

APPEL PETER A  
Form 4  
February 22, 2006

**FORM 4**

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

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

**OMB APPROVAL**

OMB  
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2005  
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(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)
Common Shares, \$.01 par value per share	02/21/2006		M	34,153	A \$ 23	235,996	D
Common Shares, \$.01 par value per share	02/21/2006		M	58,344	A \$ 22.438	294,340	D

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Common Shares, \$.01 par value per share	02/21/2006	M	4,456	A	\$ 22.438	298,796	D
Common Shares, \$.01 par value per share	02/21/2006	M	39,500	A	\$ 17.625	338,296	D
Common Shares, \$.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.

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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, \$.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, \$.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

(right to  
buy)\$.01 par  
value per  
share

Stock

Option  
(right to  
buy)

\$ 17.625

02/21/2006

M

39,500

(1)

05/05/2007

Common  
Shares,  
\$.01 par  
value per  
share

39,500

## Reporting Owners

**Reporting Owner Name / Address****Relationships**

Director   10% Owner   Officer   Other

APPEL PETER A  
C/O ARCH CAPITAL GROUP LTD.  
45 REID STREET, 4TH FLOOR  
HAMILTON, D0 HM 12

X

## Signatures

/s/ Louis T. Petrillo Attorney  
in fact

02/22/2006

\*\*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) Represents an employee stock option that became exercisable in five equal annual installments, commencing on the first anniversary of the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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