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ROSETTA STONE INC

Form 3 April 15, 2009

FORM 3

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

OMB APPROVAL

OMB Number:

3235-0104

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INITIAL STATEMENT OF 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 2. Date of Event Requiring 3. Issuer Name and Ticker or Trading Symbol Person * Statement ROSETTA STONE INC [RST] CLOUGH PHILLIP A (Month/Day/Year) 04/15/2009 (Last) (First) (Middle) 4. Relationship of Reporting 5. If Amendment, Date Original Person(s) to Issuer Filed(Month/Day/Year) 400 E. PRATT (Check all applicable) STREET, Â SUITE 910 (Street) 6. Individual or Joint/Group _X_ 10% Owner _X_ Director Officer _Other Filing(Check Applicable Line) (give title below) (specify below) _X_ Form filed by One Reporting Person BALTIMORE, Â MDÂ 21202 Form filed by More than One Reporting Person (City) (State) (Zip) Table I - Non-Derivative Securities Beneficially Owned 1. Title of Security 2. Amount of Securities 4. Nature of Indirect Beneficial Beneficially Owned Ownership Ownership (Instr. 4) (Instr. 4) Form: (Instr. 5) Direct (D) or Indirect (I) (Instr. 5) I Common Stock By limited partnership (1)755,612 Series A-1 Preferred 261,558 I By limited partnership (1) Reminder: Report on a separate line for each class of securities beneficially SEC 1473 (7-02) 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

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

currently valid OMB control number.

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date	3. Title and Amount of Securities Underlying	4. Conversion	5. Ownership	6. Nature of Indirect Beneficial
	(Month/Day/Year)	Derivative Security	or Exercise	Form of	Ownership
		(Instr. 4)	Price of	Derivative	(Instr. 5)

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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	Derivative Security	Security: Direct (D) or Indirect (I) (Instr. 5)	
Employee Stock Option (2)	04/15/2009	04/15/2019	Common Stock	2,658	\$ <u>(2)</u>	D	Â
Restricted Stock Units (3)	04/15/2009	04/15/2050	Common Stock	1,462	\$ 0	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships					
1 0	Director	10% Owner	Officer	Othe		
CLOUGH PHILLIP A						
400 E. PRATT STREET	λv	ÂΧ	â	â		
SUITE 910	ΑΛ	ΑΛ	A	A		
BALTIMORE, MD 21202						

Signatures

Michael C. Wu, Power of Attorney 04/15/2009

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(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).

Includes (i) 668,642 shares of common stock and 231,452 shares of Series A-1 Preferred owned by ABS Capital Partners IV, L.P., (ii) 22,386 shares of common stock and 7,749 shares of Series A-1 Preferred owned by ABS Capital Partners IV-A, LP., (iii) 38,402 shares of common stock and 13,293 shares of Series A-1 Preferred owned by ABS Capital Partners IV Offshore, L.P., and (iv) 26,182 shares

- of common stock and 9,064 shares of Series A-1 Preferred owned by ABS Capital Partners IV Special Offshore, L.P. ABS Partners IV, L.L.C. is the general partner of each such entity and has voting and dispositive power over these shares. Mr. Clough is a managing member of ABS Partners IV, L.L.C. and may be deemed to share voting or dispositive power over such shares. Mr. Clough disclaims beneficial ownership of such shares, except to the extent of any pecuniary interest therein.
- (2) Includes an aggregate of 2,658 shares represented by unvested stock awards. Option vests at a rate of 1/4 per annum. The exercise price will be the initial price in the issuer's IPO.
- (3) Only exercisable upon termination of service as a director.

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Remarks:

a currently valid OMB number.

Upon the closing of the initial public offering of the issuer, each share of preferred stock will au 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

Reporting Owners 2