

Grierson Stewart
 Form 4
 September 30, 2009

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 *
 Grierson Stewart

2. Issuer Name and Ticker or Trading Symbol
 ArcSight Inc [ARST]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 C/O ARCSIGHT, INC., 5 RESULTS WAY

3. Date of Earliest Transaction (Month/Day/Year)
 09/29/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Financial Officer

(Street)
 CUPERTINO, CA 95014

4. If Amendment, Date Original Filed(Month/Day/Year)

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 Indirect Beneficial Ownership (Instr. 4)			
			Code	V	Amount	(D)	Price			
Common Stock	09/29/2009		M		13,750	A	\$ 0.24	25,882 ⁽¹⁾	I	See Footnote 1
Common Stock	09/29/2009		M		6,250	A	\$ 0.48	32,132 ⁽²⁾	I	See Footnote 2
Common Stock	09/29/2009		S		20,000	D	\$ 24.0483 ⁽³⁾	12,132 ⁽⁴⁾	I	See Footnote 4

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	09/29/2009		M	13,750	⁽⁵⁾ 01/21/2014	Common Stock	13,750
Stock Option (Right to Buy)	\$ 0.48	09/29/2009		M	6,250	⁽⁵⁾ 10/05/2014	Common Stock	6,250

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grierson Stewart C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014			Chief Financial Officer	

Signatures

/s/ Tram T. Phi as attorney-in-fact for Stewart
Grierson

09/30/2009

**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) Represents 15,882 shares held by the reporting person and 10,000 shares held by the reporting person and spouse, together.

(2) Represents 22,132 shares held by the reporting person and 10,000 shares held by the reporting person and spouse, together.

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- Represents a weighted average sales price per share. The prices actually received ranged from \$24.00 to \$24.20. The reporting person has
- (3) provided to the issuer, and will provide to the SEC staff or any security holder of the issuer, information regarding the number of shares sold at each price within the range.
 - (4) Represents 2,132 shares held by the reporting person and 10,000 shares held by the reporting person and spouse, together.
 - (5) The option is 100% vested and exercisable.

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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