

ARCH CAPITAL GROUP LTD.

Form 4

August 04, 2005

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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(Print or Type Responses)

1. Name and Address of Reporting Person *
RATHGEBER JOHN F

(Last) (First) (Middle)

C/O ARCH REINSURANCE
COMPANY, 55 MADISON
AVENUE

(Street)

MORRISTOWN, NJ 07962

(City) (State) (Zip)

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

3. Date of Earliest Transaction
(Month/Day/Year)
08/02/2005

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

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____ Officer (give title ____X____ Other (specify
below) below)
Officer of subsidiary

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

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 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 Indirect Beneficial Ownership (Instr. 4)
Common Shares, \$.01 par value per share	08/02/2005		M	20,000	A \$ 23.8	36,428	D
Common Shares, \$.01 par value per share	08/02/2005		S	100	D \$ 45.39	36,328	D

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Common Shares, \$.01 par value per share	08/02/2005	S	200	D	\$ 45.38	36,128	D
Common Shares, \$.01 par value per share	08/02/2005	S	300	D	\$ 45.37	35,828	D
Common Shares, \$.01 par value per share	08/02/2005	S	100	D	\$ 45.36	35,728	D
Common Shares, \$.01 par value per share	08/02/2005	S	200	D	\$ 45.35	35,528	D
Common Shares, \$.01 par value per share	08/02/2005	S	14,678	D	\$ 45.03	20,850	D
Common Shares, \$.01 par value per share	08/02/2005	S	400	D	\$ 45.02	20,450	D
Common Shares, \$.01 par value per share	08/02/2005	S	4,022	D	\$ 45	16,428	D
Common Shares, \$.01 par value per share	08/02/2005	S	978	D	\$ 45	15,450	D

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

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(9-02)

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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. Title and Amount of Underlying Securities (Instr. 3 and 4)
Stock Option (right to buy)	\$ 23.8	08/02/2005		M	20,000	<u>(1)</u> 12/18/2011	Common Shares, \$.01 par value per share	20,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

RATHGEBER JOHN F
C/O ARCH REINSURANCE COMPANY
55 MADISON AVENUE
MORRISTOWN, NJ 07962

Officer of subsidiary

Signatures

/s/ John F.
Rathgeber 08/03/2005

__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 three equal annual installments, with the first installment exercisable on December 18, 2001 and the next two installments on December 18, 2003 and December 18, 2003.

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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