Coleman John T Form 4 August 30, 2010

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB APPROVAL OMB

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if no longer subject to Section 16. Form 4 or Form 5

obligations

1(b).

may continue.

See Instruction

Check this box

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 * Coleman John T

2. Issuer Name and Ticker or Trading Symbol

ROSETTA STONE INC [RST]

5. Relationship of Reporting Person(s) to

Issuer

(Last)

(Middle)

3. Date of Earliest Transaction

(Check all applicable)

(Month/Day/Year)

08/26/2010

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

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

(First)

(Street) 4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

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

6. Individual or Joint/Group Filing(Check

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

ARLINGTON, VA 22209

(Instr. 3)

(City) (State) (Zip) 1. Title of 2. Transaction Date 2A. Deemed Security

3. 4. Securities (Month/Day/Year) Execution Date, if TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Month/Day/Year) (Instr. 8)

5. Amount of 6. Ownership Securities Form: Direct Beneficially (D) or Indirect Beneficial Owned (I) Following (Instr. 4)

Reported Transaction(s) (Instr. 3 and 4)

Code V Amount (D) Price

(A)

or

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

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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 Conversion 3. Transaction Date 3A. Deemed

6. Date Exercisable and 5. Number (Month/Day/Year) Execution Date, if Transaction of Derivative Expiration Date

7. Title and Amount of **Underlying Securities**

7. Nature of

Ownership (Instr. 4)

Indirect

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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	Ionth/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					(2)	05/22/2016	Common Stock	19,500	
Stock Option	\$ 6.08					(3)	03/21/2017	Common Stock	6,500 (3)	
Stock Option	\$ 18					<u>(4)</u>	04/15/2019	Common Stock	2,658 (4)	
Stock Option	\$ 20.35					<u>(5)</u>	08/19/2019	Common Stock	329 (5)	
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		ips	
stepooning of the state of state of	Director	10% Owner	Officer	Other
Coleman John T				
C/O ROSETTA STONE INC.	v			
1919 NORTH LYNN STREET, 7TH FLOOR	X			
ARLINGTON, VA 22209				

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 19,500 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 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.

Reporting Owners 2

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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. 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.