

SECURITIES AND EXCHANGE COMMISSION

FORM 4

Statement of changes in beneficial ownership of securities

Filing Date: **2013-01-11** | Period of Report: **2013-01-09**
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REPORTING OWNER

Swad Stephen M

CIK: **1397915**

Type: **4** | Act: **34** | File No.: **001-34283** | Film No.: **13525758**

Mailing Address

3900 WISCONSIN AVENUE,
NW
WASHINGTON, DC X1 20016

ISSUER

ROSETTA STONE INC

CIK: **1351285** | IRS No.: **043837082**

SIC: **7372** Prepackaged software

Mailing Address

1919 NORTH LYNN STREET
SUITE 700
ARLINGTON VA 22209

Business Address

1919 NORTH LYNN STREET
SUITE 700
ARLINGTON VA 22209
1-800-788-0822

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

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) <input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) CEO and President		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 01/09/2013					
C/O ROSETTA STONE INC., 1919 NORTH LYNN STREET, 7TH FLOOR			4. If Amendment, Date Original Filed(Month/Day/Year)			6. Individual or Joint/Group Filing (Check applicable line) <input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person		
(Street) 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/09/2013		S		11,729 ⁽¹⁾	D	\$12.3581	270,588	I	By trust ⁽⁴⁾
Common Stock	01/09/2013		S		12,723 ⁽²⁾	D	\$12.3584	257,865 ⁽³⁾	I	By trust ⁽⁴⁾

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date					

Explanation of Responses:

1. 11,729 shares of common stock were sold on January 9, 2013 pursuant to default instructions to satisfy income tax obligations triggered by the lapsing of forfeiture restrictions with respect to 31,870 shares of 63,739 shares of restricted common stock issued to Mr. Swad on January 9, 2012.
2. 12,723 shares of common stock were sold on January 9, 2013 pursuant to default instructions to satisfy income tax obligations triggered by the lapsing of forfeiture restrictions with respect to 35,411 shares of 70,822 shares of restricted common stock issued to Mr. Swad on January 9, 2012.
3. Includes 149,113 shares of restricted common stock on which the restrictions have not yet lapsed.
4. Shares held of record by Stephen M. Swad Revocable Living Trust.

Signatures

Michael C. Wu, Attorney-in-fact

** Signature of Reporting Person

01/11/2013

Date

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

* 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).

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

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 Number.