

Ryles Scott A
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 *
Ryles Scott A

(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 Ownership (Instr. 4)		
				Code	V	Amount				(A) or (D)	Price
Common Stock	10/21/2010		U			600	D	\$ 43.5	0	D	
Common Stock	10/21/2010		U			330	D	\$ 43.5	0	I	See footnote ⁽¹⁾

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

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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)	8. Amount or Number of Shares
Stock Option (Right to Buy)	\$ 0.24	10/21/2010		D	63,773	<u>(2)</u> 01/21/2014	Common Stock	63,773
Stock Option (Right to Buy)	\$ 9	10/21/2010		D	11,250	<u>(4)</u> 02/13/2018	Common Stock	11,250
Stock Option (Right to Buy)	\$ 8.3	10/21/2010		D	10,375	<u>(2)</u> 09/24/2018	Common Stock	10,375
Stock Option (Right to Buy)	\$ 22.67	10/21/2010		D	10,375	<u>(2)</u> 09/23/2019	Common Stock	10,375

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ryles Scott A C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014		X		

Signatures

/s/ Tram T. Phi as attorney-in-fact for Scott A.
Ryles

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) Held by the Scott A. Ryles & Marcia T. Ryles Trust received in pro rata distributions by affiliates of KPCB Holdings.
- (2) The option is fully vested and exercisable.

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 multiplied by the difference between the offer price per share of \$43.50 and the exercise price per share of the option.
- (3) 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 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.
- (4)

Remarks:

Excludes 3,493,360 shares held by entities affiliated with Kleiner Perkins Caufield & Byers. Mr. Ryles is a limited partner in K

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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