

SALLEE MARGUERITE
 Form 3
 December 12, 2011

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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)

| | | | | | |
|---|---|---|---|---|--|
| <p>1. Name and Address of Reporting Person *</p> <p>Â SALLEE MARGUERITE</p> <p>(Last) (First) (Middle)</p> <p>C/O ROSETTA STONE INC.,Â 1919 NORTH LYNN STREET, 7TH FLOOR</p> <p>(Street)</p> <p>ARLINGTON,Â VAÂ 22209</p> <p>(City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement</p> <p>(Month/Day/Year)</p> <p>12/01/2011</p> | <p>3. Issuer Name and Ticker or Trading Symbol</p> <p>ROSETTA STONE INC [RST]</p> | <p>4. Relationship of Reporting Person(s) to Issuer</p> <p>(Check all applicable)</p> <p><input checked="" type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)</p> | <p>6. Individual or Joint/Group Filing(Check Applicable Line)</p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person</p> |
|---|---|---|---|---|--|

Table I - Non-Derivative Securities Beneficially Owned

| 1. Title of Security (Instr. 4) | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|------------------------------------|--|---|--|
|------------------------------------|--|---|--|

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

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

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative Security | 5. Ownership Form of Derivative Security: Direct (D) | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|--|---|--|
| | Date Exercisable Expiration Date | Title Amount or Number of | | | |

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| | | | | Shares | | or Indirect (1) (Instr. 5) | |
|-----------------------|-------|------------|-----------------|--------|-------------|----------------------------------|---|
| Employee Stock Option | Â (1) | 12/01/2021 | Common Stock | 3,759 | \$ 6.88 (3) | D (4) (5) | Â |
| Restricted Stock Unit | Â (2) | 12/01/2021 | Common Stock | 2,180 | \$ 0 | D (4) (5) | Â |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| SALLEE MARGUERITE C/O ROSETTA STONE INC. 1919 NORTH LYNN STREET, 7TH FLOOR ARLINGTON, VA 22209 | Â X | Â | Â | Â |

Signatures

Michael C. Wu,
Attorney-in-fact

12/12/2011

Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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) Pursuant to the Rosetta Stone Inc. 2009 Omnibus Incentive Plan, 1/4 of the stock options shall be vested and exercisable on the last day of the third month after the date of grant and 1/4 of the shares subject to the option shall become vested each quarter thereafter.
- (2) 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.
- (3) The exercise price is equal to the closing price of the common stock of the Corporation on the New York Stock Exchange on December 1, 2011, the date of grant.
- (4) Due to marriage, the reporting person is also known as Marguerite Kondracke.
- (5) In accordance with a December 1, 2011 Resolution of the Rosetta Stone Board of Directors, Ms. Kondracke was elected to serve on the Rosetta Stone Board Directors as a Class III Director until her successor is duly elected or appointed or qualified.

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.