SRERE LINDA J Form 4

November 02, 2006

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

OMB APPROVAL

Number:

3235-0287 January 31,

2005

0.5

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if no longer subject to Section 16. Form 4 or Form 5

Check this box

obligations may continue. See Instruction

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

1(b).

Common

Stock

11/01/2006

(Print or Type Responses)

1. Name and A SRERE LIN	Symbol		Ticker or Trading ARTS INC [ERTS]	5. Relationship of Reporting Person(s) to Issuer				
(Last)	(First) (M	(Month/L	3. Date of Earliest Transaction (Month/Day/Year)			(Check all applicable) _X_ Director 10% Owner Officer (give title Other (specify		
PARKWAY	11/01/2	11/01/2006			below) below)			
	4. If Ame	4. If Amendment, Date Original			6. Individual or Joint/Group Filing(Check			
REDWOOD	,	Filed(Month/Day/Year)			Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			
(City)	(State) (Zip) Tabl	e I - Non-I	Derivative Securities Acq	uired, Disposed of	f, or Beneficial	ly Owned	
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactic Code (Instr. 8)	4. Securities Acquired on(A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	

Code V

M

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

(Instr. 3 and 4)

D

4,183

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

or

Price

52.71

Amount (D)

339

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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. Transactic Code (Instr. 8)	5. Num onof Derivat Securit Acquir (A) or Dispose (D) (Instr. 3 and 5)	tive ies ed	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	Amour or Number of Shares
Non-Qualified Stock Option (right to buy)	\$ 52.71	11/01/2006		A	339		<u>(1)</u>	11/01/2006	Common Stock	339
Non-Qualified Stock Option (right to buy)	\$ 52.71	11/01/2006		M		339	<u>(1)</u>	11/01/2006	Common Stock	339

Reporting Owners

Reporting Owner Name / Address	Relationships					
	Director	10% Owner	Officer	Other		
SRERE LINDA J 209 REDWOOD SHORES PARKWAY REDWOOD CITY, CA 94065	X					

Signatures

By: Stephanie Kuo attorney in fact For: Linda Srere 11/02/2006

**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) Shares in lieu of Board cash compensation.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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