

Swad Stephen M
 Form 4
 February 24, 2012

FORM 4

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

OMB APPROVAL

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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 *
 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)
 C/O ROSETTA STONE INC., 7919
 NORTH LYNN STREET, TH
 FLOOR

3. Date of Earliest Transaction
 (Month/Day/Year)
 02/22/2012

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

(Street)
 ARLINGTON, VA 22209

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

(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	02/22/2012		A		48,500 <u>(1)</u>	A	\$ 0 272,317 D

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

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 (9-02)

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

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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 Number Shares
Employee Stock Option	\$ 22.39	11/12/2010		A		150,000		(2)	11/09/2020	Common Stock	150,000 (3)
Employee Stock Option	\$ 8.76	02/22/2012		A		125,000		(2)	02/22/2022	Common Stock	125,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Swad Stephen M
C/O ROSETTA STONE INC.
7919 NORTH LYNN STREET, TH FLOOR
ARLINGTON, VA 22209

X

CEO and President

Signatures

Michael C. Wu,
Attorney-in-fact

02/24/2012

__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 22, 2012, the date of grant.
- (2) Options shall vest at a rate of one-quarter per annum, beginning one year from February 22, 2012, the date of grant.
- (3) Includes an aggregate of 37,500 fully vested shares. Options shall vest at a rate of one-quarter per annum.
- (4) The exercise price is equal to the closing price of the common stock of the Corporation on the New York Stock Exchange on February 22, 2012, 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.

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