

GROSS PATRICK W
Form 4
May 31, 2011

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 *
GROSS PATRICK W

(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)
05/26/2011

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 Derivative | 5. Number | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities |
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-----------|---|--|
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-----------|---|--|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) | | | | |
|-----------------------|--|----------------------|-----------------|---|------------------|------------------|------------------|-----------------|--------------|----------------------------|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Stock Option | \$ 3.85 | | | | | | (1) | 05/22/2016 | Common Stock | 26,000 |
| Stock Option | \$ 6.08 | | | | | | (2) | 03/21/2017 | Common Stock | 6,500 |
| Stock Option | \$ 18 | | | | | | (3) | 04/15/2019 | Common Stock | 2,658 |
| Stock Option | \$ 20.35 | | | | | | (4) | 08/19/2019 | Common Stock | 329 |
| Stock Option | \$ 17.36 | | | | | | (5) | 08/26/2020 | Common Stock | 2,979 |
| Stock Option | \$ 13.66 | 05/26/2011 | A | | 3,787 | | (6) | 05/26/2021 | Common Stock | 3,787 |
| Restricted Stock Unit | \$ 0 | 05/26/2011 | A | | 2,196 | | (7) | (7) | Common Stock | 2,196 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| GROSS PATRICK W C/O ROSETTA STONE INC. 1919 NORTH LYNN STREET, 7TH FLOOR ARLINGTON, VA 22209 | | | | X |

Signatures

Michael C. Wu,
Attorney-in-fact
Date: 05/31/2011

**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) Includes an aggregate of 26,000 fully vested shares. Options shall vest and be exercisable after the date of grant and 1/16 of the shares subject to the option shall become vested each quarter thereafter.
- (2)

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Includes an aggregate of 6,500 fully vested shares. Options shall vest and be exercisable after the date of grant and 1/16 of the shares subject to the option shall become vested each quarter thereafter.

- (3) Includes an aggregate of 2,658 fully vested shares. Options shall vest at 1/4 per quarter.
- (4) Includes an aggregate of 329 fully vested shares. Options shall vest at 1/4 per quarter.
- (5) Includes an aggregate of 2,234 fully vested shares. Options shall vest at 1/4 per quarter.
- (6) No options vested. Options shall vest at 1/4 per quarter.
- (7) Restricted stock units are fully vested upon award. Delivery of shares to the reporting person will be made after the date of the reporting person's separation from service to the Board of Directors.

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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