

Wu Michael C  
 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, 2015  
 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 \*  
 Wu Michael C

(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)  
 02/21/2013

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)  
 General Counsel & Secretary

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)
Common Stock	02/21/2013		A	(A) or (D) A	2,406 <u>(1)</u> \$ 0 49,696	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)**

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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	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)	8. Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option	\$ 3.85					(2)	12/08/2016	Common Stock	29,133
Employee Stock Option	\$ 18					(3)	04/15/2019	Common Stock	14,917
Employee Stock Option	\$ 25.99					(4)	03/15/2020	Common Stock	18,456
Employee Stock Option	\$ 13.66					(5)	05/26/2021	Common Stock	18,500
Employee Stock Option	\$ 8.95					(6)	02/23/2022	Common Stock	12,605
Employee Stock Option	\$ 12.47 (7)	02/21/2013		A	6,116 (8)	(8)	02/21/2023	Common Stock	6,116

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Wu Michael C  
C/O ROSETTA STONE INC.  
1919 NORTH LYNN STREET, 7TH FLOOR  
ARLINGTON, VA 22209

General Counsel & Secretary

Signatures

Michael C. Wu

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 29,133 fully vested shares. Options vest at 1/16 per quarter.
- (3) Includes an aggregate of 11,188 fully vested shares. Options vest at one-quarter per annum.
- (4) Includes an aggregate of 9,228 fully vested shares. Options vest at one-quarter per annum.
- (5) Includes an aggregate of 4,625 fully vested shares. Options vest at one-quarter per annum.
- (6) Includes an aggregate of 0 fully vested shares. Options vest at one-quarter per annum.
- (7) 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.
- (8) Options shall vest at a rate of 1/4 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.

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