

ROSETTA STONE INC  
Form 4  
April 23, 2009

**FORM 4**

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

OMB APPROVAL

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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 \*  
ABS PARTNERS IV LLC

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)  
400 E. PRATT STREET, SUITE 910  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
04/21/2009

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

BALTIMORE, MD 21202

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  |                                | Code V Amount (A) or (D) Price                                    |   |  |   |
| Common Stock                    | 04/21/2009                           |  | C                              | 6,800,508 A \$ 0  | 7,556,120   | I  | By limited partnership (1)                            |
| Common Stock                    | 04/21/2009                           |  | S                              | 2,456,502 D \$ 16.74  | 5,099,618   | I  | By limited partnership (2) (3)                        |

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

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SEC 1474 (9-02)

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**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 Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable Expiration Date                         | Title Amount or Number of Shares                              |
| Series A-1 Preferred                       | (4)  | 04/21/2009                           |  | C                              | 261,558   | (4) (4)  | Common Stock 6,800,508  |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| ABS PARTNERS IV LLC<br>400 E. PRATT STREET<br>SUITE 910<br>BALTIMORE, MD 21202                         | X             | X         |         |       |
| ABS CAPITAL PARTNERS IV A LP<br>400 E. PRATT STREET<br>SUITE 910<br>BALTIMORE, MD 21202                | X             | X         |         |       |
| ABS CAPITAL PARTNERS IV OFFSHORE LP<br>400 E. PRATT STREET<br>SUITE 910<br>BALTIMORE, MD 21202         | X             | X         |         |       |
| ABS CAPITAL PARTNERS IV SPECIAL OFFSHORE LP<br>400 E. PRATT STREET<br>SUITE 910<br>BALTIMORE, MD 21202 | X             | X         |         |       |
| ABS CAPITAL PARTNERS IV LP<br>400 E. PRATT STREET<br>SUITE 910<br>BALTIMORE, MD 21202                  | X             | X         |         |       |

## Signatures

Michael Wu, by power of attorney  
04/22/2009

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) Shares of common stock upon conversion of preferred stock include (i) 6,017,752 shares by ABS Capital Partners IV, L.P., (ii) 201,474 shares by ABS Capital Partners IV-A, LP, (iii) 345,618 shares by ABS Capital Partners Offshore, LP, and (iv) 235,664 shares by ABS Capital Partners Special Offshore, LP. ABS Partners IV, LLC is the general partner of each such entity and has voting and dispositive power over these shares. Laura Witt and Phillip Clough are managing members of ABS Partners IV, LLC and may be deemed to share voting or dispositive power over such shares. Ms. Witt and Mr. Clough disclaim beneficial ownership of such shares, except to the extent of any pecuniary interest therein.

(2) Shares sold include (i) 2,173,753 shares of common stock owned by ABS Capital Partners IV, L.P., (ii) 72,777 shares of common stock owned by ABS Capital Partners IV-A, LP., (iii) 124,845 shares of common stock owned by ABS Capital Partners IV Offshore, L.P., and (iv) 85,127 shares of common stock owned by ABS Capital Partners IV Special Offshore, L.P. ABS Partners IV, LLC is the general partner of each such entity and has voting and dispositive power over these shares. Laura Witt and Phillip Clough are managing members of ABS Partners IV, LLC and may be deemed to share voting or dispositive power over such shares. Ms. Witt and Mr. Clough disclaim beneficial ownership of such shares, except to the extent of any pecuniary interest therein.

(3) Shares of common stock held after sale include (i) 4,512,641 shares by ABS Capital Partners IV, LP, (ii) 151,083 shares by ABS Capital Partners IV-A, LP, (iii) 259,175 shares by ABS Capital Partners Offshore, LP, and (iv) 176,719 shares by ABS Capital Partners Special Offshore, LP. ABS Partners IV, LLC is the general partner of each such entity and has voting and dispositive power over these shares. Laura Witt and Phillip Clough are managing members of ABS Partners IV, LLC and may be deemed to share voting or dispositive power over such shares. Ms. Witt and Mr. Clough disclaim beneficial ownership of such shares, except to the extent of any pecuniary interest therein.

(4) The Series A-1 Preferred Stock automatically converted into common stock upon the closing of the initial public offering of the issuer for no additional consideration.

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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