

APPEL PETER A  
Form 4  
February 22, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
APPEL PETER A

2. Issuer Name and Ticker or Trading Symbol  
ARCH CAPITAL GROUP LTD.  
[ACGL]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
02/21/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O ARCH CAPITAL GROUP LTD., 45 REID STREET, 4TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

HAMILTON, D0 HM 12

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3)           | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--------------------------------------|--|--------------------------------|---|---|--|---|
|   |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |
| Common Shares, \$0.01 par value per share | 02/21/2006                           |  | M                              |   | 34,153  | A  | \$ 23   |
| Common Shares, \$0.01 par value per share | 02/21/2006                           |  | M                              |   | 58,344  | A  | \$ 22.438   |
|   |                                      |  |                                |   | 235,996   | D  |   |
|   |                                      |  |                                |   | 294,340   | D  |   |

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Common Shares, \$0.01 par value per share 02/21/2006 M 4,456 A \$ 22.438 298,796 D

Common Shares, \$0.01 par value per share 02/21/2006 M 39,500 A \$ 17.625 338,296 D

Common Shares, \$0.01 par value per share 02/21/2006 S 136,453 D \$ 56.25 201,843 D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (right to buy)                | \$ 23  | 02/21/2006                           |  | M                              | 34,153  | <u>(1)</u> 05/05/2007                                    | Common Shares, \$0.01 par value per share                     | 34,153                        |
| Stock Option (right to buy)                | \$ 22.438  | 02/21/2006                           |  | M                              | 58,344  | <u>(1)</u> 05/05/2007                                    | Common Shares, \$0.01 par value per share                     | 58,344                        |
| Stock Option                               | \$ 22.438  | 02/21/2006                           |  | M                              | 4,456   | <u>(1)</u> 11/17/2008                                    | Common Shares,  | 4,456                         |

