

ROSETTA STONE INC
Form 4
August 20, 2010

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 *
HELMAN BRIAN D

(Last) (First) (Middle)

**C/O ROSETTA STONE INC., 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)
08/18/2010

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)
Chief Financial Officer

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock | 08/18/2010 | | M | 86,792 A | \$ 6.0769 101,542 | D | |
| Common Stock | 08/18/2010 | | S | 86,792 D | \$ 17.3097 14,750 ⁽²⁾ | D | |

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

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SEC 1474
(9-02)

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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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares |
| Employee Stock Option | \$ 6.0769 | 08/18/2010 | | M | 86,792 | (3) 03/21/2017 | Common Stock 86,792 |
| Employee Stock Option | \$ 18 | | | | | (4) 04/15/2019 | Common Stock 18,148 |
| Employee Stock Option | \$ 25.99 | | | | | (5) 03/15/2020 | Common Stock 20,581 (5) |

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

HELMAN BRIAN D
C/O ROSETTA STONE INC.
1919 NORTH LYNN STREET 7TH FLOOR
ARLINGTON, VA 22209

Chief Financial Officer

Signatures

Michael C. Wu,
Attorney-in-fact 08/20/2010

**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).

- This transaction was executed in multiple trades at prices ranging from \$17.20 to \$17.50 The price reported above reflects the weighted
- (1) average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer, or security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected
 - (2) 44,250 shares of restricted stock were awarded on 4/15/2009.
 - (3) Includes an aggregate of 20,029 shares represented by unvested stock awards. Option vests at 1/16 per quarter.
 - (4) Includes an aggregate of 13,611 shares represented by unvested stock awards. Option vests at 1/4 per annum.

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(5) Includes an aggregate of 20,581 shares represented by unvested stock awards. Option vests at 1/4 per annum.

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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