaries and employee benefits	
At completion of the merger, we assumed all ProCentury employees would become employees of Meadowbrook. The associated expenses relating to insurance company operations would be accounted for under a management service agreement. As a result, the salaries and employee benefits expense related to ProCentury has been adjusted accordingly within the pro forma adjustments.	
Adjustment to reflect change in losses and loss adjustment expenses for salaries and employee benefits of ProCentury's underwriting department	\$ (5,647)
Adjustment to reflect change in policy acquisition and other underwriting expenses for salaries and employee benefits of ProCentury's underwriting department	(8,844)
Adjustment to reflect change in other administrative expenses for all other salary and employee benefits of ProCentury and reclassify to salaries and employee benefits	(11,167)
	\$ (25,658)
Adjustment to salaries and employee benefits to reflect the total of the above adjustments	\$ 25,658
(l) Interest expense	
i. Adjustment to record interest expense at an assumed interest rate of 7.9% on a revolving credit facility drawn or term loan facility to fund cash portion of the merger consideration and the payment of the transaction fees and restructuring charges (Note 5)	\$ 5,729
ii. Adjusted to reflect the amortization of the debt issuance costs over a five year period	201
	\$ 5,930
(m) Income taxes	
Adjustment to record a tax benefit using Meadowbrook's historical effective rate of 29.8% on the additional interest expense and the loss of investment income	\$ (2,609)
(n) Weighted average number of shares outstanding Basic	

Adjustment to reflect the change in basic shares outstanding	\$	3,423
(o) Weighted average number of shares outstanding Diluted		
Adjustment to reflect the change in diluted shares outstanding	\$	3,272

The pro forma adjustments include anticipated restructuring charges in connection with the merger of \$3.5 million. These costs include severance payments that are directly related to the merger and occur during the process of combining the companies. No determination has been made as to the allocation of the restructuring charge between Meadowbrook and ProCentury related expenditures for purposes of the preliminary unaudited pro forma condensed consolidated financial statements. The estimated restructuring charge is subject to final decisions by management of the combined company.

The preliminary unaudited pro forma condensed consolidated financial statements have been prepared

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assuming that the merger is accounted for under the purchase method of accounting (referred to as purchase accounting) with Meadowbrook as the acquiring entity. Accordingly, under purchase accounting, the assets, liabilities and commitments of ProCentury are adjusted to their fair value. The preliminary unaudited pro forma adjustments included herein are subject to other updates as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is consummated and after completion of a thorough analysis to determine the fair values of ProCentury's tangible and identifiable intangible assets and liabilities. Accordingly, the final purchase accounting adjustments, including conforming ProCentury's accounting policies to those of Meadowbrook, could be materially different from the preliminary unaudited pro forma adjustments presented herein. Any increase or decrease in the fair value of ProCentury's assets, liabilities, commitments, contracts and other items as compared to the information shown herein will change the purchase price allocable to goodwill and may impact the combined income statement due to adjustments in yield and/or amortization or accretion related to the adjusted assets or liabilities.

Note 3 Net Income Per Share, Weighted Shares and Shares Outstanding

Pro forma shares outstanding at December 31, 2007 consist of the following:

	(shares in thousands)
ProCentury shares outstanding	
Historical ProCentury common shares outstanding	13,364
ProCentury restricted stock and options vested and exercised at closing of the merger	165
Total shares outstanding immediately prior to the close of the merger	13,529
Assumed exchange ratio	
Merger consideration purchase price per share	\$ 20.00
Meadowbrook price per share	\$ 8.92
Assumed exchange ratio	2.24
ProCentury pro forma shares outstanding for entire merger consideration	30,334
Percentage of share consideration	55%
ProCentury pro forma shares outstanding after cash and share allocation	16,684
Historical Meadowbrook common stock outstanding	36,996
Pro forma Meadowbrook common stock outstanding	53,680

The pro forma net income per common share data has been computed based on the combined historical income of Meadowbrook and ProCentury and the impact of purchase accounting adjustments. Weighted average shares were calculated using ProCentury's historical weighted average common shares outstanding adjusted for the conversion of ProCentury's shares multiplied by the assumed exchange ratio.

Pro forma weighted shares outstanding for the year ended December 31, 2007 consists of the following:

	Basic	Diluted
	(shares in thousands)	
Historical ProCentury weighted shares outstanding	13,242	13,393
ProCentury restricted shares and options vested and exercised at closing of merger	272	121
Total weighted shares outstanding upon closing of merger	13,514	13,514
Assumed exchange ratio	2.24	2.24

Pro forma ProCentury weighted shares outstanding (rounded)	30,300	30,300
Percentage of share consideration	55%	55%
ProCentury pro forma shares outstanding after cash and share allocation	16,665	16,665
Historical Meadowbrook weighted stock outstanding	33,007	33,102
Pro forma Meadowbrook weighted stock outstanding	49,672	49,767

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The pro forma adjustments reflect the effect of accelerated vesting of certain share-based compensation, under the assumptions that the options will be settled net on vesting to satisfy tax withholding liabilities.

Note 4 Transactions Between Meadowbrook and ProCentury

None.

Note 5 Bank Revolving Credit and Term Loan Facilities

Meadowbrook intends to pay 45% of the merger consideration and all transaction and closing costs in cash. After the consideration of available cash from Meadowbrook and ordinary dividends from Star and Century, Meadowbrook intends to draw down \$77.0 million under a revolving credit facility or term loan facility. If the merger had closed on January 1, 2007, the rate of interest was estimated to be 7.9% based on 250 basis points (the margin) over 3-month LIBOR as of January 1, 2007. The margin is based on preliminary discussions with various banks and may differ significantly from the final negotiated terms. Therefore, the actual rate of interest may vary from the estimated amount.

Note 6 Taxes Payable

Tax expense or benefit has been recognized to the extent that pre-tax income or expense pro forma adjustments were generated by ProCentury.

Table of Contents**RISK FACTORS**

By voting in favor of the approval and adoption of the merger agreement, ProCentury shareholders may be choosing to invest in the common stock of Meadowbrook, which will be the parent company of ProCentury. In addition to the information contained elsewhere in this joint proxy statement-prospectus or incorporated in this joint proxy statement-prospectus by reference, you should carefully consider the following factors in making your decision as to how to vote on the merger.

Risks Relating to the Merger

Fluctuations in the market price of Meadowbrook common stock could result in ProCentury shareholders receiving Meadowbrook shares or a combination of Meadowbrook shares and cash that may have a market valuation at closing that is less or more than \$20.00 per share.

The exchange ratio will be determined by dividing \$20.00 by the volume-weighted average sales price of a share of Meadowbrook common stock for the 30-day trading period ending on the sixth trading day before we complete the merger. The exchange ratio will be fixed at 1.9048 if the average sales price of a share of Meadowbrook common stock over this period is equal to or greater than \$10.50 and at 2.5000 if the average sales price of a share of Meadowbrook common stock over this period is equal to or less than \$8.00. Accordingly, if the average sales price of Meadowbrook common stock over the relevant 30-day trading period is less than \$8.00 or more than \$10.50, the market price of a share of Meadowbrook common stock represented by the exchange ratio will likely be less or more, as the case may be, than \$20.00 per share at the time the merger is completed. Even if the average sales price is between \$8.00 and \$10.50, market price fluctuations may cause the Meadowbrook common stock represented by the exchange ratio to have a market value of less or more than \$20.00 when ProCentury shareholders actually receive Meadowbrook common stock in connection with the merger.

In addition, there is likely to be a significant amount of time between the date when Meadowbrook and ProCentury shareholders vote on the merger agreement at the special meetings and the date the merger is completed. Therefore, the price of Meadowbrook common stock on the date of the special meetings may not be indicative of what the price will be immediately before the merger is completed or what the price will be after the merger.

Also, the merger agreement does not provide for any Meadowbrook stock price level at which Meadowbrook or ProCentury may terminate the merger agreement.

The form of consideration a ProCentury shareholder will receive in the merger may be different than what that shareholder elects to receive.

ProCentury shareholders electing to receive cash or Meadowbrook shares for their ProCentury shares may receive part of their consideration in a form other than the form they elect. Under the merger agreement, Meadowbrook is required to pay cash with respect to 45% of, and to issue Meadowbrook shares with respect to 55% of, the aggregate value of the consideration paid to holders of ProCentury shares outstanding immediately before the effective time. If ProCentury shareholders elect to receive Meadowbrook shares valued at more than 55% of the aggregate merger consideration, a ProCentury shareholder who elects to receive Meadowbrook shares will receive part of his or her consideration in the form of cash. Similarly, if ProCentury shareholders elect to receive cash for more than 45% of the aggregate merger consideration, a ProCentury shareholder who elects to receive cash will receive part of his or her consideration in the form of Meadowbrook common stock. See The Merger Agreement Merger Consideration. In addition, further adjustments in the aggregate amounts of stock and cash consideration received in the merger may be required so that the merger will be treated as a reorganization for U.S. federal income tax purposes. This may also affect the relative amounts of Meadowbrook common stock and cash ProCentury shareholders will receive in connection with the merger. See The Merger Agreement Election Procedures.

Obtaining required regulatory approvals may delay or prevent completion of the merger.

Completion of the merger is conditioned upon the receipt of all material governmental authorizations, consents, orders and approvals. While Meadowbrook and ProCentury intend to pursue all required approvals in accordance with the merger agreement, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied. In addition, even if all such consents and

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approvals are obtained and the conditions are satisfied, they may be subject to terms, conditions or restrictions that could have a material adverse effect on the operations of Meadowbrook and its prospective subsidiaries after the merger. See The Merger Agreement Conditions for the Completion of the Merger for a discussion of the conditions to the completion of the merger and The Merger Agreement Regulatory Approvals for a description of the regulatory approvals necessary in connection with the merger.

If Meadowbrook is unable to secure sufficient financing through external sources, the completion of the merger will be jeopardized.

Meadowbrook intends to finance a significant portion of the cash consideration to be paid to ProCentury shareholders through external sources. As of the date of this document, Meadowbrook is in the due diligence process with its current bank to act as the sole administrative agent and sole lead manager to arrange \$100.0 million financing consisting of a revolving line of credit facility and a five-year term loan facility. In the event that Meadowbrook is unable to secure financing sufficient to finance the merger, Meadowbrook will have to adopt one or more alternatives, such as selling assets or restructuring debt, which may adversely affect Meadowbrook's business, financial condition and results of operations. Additionally, other financing may not be available on acceptable terms, in a timely manner or at all. If Meadowbrook is unable to finance the cash consideration to be paid to ProCentury shareholders in the merger, the completion of the merger will be jeopardized and Meadowbrook will be in breach of the merger agreement.

Difficulties in combining the operations of ProCentury and Meadowbrook may prevent the combined company from achieving the expected benefits from its acquisition.

Meadowbrook and ProCentury entered into the merger agreement with the expectation that the merger would provide each of its shareholders with substantial benefits, including among other things, enhanced revenues, cost savings and operating efficiencies. Achieving such expected benefits of the merger will be subject to a number of uncertainties, including whether Meadowbrook and ProCentury are integrated in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy that could materially impact the combined company's business, financial condition and operating results.

In addition, following the merger, the combined company may face substantial difficulties, costs and delays in integrating ProCentury and Meadowbrook, including:

perceived adverse changes in product offerings available or service standards, whether or not these changes do, in fact, occur;

the retention of existing insureds, general agents and agents of each company; and

retaining and integrating management and other key employees of the combined company.

Any one or all of these factors may cause increased operating costs or worse than anticipated financial performance. Many of these factors are outside the control of either company.

The combined company's increased debt may adversely affect its financial condition and results of future operations.

Meadowbrook currently anticipates that a significant portion of the cash consideration to be paid to ProCentury shareholders will be financed by Meadowbrook through external sources. The terms of financing may contain covenants that restrict the combined company's business and may adversely affect the ability of the combined company to enter into possible future transactions. As a result of the proposed financing, the pro forma consolidated capitalization of Meadowbrook after giving effect to the merger will result in a debt to equity ratio of 36.0%, a more leveraged capital structure. In comparison, Meadowbrook's debt to equity ratio at December 31, 2007 was 18.5% and ProCentury's was 18.4%.

Table of Contents***The issuance of shares of Meadowbrook common stock to ProCentury shareholders in the merger will reduce the percentage ownership of Meadowbrook shareholders.***

If the merger is completed, Meadowbrook and ProCentury expect that Meadowbrook will issue approximately [_____] shares of Meadowbrook common stock in connection with the merger and ProCentury shareholders will therefore own approximately [___]% of the combined company. Meadowbrook shareholders will continue to own their existing shares of Meadowbrook common stock, which will not be affected by the merger, other than by the dilution resulting from the issuance of Meadowbrook common stock in the merger. The issuance of such Meadowbrook shares will cause a significant reduction in the relative percentage interests of current Meadowbrook shareholders in earnings, voting, and liquidation, book and market value.

Following the merger, ProCentury shareholders will own less than a majority of the outstanding common voting stock of Meadowbrook.

After the merger, ProCentury's shareholders will own less than a majority of the outstanding voting stock of Meadowbrook and could therefore, for matters requiring a majority vote, be outvoted by the existing and continuing Meadowbrook shareholders if they all voted together as a group on any such issue that is presented to the Meadowbrook's shareholders. Meadowbrook's shareholders will own approximately ___% of Meadowbrook's outstanding voting stock and ten of the combined company's twelve-member board of directors will be individuals who are current directors of Meadowbrook. Neither group of shareholders will have the same control over Meadowbrook as they currently have over their respective companies.

The merger agreement limits ProCentury's ability to pursue alternatives to the merger.

The merger agreement contains non-solicitation provisions that, subject to limited exceptions, limit ProCentury's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of ProCentury, including any third-party that had submitted an indication of interest to ProCentury regarding such a proposal prior to the execution of the merger agreement. *See* Description of the Transaction Background of the Merger. Although ProCentury's board of directors is permitted to take these actions in connection with receipt of a competing acquisition proposal if it determines that the failure to do so would violate its fiduciary duties, taking such actions or similar actions would entitle Meadowbrook to terminate the merger agreement and ProCentury would be required to pay to Meadowbrook a termination fee of \$9.5 million. *See* The Merger Agreement Acquisition Proposals by Third-Parties. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of ProCentury even if it were prepared to pay consideration with a higher per share market price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire ProCentury than it might otherwise have proposed to pay.

The fairness opinion obtained by ProCentury from its financial advisor will not reflect changes in circumstances between signing the merger agreement and the merger.

ProCentury has not obtained an updated opinion as of the date of this document from Friedman, Billings, Ramsey & Co., Inc., its financial advisor (FBR). Changes in the operations and prospects of ProCentury or Meadowbrook, general market and economic conditions and other factors which may be beyond the control of ProCentury or Meadowbrook, and on which the fairness opinion was based, may alter the value of ProCentury or Meadowbrook or the prices of ProCentury common shares or shares of Meadowbrook common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because ProCentury does not currently anticipate asking FBR to update its opinion, the February 20, 2008 opinion does not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. *See* Description of the Transaction Fairness Opinion of ProCentury's Financial Advisor.

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Some of the directors and executive officers of ProCentury may have interests and arrangements that could have influenced their decisions to support or approve the merger.

The interests of some of the directors and executive officers of ProCentury may be different from those of ProCentury shareholders, and directors and officers of ProCentury may have participated in arrangements that are different from, or in addition to, ProCentury shareholders. *See* Description of the Transaction Interests of Certain Persons in the Merger.

Risks Relating to the Meadowbrook's Business and Common Stock

If Meadowbrook's estimates of reserves for losses and loss adjustment expenses are not adequate, it will have to increase its reserves, which would result in reductions in net income, retained earnings, statutory surplus, and liquidity, and may limit its ability to pay future dividends.

Meadowbrook establishes reserves for losses and expenses related to the adjustment of losses for the insurance policies it writes. It determines the amount of these reserves based on Meadowbrook's best estimate and judgment of the losses and costs it will incur on existing insurance policies. While Meadowbrook believes its reserves are adequate, it bases these reserves on assumptions about past and future events. The following factors could have a substantial impact on Meadowbrook's future loss experience:

the amounts of claims settlements and awards;

legislative activity;

changes in inflation and economic conditions; and

accuracy and timely reporting of claim information.

Actual losses and the costs it incurs related to the adjustment of losses under insurance policies could exceed, perhaps substantially, the amount of reserves it establishes. When it increases reserves, Meadowbrook's pre-tax income for the period will decrease by a corresponding amount. An increase in reserves may also require Meadowbrook to write off a portion of its deferred acquisition costs asset, which would cause a further reduction of pre-tax income in that period.

If Meadowbrook's financial strength ratings are reduced, it may be adversely impacted.

Insurance companies are subject to financial strength ratings produced by external rating agencies. Higher ratings generally indicate greater financial stability and a stronger ability to pay claims. Ratings are assigned by rating agencies to insurers based upon factors they believe are important to policyholders. Ratings are not recommendations to buy, hold, or sell Meadowbrook's securities.

Meadowbrook's ability to write business is most influenced by its rating from A.M. Best. A.M. Best ratings are designed to assess an insurer's financial strength and ability to meet continuing obligations to policyholders. Currently, Meadowbrook's financial strength rating from A.M. Best is A- (Excellent) for Star Insurance Company (Star), Savers Property and Casualty Insurance Company (Savers), Williamsburg National Insurance Company (Williamsburg) and Ameritrust Insurance Corporation (Ameritrust, and together with Star, Savers and Williamsburg, the insurance company subsidiaries). There can be no assurance that A.M. Best will not change its rating in the future. A rating downgrade from A.M. Best could materially adversely affect the business Meadowbrook writes and its results of operations.

If market conditions cause Meadowbrook's reinsurance to be more costly or unavailable, it may be required to bear increased risks or reduce the level of its underwriting commitments.

As part of Meadowbrook's overall risk and capacity management strategy, it purchases reinsurance for significant amounts of risk underwritten by its insurance company subsidiaries, especially for the excess-of-loss and severity risks. Market conditions beyond Meadowbrook's control determine the availability and cost of the reinsurance it purchases, which may affect the level of its business and profitability. Meadowbrook's reinsurance facilities are generally subject to annual renewal. It may be unable to maintain its current reinsurance facilities or to obtain other reinsurance in adequate amounts and at favorable rates. Increases in the cost of reinsurance would adversely affect Meadowbrook's profitability. In addition, if Meadowbrook is unable to renew its expiring facilities or to obtain new

reinsurance on favorable terms, either its net exposure to risk would increase or, if Meadowbrook is unwilling to bear an increase in net risk exposures, it would have to reduce the amount of risk it underwrites.

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Meadowbrook is subject to credit risk with respect to the obligations of its reinsurers and risk-sharing partners. The inability of Meadowbrook's reinsurers or risk-sharing partners to meet their obligations could adversely affect its profitability.

Star, as the lead insurance company under Meadowbrook's Inter-Company Reinsurance Agreement, cedes insurance to other insurers under pro rata and excess-of-loss contracts. These reinsurance arrangements diversify Meadowbrook's business and reduce its exposure to large losses or from hazards of an unusual nature. Meadowbrook transfers some of the risk it has assumed to reinsurance companies in exchange for a portion of the premium it receives in connection with the risk. Although reinsurance makes the reinsurer liable to Meadowbrook to the extent the risk is transferred, the ceding of insurance does not discharge Meadowbrook of its primary liability to its policyholder. If all or any of the reinsuring companies fail to pay or pay on a timely basis, Meadowbrook would be liable for such defaulted amounts. Therefore, Meadowbrook is subject to credit risk with respect to the obligations of its reinsurers. If Meadowbrook's reinsurers fail to pay or fail to pay on a timely basis, Meadowbrook's financial results and financial condition could be adversely affected. In order to minimize Meadowbrook's exposure to significant losses from reinsurer insolvencies, it evaluates the financial condition of its reinsurers and monitors the economic characteristics of the reinsurers on an ongoing basis and, if appropriate, may require trust agreements to collateralize the reinsurers' financial obligations to us. As of December 31, 2007, Meadowbrook's reinsurance recoverables on paid and unpaid losses was \$199.5 million.

In addition, with Meadowbrook's risk-sharing programs, Meadowbrook is subject to credit risk with respect to the payment of claims by its clients' captive, rent-a-captive, large deductible programs and indemnification agreements, as well as on the portion of risk either ceded to captives or retained by its clients. The capitalization and creditworthiness of prospective risk-sharing partners is one of the factors Meadowbrook considers upon entering into and renewing risk-sharing programs. Generally, Meadowbrook collateralizes balances due from its risk-sharing partners through funds withheld trusts or stand-by letters of credit issued by highly rated banks. No assurance can be given regarding the future ability of any of Meadowbrook's risk-sharing partners to meet their obligations. The inability of Meadowbrook's risk-sharing partners to meet their obligations could adversely affect Meadowbrook's profitability.

Meadowbrook faces competitive pressures in its business that could cause its revenues to decline and adversely affect its profitability.

Meadowbrook competes with a large number of other companies in its selected lines of business. Meadowbrook competes, and will continue to compete, with major United States, foreign and other regional insurers, as well as mutual companies, specialty insurance companies, underwriting agencies and diversified financial services companies. Many of Meadowbrook's competitors have greater financial and marketing resources than it does. Meadowbrook's profitability could be adversely affected if it loses business to competitors offering similar or better products at or below its prices.

A number of new, proposed or potential legislative or industry developments could further increase competition in the property and casualty insurance industry. These developments include:

- the formation of new insurers and an influx of new capital in the marketplace as existing companies attempt to expand their business as a result of better pricing and/or terms;

- programs in which state-sponsored entities provide property insurance in catastrophe-prone areas or other alternative market types of coverage; and

- changing practices created by the internet, which has increased competition within the insurance business.

These developments could make the property and casualty insurance marketplace more competitive by increasing the supply of insurance capacity. In the event the current soft market continues or is accelerated, it may negatively influence Meadowbrook's ability to maintain or increase rates. Accordingly, these developments could have an adverse effect on Meadowbrook's business, financial condition and results of operations.

Meadowbrook's results may fluctuate as a result of many factors, including cyclical changes in the insurance industry.

The results of companies in the property and casualty insurance industry historically have been subject to significant fluctuations and uncertainties. Meadowbrook's industry's profitability can be affected by:

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rising levels of actual costs that are not known by companies at the time they price their products;

volatile and unpredictable developments, including man-made, weather-related and other natural catastrophes or terrorist attacks;

changes in loss reserves resulting from the general claims and legal environments as different types of claims arise and judicial interpretations relating to the scope of insurer's liability develop;

fluctuations in interest rates, inflationary pressures and other changes in the investment environment, which affect returns on invested assets and may impact the ultimate payout of losses; and

increases in medical costs beyond historic or expected annual inflationary levels.

The demand for property and casualty insurance can also vary significantly, rising as the overall level of economic activity increases and falling as that activity decreases. The property and casualty insurance industry historically is cyclical in nature, with periods of reduced underwriting capacity and favorable premium rates alternating with periods of excess underwriting capacity and flat or falling premium rates. These fluctuations in demand and supply could produce underwriting results that would have a negative impact on Meadowbrook's financial condition and results of operations.

Negative developments within the workers' compensation insurance industry may adversely affect Meadowbrook's financial condition and results of operations.

Although Meadowbrook engages in other businesses, approximately 34% of its premium was attributable to workers' compensation insurance for the year ended December 31, 2007. As a result, negative developments within the economic, competitive or regulatory conditions affecting the workers' compensation insurance industry may have an adverse effect on Meadowbrook's financial condition and results of operations. For example, if legislators in one of Meadowbrook's larger markets, such as Florida, Nevada, or Massachusetts, were to enact legislation to increase the scope or amount of benefits for employees under workers' compensation insurance policies without related premium increases or loss control measures, this could negatively affect the workers' compensation insurance industry. In some states, workers' compensation insurance premium rates are determined by regulation, and changes in mandated rates could reduce Meadowbrook's profitability. Negative developments within the workers' compensation insurance industry could have a greater effect on Meadowbrook than on more diversified insurance companies with more diversified lines of insurance.

The failure of any of the loss limitation methods Meadowbrook employs could have a material adverse effect on Meadowbrook's results of operations and financial condition.

Meadowbrook seeks to limit its loss exposure by writing a number of its insurance and reinsurance contracts on an excess-of-loss basis. Excess-of-loss insurance and reinsurance indemnifies the insured against losses in excess of a specified amount. In addition, Meadowbrook limits program size for each client and purchases third-party reinsurance for its own account. In the case of Meadowbrook's assumed proportional reinsurance treaties, it seeks per occurrence limitations or loss and loss expense ratio caps to limit the impact of losses ceded by the client. In proportional reinsurance, the reinsurer shares a proportional part of the premiums and losses of the reinsured. Meadowbrook also seeks to limit its loss exposure by geographic diversification. Various provisions of Meadowbrook's policies, such as limitations or exclusions from coverage or choice of forum negotiated to limit its risks, may not be enforceable in the manner it intends. As a result, one or more catastrophic or other events could result in claims that substantially exceed Meadowbrook's expectations, which could have an adverse effect on its results of operations or financial condition.

Because Meadowbrook's investment portfolio consists primarily of fixed income securities, its investment income could suffer as a result of fluctuations in interest rates and market conditions.

Meadowbrook currently maintains and intends to continue to maintain an investment portfolio consisting primarily of fixed income securities. The fair value of these securities fluctuates depending on changes in interest rates. Generally, the fair market value of these investments increases or decreases in an inverse relationship with changes in interest rates. Changes in interest rates may result in fluctuations in the income derived from, and the

valuation of, Meadowbrook's fixed income investments, which could have an adverse effect on its financial condition and results of operations.

In addition, Meadowbrook's investment portfolio includes mortgage-backed securities. As of December

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31, 2007, mortgage and asset-backed securities constituted approximately 24.2% of its invested assets. As with other fixed income investments, the fair market value of these securities fluctuates depending on market and other general economic conditions and the interest rate environment. Changes in interest rates can expose Meadowbrook to prepayment risks on these investments. When interest rates fall, mortgage-backed securities are prepaid more quickly than expected and the holder must reinvest the proceeds at lower interest rates. Meadowbrook's mortgage-backed securities currently consist of securities with features that reduce the risk of prepayment, but there is no guarantee that it will not invest in other mortgage-backed securities that lack this protection. In periods of increasing interest rates, mortgage-backed securities are prepaid more slowly, which may require Meadowbrook to receive interest payments that are below the prevailing interest rates for longer than expected.

Meadowbrook could be forced to sell investments to meet its liquidity requirements.

Meadowbrook believes it maintains adequate amounts of cash and short-term investments to pay claims, and does not expect to have to sell securities prematurely for such purposes. Meadowbrook may, however, decide to sell securities as a result of changes in interest rates, credit quality, the rate or repayment or other similar factors. A significant increase in market interest rates could result in a situation in which Meadowbrook is required to sell securities at depressed prices to fund payments to its insureds. Since Meadowbrook carries debt securities at fair value, it expects these securities would be sold with no material impact on its net equity, although it could result in net realized losses. If these securities are sold, future net investment income may be reduced if Meadowbrook is unable to reinvest in securities with similar yields.

Because Meadowbrook is heavily regulated by the states in which it operates, Meadowbrook may be limited in the way it operates.

Meadowbrook is subject to extensive supervision and regulation in the states in which it operates. The supervision and regulation relate to numerous aspects of Meadowbrook's business and financial condition. The primary purpose of the supervision and regulation is to maintain compliance with insurance regulations and to protect policyholders and not Meadowbrook's shareholders. The extent of regulation varies, but generally is governed by state statutes. These statutes delegate regulatory, supervisory and administrative authority to state insurance departments. This system of regulation covers, among other things:

standards of solvency, including risk-based capital measurements;

restrictions on the nature, quality and concentration of investments;

restrictions on the types of terms that Meadowbrook can include in the insurance policies it offers;

required methods of accounting;

required reserves for unearned premiums, losses and other purposes;

permissible underwriting and claims settlement practices; and

potential assessments for the provision of funds necessary for the settlement of covered claims under certain insurance policies provided by impaired, insolvent or failed insurance companies.

The regulations of the state insurance departments may affect the cost or demand for Meadowbrook's products and may impede Meadowbrook from obtaining rate increases or taking other actions it might wish to take to increase its profitability. Furthermore, Meadowbrook may be unable to maintain all required licenses and approvals and its business may not fully comply with the wide variety of applicable laws and regulations or the relevant authority's interpretation of the laws and regulations. Also, regulatory authorities have relatively broad discretion to grant, renew or revoke licenses and approvals. If Meadowbrook does not have the requisite licenses and approvals or does not comply with applicable regulatory requirements, the insurance regulatory authorities could stop or temporarily suspend it from conducting some or all of its activities or monetarily penalize Meadowbrook.

Also, the insurance industry has recently become the focus of increased scrutiny by regulatory authorities relating to the placement of insurance, as well as claims handling by insurers in the wake of recent hurricane losses. Some states have adopted new disclosure requirements relating to the placement of insurance business, while other states are considering what additional regulatory oversight might be required with regard to claims handling activities of insurers. It is difficult to predict the outcome of these regulatory activities, whether they will expand into other areas of the business not yet contemplated, whether activities and practices currently thought of to be lawful will be characterized as unlawful and what form of additional or new regulations may be finally adopted and

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what impact, if any, such increase regulatory actions may have on Meadowbrook's business. Meadowbrook has received general industry-wide requests for information from a few state insurance departments regarding compensation with insurance agents. Meadowbrook responded to these inquiries. Subsequent to Meadowbrook's responses, it has not received any further inquiries or comments from the state insurance departments.

Meadowbrook's reliance on producers subjects Meadowbrook to their credit risk.

With respect to Meadowbrook's agency billed premiums generated by its insurance company subsidiaries, producers collect premiums from the policyholders and forward them to Meadowbrook. In certain jurisdictions, when the insured pays premiums for these policies to producers for payment, the premium might be considered to have been paid under applicable insurance laws and the insured will no longer be liable to Meadowbrook for those amounts, whether or not Meadowbrook has actually received the premium from the producer. Consequently, Meadowbrook assumes a degree of credit risk associated with producers. Although producers' failures to remit premiums to Meadowbrook has not caused a material adverse impact on Meadowbrook to date, there may be instances where producers collect premium but do not remit it to Meadowbrook and it may be required under applicable law to provide the coverage set forth in the policy despite the lack of the actual collection of the premium by Meadowbrook. Because the possibility of these events is dependent in large part upon the financial condition and internal operations of Meadowbrook's producers, it may not be able to quantify any potential exposure presented by the risk. If Meadowbrook is unable to collect premiums from its producers in the future, its financial condition and results of operations could be materially and adversely affected.

Provisions of the Michigan Business Corporation Act, Meadowbrook's articles of incorporation and other corporate governing documents and the insurance laws of Michigan and Missouri may discourage takeover attempts.

The Michigan Business Corporation Act contains anti-takeover provisions. Chapters 7A (the Fair Price Act) and 7B (the Control Share Act) of the Business Corporation Act apply to Meadowbrook and may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in their best interest, including those attempts that might result in shareholders receiving a premium over market price for their shares.

The Fair Price Act provides that a supermajority vote of 90% of the shareholders and no less than two-thirds of the votes of non interested shareholders must approve a business combination. The Fair Price Act defines a business combination to encompass any merger, consolidation, share exchange, sale of assets, stock issue, liquidation, or reclassification of securities involving an interested shareholder or certain affiliates. An interested shareholder is generally any person who owns ten percent or more of the outstanding voting shares of the company. An affiliate is a person who directly or indirectly controls, is controlled by, or is under common control with, a specified person. The supermajority vote required by the Fair Price Act does not apply to business combinations that satisfy certain conditions. These conditions include, among others: (i) the purchase price to be paid for the shares of the company in the business combination must be at least equal to the highest of either (a) the market value of the shares or (b) the highest per share price paid by the interested shareholder within the preceding two-year period or in the transaction in which the shareholder became an interested shareholder, whichever is higher; and (ii) once becoming an interested shareholder, the person may not become the beneficial owner of any additional shares of the company except as part of the transaction which resulted in the interested shareholder becoming an interested shareholder or by virtue of proportionate stock splits or stock dividends.

The Control Share Act establishes procedures governing control share acquisitions of large public Michigan corporations. A control share acquisition is defined as an acquisition of shares by an acquiror which, when combined with other shares held by that person or entity, would give the acquiror voting power, alone or as part of a group, at or above any of the following thresholds: 20%, 33 1/3% or 50%. Under the Control Share Act, an acquiror may not vote control shares unless the company's disinterested shareholders (defined to exclude the acquiring person, officers of the target company, and directors of the target company who are also employees of the company) vote to confer voting rights on the control shares. The Control Share Act does not affect the voting rights of shares owned by an acquiring person prior to the control share acquisition. The Control Share Act entitles corporations to redeem control shares from the acquiring person under certain circumstances. In other cases, the Control Share Act confers dissenters' rights

upon all of the corporation's shareholders except the acquiring person.

Meadowbrook's articles of incorporation allow its board of directors to issue one or more classes or series of preferred stock with voting rights, preferences and other privileges as the board of directors may determine. Also, Meadowbrook has adopted a shareholder rights plan, which if triggered would significantly dilute the stock

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ownership percentage of anyone who acquires more than 15% of Meadowbrook's shares without the approval of Meadowbrook's board of directors. The existence of Meadowbrook's shareholder rights plan and the possible issuance of preferred shares could adversely affect its shareholders and could prevent, delay or defer a change of control.

Meadowbrook is also subject to the laws of various states, such as Michigan, Missouri and California, governing insurance holding companies. Under these laws, a person generally must obtain the applicable Insurance Department's approval to acquire, directly or indirectly, five to ten percent or more of the outstanding voting securities of Meadowbrook's insurance company subsidiaries. An Insurance Department's determination of whether to approve an acquisition would be based on a variety of factors, including an evaluation of the acquirer's financial stability, the competence of its management, and whether competition in that state would be reduced. These laws may prevent, delay or defer a change of control of Meadowbrook or its insurance company subsidiaries.

Most states assess Meadowbrook's insurance company subsidiaries to provide funds for failing insurance companies and those assessments could be material.

Meadowbrook's insurance company subsidiaries are subject to assessments in most states where Meadowbrook is licensed for the provision of funds necessary for the settlement of covered claims under certain policies provided by impaired, insolvent or failed insurance companies. Maximum contributions required by law in any one year vary by state, and have historically been less than one percent of annual premiums written. Meadowbrook cannot predict with certainty the amount of future assessments. Significant assessments could have a material adverse effect on Meadowbrook's financial condition and results of operations.

Meadowbrook may require additional capital in the future, which may not be available or may only be available on unfavorable terms.

Meadowbrook's future capital requirements depend on many factors, including its ability to write new business successfully and to establish premium rates and reserves at levels sufficient to cover losses. To the extent that Meadowbrook's present capital is insufficient to meet future operating requirements and/or cover losses, it may need to raise additional funds through financings. If Meadowbrook had to raise additional capital, equity or debt financing may not be available or, may be on terms that are not favorable to it. In the case of equity financings, dilution to Meadowbrook's shareholders could result, and in any case such securities may have rights, preferences and privileges that are senior to those shares of common stock. If Meadowbrook cannot obtain adequate capital on favorable terms or at all, its business, operating results and financial condition could be adversely affected.

Meadowbrook's performance is dependent on the continued services and performance of its senior management and other key personnel.

The success of Meadowbrook's business is dependent on its ability to retain and motivate its senior management and key management personnel. The loss of the services of any of Meadowbrook's executive officers or other key employees could have a material adverse effect on its business, financial condition, and results of operations. Meadowbrook has existing employment or severance agreements with Merton J. Segal, Robert S. Cubbin, Karen M. Spaun, Michael G. Costello, Stephen Belden, Joseph E. Mattingly, James M. Mahoney, Robert C. Spring, Archie S. McIntyre, and Kenn R. Allen. Meadowbrook maintains a key person life insurance policy on Robert S. Cubbin, its President and CEO.

Meadowbrook's future success also will depend on its ability to retain key employees of ProCentury and to attract, train, motivate and retain other highly skilled technical, managerial, marketing, and customer service personnel. Competition for these employees is intense and Meadowbrook may not be able to successfully attract, integrate or retain sufficiently qualified personnel. In addition, Meadowbrook's future success depends on its ability to attract, retain and motivate its agents and other producers. Meadowbrook's failure to attract and retain the necessary personnel and producers could have a material adverse effect on its business, financial condition, and results of operations.

Meadowbrook relies on its information technology and telecommunications systems to conduct its business.

Meadowbrook's business is dependent upon the uninterrupted functioning of its information technology and telecommunication systems. Meadowbrook relies upon its systems, as well as the systems of its vendors, to underwrite and process its business, make claim payments, provide customer service, provide policy administration services, such as endorsements, cancellations and premium collections, comply with insurance regulatory

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requirements and perform actuarial and other analytical functions necessary for pricing and product development. Meadowbrook's operations are dependent upon its ability to timely and efficiently process its business and protect its information and telecommunications systems from physical loss, telecommunications failure or other similar catastrophic events, as well as from security breaches. While Meadowbrook has implemented business contingency plans and other reasonable and appropriate internal controls to protect its systems from interruption, loss or security breaches, a sustained business interruption or system failure could adversely impact its ability to process its business, provide customer service, pay claims in a timely manner or perform other necessary business functions. Likewise, a security breach of its computer systems could also interrupt or damage its operations or harm its reputation in the event confidential customer information is disclosed to third parties. Either of these circumstances could have a material adverse effect upon Meadowbrook's financial condition, operations or reputation.

Managing technology initiatives and obtaining the efficiencies anticipated with technology implementation may present significant challenges.

While technological enhancements and initiatives can streamline several business processes and ultimately reduce the costs of operations, these initiatives can present short-term costs and implementation risks. Projections of associated costs, implementation timelines, and the benefits of those results may be inaccurate and such inaccuracies could increase over time. In addition, there are risks associated with not achieving the anticipated efficiencies from technology implementation that could impact Meadowbrook's financial condition and results of operations.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS

Meadowbrook and ProCentury have each made forward-looking statements in this document (and in documents incorporated by reference in this document) that are subject to risks and uncertainties. These forward-looking statements include information regarding possible or assumed future results of operations or the performance of Meadowbrook, ProCentury, their respective subsidiaries and the combined company after the merger is completed and may include statements regarding the period following the completion of the merger. Forward-looking statements, which are based on certain assumptions and describe future plans, strategies, and expectations of each of Meadowbrook and ProCentury, are generally identified by the use of words such as believe, expect, intend, anticipate, estimate, or project or similar expressions. Each of the companies' respective ability to predict results, or the actual effect of future plans or strategies, is inherently uncertain. Many possible events or factors could affect the future financial results and performance of Meadowbrook, ProCentury, their respective Subsidiaries, and the combined company after the merger and could cause those results or performance to differ materially from those expressed in the forward-looking statements.

In addition to the risks discussed in the Risk Factors section of this joint proxy statement-prospectus, factors that could have a material adverse effect on operations and future prospects include, but are not limited to, the following:

those risks and uncertainties discussed or identified in Meadowbrook's or ProCentury's filing with the SEC;

the risk that the businesses of Meadowbrook and/or ProCentury in connection with the merger will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected;

the risk that expected revenue synergies and cost savings from the merger may not be fully realized or realized within the expected time frame;

changes in the business environment in which we operate, including inflation and interest rates;

availability, terms and collectibility of reinsurance;

changes in taxes, laws and governmental regulations;

competitive product and pricing activity;

managing growth profitably;

catastrophe losses including those from future terrorist activity;

the cyclical nature of the property and casualty industry;

product demand;

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claims development and the process of estimating reserves;

the ability of its reinsurers to pay reinsurance recoverables owed to us;

investment results;

changes in the ratings assigned to us by ratings agencies;

uncertainty as to reinsurance coverage for terrorist acts;

availability of dividends from its insurance company subsidiaries; and

other factors referenced in this joint proxy statement-prospectus or the documents incorporated by reference.

These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements.

Any forward-looking earnings estimates included in this joint proxy statement-prospectus have not been examined or compiled by either of its independent public accountants, nor have either of its independent accountants applied any procedures to its estimates. Accordingly, the accountants of Meadowbrook and ProCentury do not express an opinion or any other form of assurance on them. The forward-looking statements included in this joint proxy statement-prospectus are made only as of the date of this joint proxy statement-prospectus. Neither Meadowbrook nor ProCentury undertakes any obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise. Further information concerning Meadowbrook and its business, including additional factors that could materially affect Meadowbrook's financial results, is included in Meadowbrook's filings with the SEC. Further information concerning ProCentury and its business, including additional factors that could materially affect ProCentury's financial results, is included in ProCentury's filings with the SEC.

THE SPECIAL MEETINGS

Meadowbrook is furnishing this joint proxy statement-prospectus to holders of Meadowbrook common stock, \$0.01 par value per share, in connection with the proxy solicitation by Meadowbrook's board of directors. Meadowbrook's board of directors will use the proxies at the special meeting of shareholders of Meadowbrook to be held on [], 2008, and at any adjournments or postponements of the meeting.

ProCentury is furnishing this joint proxy statement-prospectus to holders of ProCentury common shares, without par value, in connection with the proxy solicitation by ProCentury's board of directors. ProCentury's board of directors will use the proxies at the special meeting of shareholders of ProCentury to be held on [], 2008, and at any adjournments or postponements of the meeting.

Each of Meadowbrook and ProCentury's shareholders will be asked at their respective special meetings to vote to approve and adopt the Agreement and Plan of Merger, dated as of February 20, 2008, among Meadowbrook, a subsidiary of Meadowbrook and ProCentury, and to approve the transactions it contemplates, (including, in the case of Meadowbrook, the issuance of common stock in the merger). Under the merger agreement, ProCentury will merge with and into a subsidiary of Meadowbrook. In the merger of ProCentury with and into the subsidiary of Meadowbrook, each of the outstanding ProCentury common shares will be converted into the right to receive either cash, Meadowbrook common stock, or a combination of both. ProCentury shareholders will receive cash instead of any fractional shares.

MEADOWBROOK SPECIAL MEETING

Date, Place, Time and Purpose

The special meeting of Meadowbrook's shareholders will be held at [], at []:00 [].m. local time, on [], 2008. At the special meeting, holders of Meadowbrook common stock will be asked to vote upon a proposal to approve and adopt the merger agreement and to approve the transactions it contemplates, including the issuance of

Meadowbrook common stock to ProCentury shareholders, and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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Record Date, Voting Rights, Required Vote and Revocability of Proxies

The Meadowbrook board fixed the close of business on [___], 2008, as the record date for determining those Meadowbrook shareholders who are entitled to notice of and to vote at the special meeting. Only holders of Meadowbrook common stock of record on the books of Meadowbrook at the close of business on the record date have the right to receive notice of and to vote at the special meeting. On the record date, there were [___] shares of Meadowbrook common stock issued and outstanding, held by approximately [___] holders of record.

At the special meeting, Meadowbrook shareholders will have one vote for each share of Meadowbrook common stock owned on the record date. The holders of a majority of the outstanding shares of Meadowbrook common stock entitled to vote at the special meeting must be present for a quorum to exist at the special meeting.

To determine if a quorum is present, Meadowbrook intends to count the following:

shares of Meadowbrook common stock present at the special meeting either in person or by proxy; and

shares of Meadowbrook common stock for which it has received signed proxies, but with respect to which holders of shares have abstained on any matter.

Approval of the merger agreement requires the affirmative vote of holders of a majority of the votes cast at Meadowbrook's special meeting (assuming a quorum is present). Approval of the adjournment or postponement of the special meeting also requires the affirmative vote of holders of a majority of the votes cast at Meadowbrook's special meeting (assuming a quorum is present).

Brokers who hold shares in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those shares without specific instructions from their customers. Any abstention or broker non-vote will be counted as present for purposes of determining whether a quorum exists, but will not be counted as a vote for or against the merger.

Properly executed proxies that Meadowbrook receives before the vote at the special meeting that are not revoked will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated, these proxies will be voted **FOR** the proposal to adopt the merger agreement and to approve the transactions it contemplates, **FOR** any resolution to adjourn the special meeting, if necessary, to solicit additional proxies, and the proxy holder may vote the proxy in its discretion as to any other matter that may properly come before the special meeting.

A Meadowbrook shareholder who has given a proxy solicited by the Meadowbrook board may revoke it at any time prior to its exercise at the special meeting by:

giving written notice of revocation to the secretary of Meadowbrook;

properly submitting to Meadowbrook a duly executed proxy bearing a later date; or

attending the special meeting and voting in person.

All written notices of revocation and other communications with respect to revocation of proxies should be sent to: Meadowbrook Insurance Group, Inc., 26255 American Drive, Southfield, Michigan 48034-5178, Attention: Michael G. Costello, Secretary.

On the record date, Meadowbrook's directors and executive officers owned [] shares, or approximately []% of the outstanding shares, of Meadowbrook common stock. Even if each of these individuals voted in favor of the merger, because they hold only []% of the voting power, adoption of the merger agreement and approval of the merger is not assured.

Solicitation of Proxies

Directors, officers and employees of Meadowbrook may solicit proxies by regular or electronic mail, in person or by telephone or facsimile. Meadowbrook has retained Georgeson Inc. at an estimated cost of \$10,000, plus reimbursement of expenses, to assist in the solicitation of proxies from brokers, nominees, institutions and individuals. They will receive no additional compensation for these services. Meadowbrook may make arrangements with brokerage firms and other custodians, nominees and fiduciaries, if any, for the forwarding of solicitation materials to the beneficial owners of Meadowbrook common stock held of record by such persons.

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Meadowbrook will reimburse any brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses incurred by them for their services. Meadowbrook will bear all expenses associated with the printing and mailing of this joint proxy statement-prospectus to its shareholders, as provided in the merger agreement. *See*

Description of Transaction Expenses.

Authority to Adjourn Special Meeting to Solicit Additional Proxies

In the event that there are not sufficient votes to constitute a quorum or to approve and adopt the merger agreement and the transactions it contemplates at the time of the special meeting, the merger agreement cannot be approved unless the special meeting is adjourned or postponed to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by Meadowbrook at the time of the special meeting to be voted for an adjournment or postponement, if deemed necessary, Meadowbrook has submitted the question of adjournment or postponement to its shareholders as a separate matter for their consideration. If it is deemed necessary to adjourn the special meeting, no notice of the adjourned meeting is required to be given to the Meadowbrook shareholders, other than an announcement at the special meeting of the place, date and time to which the special meeting is adjourned.

Dissenters Rights

Meadowbrook's shareholders do not have dissenters' rights under Michigan law, Meadowbrook's governing documents, or any other statute.

Recommendation of Meadowbrook's Board

*The Meadowbrook board has unanimously approved the merger agreement and the transactions it contemplates and believes that the proposal to adopt the merger agreement and approve the transactions it contemplates are in the best interests of Meadowbrook and its shareholders. The Meadowbrook board unanimously recommends that the Meadowbrook shareholders vote **FOR** the approval and adoption of the merger agreement and approval of the transactions it contemplates and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. See Description of Transaction Meadowbrook's Reasons for the Merger and Board Recommendation.*

PROCENTURY SPECIAL MEETING

Date, Place, Time and Purpose

The special meeting of ProCentury's shareholders will be held at [___], at [___]:00 [___].m. local time, on [___], 2008. At the special meeting, holders of ProCentury common shares will be asked to vote upon a proposal to approve and adopt the merger agreement and to approve the transactions it contemplates and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

Record Date, Voting Rights, Required Vote and Revocability of Proxies

The ProCentury board fixed the close of business on [___], 2008, as the record date for determining those ProCentury shareholders who are entitled to notice of and to vote at the special meeting. Only holders of ProCentury common shares of record on the books of ProCentury at the close of business on the record date have the right to receive notice of and to vote at the special meeting. On the record date, there were [___] of ProCentury common shares issued and outstanding, held by approximately [___] holders of record.

At the special meeting, ProCentury shareholders will have one vote for each ProCentury common share owned on the record date. The holders of a majority of the outstanding ProCentury common shares entitled to vote at the special meeting must be present for a quorum to exist at the special meeting.

To determine if a quorum is present, ProCentury intends to count the following:

ProCentury common shares present at the special meeting either in person or by proxy; and

ProCentury common shares for which ProCentury has received signed proxies, but with respect to which holders of shares have abstained on any matter.

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Approval and adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding ProCentury common shares. Because the required vote is based on the number of common shares outstanding rather than on the number of votes cast, failing to vote common shares (including as a result of broker non-vote; discussed below) or abstaining will have the same effect as voting against the approval and adoption of the merger agreement and the transactions it contemplates. Accordingly, in order for shares to be included in the vote, shareholders of record must either return the enclosed proxy card by mail or vote in person at the special meeting.

Approval of the adjournment or postponement of the special meeting requires the affirmative vote of holders of a majority of the ProCentury common shares present in person or by proxy and entitled to vote at the special meeting regardless of whether or not a quorum is present at the special meeting. If a shareholder (i) does not vote, either in person or by proxy, (ii) submits a properly signed proxy and affirmatively elects to abstain from voting or (iii) fails to instruct such holders or broker as to how to vote, it will have no effect on the approval of the adjournment or postponement proposal.

Brokers who hold shares in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those shares without specific instructions from their customers. Abstentions and broker non-votes will be counted as present for determining whether a quorum exists.

Properly executed proxies that ProCentury receives before the vote at the special meeting that are not revoked will be voted in accordance with the instructions indicated on the proxies. If no instructions are indicated, these proxies will be voted **FOR** the approval and adoption of the merger agreement and approval of the transactions it contemplates, **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies, and the proxy holder may vote the proxy in its discretion as to any other matter that may properly come before the special meeting.

A ProCentury shareholder who has given a proxy solicited by the ProCentury board may revoke it at any time prior to its exercise at the special meeting by:

giving written notice of revocation to ProCentury at its principal executive offices located at 465 Cleveland Avenue, Westerville, Ohio 43082;

properly submitting to ProCentury a duly executed proxy bearing a later date; or

giving notice to ProCentury of the revocation at the special meeting.

Presence at the special meeting, without any further action by a ProCentury shareholder, will not revoke a previously granted proxy.

All written notices of revocation and other communications with respect to revocation of proxies should be sent to: ProCentury Corporation, 465 Cleveland Avenue, Westerville, Ohio 43082, Attention: Secretary.

On the record date, ProCentury's directors and executive officers owned [], or approximately []%, of the outstanding ProCentury common shares. Even if each of these individuals voted in favor of the merger, because they hold only []% of the voting power, there is no assurance that the merger agreement will be approved and adopted.

Solicitation of Proxies

Directors, officers and employees of ProCentury may solicit proxies by regular or electronic mail, in person or by telephone or facsimile. They will receive no additional compensation for these services. ProCentury has also retained The Altman Group at an estimated cost of \$10,000, plus reimbursement of expenses, to assist in the solicitation of proxies from brokers, nominees, institutions and individuals. ProCentury may make arrangements with brokerage firms and other custodians, nominees and fiduciaries, if any, for the forwarding of solicitation materials to the beneficial owners of ProCentury common shares held of record by such persons. ProCentury will reimburse any brokers, custodians, nominees and fiduciaries for the reasonable out-of-pocket expenses incurred by them for their services. ProCentury will bear all expenses associated with the printing and mailing of this joint proxy statement-prospectus to its shareholders, as provided in the merger agreement. *See* Description of Transaction Expenses.

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Authority to Adjourn or Postpone Special Meeting to Solicit Additional Proxies

In the event that there are not sufficient votes to constitute a quorum or to approve and adopt the merger agreement and the transactions it contemplates at the time of the special meeting, the merger agreement cannot be approved unless the special meeting is adjourned or postponed to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by ProCentury at the time of the special meeting to be voted for an adjournment or postponement, if deemed necessary, ProCentury has submitted the question of adjournment or postponement to its shareholders as a separate matter for their consideration. If it is deemed necessary to adjourn the special meeting, no notice of the adjourned meeting is required to be given to the ProCentury shareholders, other than an announcement at the special meeting of the place, date and time to which the special meeting is adjourned.

Dissenters' Rights

If the merger agreement is approved and adopted, each ProCentury shareholder objecting to the merger agreement may be entitled to seek relief as a dissenting shareholder under Section 1701.85 of the Ohio Revised Code. The following is a summary of the principal steps a ProCentury shareholder must take to perfect his or her dissenters' rights under the Ohio Revised Code. This summary is qualified by reference to a complete copy of Section 1701.85 of the Ohio Revised Code, which is attached as Appendix C to this document and incorporated by reference herein. Any dissenting shareholder contemplating exercise of his or her dissenters' rights is urged to carefully review the provisions of Section 1701.85 and to consult an attorney, since failure to follow fully and precisely the procedural requirements of the statute may result in termination or waiver of these rights.

To perfect dissenters' rights, a dissenting shareholder must satisfy each of the following conditions and must otherwise comply with Section 1701.85 of the Ohio Revised Code:

A dissenting shareholder must be a record holder of the ProCentury shares as to which such ProCentury shareholder seeks to exercise dissenters' rights on the record date for determining entitlement to vote on the proposal to approve and adopt the merger agreement. Because only ProCentury shareholders of record on the record date may exercise dissenters' rights, any person who beneficially owns shares that are held of record by a bank, brokerage firm, nominee or other holder and who desires to exercise dissenters' rights must, in all cases, instruct the record holder of the ProCentury shares to satisfy all of the requirements of Section 1701.85;

A dissenting shareholder must not vote the ProCentury shares as to which dissenters' rights are being exercised in favor of the proposal to approve and adopt the merger agreement at the special meeting. Failing to vote or abstaining from voting does not waive a dissenting shareholder's rights. However, a proxy returned to ProCentury signed but not marked to specify voting instructions will be voted in favor of the proposal to approve and adopt the merger agreement and will be deemed a waiver of dissenters' rights. A dissenting shareholder may revoke his or her proxy at any time before its exercise by: filing with ProCentury an instrument revoking it, delivering a duly executed proxy bearing a later date or by revoking his or her proxy in open meeting at the special meeting;

A dissenting shareholder must deliver a written demand for payment of the fair cash value of his or her ProCentury shares to ProCentury on or before the tenth day following the special meeting. Any written demand must specify the shareholder's name and address, the number of ProCentury shares held by him or her on the record date, and the amount claimed as the fair cash value of the ProCentury shares. A vote against the proposal to approve and adopt the merger agreement will not satisfy notice requirements under Ohio law concerning dissenters' rights. ProCentury will not notify shareholders of the expiration of this ten-day period; and

If ProCentury so requests, a dissenting shareholder must submit his or her share certificates to ProCentury within 15 days of such request for endorsement thereon by ProCentury that demand for appraisal has been made. Such a request is not an admission by ProCentury that a dissenting shareholder is entitled to relief. ProCentury will promptly return the share certificates to the dissenting shareholder. At the option of ProCentury, a dissenting shareholder who fails to deliver his or her certificate upon request from ProCentury

may have his or her dissenters' rights terminated, unless a court for good cause shown otherwise directs.

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ProCentury and a dissenting shareholder may come to an agreement as to the fair cash value of the ProCentury shares. If ProCentury and any dissenting shareholder cannot agree upon the fair cash value of the ProCentury shares, then either may, within three months after service of demand by the dissenting shareholder, file a petition in the Court of Common Pleas of Delaware County, Ohio, for a determination that the shareholder is entitled to exercise dissenters rights and to determine the fair cash value of the ProCentury shares. The court may appoint one or more appraisers to recommend a fair cash value. The fair cash value is to be determined as of the day prior to the date of the special meeting. The fair cash value is the amount that a willing seller, under no compulsion to sell, would be willing to accept, and that a willing buyer, under no compulsion to purchase, would be willing to pay, but in no event may the fair cash value exceed the amount specified in the dissenting shareholder's demand. In determining this value, any appreciation or depreciation in the market value of the ProCentury shares resulting from the merger is excluded. The Ohio Supreme Court, in Armstrong v. Marathon Oil Company, 32 Ohio St. 3d 397 (1987), has held that fair cash value for publicly-traded shares of a company with significant trading activity will be the market price for such shares on the date that the transaction is submitted to the shareholders or directors for final approval, as adjusted to exclude the impact of the transaction giving rise to the dissenters' rights. The fair cash value may ultimately be more or less than the per share merger consideration. Interest on the fair cash value and costs of the proceedings, including reasonable compensation to any appraisers, are to be assessed or apportioned as the court considers equitable. Shareholders should also be aware that investment banking opinions as to the fairness from a financial point of view of the consideration payable in a merger are not opinions as to fair cash value under Section 1701.85 of the Ohio Revised Code.

Payment of the fair cash value must be made within 30 days after the later of the final determination of such value or the closing date of the merger. Such payment shall be made only upon simultaneous surrender to ProCentury of the share certificates for which such payment is made.

A dissenting shareholder's rights to receive the fair cash value of his or her ProCentury shares will terminate if: the dissenting shareholder has not complied with Section 1701.85;

the merger is abandoned or is finally enjoined or prevented from being carried out, or the ProCentury shareholders rescind their approval and adoption of the merger agreement;

the dissenting shareholder withdraws his or her demand with the consent of ProCentury by its board of directors; or

the dissenting shareholder and ProCentury's board of directors have not agreed on the fair cash value per share and neither has filed a timely complaint in the Court of Common Pleas of Delaware County, Ohio.

All rights accruing from ProCentury shares, including voting and dividend and distribution rights, are suspended from the time a dissenting shareholder makes demand with respect to such ProCentury shares until the termination or satisfaction of the rights and obligations of the dissenting shareholder and ProCentury arising from the demand. During this period of suspension, any dividend or distribution paid on the ProCentury shares will be paid to the record owner as a credit upon the fair cash value thereof. If a shareholder's dissenters' rights are terminated other than by purchase by ProCentury of the dissenting shareholder's ProCentury shares, then at the time of termination all rights will be restored and all distributions that would have been made, but for suspension, will be made.

Recommendation of ProCentury's Board

*The ProCentury board has unanimously approved the merger agreement and the transactions it contemplates and believes that the proposal to approve and adopt the merger agreement and approve the transactions it contemplates are in the best interests of ProCentury and its shareholders. The ProCentury board unanimously recommends that the ProCentury shareholders vote **FOR** the approval and adoption of the merger agreement and approval of the transactions it contemplates and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. See Description of Transaction ProCentury's Reasons for the Merger and Board Recommendation.*

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DESCRIPTION OF TRANSACTION

The following information describes material aspects of the merger and related transactions. This description does not provide a complete description of all the terms and conditions of the merger agreement. It is qualified in its entirety by the appendices to this document, including the merger agreement, which is attached as Appendix A and incorporated by reference into this joint proxy statement-prospectus. We urge you to read the Appendices in their entirety.

General

The merger agreement provides for the acquisition by merger of ProCentury with and into a wholly-owned subsidiary of Meadowbrook, with the Meadowbrook subsidiary being the surviving entity in the merger. At the time the merger becomes effective, each ProCentury common share then issued and outstanding will be converted into and exchanged for the right to receive shares of Meadowbrook common stock, cash or a combination of both, as described below. The discussion below is subject to the limitation in the merger agreement that, notwithstanding the elections that ProCentury shareholders make, the aggregate amount of cash consideration to be paid in the merger will be equal to 45% of the total consideration to be paid by Meadowbrook, and the aggregate amount of stock consideration to be paid in the merger will be equal to 55% of the total consideration paid by Meadowbrook.

Background of the Merger

During the summer of 2007, ProCentury, in an effort to grow its revenues in a softening market, attempted to acquire two small insurance companies, each of which had initiated a sale process. ProCentury was not the successful bidder in either case, in part because of ProCentury's unwillingness to pay the purchase price that other bidders were willing to pay and, in one case, because ProCentury's size and the limited scope of its business made it less attractive as a buyer and an employer. At the regular ProCentury board of directors meeting held on August 15, 2007, Mr. Feighan noted to the ProCentury directors that ProCentury would face challenges in growing its revenues and that its recent attempts to grow revenues through acquisitions had been unsuccessful.

Also during the summer of 2007, Mr. Feighan had conversations with representatives of FBR, the investment banking firm that had served as lead managing underwriter in ProCentury's initial public offering and that had been working with ProCentury over the summer regarding a possible equity offering to support any acquisition activity that might occur. During these discussions, Mr. Feighan and FBR representatives discussed other possible acquisition targets and also discussed the possibility of ProCentury entering into discussions regarding a business combination with Meadowbrook.

On August 16, 2007, Mr. Cubbin and Meadowbrook's chairman, Merton J. Segal, were introduced to Mr. Feighan at a breakfast meeting arranged by two former principals of a company acquired by Meadowbrook earlier in 2007. The breakfast meeting occurred in Cleveland, Ohio and was primarily an introduction to each other and the respective companies. There was no discussion about a possible business combination.

Following this initial breakfast meeting, FBR and ParaCap Group LLC (ParaCap), Meadowbrook's financial advisor, were asked to arrange a meeting on August 27, 2007 between Mr. Cubbin and Mr. Feighan at ProCentury's offices. At this meeting, the executives had a general conversation regarding their respective businesses, but there was no specific discussion about a possible business combination.

On August 30, 2007, members of ProCentury's management met with Meadowbrook's management at Meadowbrook's offices following the execution by the companies of a confidentiality agreement. At this meeting, the companies' respective businesses, cultures and management teams were discussed, as well as the potential business opportunities that could result from a joint venture, strategic business partnership, or a business combination transaction.

On October 23, 2007, Mr. Cubbin sent a letter to Mr. Feighan expressing Meadowbrook's interest in a merger transaction with ProCentury. The letter did not specify a per share price, but based on conversations between representatives of FBR and ParaCap, ProCentury's management believed that Meadowbrook was considering a per share price in the range of \$18.00 to \$19.00 per share, to be paid in some combination of cash and Meadowbrook common stock.

On October 25, 2007, Mr. Feighan had dinner with the chief executive officer of a publicly-traded

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insurance organization (Company 2). During the meeting, the chief executive officer expressed interest in an acquisition of ProCentury, to which Mr. Feighan responded that ProCentury was not for sale, but that he was interested in learning more about Company 2 and its management team.

In October 2007, Mr. Feighan had a telephone conversation with the chief executive officer of another publicly-traded insurance company (Company 3) during which the chief executive officer expressed an interest in a business combination transaction with ProCentury at a value of \$15.00 per share. Mr. Feighan indicated to Company 3 during these discussions that ProCentury was not for sale.

On November 14, 2007, ProCentury held a regular meeting of its board of directors, at which representatives of Baker & Hostetler LLP, ProCentury's outside counsel, were present. During the meeting the directors discussed, among other things, ProCentury's stock price and results for the first three quarters of 2007, which showed some decrease in gross written premiums, slower than expected progress with new product and growth initiatives and continued softening market conditions, but continued favorable development on reserves and overall favorable results. At the conclusion of the regular business of the meeting, representatives of FBR joined the meeting. Mr. Feighan reviewed for the directors the Meadowbrook letter and his conversations with Company 2 and Company 3. Representatives of FBR provided the ProCentury directors with a general overview of the state of the insurance industry and Meadowbrook's business. There was a consensus among the directors that ProCentury's management and representatives of FBR should continue their discussions with Meadowbrook, but the board also directed management to focus on ongoing operations. Following this meeting, representatives of FBR and ParaCap began discussions regarding general parameters of a transaction, including valuation, and discussed the timing and logistics for initiating a due diligence review by each party.

On December 7, 2007, Meadowbrook's board of directors met to discuss the business rationale for a possible transaction, whether to authorize management to commence due diligence and discuss retention of an investment banker. ParaCap attended the meeting to discuss the rationale for a possible transaction, synergy and cost saving opportunities, revenue enhancements and the risks associated with a possible transaction. Meadowbrook's board of directors authorized management to commence due diligence and to retain ParaCap to serve as the Meadowbrook's investment banking representative.

On December 18, 2007, the chief executive officer of Company 2 telephoned Mr. Feighan and indicated an interest in an acquisition of ProCentury at a price ranging from \$19.00 to \$21.00 per share in cash, but noting the possibility of some stock consideration. The interest was confirmed in a letter sent the same day. Mr. Feighan advised the chief executive officer that ProCentury was already in receipt of an expression of interest from another party, and that he intended to review Company 2's indication of interest with the ProCentury board of directors at a meeting in late January.

On December 21, 2007, members of ProCentury and Meadowbrook management and representatives of FBR and ParaCap had a conference call to discuss due diligence logistics and to exchange information request lists, and on January 3, 2008, members of ProCentury and Meadowbrook management and representatives of FBR and ParaCap met for dinner in Sylvania, Ohio to discuss a potential transaction. The discussion included upcoming due diligence, board membership, management roles and continued operations as a combined company, although no financial terms were discussed.

On January 7, 2008, ProCentury and Meadowbrook began their respective due diligence reviews following a meeting of their working groups in Findlay, Ohio.

On January 9, 2008, Mr. Feighan met in Columbus, Ohio with the chief executive officer of Company 3. The chief executive officer reiterated Company 3's interest in a transaction with ProCentury. On January 16, 2008, Mr. Feighan received a draft letter of interest from Company 3, reflecting a per share price of \$18.00 in cash, but noting that it would consider paying a portion of the consideration in the form of Company 3 stock. Mr. Feighan called Company 3's chief executive officer in response to the letter to inform him that he would inform the ProCentury board of directors of its receipt, but that he would not respond to a letter sent only in a draft form. The chief executive officer of Company 3 indicated he would be more comfortable making a proposal regarding a transaction with ProCentury later in the year.

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On January 17, 2008, Meadowbrook's board of directors held a special meeting to receive an update from management on and to discuss the progress of the ProCentury due diligence review, and certain matters unrelated to ProCentury. Representatives of ParaCap also attended and participated in the special meeting.

On January 23, 2008, Mr. Cubbin, Mr. Feighan, and a representative from ParaCap met in Toledo, Ohio to discuss the status of due diligence reviews, issues related to the due diligence reviews as of that date, and the next steps to be taken by the parties.

On January 24, 2008, ProCentury and FBR entered into an engagement letter with respect to FBR's service as financial advisor in connection with the evaluation of a potential business combination transaction. Throughout the month of January, ProCentury and Meadowbrook, through their financial advisors, continued to discuss the ongoing diligence review and transaction terms, including the amount and mix of stock and cash consideration, the financing needed to fund the transaction, the amount of and the circumstances that would trigger a break-up fee, and ProCentury's fourth quarter and year end results. While Meadowbrook still had not made a formal offer with respect to these terms, the discussions generally focused on a possible per share price in the range of \$18.00 to \$19.00, with a mix of 60% stock and 40% cash, and a break-up fee ranging from 3% to 5% of the transaction value.

On January 28, 2008, ProCentury held a special meeting of its board of directors at which representatives of Baker & Hostetler and FBR were present. FBR presented to the board its preliminary analysis of the expressions of interest that had been received by ProCentury from Meadowbrook and Company 2. FBR provided an overview of the property and casualty insurance market conditions, noting a slowed rate of growth since 2002, softening market conditions and an increase in mergers and acquisitions within the industry as companies were finding it more difficult to generate internal growth. ProCentury management and representatives of FBR also outlined general considerations for the board relating to ProCentury's alternatives of remaining independent, including its prospects for growth by acquisition, entering into a strategic merger transaction or being acquired in an outright sale. A representative of Baker & Hostetler provided the board with an overview of the directors' fiduciary duties in considering the indications of interest presented to ProCentury.

Mr. Feighan provided the board with an update on ProCentury's expected results for the quarter and year which had been made available to both Meadowbrook and Company 2, noting that they would reflect a premium decline, offset by some favorable reserve development. Mr. Feighan indicated that Meadowbrook had reaffirmed its interest in pursuing a transaction at the price previously indicated after learning of ProCentury's expected results, but no feedback had been received from Company 2. Based on such discussions, the ProCentury board determined that management and its advisors should continue the diligence processes and seek to further refine the terms that had been proposed by both Meadowbrook and Company 2.

Following the January 28, 2008 board meeting, Mr. Feighan contacted both Meadowbrook and Company 2, and representatives of FBR contacted the companies' financial advisors, to inform them of ProCentury's interest in continuing discussions regarding their expressions of interest and to discuss related timing considerations. In particular, Mr. Feighan explained to Company 2 that ProCentury was also in discussions with another party that had already completed a substantial portion of its due diligence review.

From January 29 through February 11, 2008, Meadowbrook, ProCentury and their respective financial advisors continued to discuss the specific terms on which ProCentury and Meadowbrook might be willing to enter into a merger agreement, including price, the relative portions of the consideration to be paid in cash and stock, any required financing, treatment of outstanding options and the amount and triggers for payment of break-up fee.

On February 7, 2008, ProCentury and Company 2 entered into a confidentiality agreement and members of management from both companies met in Columbus, Ohio to begin initial due diligence. ProCentury and FBR indicated to Company 2 and its financial advisor that Company 2 should work as quickly as possible to complete such review because of the pending discussions ProCentury was having with another party.

On February 8, 2008, Meadowbrook's board of directors met for its regularly scheduled meeting relating to its fourth quarter of 2007 financial results. During the meeting, the board of directors received a report on the current status of due diligence, the rationale and structure of a transaction, possible price and terms and the risks associated with a transaction. Representatives of ParaCap participated in the meeting via teleconference. The board

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of directors formed a committee of the board comprised of directors David Page, Herbert Tyner, Robert Naftaly, Hugh Greenberg and Bruce Thal to further analyze the transaction. Also on February 8, 2008, Meadowbrook's legal counsel, Bodman LLP, sent a draft merger agreement to Baker & Hostetler, although the draft did not set forth a price or a specified mix of merger consideration.

From February 8 through February 11, 2008, representatives of ParaCap had conversations with representatives of FBR regarding due diligence, the timing of a potential transaction and the impact on timing of ProCentury's financial results for the fourth quarter of 2007 and the interest of another party in pursuing a possible transaction with ProCentury. Representatives of ParaCap communicated Meadowbrook's desire and ability to move quickly since due diligence had been substantially completed. The parties discussed the possibility that the announcement of ProCentury's financial results, which were scheduled to be announced on February 20, 2008, could have an adverse effect on Meadowbrook's willingness to enter into a merger agreement, the likelihood of a transaction being completed between the two companies or the price of such transaction, particularly if there was a significant decline in ProCentury's share price. Accordingly, it was communicated to FBR and ProCentury that a definitive merger agreement needed to be executed by February 20, 2008, the day of ProCentury's scheduled earnings announcement.

On February 11, 2008, the committee of Meadowbrook's board of directors met to discuss ProCentury. Representatives of ParaCap, and Meadowbrook's outside legal counsel, Bodman LLP and Howard & Howard also attended the meeting. The committee discussed terms but determined that more analysis was still necessary. The committee requested that management and ParaCap complete its analysis, develop the terms and structure of an offer and review it with the committee before releasing to ProCentury. Subsequently, the committee authorized Meadowbrook to make an offer, in accordance with a proposed non-binding term sheet to be finalized and delivered to ProCentury.

On February 12, 2008, following further discussions between representatives of FBR and ParaCap, Mr. Feighan contacted Mr. Fix, as lead ProCentury director, to advise him that ProCentury had received a draft merger agreement from Meadowbrook. Mr. Fix agreed that it was appropriate for ProCentury's management and its legal and financial advisors to work with Meadowbrook and its advisors so that the parties could be in a position to execute a definitive merger agreement by February 20.

On February 12, 2008, representatives of FBR contacted Company 2's financial advisor to reemphasize the importance of moving as quickly as possible through their diligence review and to develop a firm proposal, including a draft acquisition agreement by February 18, 2008, because of the interest of another party that was further along in its diligence and discussions with ProCentury. Company 2's financial advisor responded that Company 2 would not be in a position to provide a firm offer until completion of its diligence, which would not be completed until the end of the week of February 25, and that it would take a couple of additional weeks before Company 2 could present a firm proposal to ProCentury. Company 2's financial advisor indicated that Company 2 intended to stay within its previously mentioned range of \$19.00 to \$21.00 per share. On February 15, Mr. Feighan called Company 2's chief executive officer to confirm the substance of the communication provided by FBR.

On February 13, 2008, Mr. Cubbin sent a proposed term sheet to Mr. Feighan containing a \$20.00 per share price, 45% of which would be paid in cash and 55% of which would be paid in Meadowbrook common stock based on a floating exchange ratio if the market price of Meadowbrook common stock at the time of closing (based on a 30-day average sales price) was within \$1.00 (above or below) of the market price of Meadowbrook common stock at signing (based on a five-day average sales price) and a fixed exchange ratio if the market price of Meadowbrook common stock at closing was \$1.00 above or \$1.00 below the market price at signing, as applicable. The term sheet contained a February 19, 2008 deadline for agreeing to the term sheet and a February 20, 2008 deadline for the completion of due diligence and execution of a definitive merger agreement. Also on February 13, 2008, representatives of ParaCap advised representatives of FBR that the term sheet represented Meadowbrook's best and final offer.

On February 14, 2008, Baker & Hostetler provided Bodman with a revised draft of the merger agreement and an initial draft of ProCentury's disclosure schedule.

On February 15, 2008, ProCentury held a special telephonic meeting of its board of directors in which representatives of Baker & Hostetler and FBR participated. Mr. Feighan provided a summary of recent developments

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reviewed for the board the terms of the proposed transaction with Meadowbrook, including a discussion of the proposed cash/stock allocation, treatment of options, no-shop, fiduciary out and break-up fee provisions, and which, if any, of ProCentury's executive officers would be required to enter into a new employment agreement with Meadowbrook. Representatives of FBR provided an overview of both Meadowbrook's and Company 2's business and a preliminary analysis of the proposed transactions based on their respective indications of interest. The board members considered the matters presented by Baker and Hostetler and FBR and discussed the timing of a possible transaction with Meadowbrook, the consequences of signing a merger agreement with Meadowbrook before Company 2 would be in a position to provide a firm offer that could possibly be higher than Meadowbrook's offer of \$20.00 per share and the perception that Company 2 had not been moving quickly toward a transaction, both since it first expressed interest in a transaction and after it had been advised of the need to accelerate its process. The board also considered ProCentury's results that would be disclosed in its upcoming earnings announcement, including a decrease in gross premiums, whether that announcement should be delayed to provide more time for transaction negotiations and the range of effects that the announcement or delaying the announcement could have on ProCentury's share price and on an announced transaction and a transaction under negotiation. The board determined that, in light of these considerations, FBR should seek an increase in the merger consideration payable by Meadowbrook to \$21.00 per share, a lower break-up fee, and further comfort regarding Meadowbrook's ability to finance the cash portion of the merger consideration.

From February 16 through February 20, 2008, Meadowbrook's and ProCentury's legal and financial advisors continued to exchange drafts of the merger agreement and related documentation and discussed the amount and manner of calculating the merger consideration, Meadowbrook's financing needs for the cash portion of the merger consideration, the terms of the no-shop and fiduciary out provisions, the amount of the break-up fee and the composition of the Meadowbrook board after the transaction.

On February 17, 2008, Meadowbrook's board of directors held a special meeting for the purpose of receiving an update on negotiations with ProCentury and to discuss any significant issues, including, specifically, a proposed increase in the purchase price to \$21.00 per share, which the board rejected.

On February 18, 2008, a representative of ParaCap advised a representative of FBR that the Meadowbrook board of directors had confirmed that it was unwilling to pay more than \$20.00 per share, but that it was willing to demonstrate some flexibility regarding the break-up fee.

On the evening of February 19, 2008, Meadowbrook's board of directors held a special meeting to consider and approve final terms and to authorize the entry into a definitive merger agreement with ProCentury. Meadowbrook's outside legal counsel and representatives of ParaCap were also present. The board of directors authorized the execution of a definitive merger agreement with ProCentury.

On the evening of February 19, 2008, ProCentury also held a special meeting of its board of directors at a hotel in Columbus, Ohio, with two directors participating by telephone. Representatives of Baker & Hostetler and FBR also attended the meeting. Mr. Feighan provided the board with a summary of the events that had transpired since the February 15, 2008 meeting with respect to the proposed transaction with Meadowbrook and the expression of interest and due diligence process with Company 2. Representatives of Baker & Hostetler again reviewed the directors' fiduciary duties and reviewed for the directors the terms of the merger agreement, a summary of which had been provided to the directors in advance of the meeting.

Representatives of FBR provided a presentation regarding the proposed terms of the Meadowbrook transaction and FBR's preliminary analysis as to the fairness of the proposed transaction to ProCentury's shareholders. The board discussed and considered the terms of the proposed agreement with Meadowbrook, the status of the Company 2 discussions, ProCentury's prospects remaining as a stand-alone entity versus entering into a business combination transaction, the risks associated with pursuing a transaction and the value to be offered to ProCentury shareholders. As a result of such discussions, the board determined that it would continue its negotiations with Meadowbrook on the open merger agreement terms with the expectation of considering a final agreement for approval the following day, prior to release of ProCentury's earnings announcement.

During the evening of February 19, 2008 and morning and afternoon of February 20, 2008, the parties and their advisors discussed the few remaining terms to be agreed upon by the parties and finalized the definitive merger

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agreement and related documents. In particular, there was general agreement that the collar for the exchange ratio should be set at \$1.25 above or below \$9.25, that Meadowbrook would add two of ProCentury's directors to its board, and that the break-up fee would be set at approximately 3.5% of the transaction value, or \$9.5 million.

On February 20, 2008, ProCentury held a special telephonic meeting of its board of directors in which representatives of Baker & Hostetler and FBR participated. Representatives of Baker & Hostetler discussed the merger agreement, a revised version of which had been provided to the directors in advance of the meeting. Representatives of FBR informed the board of their conversation with Meadowbrook's lender about proposed financing arrangements for the cash portion of the merger consideration and their view that Meadowbrook should be able to obtain the necessary financing. Representatives of FBR provided the board with FBR's oral opinion, which was confirmed in a written opinion, that, as of February 20, 2008, the aggregate merger consideration offered by Meadowbrook was fair from a financial point of view to ProCentury's shareholders. The board then unanimously determined that the merger was advisable and in the best interests of ProCentury and its shareholders and unanimously approved the merger agreement.

Following the board meeting on the evening of February 20, the merger agreement was executed on behalf of ProCentury, Meadowbrook and MBKPC Corp., the parties issued a joint press release announcing the execution of the merger agreement, and ProCentury issued a press release announcing its fourth quarter and year end financial results.

Meadowbrook's Reasons for the Merger and Board Recommendation

The Meadowbrook board of directors believes that the merger is fair to, and in the best interests of, Meadowbrook and its shareholders. Accordingly, the Meadowbrook board has unanimously approved the merger agreement and unanimously recommends that Meadowbrook's shareholders vote FOR the approval and adoption of the merger agreement and the issuance of Meadowbrook common stock to ProCentury shareholders in the merger.

In reaching its conclusion, the Meadowbrook board of directors consulted with Meadowbrook's management, as well as with its legal and financial advisors, and considered a variety of factors weighing favorably towards the merger including, without limitation, the following:

the complementary operations and capabilities of Meadowbrook and ProCentury with the increased scale and strong financial base necessary to increase shareholder value and improve cost efficiencies. Specifically, it was anticipated the merger would allow Meadowbrook to:

- strengthen its position in the highly competitive specialty property and casualty insurance industry;
 - achieve enhanced growth opportunities arising from a more balanced business model, improved financial flexibility and strong cash flow; and
 - achieve a financial base and scale capable of delivering enhanced value to customers;
- the financial performance, condition, business operations and prospects of each of Meadowbrook and ProCentury;

the expectation that the combination will have an accretive effect with regard to Meadowbrook's earnings and book value on a per share basis;

the expectation that the combination will improve Meadowbrook's return on equity;