ROSETTA STONE INC

Form 4

March 04, 2014

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

Expires:

January 31, 2005

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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

(Print or Type Responses)

1(b).

1. Name and Address of Reporting Person * SHAH PRAGNESH N

2. Issuer Name and Ticker or Trading Symbol

ROSETTA STONE INC [RST]

5. Relationship of Reporting Person(s) to

(Check all applicable)

Issuer

(Last)

(First)

(Middle)

3. Date of Earliest Transaction

(Month/Day/Year)

02/28/2014

Director _X__ Officer (give title

10% Owner

Other (specify

below)

President, Global Consumer

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

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

6. Individual or Joint/Group Filing(Check

Applicable Line)

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

ARLINGTON, VA 22209

(City)	(State)	(Zip) Tab	le I - Non-	Derivative	ed, 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)	Code (Instr. 8)	omr Dispos (Instr. 3, 4	ed of (4 and 5 (A) or	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	02/28/2014		Code V S	Amount 4,906	(D)	Price \$ 11.6869 <u>(1)</u>	5,807 (2)	D	
Common Stock	02/28/2014		M	32,500	A	\$ 7.35	38,307 (2)	D	
Common Stock	02/28/2014		S	32,500	D	\$ 11.6708 (3)	5,807 (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)

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. Transacti Code (Instr. 8)	5. Number of ctionDerivative Securities 8) 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	\$ 7.35	02/28/2014	02/28/2014	M		32,500	<u>(4)</u>	12/09/2021	Common Stock	32,500
Employee Stock Option	\$ 12.47						<u>(6)</u>	02/21/2023	Common Stock	8,155 (6)

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

SHAH PRAGNESH N C/O ROSETTA STONE INC. 1919 NORTH LYNN STREET, 7TH FLOOR ARLINGTON, VA 22209

President, Global Consumer

Signatures

Bruce C. Ghrist, Attorney-in-fact 03/04/2014

**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 \$11.61 to 11.83 per share. The price reported above reflects the (1) weighted 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) Includes 5,807 shares of restricted common stock on which the restrictions have not yet lapsed.

Reporting Owners 2

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- This transaction was executed in multiple trades at prices ranging from \$11.50 to 11.83 per share. The price reported above reflects the weighted 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.
- (4) Options shall vest at a rate of one-quarter per annum.
- (5) Includes an aggregate of zero fully vested options. Options shall vest at a rate of one-quarter per annum, beginning one year from December 9, 2011 in accordance with the Executive Employment Agreement entered into between Mr. Shah and the Issuer.
- (6) Includes an aggregate of 2,039 fully vested shares. Options shall vest at a rate of one-quarter per annum, beginning one year from February 21, 2013, 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.