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ARCH CAPITAL GROUP LTD  
Form 8-K  
January 04, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

November 20, 2001

-----  
Date of Report (Date of earliest event reported)

Arch Capital Group Ltd.

-----  
(Exact name of registrant as specified in its charter)

Bermuda

0-26456

N/A

-----  
(State or other jurisdiction of incorporation or organization)      (Commission File Number)      (I.R.S. Employer Identification No.)

20 Horseneck Lane, Greenwich, Connecticut 06830

-----  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:  
(203) 862-4300

N/A

-----  
(Former name or former address, if changed since last report)

ITEM 5. Other Events.

On November 20, 2001, the entities listed in the table below consummated the previously announced investment in Arch Capital Group Ltd. The table sets forth the purchase prices paid by each of the entities and the numbers of Series A Convertible Preference Shares and Class A Warrants of Arch Capital Group Ltd. purchased by each.

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|   | Total<br>Purchase<br>Price<br>----- | Number of<br>Preference<br>Shares<br>Purchased<br>----- |
|---|-------------------------------------|---|
| Warburg Pincus (Bermuda) Private Equity VIII, L.P.....            | \$202,500,000.00                    | 9,469,656   |
| Warburg Pincus (Bermuda) International Partners, L.P.....         | 194,400,000.00                      | 9,090,870   |
| Warburg Pincus Netherlands International<br>Partners I, C.V.....  | 4,860,000.00                        | 227,271   |
| Warburg Pincus Netherlands International<br>Partners II, C.V..... | 3,240,000.00                        | 151,514   |
| HFCP IV (Bermuda), L.P.....                                       | 181,322,595.00                      | 8,479,322   |
| H&F International Partners IV-A (Bermuda), L.P.....               | 29,759,927.00                       | 1,391,685   |
| H&F International Partners IV-B (Bermuda), L.P.....               | 9,830,812.00                        | 459,725   |
| H&F Executive Fund IV (Bermuda), L.P.....                         | 4,086,666.00                        | 191,107   |
| Insurance Private Equity Investors, L.L.C.....                    | 50,000,000.00                       | 2,338,186   |
| Orbital Holdings, Ltd.....  | 10,000,000.00                       | 467,637   |
| Trident II, L.P.....  | 33,139,159.08                       | 1,549,710   |
| Marsh & McLennan Employees' Securities Company, L.P.....          | 932,997.10                          | 43,630  |
| Marsh & McLennan Capital Professionals Fund, L.P.....             | 927,843.82                          | 43,389  |
| Farallon Capital Partners, L.P.....                               | 17,363,741.18                       | 811,993   |
| Farallon Capital Institutional Partners II, L.P.....              | 3,971,025.66                        | 185,700   |
| Farallon Capital Institutional Partners III, L.P.....             | 3,156,291.80                        | 147,600   |
| RR Capital Partners, L.P.....                                     | 508,941.36                          | 23,800  |
|   | -----                               | -----   |
| Investors' total.....   | \$750,000,000.00                    | 35,072,795  |
|   | =====                               | =====   |

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|   |                  |            |
|---|------------------|------------|
| Sound View Partners LP (affiliated with Robert Clements). | \$2,000,000.00   | 93,527     |
| Otter Capital LLC (affiliated with John M. Pasquesi)....  | 7,500,000.00     | 350,728    |
| Peter A. Appel.....                                       | 1,000,000.00     | 46,763     |
| Paul B. Ingrey.....                                       | 2,000,000.00     | 93,527     |
| Dwight R. Evans.....                                      | 400,000.00       | 18,705     |
| Marc Grandisson.....                                      | 250,000.00       | 11,690     |
|   | -----            | -----      |
| Management purchasers' total.....                         | \$13,150,000.00  | 614,940    |
|   | -----            | -----      |
| Total.....  | \$763,150,000.00 | 35,687,735 |
|   | =====            | =====      |

ITEM 7. Financial Statements, Pro Forma Financial Information and Exhibits

| EXHIBIT NO.<br>----- | DESCRIPTION<br>-----   |
|----------------------|--|
| 3.1                  | Certificate of Designations of Series A Convertible Preference Shares. |

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- 3.2 Form of Amended and Restated Bye-law 45 and Bye-law 75.
- 4.1 Form of Class A Warrant Certificate.
- 4.2 Shareholders Agreement, dated November 20, 2001, by and among Arch Capital Group Ltd. ("ACGL") and the shareholders party thereto.
- 10.1 Amendment No. 1, dated November 20, 2001, between ACGL and the parties thereto, to the Subscription Agreement dated October 24, 2001.
- 10.2 Amendment No. 2, dated January 4, 2002 between ACGL and the parties thereto, to the Subscription Agreement dated October 24, 2001.
- 10.3 Agreement, dated November 20, 2001, among ACGL, Warburg Pincus Private Equity VIII, L.P., Warburg Pincus International Partners, L.P., Warburg Pincus Netherlands International Partners I, C.V., Warburg Pincus Netherlands International Partners II, C.V. and HFCP IV (Bermuda), L.P. (collectively, the "Original Parties") and Orbital Holdings, Ltd.

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- 10.4 Agreement, dated November 20, 2001, among ACGL, the Original Parties and Insurance Private Equity Investors, L.L.C.
- 10.5 Agreement, dated November 20, 2001, among ACGL, the Original Parties and Farallon Capital Partners, L.P., Farallon Capital Institutional Partners II, L.P., Farallon Capital Institutional Partners III, L.P. and RR Capital Partners, L.P.
- 10.6 Restricted Share Agreement, dated November 19, 2001, between ACGL and Robert Clements.
- 10.7 Retention Agreement, dated January 4, 2002, among ACGL, Arch Capital (U.S.) Inc. and Robert Clements, including Form of Promissory Note.
- 10.8 Employment Agreement, dated as of October 23, 2001, between ACGL and John M. Pasquesi.
- 10.9 Employee Share Option Agreement, dated as of October 23, 2001, between ACGL and John M. Pasquesi.
- 10.10 Share Option Agreement, dated as of October 23, 2001, between ACGL and John M. Pasquesi.
- 10.11 Share Option Agreement, dated as of October 23, 2001, between ACGL and Peter A. Appel.
- 10.12 Employment Agreement, dated as of October 23, 2001, among ACGL, Arch Reinsurance Ltd. ("Arch Re Bermuda") and Paul Ingrey.
- 10.13 Employment Agreement, dated as of October 23, 2001, among ACGL, Arch Re Bermuda and Dwight Evans.
- 10.14 Employment Agreement, dated as of October 23, 2001, among ACGL, Arch Re Bermuda and Marc Grandisson.
- 10.15 Employment Agreement, dated as of December 20, 2001, among ACGL, Arch Capital Group (U.S.) Inc. and Constantine Iordanou.

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10.16 Share Option Agreement, dated as of January 1, 2002, between ACGL and Constantine Iordanou.

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10.17 Restricted Share Agreement, dated as of January 1, 2002, between ACGL and Constantine Iordanou.

10.18 Restricted Share Agreement, dated as of January 1, 2002, between ACGL and Constantine Iordanou.

10.19 Restricted Share Agreement, dated as of October 23, 2001, between ACGL and Robert Clements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned.

ARCH CAPITAL GROUP LTD.

Date: January 4, 2002

By: /s/ Louis T. Petrillo

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Name: Louis T. Petrillo  
Title: Senior Vice President, General  
Counsel and Secretary