

SCHEEL JEFFREY 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 *
SCHEEL JEFFREY 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)

Sr. VP, Business Development

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)
				(A) or (D)	Price		
Common Stock	10/21/2010		U ⁽¹⁾	V	1,104 \$ 43.5	D	

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

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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.

- (2) The option vests and becomes exercisable as to 1/4th of the shares on June 16, 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 (the "Merger") contemplated by that certain Agreement and Plan of Merger by and among the Issuer, HP and Purchaser, dated as of September 13, 2010 (the "Merger Agreement"), 5,836 shares under this option were cancelled in exchange

- (3) 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 16,923 shares of HP Common Stock at an exercise price per share of \$8.38.

- (4) 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, 10,585 shares under this option were cancelled in exchange for a cash payment to the Reporting

- (5) 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 19,602 shares of HP Common Stock at an exercise price per share of \$17.73.

Pursuant to the terms of the Merger, 19,534 shares under this option were cancelled in exchange for a cash payment to the Reporting

- (6) 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 36,172 shares of HP Common Stock at an exercise price per share of \$17.73.

- (7) 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.

- (8) Pursuant to the terms of the Merger, this option was assumed and exchanged for an option to purchase 36,554 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.

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