

Swad Stephen M  
Form 4  
February 25, 2013

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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

(Print or Type Responses)

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

2. Issuer Name and Ticker or Trading Symbol  
ROSETTA STONE INC [RST]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
02/21/2013

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
CEO and President

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

ARLINGTON, VA 22209

(City) (State) (Zip)

**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 Ownership (Instr. 4)		
			Code	V	Amount (D) Price				
Common Stock	02/21/2013		A		13,633 (1)	A	\$ 0 271,498	I	By trust (6)

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

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

## Edgar Filing: Swad Stephen M - 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 Derivative 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 or Number of Shares
Employee Stock Option	\$ 22.39							(2)	11/09/2020	Common Stock	150,000
Employee Stock Option	\$ 8.76							(3)	02/22/2022	Common Stock	125,000
Employee Stock Option	\$ 12.47 <u>(5)</u>	02/21/2013		A		34,659		(4)	02/21/2023	Common Stock	34,659

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	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

Michael C. Wu,  
Attorney-in-fact

02/25/2013

\*\*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) These shares are subject to forfeiture restrictions that lapse one-quarter per annum beginning one year from February 21, 2013, the date of grant.
- (2) Includes an aggregate of 75,000 fully vested shares. Options shall vest at a rate of one-quarter per annum.
- (3) Includes an aggregate of 0 fully vested shares. Options shall vest at a rate of one-quarter per annum.
- (4) Options shall vest at a rate of one-quarter per annum, beginning one year from February 21, 2013, the date of grant.
- (5) The exercise price is equal to the closing price of the common stock of the Corporation on the New York Stock Exchange on February 21, 2013, the date of grant.
- (6) Shares held of record by Stephen M. Swad Revocable Living Trust.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

## Edgar Filing: Swad Stephen M - Form 4

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.