Franklin Laurence Form 4 August 20, 2009

## FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB APPROVAL OMB** 

3235-0287 Number: January 31,

Expires: 2005

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

obligations

1(b).

(Last)

may continue.

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 See Instruction

(Print or Type Responses)

1. Name and Address of Reporting Person \* Franklin Laurence

(First)

(Street)

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

(Middle)

ROSETTA STONE INC [RST] 3. Date of Earliest Transaction

(Check all applicable)

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

(Month/Day/Year)

Filed(Month/Day/Year)

08/19/2009

X\_ Director 10% Owner Officer (give title Other (specify below)

4. If Amendment, Date Original 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)

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

1. Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3)

(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 Reported

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

(A) Transaction(s) or (Instr. 3 and 4)

Code V Amount (D) Price

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

5. Number 6. Date Exercisable and Transactionof **Expiration Date** 

7. Title and Amount of 8. Pric **Underlying Securities** Deriva

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(Instr. 3)	or Exercise Price of Derivative Security		any (Month/Day/Year)	Code (Instr. 8)	Secu Acqu (A) o Dispe	or osed	(Month/Day/	Year)	(Instr. 3 and	4)	Securit (Instr.
				Code V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option	\$ 3.85						<u>(1)</u>	<u>(1)</u>	Common Stock	19,500	
Stock Option	\$ 6.08						<u>(1)</u>	<u>(1)</u>	Common Stock	6,500	
Stock Option	\$ 18						(2)	(2)	Common Stock	2,658	
Stock Option	\$ 20.35	08/19/2009		A	329		(2)	(2)	Common Stock	329	\$ (
Restricted Stock Unit	\$ 20.35	08/19/2009		A	181		(3)	(3)	Common Stock	181	\$ (

Relationships

# **Reporting Owners**

Reporting Owner Name / Address	ite at the state of the state o						
	Director	10% Owner	Officer	Other			
Franklin Laurence							
C/O ROSETTA STONE							

1919 NORTH LYNN STREET 7TH FLOOR ARLINGTON, VA 22209

### **Signatures**

Michael C. Wu, by Power of

Attorney 08/20/2009

\*\*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).

X

- Pursuant to the 2006 Stock Incentive Plan, 1/4 of the Stock Options shall be vested and exercisable one year after the date of grant and (1) 1/16 of the shares subject to the option shall become vested each quarter thereafter. 19,500 shares awarded 5/22/2006. 6,500 shares awarded 3/21/2007.
- Pursuant to the 2009 Omnibus Incentive Plan, 1/4 of the Stock Options shall be vested and exercisable on the last day of the third month (2) after the date of grant and 1/4 of the shares subject to the option shall become vested each quarter thereafter. 2,658 shares awarded 4/15/2009.
- (3) The restricted stock units are fully vested. Delivery of the shares to the reporting person will be made after the date of the reporting person's separation from service to the Board of Directors.

Reporting Owners 2

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#### **Remarks:**

EXHIBIT 24 - Power of Attorney

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.