

Franklin Laurence  
Form 4  
August 20, 2009

**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 \*  
Franklin Laurence

(Last) (First) (Middle)

C/O ROSETTA STONE, 1919  
NORTH LYNN STREET 7TH  
FLOOR

(Street)

ARLINGTON, VA 22209

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
ROSETTA STONE INC [RST]

3. Date of Earliest Transaction  
(Month/Day/Year)  
08/19/2009

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)

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 Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

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

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SEC 1474 (9-02)

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

1. Title of Derivative	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction of	5. Number	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Securities	8. Price of Deriva
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)	Security (Instr. 3)				
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 3.85						(1)	(1)	Common Stock	19,500	
Stock Option	\$ 6.08						(1)	(1)	Common Stock	6,500	
Stock Option	\$ 18						(2)	(2)	Common Stock	2,658	
Stock Option	\$ 20.35	08/19/2009	A		329		(2)	(2)	Common Stock	329	\$ 0
Restricted Stock Unit	\$ 20.35	08/19/2009	A		181		(3)	(3)	Common Stock	181	\$ 0

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Franklin Laurence C/O ROSETTA STONE 1919 NORTH LYNN STREET 7TH FLOOR ARLINGTON, VA 22209			X	

## Signatures

Michael C. Wu, by Power of Attorney  
Date: 08/20/2009

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) Pursuant to the 2006 Stock Incentive Plan, 1/4 of the Stock Options shall be vested and exercisable one year after the date of grant and 1/16 of the shares subject to the option shall become vested each quarter thereafter. 19,500 shares awarded 5/22/2006. 6,500 shares awarded 3/21/2007.
- (2) Pursuant to the 2009 Omnibus Incentive Plan, 1/4 of the Stock Options shall be vested and exercisable on the last day of the third month after the date of grant and 1/4 of the shares subject to the option shall become vested each quarter thereafter. 2,658 shares awarded 4/15/2009.
- (3) The restricted stock units are fully vested. Delivery of the shares to the reporting person will be made after the date of the reporting person's separation from service to the Board of Directors.

**Remarks:**

EXHIBIT 24 - Power of Attorney

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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