

Edgar Filing: ARCH CAPITAL GROUP LTD - Form SC 13D/A

ARCH CAPITAL GROUP LTD
Form SC 13D/A
January 12, 2004

OMB APPROVAL

OMB Number: 3235-0145
Expires: December 31, 2005
Estimated average burden
hours per response.....11

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13D
(Section 240.13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO SECTION 240.13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO
SECTION 240.13d-2(a)

(Amendment No. 2) 1

Arch Capital Group Ltd.

(Name of Issuer)

Common Shares, par value \$0.01 per share

(Title of Class of Securities)

G0450A105

(CUSIP Number)

Mark C. Wehrly
Farallon Capital Management, L.L.C.
One Maritime Plaza, Suite 1325
San Francisco, California 94111
(415) 421-2132

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

January 1, 2004

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G
to report the acquisition that is the subject of this Schedule 13D, and is
filing this schedule because of Sections 240.13d-1(e), 13d-1(f) or 240.13d-1(g),
check the following box [].

Note. Schedules filed in paper format shall include a signed
original and five copies of the schedule, including all exhibits. See
Section 240.13d-7 for other parties to whom copies are to be sent.

(Continued on following pages)
Page 1 of 32 Pages
Exhibit Index Found on Page 31

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1 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 disclosures provided in a prior cover page.

The information required on 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).

13D

=====
CUSIP No. G0450A105
=====

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Farallon Capital Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]**

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

California

7 SOLE VOTING POWER

NUMBER OF -0-

8 SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 1,146,451 [See Preliminary Note]

9 SOLE DISPOSITIVE POWER

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REPORTING PERSON WITH -----
-0-
10 SHARED DISPOSITIVE POWER
1,146,451 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,146,451 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
3.9 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)
PN

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=====
CUSIP No. G0450A105
=====

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)
Farallon Capital Institutional Partners II, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

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California

| | | |
|-----------------------|--|--------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 302,836 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 302,836 [See Preliminary Note] |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | 302,836 [See Preliminary Note] | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) | |
| | [] | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | 1.1 % [See Preliminary Note] | |
| 14 | TYPE OF REPORTING PERSON (See Instructions) | |
| | PN | |

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13D

=====
CUSIP No. G0450A105
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| | |
|---|--|
| 1 | NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) |
| | Farallon Capital Institutional Partners III, L.P. |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) |
| | (a) [] |
| | (b) [X]** |

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

=====
3 SEC USE ONLY

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4 SOURCE OF FUNDS (See Instructions)
N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

7 SOLE VOTING POWER
NUMBER OF -0-
SHARES
BENEFICIALLY OWNED BY 8 SHARED VOTING POWER
254,748 [See Preliminary Note]

9 SOLE DISPOSITIVE POWER
EACH 9
REPORTING PERSON WITH -0-

10 SHARED DISPOSITIVE POWER
254,748 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
254,748 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.9 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)
PN

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13D

=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)
Tinicum Partners, L.P.

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2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
 (a) []
 (b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

New York

7 SOLE VOTING POWER

NUMBER OF

-0-

SHARES
 BENEFICIALLY
 OWNED BY

8 SHARED VOTING POWER

46,400 [See Preliminary Note]

EACH

9 SOLE DISPOSITIVE POWER

REPORTING
 PERSON WITH

-0-

10 SHARED DISPOSITIVE POWER

46,400 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

46,400 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.2 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

PN

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13D

=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

RR Capital Partners, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []

(b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF

-0-

SHARES
BENEFICIALLY
OWNED BY

8 SHARED VOTING POWER

28,790 [See Preliminary Note]

EACH

9 SOLE DISPOSITIVE POWER

REPORTING
PERSON WITH

-0-

10 SHARED DISPOSITIVE POWER

28,790 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

28,790 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

[]

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.1 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

PN

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=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Farallon Capital Management, L.L.C.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

| | | |
|-----------------------|---|--------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 424,800 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |

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10 SHARED DISPOSITIVE POWER

424,800 [See Preliminary Note]

=====

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

424,800 [See Preliminary Note]

=====

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions) []

=====

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

1.5 % [See Preliminary Note]

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14 TYPE OF REPORTING PERSON (See Instructions)

IA, OO

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13D

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CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Farallon Partners, L.L.C.

=====

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []
(b) [X]**

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3 SEC USE ONLY

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4 SOURCE OF FUNDS (See Instructions)

N/A

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5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e) []

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6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

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| | | |
|-----------------------|----|----------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 1,779,225 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 1,779,225 [See Preliminary Note] |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,779,225 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.0 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

OO

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CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

David I. Cohen

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []
(b) [X]**

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4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER
NUMBER OF -0-
SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
8 SHARED VOTING POWER
2,204,025 [See Preliminary Note]
9 SOLE DISPOSITIVE POWER
-0-
10 SHARED DISPOSITIVE POWER
2,204,025 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)
IN

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13D

=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)
Chun R. Ding

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []

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(b) [X]**

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|--------------|--|
| ----- | |
| 3 | SEC USE ONLY |
| ----- | |
| 4 | SOURCE OF FUNDS (See Instructions) |
| | N/A |
| ----- | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) |
| | [] |
| ----- | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | United States |
| ----- | |
| | 7 SOLE VOTING POWER |
| NUMBER OF | -0- |
| SHARES | ----- |
| BENEFICIALLY | 8 SHARED VOTING POWER |
| OWNED BY | 2,204,025 [See Preliminary Note] |
| EACH | ----- |
| | 9 SOLE DISPOSITIVE POWER |
| REPORTING | -0- |
| PERSON WITH | ----- |
| | 10 SHARED DISPOSITIVE POWER |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |
| | [] |
| ----- | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) |
| | 7.5 % [See Preliminary Note] |
| ----- | |
| 14 | TYPE OF REPORTING PERSON (See Instructions) |
| | IN |
| ----- | |

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=====
 CUSIP No. G0450A105
 =====

 1 NAMES OF REPORTING PERSONS
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

 Joseph F. Downes

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
 (a) []
 (b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

 N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

 []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

 United States

| | | |
|-----------------------|----|----------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 2,204,025 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 2,204,025 [See Preliminary Note] |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

 2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

 []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

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7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

IN

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CUSIP No. G0450A105

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

William F. Duhamel

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []

(b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

NUMBER OF -0-

SHARES 8 SHARED VOTING POWER

BENEFICIALLY OWNED BY 2,204,025 [See Preliminary Note]

EACH 9 SOLE DISPOSITIVE POWER

REPORTING PERSON WITH -0-

10 SHARED DISPOSITIVE POWER

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2,204,025 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

IN

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13D

=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Charles E. Ellwein

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []

(b) [X]**

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3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

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| | | |
|----------------------------|-----|----------------------------------|
| NUMBER OF | -0- | |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY EACH | | 2,204,025 [See Preliminary Note] |
| REPORTING PERSON WITH | 9 | SOLE DISPOSITIVE POWER |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 2,204,025 [See Preliminary Note] |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

IN

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13D

=====
CUSIP No. G0450A105
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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Richard B. Fried

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []
(b) [X]**

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N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION United States

7 SOLE VOTING POWER NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 8 SHARED VOTING POWER 2,204,025 [See Preliminary Note] 9 SOLE DISPOSITIVE POWER 10 SHARED DISPOSITIVE POWER 2,204,025 [See Preliminary Note]

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions) IN

13D

CUSIP No. G0450A105

1 NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) Monica R. Landry

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) (a) [] (b) [X]**

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| ===== | |
| 3 | SEC USE ONLY |
| ----- | |
| 4 | SOURCE OF FUNDS (See Instructions) |
| | N/A |
| ----- | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) |
| | [] |
| ----- | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | United States |
| ----- | |
| | 7 SOLE VOTING POWER |
| NUMBER OF | -0- |
| ----- | |
| SHARES | 8 SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | 2,204,025 [See Preliminary Note] |
| ----- | |
| EACH | 9 SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | -0- |
| ----- | |
| | 10 SHARED DISPOSITIVE POWER |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |
| | [] |
| ----- | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) |
| | 7.5 % [See Preliminary Note] |
| ----- | |
| 14 | TYPE OF REPORTING PERSON (See Instructions) |
| | IN |
| ----- | |

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=====
-----
1      NAMES OF REPORTING PERSONS
      I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

      William F. Mellin
-----
2      CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
                                     (a) [   ]
                                     (b) [ X ]**

      ** The reporting persons making this filing beneficially
         own an aggregate of 2,204,025 Common Shares, which is
         7.5% of the class of securities. The reporting person
         on this cover page, however, is a beneficial owner
         only of the securities reported by it on this cover
         page. [See Preliminary Note]
-----
3      SEC USE ONLY
-----
4      SOURCE OF FUNDS (See Instructions)

      N/A
-----
5      CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
      TO ITEMS 2(d) OR 2(e)

                                     [   ]
-----
6      CITIZENSHIP OR PLACE OF ORGANIZATION

      United States
-----
7      SOLE VOTING POWER

      NUMBER OF
      SHARES
      BENEFICIALLY
      OWNED BY
      EACH
      REPORTING
      PERSON WITH
      7      SOLE VOTING POWER
      -0-
      8      SHARED VOTING POWER
      2,204,025 [See Preliminary Note]
      9      SOLE DISPOSITIVE POWER
      -0-
      10     SHARED DISPOSITIVE POWER
      2,204,025 [See Preliminary Note]
-----
11     AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

      2,204,025 [See Preliminary Note]
-----
12     CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
      CERTAIN SHARES (See Instructions)

                                     [   ]
-----
13     PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

      7.5 % [See Preliminary Note]
-----

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14 TYPE OF REPORTING PERSON (See Instructions)

IN

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13D

=====
CUSIP No. G0450A105
=====

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Stephen L. Millham

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]**

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER
NUMBER OF -0-
SHARES
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
8 SHARED VOTING POWER
2,204,025 [See Preliminary Note]
9 SOLE DISPOSITIVE POWER
-0-
10 SHARED DISPOSITIVE POWER
2,204,025 [See Preliminary Note]

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11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

IN

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=====
CUSIP No. G0450A105
=====

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Rajiv A. Patel

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []

(b) [X]**

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

NUMBER OF

-0-

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| | | |
|--|--|----------------------------------|
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | | 2,204,025 [See Preliminary Note] |
| ----- | | |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 2,204,025 [See Preliminary Note] |
| ----- | | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | 2,204,025 [See Preliminary Note] | |
| ----- | | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) | |
| | [] | |
| ----- | | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | 7.5 % [See Preliminary Note] | |
| ----- | | |
| 14 | TYPE OF REPORTING PERSON (See Instructions) | |
| | IN | |
| ----- | | |

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=====
CUSIP No. G0450A105
=====

| | |
|-------|--|
| 1 | NAMES OF REPORTING PERSONS I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY) |
| | Derek C. Schrier |
| ----- | |
| 2 | CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions) |
| | (a) [] |
| | (b) [X]** |
| | ** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note] |
| ----- | |
| 3 | SEC USE ONLY |
| ----- | |
| 4 | SOURCE OF FUNDS (See Instructions) |
| | N/A |
| ----- | |

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5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) []

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

| | | |
|-----------------------|----|----------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 2,204,025 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 2,204,025 [See Preliminary Note] |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) []

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)
IN

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13D

=====
CUSIP No. G0450A105
=====

1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Thomas F. Steyer

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)
(a) []
(b) [X]**

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is

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7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

| | |
|-----------------------|--|
| ----- | |
| 3 | SEC USE ONLY |
| ----- | |
| 4 | SOURCE OF FUNDS (See Instructions) |
| | N/A |
| ----- | |
| 5 | CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) |
| | [] |
| ----- | |
| 6 | CITIZENSHIP OR PLACE OF ORGANIZATION |
| | United States |
| ----- | |
| | 7 SOLE VOTING POWER |
| NUMBER OF | -0- |
| SHARES | ----- |
| BENEFICIALLY OWNED BY | 8 SHARED VOTING POWER |
| EACH | 2,204,025 [See Preliminary Note] |
| | ----- |
| | 9 SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | -0- |
| | ----- |
| | 10 SHARED DISPOSITIVE POWER |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |
| | 2,204,025 [See Preliminary Note] |
| ----- | |
| 12 | CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions) |
| | [] |
| ----- | |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) |
| | 7.5 % [See Preliminary Note] |
| ----- | |
| 14 | TYPE OF REPORTING PERSON (See Instructions) |
| | IN |
| ----- | |

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1 NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Mark C. Wehrly

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (See Instructions)

(a) []
(b) [X]**

** The reporting persons making this filing beneficially own an aggregate of 2,204,025 Common Shares, which is 7.5% of the class of securities. The reporting person on this cover page, however, is a beneficial owner only of the securities reported by it on this cover page. [See Preliminary Note]

3 SEC USE ONLY

4 SOURCE OF FUNDS (See Instructions)

N/A

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

[]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

| | | |
|-----------------------|----|----------------------------------|
| | 7 | SOLE VOTING POWER |
| NUMBER OF | | -0- |
| SHARES | 8 | SHARED VOTING POWER |
| BENEFICIALLY OWNED BY | | 2,204,025 [See Preliminary Note] |
| EACH | 9 | SOLE DISPOSITIVE POWER |
| REPORTING PERSON WITH | | -0- |
| | 10 | SHARED DISPOSITIVE POWER |
| | | 2,204,025 [See Preliminary Note] |

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

2,204,025 [See Preliminary Note]

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (See Instructions)

[]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.5 % [See Preliminary Note]

14 TYPE OF REPORTING PERSON (See Instructions)

IN

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This Amendment No. 2 to Schedule 13D (this "Amendment") amends the Schedule 13D initially filed on April 12, 2002 (collectively, with all amendments thereto, the "Schedule 13D").

Preliminary Note: This Amendment is being filed to reflect that effective on January 1, 2004, each of Charles E. Ellwein and Rajiv A. Patel became a managing member of Farallon Capital Management, L.L.C. and Farallon Partners, L.L.C., two of the Reporting Persons listed below, and as such may be deemed to be a beneficial owner of the securities beneficially owned by such entities as of such date.

The Reporting Persons are filing this Schedule 13D with respect to the Common Shares, par value \$0.01 per share (the "Common Shares"), of Arch Capital Group Ltd. (the "Company"). Certain of the Reporting Persons own, in aggregate, (i) 787,824 Common Shares and (ii) 1,416,201 Series A Convertible Preference Shares (the "Preference A Shares") issued by the Company, each Preference A Share immediately convertible to one Common Share. All numbers and percentages contained in this Schedule 13D represent Common Shares and not Preference A Shares (unless stated otherwise). For information regarding the Preference A Shares, see the Company's Prospectus Supplement dated April 3, 2002 and the Schedule 13D filed by the Reporting Persons on April 12, 2002.

The Reporting Persons previously reported beneficial ownership, in aggregate, of 123,698 Class A Warrants (the "Warrants") issued by the Company to purchase 123,698 Common Shares. On September 17, 2002, certain of the Reporting Persons exercised all 123,698 Warrants for an aggregate cash amount of \$2,473,960.

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Item 2. Identity And Background.

Item 2 of the Schedule 13D is amended and restated in its entirety as follows:

(a) This statement is filed by the entities and persons listed below, all of whom together are referred to herein as the "Reporting Persons."

The Partnerships

- (i) Farallon Capital Partners, L.P., a California limited partnership ("FCP"), with respect to the Common Shares beneficially owned by it (through its ownership of Common Shares and Preference A Shares);
- (ii) Farallon Capital Institutional Partners II, L.P., a California limited partnership ("FCIP II"), with respect to the Common Shares beneficially owned by it (through its ownership of Common Shares and Preference A Shares);
- (iii) Farallon Capital Institutional Partners III, L.P., a Delaware limited partnership ("FCIP III"), with respect to the Common Shares beneficially owned by it

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(through its ownership of Common Shares and Preference A Shares);

- (iv) Tincum Partners, L.P., a New York limited partnership ("Tincum"), with respect to the Common Shares beneficially owned by it (through its ownership of Common Shares and Preference A Shares); and
- (v) RR Capital Partners, L.P., a Delaware limited partnership ("RR"), with respect to the Common Shares beneficially owned by it (through its ownership of Common Shares and Preference A Shares).

FCP, FCIP II, FCIP III, Tincum and RR are together referred to herein as the "Partnerships."

The Management Company

- (vi) Farallon Capital Management, L.L.C., a Delaware limited liability company (the "Management Company"), with respect to the Common Shares beneficially owned by certain accounts managed by the Management Company (the "Managed Accounts") (through their ownership of Common Shares and Preference A Shares).

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The General Partner Of The Partnerships

- (vii) Farallon Partners, L.L.C., a Delaware limited liability company which is the general partner of each of the Partnerships (the "General Partner"), with respect to the Common Shares beneficially owned by each of the Partnerships (through its ownership of Common Shares and Preference A Shares).

The Managing Members Of The General Partner And The Management Company

- (viii) The following persons who are managing members of both the General Partner and the Management Company, with respect to the Common Shares beneficially owned by the Partnerships and the Managed Accounts: David I. Cohen ("Cohen"), Chun R. Ding ("Ding"), Joseph F. Downes ("Downes"), William F. Duhamel ("Duhamel"), Charles E. Ellwein ("Ellwein"), Richard B. Fried ("Fried"), Monica R. Landry ("Landry"), William F. Mellin ("Mellin"), Stephen L. Millham ("Millham"), Rajiv A. Patel ("Patel"), Derek C. Schrier ("Schrier"), Thomas F. Steyer ("Steyer") and Mark C. Wehrly ("Wehrly").

Cohen, Ding, Downes, Duhamel, Ellwein, Fried, Landry, Mellin, Millham, Patel, Schrier, Steyer and Wehrly are together referred to herein as the "Individual Reporting Persons."

- (b) The address of the principal business and principal office of (i)

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the Partnerships, the General Partner and the Management Company is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 1325, San Francisco, California 94111 and (ii) each of the Individual Reporting Persons is set forth in Annex 1 hereto.

(c) The principal business of each of the Partnerships is that of a private investment fund engaging in the purchase and sale of investments for its own account. The principal business of the General Partner is to act as the general partner of the Partnerships. The principal business of the Management Company is that of a registered investment adviser. The principal business of each of the Individual Reporting Persons is set forth in Annex 1 hereto.

(d) None of the Partnerships, the Management Company, the General Partner or any of the Individual Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

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(e) None of the Partnerships, the Management Company, the General Partner or any of the Individual Reporting Persons has, during the last five years, been party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) The citizenship of each of the Partnerships, the General Partner and the Management Company is set forth above. Each of the Individual Reporting Persons is a United States citizen.

The other information required by Item 2 relating to the identity and background of the Reporting Persons is set forth in Annex 1 hereto.

Item 5. Interest In Securities Of The Issuer.

Item 5 of the Schedule 13D is amended and restated in its entirety as follows:

(a) The Partnerships

(a), (b) The information set forth in Rows 7 through 13 of the cover page hereto for each Partnership is incorporated herein by reference for each such Partnership. The percentage amount set forth in Row 13 for all cover pages filed herewith is calculated based upon the sum of (i) the 28,157,839 Common Shares outstanding as of October 31, 2003 as reported by the Company in its Quarterly Report on Form 10-Q for the period ended September 30, 2003 filed with Securities and Exchange Commission on November 12, 2003 and (ii) the additional Common Shares each Partnership is deemed to beneficially own through its ownership of Preference A Shares.

(c) No transactions in the Common Shares have been consummated in the past 60 days.

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(d) The General Partner has the power to direct the affairs of the Partnerships, including the disposition of the proceeds of the sale of the Common Shares and Preference A Shares. The Individual Reporting Persons are managing members of the General Partner.

(e) Not applicable.

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(b) The Management Company

(a), (b) The information set forth in Rows 7 through 13 of the cover page hereto for the Management Company is incorporated herein by reference.

(c) No transactions in the Common Shares have been consummated in the past 60 days.

(d) The Management Company, as an investment adviser, has the power to direct the disposition of the proceeds of the sale of the Common Shares and Preference A Shares beneficially owned by the Managed Accounts. The Individual Reporting Persons are managing members of the Management Company.

(e) Not applicable.

(c) The General Partner

(a), (b) The information set forth in Rows 7 through 13 of the cover page hereto for the General Partner is incorporated herein by reference.

(c) None.

(d) The General Partner has the power to direct the affairs of the Partnerships, including the disposition of the proceeds of the sale of the Common Shares and Preference A Shares. The Individual Reporting Persons are managing members of the General Partner.

(e) Not applicable.

(d) The Individual Reporting Persons

(a), (b) The information set forth in Rows 7 through 13 of the cover page hereto for each Individual Reporting Person is incorporated herein by reference for each such Individual Reporting Person.

(c) None.

(d) The General Partner has the power to direct the affairs of the Partnerships, including the

disposition of the proceeds of the sale of the Common Shares and Preference A Shares. The Management Company, as an investment adviser, has the power to direct the disposition of the proceeds of the sale of the Common Shares and Preference A Shares beneficially owned by the Managed Accounts. The Individual Reporting Persons are managing members of both the General Partner and the Management Company.

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(e) Not applicable.

The Common Shares reported hereby for the Partnerships are owned directly by the Partnerships and those reported by the Management Company on behalf of the Managed Accounts are owned directly by the Managed Accounts. The Preference A Shares in respect of which the Partnerships and the Managed Accounts (as reported by the Management Company) are deemed to beneficially own Common Shares are owned directly by the Partnerships and the Managed Accounts. The General Partner, as general partner to the Partnerships, may be deemed to be the beneficial owner of all such Common Shares beneficially owned by the Partnerships. The Management Company, as investment adviser to the Managed Accounts, may be deemed to be the beneficial owner of all such Common Shares beneficially owned by the Managed Accounts. The Individual Reporting Persons, as managing members of both the General Partner and the Management Company, may each be deemed to be the beneficial owner of all such Common Shares beneficially owned by the Partnerships and the Managed Accounts. Each of the Management Company, the General Partner and the Individual Reporting Persons hereby disclaims any beneficial ownership of any such Common Shares.

Item 7. Materials To Be Filed As Exhibits.

There is filed herewith as Exhibit 1 a written agreement relating to the filing of joint acquisition statements as required by Section 240.13d-1(k) under the Securities Exchange Act of 1934, as amended.

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SIGNATURES

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

Dated: January 12, 2004

/s/ Joseph F. Downes

FARALLON PARTNERS, L.L.C.,
on its own behalf and as General Partner of
FARALLON CAPITAL PARTNERS, L.P.,
FARALLON CAPITAL INSTITUTIONAL PARTNERS II, L.P.,
FARALLON CAPITAL INSTITUTIONAL PARTNERS III, L.P.,
TINICUM PARTNERS, L.P.,
And RR CAPITAL PARTNERS, L.P.,
By Joseph F. Downes,
Managing Member

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/s/ Joseph F. Downes

FARALLON CAPITAL MANAGEMENT, L.L.C.,
By Joseph F. Downes,
Managing Member

/s/ Joseph F. Downes

Joseph F. Downes, individually and as attorney-in-fact for each of David I. Cohen, Chun R. Ding, William F. Duhamel, Charles E. Ellwein, Richard B. Fried, Monica R. Landry, William F. Mellin, Stephen L. Millham, Rajiv A. Patel, Derek C. Schrier, Thomas F. Steyer and Mark C. Wehrly.

The Powers of Attorney, each executed by Cohen, Mellin, Millham and Steyer authorizing Downes to sign and file this Schedule 13D on each person's behalf, which were filed with Amendment No. 1 to the Schedule 13D filed with the Securities and Exchange Commission on January 20, 1998, by such Reporting Persons with respect to the Units of Spiros Development Corporation II, Inc., are hereby incorporated by reference. The Powers of Attorney, each executed by Duhamel and Fried authorizing Downes to sign and file this Schedule 13D on each person's behalf, which were filed with Amendment No. 7 to the Schedule 13D filed with the Securities and Exchange Commission on February 9, 1999 by such Reporting Persons with respect to the Callable Class A Common Stock of Crescendo Pharmaceuticals Corporation, are hereby incorporated by reference. The Power of Attorney executed by Mark C. Wehrly authorizing Downes to sign and file this Schedule 13D on his behalf, which was filed with Amendment No. 4 to the Schedule 13D filed with the Securities and Exchange Commission on January 18, 2000, by such Reporting Person with respect to the Class A Common Stock of Momentum Business Applications, Inc., is hereby incorporated by reference. The Power of Attorney executed by Monica R. Landry authorizing Downes, as well as Steyer and Cohen, to sign and file this Schedule 13D on her behalf, which was filed with the Schedule 13G filed with the Securities and Exchange Commission on January 22,

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2001, by such Reporting Person with respect to the Common Stock of Korn/Ferry International is hereby incorporated by reference. The Powers of Attorney executed by each of Chun R. Ding and Derek C. Schrier authorizing Downes to sign and file this Schedule 13D on his behalf, which was filed with Amendment No. 1 to the Schedule 13D filed with the Securities and Exchange Commission on July 2, 2003, by such Reporting Person with respect to the Common Stock of Salix Pharmaceuticals, Ltd., is hereby incorporated by reference. The Powers of Attorney executed by each of Charles E. Ellwein and Rajiv A. Patel authorizing Downes to sign and file this Schedule 13D on his behalf, which was filed with Amendment No. 4 to the Schedule 13G filed with the Securities and Exchange Commission on January 8, 2004 by such Reporting Person with respect to the Common Stock of Catalytica Energy Systems, Inc., is hereby incorporated by reference.

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ANNEX 1

Set forth below with respect to the Management Company and the General Partner is the following information: (a) name; (b) address; (c) principal business; (d) state of organization; and (e) controlling persons. Set forth

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below with respect to each managing member of the Management Company and the General Partner is the following: (a) name; (b) business address; (c) principal occupation; and (d) citizenship.

1. The Management Company

- (a) Farallon Capital Management, L.L.C.
- (b) One Maritime Plaza, Suite 1325
San Francisco, California 94111
- (c) Serves as investment adviser to various managed accounts
- (d) Delaware limited liability company
- (e) Managing Members: Thomas F. Steyer, Senior Managing Member;
David I. Cohen, Chun R. Ding, Joseph F. Downes, William F.
Duhamel, Charles E. Ellwein, Richard B. Fried, Monica R.
Landry, William F. Mellin, Stephen L. Millham, Rajiv A. Patel,
Derek C. Schrier and Mark C. Wehrly, Managing Members.

2. The General Partner

- (a) Farallon Partners, L.L.C.
- (b) c/o Farallon Capital Management, L.L.C.
One Maritime Plaza, Suite 1325
San Francisco, California 94111
- (c) Serves as general partner to investment partnerships
- (d) Delaware limited liability company
- (e) Managing Members: Thomas F. Steyer, Senior Managing Member;
David I. Cohen, Chun R. Ding, Joseph F. Downes, William F.
Duhamel, Charles E. Ellwein, Richard B. Fried, Monica R.
Landry, William F. Mellin, Stephen L. Millham, Rajiv A. Patel,
Derek C. Schrier and Mark C. Wehrly, Managing Members.

3. The Individual Reporting Persons/The Managing Members

Each of the Managing Members (including the Individual Reporting Persons) is a United States citizen whose business address is c/o Farallon Capital Management, L.L.C., One Maritime Plaza, Suite 1325, San Francisco, California 94111. The principal occupation of Thomas F. Steyer is serving as senior managing member of the Management Company and the General Partner. The principal occupation of each other Managing Member is serving as a managing member of the Management Company and/or the General Partner. None of the Managing Members (including the Individual Reporting Persons) have any additional information to disclose with respect to Items 2-6 of the Schedule 13D that is not already disclosed in the Schedule 13D.

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EXHIBIT INDEX

EXHIBIT 1

Joint Acquisition Statement Pursuant to Section
240.13d1(k)

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EXHIBIT 1
to
SCHEDULE 13D

JOINT ACQUISITION STATEMENT
PURSUANT TO SECTION 240.13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him, her or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the other entities or persons, except to the extent that he, she or it knows or has reason to believe that such information is inaccurate.

Dated: January 12, 2004

/s/ Joseph F. Downes

FARALLON PARTNERS, L.L.C.,
on its own behalf and as General Partner of
FARALLON CAPITAL PARTNERS, L.P.,
FARALLON CAPITAL INSTITUTIONAL PARTNERS II, L.P.,
FARALLON CAPITAL INSTITUTIONAL PARTNERS III, L.P.,
TINICUM PARTNERS, L.P.,
And RR CAPITAL PARTNERS, L.P.,
By Joseph F. Downes,
Managing Member

/s/ Joseph F. Downes

FARALLON CAPITAL MANAGEMENT, L.L.C.,
By Joseph F. Downes,
Managing Member

/s/ Joseph F. Downes

Joseph F. Downes, individually and as attorney-in-fact
for each of David I. Cohen, Chun R. Ding, William F. Duhamel,
Charles E. Ellwein, Richard B. Fried, Monica R. Landry,
William F. Mellin, Stephen L. Millham, Rajiv A. Patel,
Derek C. Schrier, Thomas F. Steyer and Mark C. Wehrly.