

ROSETTA STONE INC
Form 4
March 04, 2014

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

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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 *
SHAH PRAGNESH N

(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)

02/28/2014

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)
President, Global Consumer

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|----------------|---|--|-----------------------------------|
| | | | | Code | V Amount Price | | | |
| Common Stock | 02/28/2014 | | S | 4,906 | D | \$ 11.6869 (1) 5,807 (2) | D | |
| Common Stock | 02/28/2014 | | M | 32,500 | A | \$ 7.35 38,307 (2) | D | |
| Common Stock | 02/28/2014 | | S | 32,500 | D | \$ 11.6708 (3) 5,807 (2) | D | |

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

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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 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 | \$ 7.35 | 02/28/2014 | 02/28/2014 | M | 32,500 | ⁽⁴⁾ 12/09/2021 | Common Stock 32,500 |
| Employee Stock Option | \$ 12.47 | | | | | ⁽⁶⁾ 02/21/2023 | Common Stock 8,155 ⁽⁶⁾ |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SHAH PRAGNESH N C/O ROSETTA STONE INC. 1919 NORTH LYNN STREET, 7TH FLOOR ARLINGTON, VA 22209 | | | President, Global Consumer | |

Signatures

Bruce C. Ghrist,
Attorney-in-fact

03/04/2014

**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).

- This transaction was executed in multiple trades at prices ranging from \$11.61 to 11.83 per share. The price reported above reflects the
- (1) weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer, or security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.
 - (2) Includes 5,807 shares of restricted common stock on which the restrictions have not yet lapsed.

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- This transaction was executed in multiple trades at prices ranging from \$11.50 to 11.83 per share. The price reported above reflects the
- (3) weighted average sale price. The reporting person hereby undertakes to provide upon request to the SEC staff, the issuer, or security holder of the issuer full information regarding the number of shares and prices at which the transaction was effected.
 - (4) Options shall vest at a rate of one-quarter per annum.
 - (5) Includes an aggregate of zero fully vested options. Options shall vest at a rate of one-quarter per annum, beginning one year from December 9, 2011 in accordance with the Executive Employment Agreement entered into between Mr. Shah and the Issuer.
 - (6) Includes an aggregate of 2,039 fully vested shares. Options shall vest at a rate of one-quarter per annum, beginning one year from February 21, 2013, the date of grant.

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.