Reilly Thomas Form 4 October 25, 2010

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

OMB APPROVAL OMB

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SECURITIES Form 5 obligations may continue.

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 See Instruction

(Print or Type Responses)

1(b).

1. Name and Address of Reporting Person * **Reilly Thomas**

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to Issuer

ArcSight Inc [ARST]

(Check all applicable)

(Last) (First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year)

_X__ Director 10% Owner X_ Officer (give title _ Other (specify

C/O ARCSIGHT, INC., 5 RESULTS 10/21/2010

President and CEO

WAY

(Street)

4. If Amendment, Date Original

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year) Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

below)

CUPERTINO, CA 95014

(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. Securit on(A) or Dia (Instr. 3, 4)	sposed	of (D)	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)	
Common Stock	10/21/2010		$U_{\underline{(1)}}^{(1)}$	6,795	` ′	\$ 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)	2 3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transactio Code (Instr. 8)			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	(2)(4)	01/23/2017	Common Stock	14,705
Stock Option (Right to Buy)	\$ 6.8	10/22/2010		D	775	5,575	<u>(4)</u>	01/23/2017	Common Stock	775,575
Stock Option (Right to Buy)	\$ 6.8	10/22/2010		D	290	0,484	<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	0,000	<u>(9)</u>	09/30/2018	Common Stock	200,000
Stock Option (Right to Buy)	\$ 7.76	10/22/2010		D	200	0,000	<u>(11)</u>	09/30/2018	Common Stock	200,000
Stock Option (Right to Buy)	\$ 18	10/22/2010		D	125	5,000	(13)	06/08/2019	Common Stock	125,000
Stock Option (Right to Buy)	\$ 21.63	10/22/2010		D	131	1,500	<u>(15)</u>	05/18/2020	Common Stock	131,500

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Reilly Thomas

C/O ARCSIGHT, INC.
5 RESULTS WAY

Y

President and CEO

CUPERTINO, CA 95014

Signatures

/s/ Tram T. Phi as attorney-in-fact for Thomas
Reilly 10/25/2010

**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).
- Pursuant to the terms of the tender offer by Priam Acquisition Corporation, a Delaware corporation ("Purchaser") and a wholly-owned, direct or indirect, subsidiary of Hewlett-Packard Company, a Delaware corporation ("HP"), to purchase all outstanding shares of Issuer Common Stock, disclosed in the Tender Offer Statement on Schedule TO filed with the Securities and Exchange Commission (the "Tender Offer"), Purchaser accepted for payment of \$43.50 per share all shares validly tendered on or prior to October 20, 2010.
 - 14,092 shares under this option were exercised pursuant to a conditional exercise program effective on the satisfaction of the closing conditions to the merger (the "Merger") contemplated by that certain Agreement and Plan of Merger by and among the Issuer, HP and
- (2) Purchaser, dated as of September 13, 2010 (the "Merger Agreement"), and such shares were converted into the right to receive \$43.50 per share and the remaining shares under the option were assumed and exchanged for an option to purchase 622 shares of HP Common Stock at an exercise price per share of \$6.70.
- (3) All shares issued and outstanding immediately prior to the effectiveness of the Merger and not tendered in the Tender Offer were converted into the right to receive \$43.50 in cash per share.
- (4) The option vests and becomes exercisable as to 1/4th of the shares on November 27, 2007 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, 739,877 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 36,247 shares of HP Common Stock at an exercise price per share of \$6.70.
- Pursuant to the terms of the Merger, 278,380 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 12,290 shares of HP Common Stock at an exercise price per share of \$6.70.
- (7) The option vests and becomes exercisable as to 1/4th of the shares on May 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, 27,980 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 18,615 shares of HP Common Stock at an exercise price per share of \$8.38.
- (9) The option vests and becomes exercisable as 1/72nd of the shares at the end of each full month after October 1, 2008.
- Pursuant to the terms of the Merger, 66,666 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 135,388 shares of HP Common Stock at an exercise price per share of \$7.65.

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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.
- (13) 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.
- (15) 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.
- (16) 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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.