

ARCH REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands, except share data)

	(Unaudited)	
	March 31,	December 31,
	2010	2009
Assets		
Investments:		
Fixed maturities available for sale, at market value (amortized cost: 2010, \$9,123,573; 2009, \$9,220,349)...	\$9,290,018	\$9,384,743
Short-term investments available for sale, at market value (amortized cost: 2010, \$656,552; 2009, \$548,847).....	654,448	549,867
Investment of funds received under securities lending agreements, at market value (amortized cost: 2010, \$182,338; 2009, \$96,590)	177,954	91,160
TALF investments, at market value (amortized cost: 2010, \$400,347; 2009, \$247,192)	406,997	250,265
Other investments (cost: 2010, \$251,917; 2009, \$162,505)	263,608	172,172
Investment funds accounted for using the equity method.....	405,584	391,869
Total investments	11,198,609	10,840,076
Cash.....	317,567	316,421
Accrued investment income	74,166	70,605
Investment in joint venture (cost: 2010 and 2009, \$100,000).....	102,946	102,855
Fixed maturities and short-term investments pledged under securities lending agreements, at market value...	184,221	212,820
Securities purchased under agreements to resell using funds received under securities lending agreements ..	—	115,839
Premiums receivable	739,462	618,257
Unpaid losses and loss adjustment expenses recoverable.....	1,760,931	1,783,260
Paid losses and loss adjustment expenses recoverable	68,663	61,355
Prepaid reinsurance premiums.....	279,092	287,135
Deferred acquisition costs, net.....	298,371	280,372
Receivable for securities sold.....	1,427,085	187,171
Other assets	430,500	432,268
Total Assets	\$16,881,613	\$15,308,434
Liabilities		
Reserve for losses and loss adjustment expenses.....	\$8,015,520	\$7,997,172
Unearned premiums.....	1,523,516	1,442,481
Reinsurance balances payable	139,499	164,922
TALF borrowings, at market value.....	346,746	217,565
Securities lending payable	189,024	219,116
Payable for securities purchased.....	1,429,529	136,381
Other liabilities	504,839	459,093
Total Liabilities	12,148,673	10,636,730
Commitments and Contingencies		
Shareholder's Equity		
Common shares (\$1.00 par value, 2,625,000 shares authorized, issued: 2010 and 2009, 2,560,423).....	2,560	2,560
Additional paid-in capital	2,236,073	2,225,752
Retained earnings	2,353,515	2,304,966
Accumulated other comprehensive income (loss), net of deferred income tax.....	140,792	138,426
Total Shareholder's Equity	4,732,940	4,671,704
Total Liabilities and Shareholder's Equity	\$16,881,613	\$15,308,434

The above financial information regarding Arch Reinsurance Ltd. has been provided to reinsurance intermediaries. This information only relates to Arch Reinsurance Ltd., and as a result, Arch Capital Group Ltd. ("ACGL") has determined to make it publicly available through its website, and no express or implied representation or warranty is made by ACGL, or any other person, as to the foregoing, and no person undertakes any obligation to publicly update or revise this information. For more information on ACGL and its subsidiaries, please refer to periodic reports that are filed by ACGL with the Securities and Exchange Commission from time to time.

ARCH REINSURANCE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars in thousands, except share data)

	(Unaudited)	
	Three Months Ended	
	March 31,	
	2010	2009
Revenues		
Net premiums written	\$767,754	\$822,863
Increase in unearned premiums	(97,837)	(122,299)
Net premiums earned	669,917	700,564
Net investment income	93,484	96,113
Net realized gains (losses)	47,793	(5,217)
Other-than-temporary impairment losses.....	(2,336)	(92,989)
Less investment impairments recognized in other comprehensive income, before taxes	730	56,855
Net impairment losses recognized in earnings.....	(1,606)	(36,134)
Fee income	41	55
Equity in net income (loss) of investment funds accounted for using the equity method	29,050	(9,581)
Other income	5,978	3,951
Total revenues	844,657	749,751
Expenses		
Losses and loss adjustment expenses.....	428,051	400,542
Acquisition expenses	117,624	126,458
Other operating expenses.....	100,917	80,758
Interest expense	1,497	—
Net foreign exchange gains.....	(38,601)	(25,205)
Total expenses	609,488	582,553
Income before income taxes	235,169	167,198
Income tax expense	6,620	9,333
Net income	\$228,549	\$157,865

The above financial information regarding Arch Reinsurance Ltd. has been provided to reinsurance intermediaries. This information only relates to Arch Reinsurance Ltd., and as a result, Arch Capital Group Ltd. (“ACGL”) has determined to make it publicly available through its website, and no express or implied representation or warranty is made by ACGL, or any other person, as to the foregoing, and no person undertakes any obligation to publicly update or revise this information. For more information on ACGL and its subsidiaries, please refer to periodic reports that are filed by ACGL with the Securities and Exchange Commission from time to time.