

ArcSight Inc  
 Form 4  
 October 25, 2010

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
 MCKEE E STANTON JR

(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)

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 Beneficial Ownership (Instr. 4)
				(A) or (D)	Amount		
				Code	V		
					Amount		
				(D)	Price		

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474 (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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)

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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option (Right to Buy)	\$ 0.8	10/21/2010		D			87,773		(1)	02/02/2015	Common Stock	87,773
Stock Option (Right to Buy)	\$ 9	10/21/2010		D			11,250		(3)	02/13/2018	Common Stock	11,250
Stock Option (Right to Buy)	\$ 8.3	10/21/2010		D			10,375		(1)	09/24/2018	Common Stock	10,375
Stock Option (Right to Buy)	\$ 22.67	10/21/2010		D			10,375		(1)	09/23/2019	Common Stock	10,375

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCKEE E STANTON JR C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014		X		

## Signatures

/s/ Tram T. Phi as attorney-in-fact for E. Stanton  
McKee, Jr. 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).

(1) The option is fully vested and exercisable.

(2) In connection with acceptance of the tender offer (the "Tender Offer") contemplated by that certain Agreement and Plan of Merger by and among the Issuer, Hewlett-Packard Company and Priam Acquisition Corporation, dated as of September 13, 2010, this option was cancelled in exchange for a cash payment to the Reporting Person equal to the number of shares of common stock underlying the option

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multiplied by the difference between the offer price per share of \$43.50 and the exercise price per share of the option.

- The option vests and becomes exercisable as to 1/36th of the shares on March 14, 2008 and vests and becomes exercisable as to 1/36th of
- (3) the shares at the end of each full month thereafter. All shares that were unvested and unexercisable became immediately vested and exercisable upon the acceptance of the Tender Offer.

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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