Coleman John T Form 4 August 30, 2010

FORM 4

subject to

Section 16.

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

Check this box if no longer

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

January 31, Expires: 2005 Estimated average burden hours per response... 0.5

OMB APPROVAL

3235-0287

Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

OMB

Number:

Issuer

(First) (Last)

(Middle)

(Zip)

3. Date of Earliest Transaction

(Check all applicable) X_ Director 10% Owner

(Month/Day/Year)

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

(State)

08/26/2010

Officer (give title Other (specify below)

FLOOR

(City)

(Instr. 3)

(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

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

ARLINGTON, VA 22209

1. Title of 2. Transaction Date 2A. Deemed Security

(Month/Day/Year) Execution Date, if

(Month/Day/Year)

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

5. Amount of Securities Beneficially Owned Following

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (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.

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)

1. Title of Derivative Conversion 3. Transaction Date 3A. Deemed

(Month/Day/Year) Execution Date, if Transaction of Derivative Expiration Date

5. Number

6. Date Exercisable and

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

Edgar Filing: Coleman John T - Form 4

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

Edgar Filing: Coleman John T - Form 4

- (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.