

PASQUESI JOHN M  
Form 4  
December 16, 2010

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
PASQUESI JOHN M

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)  
12/14/2010

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

C/O OTTER CAPITAL LLC, 755  
PAGE MILL ROAD

(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

PALO ALTO, CA 94304

(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 Ownership (Instr. 4)		
			Code	V	Amount	(A) or (D)	Price		
Common Shares, \$0.01 par value per share	12/14/2010		M		110,000	A	\$ 20	120,922	D
Common Shares, \$0.01 par value per share	12/14/2010		F		24,609 (3)	D	\$ 89.4	96,313	D
	12/15/2010		S		39,137	D		57,176	D

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Common Shares, \$.01 par value per share					\$ 88.8565 <u>(4)</u>				
Common Shares, \$.01 par value per share	12/15/2010		S	46,254	D	\$ 89.2289 <u>(5)</u>	10,922	D	
Common Shares, \$.01 par value per share							384,268	I	By Limited Liability Company <u>(1)</u>
Common Shares, \$.01 par value per share							20,737	I	By Trust <u>(2)</u>

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

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(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)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount of Number of Shares
Stock Option (right to buy)	\$ 20	12/14/2010		M	110,000	10/23/2003 10/23/2011	Common Shares, \$.01 par value per share	110,000	

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PASQUESI JOHN M C/O OTTER CAPITAL LLC 755 PAGE MILL ROAD PALO ALTO, CA 94304	X			Vice Chairman

## Signatures

/s/ John M. Pasquesi  
 12/16/2010  
 \*\*Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) The security holder is Otter Capital LLC, for which Mr. Pasquesi serves as managing member. All indicated securities are included because of his affiliation with Otter Capital LLC.
- (2) The reporting person contributed his directly owned shares of the company to a revocable trust. The reporting person and his spouse are the trustees.
- (3) On December 14, 2010, the reporting person exercised 110,000 stock options and, under the net settlement provisions of the applicable stock option agreement, 24,609 common shares were withheld in payment of the exercise price.
- (4) Represents a weighted average sales price; the sales prices range from \$88.51 to \$88.9975. Upon request, the full sale information regarding the number of shares sold at each price increment will be provided to the Commission or a security holder of the issuer.
- (5) Represents a weighted average sales price; the sales prices range from \$89.00 to \$89.86. Upon request, the full sale information regarding the number of shares sold at each price increment will be provided to the Commission or a security holder of the issuer.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.