

Reilly Thomas
Form 4
October 25, 2010

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 *
Reilly Thomas

(Last) (First) (Middle)

C/O ARCSIGHT, INC., 5 RESULTS WAY

(Street)

CUPERTINO, CA 95014

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
ArcSight Inc [ARST]

3. Date of Earliest Transaction (Month/Day/Year)
10/21/2010

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 below) Other (specify below)

President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)

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 (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 Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	10/21/2010		U ⁽¹⁾	6,795 D \$ 43.5	0	D	
Common Stock	10/21/2010		M	14,092 ⁽²⁾ A \$ 6.8	14,092	D	
Common Stock	10/22/2010		D ⁽³⁾	14,092 D \$ 43.5	0	D	

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

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number.

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)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 6.8	10/22/2010		D		14,705		<u>(2)</u> (4)	01/23/2017	Common Stock	14,705
Stock Option (Right to Buy)	\$ 6.8	10/22/2010		D		775,575		<u>(4)</u>	01/23/2017	Common Stock	775,575
Stock Option (Right to Buy)	\$ 6.8	10/22/2010		D		290,484		<u>(4)</u>	01/23/2017	Common Stock	290,484
Stock Option (Right to Buy)	\$ 8.5	10/22/2010		D		46,313		<u>(7)</u>	06/17/2018	Common Stock	46,313
Stock Option (Right to Buy)	\$ 7.76	10/22/2010		D		200,000		<u>(9)</u>	09/30/2018	Common Stock	200,000
Stock Option (Right to Buy)	\$ 7.76	10/22/2010		D		200,000		<u>(11)</u>	09/30/2018	Common Stock	200,000
Stock Option (Right to Buy)	\$ 18	10/22/2010		D		125,000		<u>(13)</u>	06/08/2019	Common Stock	125,000
Stock Option (Right to Buy)	\$ 21.63	10/22/2010		D		131,500		<u>(15)</u>	05/18/2020	Common Stock	131,500

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- (11) The option vests and becomes exercisable as to 1/4th of the shares on October 1, 2009 and vests and becomes exercisable as to 1/48th of the shares at the end of each full month thereafter.
- Pursuant to the terms of the Merger, 100,000 shares under this option were cancelled in exchange for a cash payment to the Reporting Person equal to the difference between the offer price per share of \$43.50 and the exercise price per share of the option and the remaining shares under the option were assumed and exchanged for an option to purchase 101,540 shares of HP Common Stock at an exercise price per share of \$7.65.
- (12) The option vests and becomes exercisable as to 1/4th of the shares on May 1, 2010 and vests and becomes exercisable as to 1/48th of the shares at the end of each full month thereafter.
- Pursuant to the terms of the Merger, 44,270 shares under this option were cancelled in exchange for a cash payment to the Reporting Person equal to the difference between the offer price per share of \$43.50 and the exercise price per share of the option and the remaining shares under the option were assumed and exchanged for an option to purchase 81,973 shares of HP Common Stock at an exercise price per share of \$17.73.
- (13) The option vests and becomes exercisable as to 1/4th of the shares on May 1, 2011 and vests and becomes exercisable as to 1/48th of the shares at the end of each full month thereafter.
- (14) Pursuant to the terms of the Merger, this option was assumed and exchanged for an option to purchase 133,525 shares of HP Common Stock at an exercise price per share of \$21.31.
- (15)
- (16)

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