

LEE KEWSONG
Form 4
May 02, 2007

FORM 4

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

OMB APPROVAL

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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 *
LEE KEWSONG

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)
C/O WARBURG PINCUS, 466
LEXINGTON AVE
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
04/30/2007

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

NEW YORK, NY 10017

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

(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) | | |
|---|--------------------------------------|--|--------------------------------|---|---|--|---|---|---------------|
| | | | | (A) or (D) | Price | | | | |
| | | | | Code | V | Amount | | | |
| Common Shares, \$0.01 par value per share ⁽¹⁾ ⁽²⁾ | 04/30/2007 | | J ⁽³⁾ | 4,922,860 | D | ③ | 13,959,285 | I | See Footnotes |
| Common Shares, \$0.01 par value per share ⁽¹⁾ ⁽²⁾ | 04/30/2007 | | A | 30,627 ⁽³⁾ | A | ③ | 63,765 | D | |
| | | | | | | | 8,749 ⁽⁴⁾ | D | |

Common
Shares,
\$0.01 par
value per
share ⁽¹⁾ ⁽²⁾

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) | 8. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|---|
| Stock Option (right to buy) | \$ 35.54 | | | | | 07/10/2003 ⁽⁵⁾ 07/10/2013 | Common Shares, \$0.01 par value per share | 3,300 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| LEE KEWSONG C/O WARBURG PINCUS 466 LEXINGTON AVE NEW YORK, NY 10017 | X | | | |

Signatures

/s/ Kewsong Lee,
Director

05/02/2007

Date

Signature of Reporting
Person

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).

The security holders are Warburg Pincus (Bermuda) Private Equity VIII, L.P. ("WP VIII Bermuda"), Warburg Pincus (Bermuda) International Partners, L.P. ("WPIP Bermuda") and Warburg Pincus Netherlands International Partners I, C.V. ("WPIP Netherlands I"). Warburg Pincus (Bermuda) Private Equity Ltd. ("WP VIII Bermuda Ltd.") is the sole general partner of WP VIII Bermuda. Warburg Pincus (Bermuda) International Ltd. ("WPIP Bermuda Ltd.") is the sole general partner of WPIP Bermuda. Warburg Pincus Partners, LLC ("WPP LLC"), a subsidiary of Warburg Pincus & Co. ("WP"), is the sole general partner of WPIP Netherlands I. WP VIII Bermuda, WPIP Bermuda and WPIP Netherlands I are managed by Warburg Pincus LLC ("WP LLC"). WP VIII Bermuda, WPIP Bermuda, WPIP Netherlands I, WP VIII Bermuda Ltd., WPIP Bermuda Ltd., WPP LLC, WP and WP LLC are referred to herein as the "Warburg Pincus Entities."

- Kewsong Lee, a director of the Issuer, is a general partner of WP, a managing director and member of WP LLC and a beneficial owner of certain shares of capital stock of WP VIII Bermuda Ltd. and WPIP Bermuda Ltd. Other than 8,749 Common Shares of the Issuer which were granted to and are directly owned by Mr. Lee in consideration of his service as a director of the Issuer and 63,765 Common Shares, (2) 30,627 of which were received by Mr. Lee pursuant to the distribution described in footnote (3) below, the Warburg Pincus Entities own 13,959,285 Common Shares. Mr. Lee may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a?1 under the Securities Exchange Act of 1934) in an indeterminate portion of the shares owned by WP VIII Bermuda, WPIP Bermuda and WPIP Netherlands I. Mr. Lee disclaims beneficial ownership of all shares owned by the Warburg Pincus Entities.
- (3) On April 30, 2007, WP VIII Bermuda, WPIP Bermuda and WPIP Netherlands I distributed an aggregate of 4,922,860 Common Shares to their limited and general partners. Mr. Lee received 30,627 Common Shares pursuant to the distributions.
- (4) Represents shares, including restricted shares vesting May 2, 2007, granted to and directly owned by Mr. Lee in connection with his compensation for serving as a director of the Issuer.
- (5) The Stock Options became exercisable in three equal annual installments commencing on July 10, 2003, and on the first and second anniversary thereafter.

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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