

ARCH CAPITAL GROUP LTD.  
Form SC 13G/A  
February 14, 2011

**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION  
Washington, D.C. 20549  
  
SCHEDULE 13G**

**Under the Securities Exchange Act of 1934  
(Amendment No. 1)\***

**ARCH CAPITAL GROUP LTD.**

(Name of Issuer)

**Common Shares, \$0.01 par value per share**

(Title of Class of Securities)

**G0450A105**

(CUSIP Number)

**December 31, 2010**

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. G0450A105

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|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--|
| 1.                                                                                  | Names of Reporting Persons<br>Cascade Investment, L.L.C.                                                                      |                                         |  |
| 2.                                                                                  | Check the Appropriate Box if a Member of a Group (See Instructions)<br>(a) <input type="radio"/><br>(b) <input type="radio"/> |                                         |  |
| 3.                                                                                  | SEC Use Only                                                                                                                  |                                         |  |
| 4.                                                                                  | Citizenship or Place of Organization<br>State of Washington                                                                   |                                         |  |
| Number of<br>Shares<br>Beneficially<br>Owned by<br>Each<br>Reporting<br>Person With | 5.                                                                                                                            | Sole Voting Power<br>3,837,033(1)       |  |
|                                                                                     | 6.                                                                                                                            | Shared Voting Power<br>0                |  |
|                                                                                     | 7.                                                                                                                            | Sole Dispositive Power<br>3,837,033 (1) |  |
|                                                                                     | 8.                                                                                                                            | Shared Dispositive Power<br>0           |  |
| 9.                                                                                  | Aggregate Amount Beneficially Owned by Each Reporting Person<br>3,837,033 (1)                                                 |                                         |  |
| 10.                                                                                 | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) <input type="radio"/>                     |                                         |  |
| 11.                                                                                 | Percent of Class Represented by Amount in Row (9)<br>7.9%                                                                     |                                         |  |
| 12.                                                                                 | Type of Reporting Person (See Instructions)<br>OO                                                                             |                                         |  |

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(1) All Common Shares held by Cascade Investment, L.L.C. ( Cascade ) may be deemed to be beneficially owned by William H. Gates III as the sole member of Cascade.

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CUSIP No. G0450A105

- |     |                                                                                     |               |                       |
|-----|-------------------------------------------------------------------------------------|---------------|-----------------------|
| 1.  | Names of Reporting Persons<br>William H. Gates III                                  |               |                       |
| 2.  | Check the Appropriate Box if a Member of a Group (See Instructions)                 |               |                       |
|     | (a) <input type="radio"/>                                                           |               |                       |
|     | (b) <input type="radio"/>                                                           |               |                       |
| 3.  | SEC Use Only                                                                        |               |                       |
| 4.  | Citizenship or Place of Organization<br>United States of America                    |               |                       |
| 5.  | Sole Voting Power                                                                   |               |                       |
|     |                                                                                     | 3,837,033 (1) |                       |
| 6.  | Shared Voting Power                                                                 |               |                       |
|     |                                                                                     | 0             |                       |
| 7.  | Sole Dispositive Power                                                              |               |                       |
|     |                                                                                     | 3,837,033 (1) |                       |
| 8.  | Shared Dispositive Power                                                            |               |                       |
|     |                                                                                     | 0             |                       |
| 9.  | Aggregate Amount Beneficially Owned by Each Reporting Person                        |               |                       |
|     |                                                                                     | 3,837,033 (1) |                       |
| 10. | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) |               | <input type="radio"/> |
| 11. | Percent of Class Represented by Amount in Row (9)                                   |               |                       |
|     |                                                                                     | 7.9%          |                       |
| 12. | Type of Reporting Person (See Instructions)                                         |               |                       |
|     |                                                                                     | IN            |                       |

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(1) All Common Shares held by Cascade Investment, L.L.C. ( Cascade ) may be deemed to be beneficially owned by William H. Gates III as the sole member of Cascade.

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**Item 1.**

- (a) Name of Issuer  
Arch Capital Group Ltd. (the Issuer )
- (b) Address of Issuer's Principal Executive Offices  
Wessex House, 45 Reid Street, Hamilton HM 12, Bermuda

**Item 2.**

- (a) Name of Person Filing  
Cascade Investment, L.L.C. ( Cascade )
- (b) William H. Gates III (together, Reporting Persons )  
Address of Principal Business Office or, if none, Residence  
  
Cascade - 2365 Carillon Point, Kirkland, Washington 98033  
Mr. Gates - One Microsoft Way, Redmond, Washington 98052
- (c) Citizenship  
Cascade is a limited liability company organized under the laws of the State of Washington.  
  
Mr. Gates is a citizen of the United States of America.
- (d) Title of Class of Securities  
Common Shares, \$0.01 par value per share
- (e) CUSIP Number  
G0450A105

**Item 3.** If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:  
Not Applicable.

**Item 4. Ownership**

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

- (a) Amount beneficially owned:  
  
See the responses to Item 9 on the attached cover pages.
- (b) Percent of class:  
  
See the responses to Item 11 on the attached cover pages.
- (c) Number of shares as to which the person has:
  - (i) Sole power to vote or to direct the vote  
  
See the responses to Item 5 on the attached cover pages.
  - (ii) Shared power to vote or to direct the vote  
  
See the responses to Item 6 on the attached cover pages.
  - (iii) Sole power to dispose or to direct the disposition of  
  
See the responses to Item 7 on the attached cover pages.
  - (iv) Shared power to dispose or to direct the disposition of  
  
See the responses to Item 8 on the attached cover pages.

**Item 5. Ownership of Five Percent or Less of a Class**

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

**Item 6. Ownership of More than Five Percent on Behalf of Another Person**

Not Applicable

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person**

Not Applicable

**Item 8. Identification and Classification of Members of the Group**

Not Applicable

**Item 9. Notice of Dissolution of Group**

Not Applicable

**Item 10. Certification**

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: February 14, 2011

CASCADE INVESTMENT, L.L.C.(1)

By: \*  
Name: Alan Heuberger, Attorney-in-fact  
for Michael Larson, Business Manager(2)

WILLIAM H. GATES III(1)

By: \*  
Name: Alan Heuberger, Attorney-in-fact(3)

\* By: /s/Alan Heuberger  
Alan Heuberger

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(1)This Amendment No. 1 is being filed jointly by the Reporting Persons pursuant to the Joint Filing Agreement dated December 24, 2009 and included with the signature page to the Reporting Persons Schedule 13G with respect to the Issuer filed on December 24, 2009, SEC File No. 005-45257, and incorporated by reference herein.

(2)Duly authorized under Special Limited Power of Attorney appointing Alan Heuberger attorney-in-fact, dated August 12, 2008, by and on behalf of Michael Larson, filed as Exhibit 99.1 to Amendment No. 1 to Cascade s Schedule 13D with respect to Otter Tail Corporation filed on April 15, 2009, SEC File No. 005-06638, and incorporated by reference herein.

(3)Duly authorized under Special Limited Power of Attorney appointing Alan Heuberger attorney-in-fact, dated August 12, 2008, by and on behalf of William H. Gates III, filed as Exhibit 99.2 to Amendment No. 1 to Cascade s Schedule 13D with respect to Otter Tail Corporation filed on April 15, 2009, SEC File No. 005-06638, and incorporated by reference herein.

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