

Njemanze Hugh
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 *
Njemanze Hugh

(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)

CTO and EVP R&D

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 or Price		
Common Stock	10/21/2010		U ⁽¹⁾		721,795 (2) \$ 43.5	D	
Common Stock	10/21/2010		M		125,000 (3) \$ 0.8	A	125,000
Common Stock	10/21/2010		M		23,750 (3) \$ 6.08	A	148,750
Common Stock	10/21/2010		M		17,320 (4) \$ 10	A	166,070
Common Stock	10/22/2010		D ⁽⁵⁾		166,070 \$ 43.5	D	

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

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(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 (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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Stock Option (Right to Buy)	\$ 0.8	10/22/2010		D	125,000	<u>(3)</u> 02/02/2015	Common Stock 125,000
Stock Option (Right to Buy)	\$ 4	10/22/2010		D	25,000	<u>(6)</u> 05/25/2015	Common Stock 25,000
Stock Option (Right to Buy)	\$ 6.08	10/22/2010		D	23,750	<u>(3)</u> 06/04/2016	Common Stock 23,750
Stock Option (Right to Buy)	\$ 10	10/22/2010		D	7,403	<u>(8)</u> 08/06/2017	Common Stock 7,403
Stock Option (Right to Buy)	\$ 10	10/22/2010		D	20,798	<u>(4)(8)</u> 08/06/2017	Common Stock 20,798
Stock Option (Right to Buy)	\$ 10	10/22/2010		D	3,049	<u>(6)</u> 08/06/2017	Common Stock 3,049
Stock Option (Right to Buy)	\$ 8.5	10/22/2010		D	39,000	<u>(10)</u> 06/17/2018	Common Stock 39,000
	\$ 18	10/22/2010		D	85,400	<u>(12)</u> 06/08/2019	85,400

Stock Option (Right to Buy)								Common Stock	
Stock Option (Right to Buy)	\$ 21.63	10/22/2010	D	200,000	(14)	05/18/2020	Common Stock	200,000	
Stock Option (Right to Buy)	\$ 21.63	10/22/2010	D	200,000	(16)	05/18/2020	Common Stock	200,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Njemanze Hugh C/O ARCSIGHT, INC. 5 RESULTS WAY CUPERTINO, CA 95014			CTO and EVP R&D	

Signatures

/s/ Tram T. Phi as attorney-in-fact for Hugh S. Njemanze 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 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) Includes 472,500 held by the Reporting Person and his spouse, together.
 - (3) The option was fully vested and exercisable and all shares under this option were exercised pursuant to a conditional exercise program effective on the satisfaction of the closing conditions to 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"), and such shares were converted into the right to receive \$43.50 in cash per share in connection with the Merger.
 - (4) Pursuant to the terms of the Merger, 17,320 shares under this option were exercised pursuant to a conditional exercise program effective on the satisfaction of the closing conditions to the Merger and such shares were converted into the right to receive \$43.50 per share and the remaining shares under the option were assumed and exchanged for an option to purchase 3,531 shares of HP Common Stock at an exercise price per share of \$9.85.
 - (5) All shares issued and outstanding immediately prior to the effectiveness of the Merger and not tendered in the Tender Offer were converted into the right to receive \$43.50 in cash per share.
 - (6) The option is fully vested and exercisable.
 - (7)

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Pursuant to the terms of the Merger, this option was cancelled in exchange 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.

- (8) The option vests and becomes exercisable as to 1/4th of the shares on May 1, 2008 and vests and becomes exercisable as to 1/48th of the shares at the end of each full month thereafter.

- (9) Pursuant to the terms of the Merger, 6,323 shares under this option were cancelled in exchange 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 1,096 shares of HP Common Stock at an exercise price per share of \$9.85.

- (10) The option vests and becomes exercisable as to 1/4th of the shares on May 1, 2009 and vests and becomes exercisable as to 1/48th of the shares at the end of each full month thereafter.

- (11) Pursuant to the terms of the Merger, 23,562 shares under this option were cancelled in exchange 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 15,675 shares of HP Common Stock at an exercise price per share of \$8.38.

- (12) 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.

- (13) Pursuant to the terms of the Merger, 30,245 shares under this option were cancelled in exchange 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 56,004 shares of HP Common Stock at an exercise price per share of \$17.73.

- (14) 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.

- (15) Pursuant to the terms of the Merger, this option was assumed and exchanged for an option to purchase 203,081 shares of HP Common Stock at an exercise price per share of \$21.31.

- (16) The option vests and becomes exercisable as to 3/4th of the shares on May 1, 2013 and vests and becomes exercisable as to 1/4th of the shares on May 1, 2014.

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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