

ROSETTA STONE INC  
Form 3  
September 04, 2014

**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 Ludwig Eric B</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>08/26/2014</p> | <p>3. Issuer Name <b>and</b> 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 type="checkbox"/> Director <input type="checkbox"/> 10% Owner<br/><input checked="" type="checkbox"/> Officer <input type="checkbox"/> Other<br/>(give title below) (specify below)<br/>Sr. VP, Consumer</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<br/><input type="checkbox"/> Form filed by More than One Reporting Person</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4) | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------------|
| Common Stock                       | 15,226 <sup>(1)</sup>                                    | D                                                                 | Â                                                        |

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

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|                       | Date Exercisable | Expiration Date | Title        | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |   |
|-----------------------|------------------|-----------------|--------------|----------------------------|----------|---------------------------------------|---|
| Employee Stock Option | Â (2)            | 10/15/2020      | Common Stock | 3,901 (3)                  | \$ 21.55 | D                                     | Â |
| Employee Stock Option | Â (4)            | 05/26/2021      | Common Stock | 892 (5)                    | \$ 13.66 | D                                     | Â |
| Employee Stock Option | Â (6)            | 02/23/2022      | Common Stock | 1,641 (7)                  | \$ 8.95  | D                                     | Â |
| Employee Stock Option | Â (8)            | 02/21/2023      | Common Stock | 3,058 (9)                  | \$ 12.47 | D                                     | Â |
| Employee Stock Option | Â (10)           | 02/14/2024      | Common Stock | 22,170 (11)                | \$ 11.96 | D                                     | Â |

## Reporting Owners

| Reporting Owner Name / Address                                                                      | Relationships |           |                    |       |
|-----------------------------------------------------------------------------------------------------|---------------|-----------|--------------------|-------|
|                                                                                                     | Director      | 10% Owner | Officer            | Other |
| Ludwig Eric B<br>C/O ROSETTA STONE INC.<br>1919 NORTH LYNN STREET, 7TH FLOOR<br>ARLINGTON, VA 22209 | Â             | Â         | Â Sr. VP, Consumer | Â     |

## Signatures

Christian S. Na,  
Attorney-in-fact

09/04/2014

\*\*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) Includes 9,376 shares of restricted common stock on which the restrictions have not yet lapsed.
- (2) Options vest at a rate of one-quarter per annum, beginning one year from October 15, 2010, the date of grant.
- (3) Includes an aggregate of 2,926 fully vested options.
- (4) Options vest at a rate of one-quarter per annum, beginning one year from May 26, 2011, the date of grant.
- (5) Includes an aggregate of 446 fully vested options.
- (6) Options vest at a rate of one-quarter per annum, beginning one year from February 23, 2012, the date of grant.
- (7) Includes an aggregate of 0 fully vested options.
- (8) Options vest at a rate of one-quarter per annum, beginning one year from February 21, 2013, the date of grant.
- (9) Includes an aggregate of 765 fully vested options.
- (10) Options vest at a rate of one-quarter per annum, beginning one year from February 14, 2014, the date of grant.
- (11) Includes an aggregate of 0 fully vested options.

^

**Remarks:**

Mr. Ludwig was designated a Section 16 Officer by the Rosetta Stone Inc. Board of Directors on

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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