ROSETTA STONE INC

Form 4

February 19, 2014

FORM 4

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

OMB 3235-0287 Number:

OMB APPROVAL

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005 Estimated average

Form 4 or Form 5 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

response... 0.5

burden hours per

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * Swad Stephen M

2. Issuer Name and Ticker or Trading

5. Relationship of Reporting Person(s) to Issuer

Symbol ROSETTA STONE INC [RST]

(First) (Middle) (Last)

3. Date of Earliest Transaction

(Check all applicable)

C/O ROSETTA STONE INC., 1919

(Street)

(State)

02/14/2014

(Month/Day/Year) 02/14/2014

_X__ Director 10% Owner X_ Officer (give title Other (specify below)

NORTH LYNN STREET, 7TH **FLOOR**

CEO and President

6. Individual or Joint/Group Filing(Check

4. If Amendment, Date Original Filed(Month/Day/Year)

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

ARLINGTON, VA 22209

(City)

Common

Stock

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3) (Month/Day/Year)

(Zip)

3. 4. Securities Acquired 5. Amount of Transaction(A) or Disposed of Code (D) (Instr. 3, 4 and 5) (Instr. 8)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned 6. Ownership 7. Nature of Securities Form: Direct Indirect Beneficially (D) or Beneficial Ownership Owned Indirect (I) (Instr. 4) Following (Instr. 4) Reported

Ι

(A) Transaction(s) or (Instr. 3 and 4)

Price Amount (D)

Code V

A

42.642 \$0 $282,901 \stackrel{(2)}{=}$ A (1)

By trust (3)

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.

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

Edgar Filing: ROSETTA STONE INC - Form 4

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 orDerivative 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 Number Shares
Employee Stock Option	\$ 22.39					<u>(4)</u>	11/09/2020	Common Stock	150,00
Employee Stock Option	\$ 8.76					(5)	02/22/2022	Common Stock	125,00
Employee Stock Option	\$ 12.47					<u>(6)</u>	02/21/2023	Common Stock	34,659
Employee Stock Option	\$ 11.96 (7)	02/14/2014		A	150,755	(8)	02/14/2024	Common Stock	150,75

Reporting Owners

Reporting Owner Name / Address	Relationships					
. 0	Director	10% Owner	Officer	Other		
Swad Stephen M C/O ROSETTA STONE INC. 1919 NORTH LYNN STREET, 7TH FLOOR ARLINGTON, VA 22209	X		CEO and President			

Signatures

Bruce C. Ghrist, Attorney-in-fact

**Signature of Reporting Person Dat

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).
- These shares are subject to forfeiture restrictions that lapse one-quarter per annum beginning one year from February 14, 2014, the date of grant.
- (2) Includes 50,008 shares of restricted common stock on which the restrictions have not yet lapsed.
- (3) Shares held of record by Stephen M. Swad Revocable Living Trust.
- (4) Includes an aggregate of 112,500 fully vested options. Options shall vest at a rate of one-quarter per annum, beginning one year from October 12, 2010, the date of grant.

Reporting Owners 2

Edgar Filing: ROSETTA STONE INC - Form 4

- (5) Includes an aggregate of 31,250 fully vested options. Options shall vest at a rate of one-quarter per annum, beginning one year from February 22, 2012, the date of grant.
- (6) Includes an aggregate of zero fully vested options. Options shall vest at a rate of one-quarter per annum, beginning one year from February 21, 2013, the date of grant.
- (7) The exercise price is equal to the closing price of the common stock of the Corporation on the New York Stock Exchange on February 13, 2014.
- (8) Options shall vest at a rate of one-quarter per annum, beginning one year from February 14, 2014, the date of grant.

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.