

GROSS PATRICK W

Form 4

August 30, 2010

FORM 4
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

OMB APPROVAL

OMB
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(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)
08/26/2010

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)

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)
			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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information contained in this form are not
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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	8
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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	\$ 17.36	08/26/2010	A		2,979		<u>(1)</u>	08/26/2020	Common Stock	2,979
Stock Option	\$ 3.85						<u>(2)</u>	05/22/2016	Common Stock	26,000
Stock Option	\$ 6.08						<u>(3)</u>	03/21/2017	Common Stock	6,500 <u>(3)</u>
Stock Option	\$ 18						<u>(4)</u>	04/15/2019	Common Stock	2,658 <u>(4)</u>
Stock Option	\$ 20.35						<u>(5)</u>	08/19/2019	Common Stock	329 <u>(5)</u>
Restricted Stock Unit	\$ 0	08/26/2010	A		1,728		<u>(6)</u>	<u>(6)</u>	Common Stock	1,728

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 08/30/2010

__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).

(1) Options shall vest at 1/4 per quarter.

(2) 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.

(3) Includes an aggregate of 5,281 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.

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- (4) Includes an aggregate of 2,658 fully vested shares. Options shall vest at 1/4 per quarter.
- (5) Includes an aggregate of 329 fully vested shares. Options shall vest at 1/4 per quarter.
- (6) 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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