

SCHEEL JEFFREY A

Form 4

October 25, 2010

**FORM 4****UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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

## OMB APPROVAL

OMB  
Number: 3235-0287  
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2005  
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response... 0.5

(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  
\_\_X\_\_ Officer (give title below) \_\_\_\_ Other (specify below)

Sr. VP, Business Development

6. Individual or Joint/Group Filing(Check  
Applicable Line)  
\_\_X\_\_ 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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	10/21/2010		U <sup>(1)</sup>	1,104 D	\$ 43.5 0	D	

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)**

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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)	\$ 8.5	10/22/2010		D	22,503	<u>(2)</u> 06/17/2018	Common Stock	22,503
Stock Option (Right to Buy)	\$ 18	10/22/2010		D	29,890	<u>(4)</u> 06/08/2019	Common Stock	29,890
Stock Option (Right to Buy)	\$ 18	10/22/2010		D	55,158	<u>(4)</u> 06/08/2019	Common Stock	55,158
Stock Option (Right to Buy)	\$ 21.63	10/22/2010		D	36,000	<u>(7)</u> 05/18/2020	Common Stock	36,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SCHEEL JEFFREY A C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014			Sr. VP, Business Development	

## Signatures

/s/ Tram T. Phi as attorney-in-fact for Jeffrey Scheel

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) 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

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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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