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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED April 2, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 001-36414

iROBOT CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0259 335
(I.R.S. Employer
Identification No.)

**8 Crosby Drive
Bedford, MA 01730**
(Address of principal executive offices)

(Zip code)

(781) 430-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock as of May 2, 2016 was 27,469,095.

iROBOT CORPORATION
FORM 10-Q
THREE MONTHS ENDED APRIL 2, 2016
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iROBOT CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	April 2, 2016	January 2, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 215,990	\$ 179,915
Short term investments	30,746	33,124
Accounts receivable, net of allowance of \$29 at April 2, 2016 and \$33 at January 2, 2016	28,497	104,679
Unbilled revenue	139	452
Inventory	52,764	61,678
Assets held for sale	19,966	—
Other current assets	11,770	9,501
Total current assets	359,872	389,349
Property and equipment, net	25,600	26,850
Deferred tax assets	31,849	31,721
Goodwill	48,751	48,751
Intangible assets, net	14,800	15,664
Other assets	9,931	9,408
Total assets	\$ 490,803	\$ 521,743
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 39,015	\$ 61,655
Accrued expenses	12,910	15,954
Accrued compensation	11,220	15,752
Deferred revenue and customer advances	2,634	3,265
Liabilities held for sale	4,609	—
Total current liabilities	70,388	96,626
Long term liabilities	7,231	7,706
Commitments and contingencies (Note 7)		
Redeemable convertible preferred stock, 5,000,000 shares authorized and none outstanding	—	—
Common stock, \$0.01 par value, 100,000,000 shares authorized; 28,908,411 and 29,091,806 shares issued and outstanding at April 2, 2016 and January 2, 2016, respectively	289	291
Additional paid-in capital	223,951	232,345
Retained earnings	188,943	185,011
Accumulated other comprehensive income (loss)	1	(236)
Total stockholders' equity	413,184	417,411
Total liabilities, redeemable convertible preferred stock and stockholders' equity	\$ 490,803	\$ 521,743

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Revenue	\$ 130,804	\$ 117,961
Cost of revenue (1)	68,843	64,253
Gross margin	61,961	53,708
Operating expenses:		
Research and development (1)	19,728	19,032
Selling and marketing (1)	19,940	14,188
General and administrative (1)	16,764	12,589
Total operating expenses	56,432	45,809
Operating income	5,529	7,899
Other income (expense), net	200	(794)
Income before income taxes	5,729	7,105
Income tax expense	1,797	2,351
Net income	\$ 3,932	\$ 4,754
Net income per share		
Basic	\$ 0.14	\$ 0.16
Diluted	\$ 0.13	\$ 0.16
Number of weighted average common shares used in calculations per share		
Basic	29,004	29,653
Diluted	29,474	30,230

(1) Total stock-based compensation recorded in the three months ended April 2, 2016 and March 28, 2015 included in the above figures breaks down by expense classification as follows:

	Three Months Ended	
	April 2, 2016	March 28, 2015
Cost of revenue	\$ 221	\$ 215
Research and development	829	832
Selling and marketing	485	309
General and administrative	2,357	1,751

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	<u>Three Months Ended</u>	
	<u>April 2, 2016</u>	<u>March 28, 2015</u>
Net income	\$ 3,932	\$ 4,754
Other comprehensive income, net of tax:		
Unrealized gains on investments, net of tax	237	121
Total comprehensive income	<u>\$ 4,169</u>	<u>\$ 4,875</u>

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended	
	April 2, 2016	March 28, 2015
Cash flows from operating activities:		
Net income	\$ 3,932	\$ 4,754
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,375	3,561
Loss on disposal of assets	—	22
Stock-based compensation	3,892	3,107
Deferred income taxes, net	(47)	(102)
Tax benefit of excess stock-based compensation deductions	(267)	(560)
Non-cash director deferred compensation	33	38
Changes in operating assets and liabilities — (use) source		
Accounts receivable	69,879	33,351
Unbilled revenue	185	1,981
Inventory	(3,167)	(1,998)
Other assets	(2,985)	203
Accounts payable	(20,626)	(21,835)
Accrued expenses	(2,673)	(4,374)
Accrued compensation	(4,055)	(8,430)
Deferred revenue and customer advances	1,144	(2,080)
Long term liabilities	3	83
Net cash provided by operating activities	<u>48,623</u>	<u>7,721</u>
Cash flows from investing activities:		
Additions of property and equipment	(2,390)	(4,445)
Change in other assets	(523)	(515)
Purchases of investments	—	(3,541)
Sales of investments	2,500	2,500
Net cash used in investing activities	<u>(413)</u>	<u>(6,001)</u>
Cash flows from financing activities:		
Proceeds from stock option exercises	837	1,466
Income tax withholding payment associated with restricted stock vesting	(1,218)	(1,118)
Stock repurchases	(12,021)	(4,924)
Tax benefit of excess stock-based compensation deductions	267	560
Net cash used in financing activities	<u>(12,135)</u>	<u>(4,016)</u>
Net increase (decrease) in cash and cash equivalents	36,075	(2,296)
Cash and cash equivalents, at beginning of period	179,915	185,957
Cash and cash equivalents, at end of period	<u>\$ 215,990</u>	<u>\$ 183,661</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 4,896	\$ 1,040
Non-cash investing and financing activities:		
Transfer of inventory to property and equipment	\$ 5	\$ 157
Additions of property and equipment included in accounts payable	\$ 413	\$ 480

The accompanying notes are an integral part of the consolidated financial statements.

iROBOT CORPORATION
Notes To Consolidated Financial Statements
(unaudited)

1. Description of Business

iRobot Corporation ("iRobot" or the "Company") develops robotics and artificial intelligence technologies and applies these technologies in producing and marketing robots. The Company's revenue is primarily generated from product sales.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include those of iRobot and its subsidiaries, after elimination of all intercompany accounts and transactions. iRobot has prepared the accompanying unaudited consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

The accompanying unaudited financial data as of April 2, 2016, and for the three months ended April 2, 2016 and March 28, 2015 have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The year-end balance sheet data were derived from audited financial statements, but do not include all disclosures required by accounting principles generally accepted in the United States. These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included in its Annual Report on Form 10-K for the fiscal year ended January 2, 2016, filed with the SEC on February 19, 2016.

In the opinion of management, all adjustments necessary to state fairly the Company's statement of financial position as of April 2, 2016 and results of operations, comprehensive income and cash flows for the periods ended April 2, 2016 and March 28, 2015 have been made. The results of operations, comprehensive income and cash flows for any interim period are not necessarily indicative of the operating results, comprehensive income and cash flows for the full fiscal year or any future periods.

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates these estimates and judgments, including those related to revenue recognition, sales returns, bad debts, warranty claims, inventory reserves, valuation of investments, valuation of goodwill and intangible assets, assumptions used in valuing stock-based compensation instruments and income taxes. The Company bases these estimates on historical and anticipated results and trends, and on various other assumptions that the Company believes are reasonable under the circumstances, including assumptions as to future events. These estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. By their nature, estimates are subject to an inherent degree of uncertainty. Actual results may differ from the Company's estimates.

Fiscal Year-End

The Company operates and reports using a 52-53 week fiscal year ending on the Saturday closest to December 31. Accordingly, the Company's fiscal quarters end on the Saturday that falls closest to the last day of the third month of each quarter.

Revenue Recognition

The Company derives its revenue from product sales and, to a lesser extent, government and commercial research and development contracts. The Company sells products directly to customers and indirectly through resellers and distributors. The Company recognizes revenue from sales of robots under the terms of the customer agreement upon transfer of title and risk of loss to the customer, net of estimated returns, provided that collection is determined to be reasonably assured and no significant obligations remain.

Beginning in the third quarter of 2015, with the introduction of the Company's first connected robot, each sale of a connected robot represents a multi-element arrangement containing the robot, an app and potential future unspecified software upgrades. Revenue is allocated to the deliverables based on their relative selling prices which have been determined using best estimate of selling price (BESP), as the Company has not been able to establish vendor specific objective evidence (VSOE) or obtain relevant third party evidence (TPE). Revenue allocated to the app and unspecified software upgrades is then deferred and recognized on a straight-line basis over the period in which the Company expects to provide the upgrades over the estimated life of the robot.

Sales to domestic and Canadian resellers of home robots are typically subject to agreements allowing for limited rights of return, rebates and price protection. The Company also provides limited rights of returns for direct-to-consumer sales generated through its on-line stores. Accordingly, the Company reduces revenue for its estimates of liabilities for these rights of return, rebates and price protection at the time the related sale is recorded. These estimates for rights of return are directly based on specific terms and conditions included in the reseller agreements, historical returns experience and various other assumptions that the Company believes are reasonable under the circumstances. In the case of new product introductions, the estimates for returns applied to the new products are based upon the estimates for the most similar predecessor products until such time that the Company has enough actual returns experience for the new products, which is typically two holiday return cycles. At that time, the Company incorporates that data into the development of returns estimates for the new products. The Company updates its analysis of returns on a quarterly basis. If actual returns differ significantly from the Company's estimates, or if modifications to individual reseller agreements are entered into that impact their rights of returns, such differences could result in an adjustment to previously established reserves and could have a material impact, either favorably or unfavorably, on the Company's results of operations for the period in which the actual returns become known or the reseller agreement is modified. The Company's international distributor agreements do not currently allow for product returns and, as a result, no reserve for returns is established for this group of customers. The estimates and reserve for rebates and price protection are based on specific programs, expected usage and historical experience. Actual results could differ from these estimates.

Under cost-plus-fixed-fee (CPFF) type contracts, the Company recognizes revenue based on costs incurred plus a pro rata portion of the total fixed fee. Costs incurred include labor and material that are directly associated with individual CPFF contracts plus indirect overhead and general and administrative type costs based upon billing rates submitted by the Company to the Defense Contract Management Agency (DCMA). Annually, the Company submits final indirect billing rates to DCMA based upon actual costs incurred throughout the year. In the situation where the Company's final actual billing rates are greater than the estimated rates currently in effect, the Company records a cumulative revenue adjustment in the period in which the rate differential is collected from the customer. These final billing rates are subject to audit by the Defense Contract Audit Agency (DCAA), which can occur several years after the final billing rates are submitted and may result in material adjustments to revenue recognized based on estimated final billing rates. As of April 2, 2016, fiscal years 2012 through 2015 are open for audit by DCAA. In the situation where the Company's anticipated actual billing rates will be lower than the provisional rates currently in effect, the Company records a cumulative revenue adjustment in the period in which the rate differential is identified. Revenue on firm fixed price (FFP) contracts is recognized using the percentage-of-completion method. For government product FFP contracts, revenue is recognized as the product is shipped or in accordance with the contract terms. Costs and estimated gross margins on contracts are recorded as revenue as work is performed based on the percentage that incurred costs compare to estimated total costs utilizing the most recent estimates of costs and funding. Changes in job performance, job conditions, and estimated profitability, including those arising from final contract settlements and government audits, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting earnings applicable to past performance in the current period. When the current contract estimate indicates a loss, a provision is made for the total anticipated loss in the current period. Revenue earned in excess of billings, if any, is recorded as unbilled revenue. Billings in excess of revenue earned, if any, are recorded as deferred revenue.

Stock-Based Compensation

The Company accounts for stock-based compensation through recognition of the fair value of the stock-based compensation as a charge against earnings. Stock-based compensation cost for stock options is estimated at the grant date based on each option's fair value as calculated by the Black-Scholes option-pricing model. Stock-based compensation cost for restricted stock awards, time-based restricted stock units and performance-based restricted stock units is measured based on the closing fair market value of the Company's common stock on the date of grant. For performance-based restricted stock units, the compensation costs will be subsequently adjusted for assumptions of achievement during the period in which the assumption of achievement changes, as applicable. The Company recognizes stock-based compensation cost as expense ratably on a straight-line basis over the requisite service period, net of estimated forfeitures.

Net Income Per Share

The following table presents the calculation of both basic and diluted net income per share:

	Three Months Ended	
	(In thousands, except per share amounts)	
	April 2, 2016	March 28, 2015
Net income	\$ 3,932	\$ 4,754
Weighted-average shares outstanding	29,004	29,653
Dilutive effect of employee stock options and restricted shares	470	577
Diluted weighted-average shares outstanding	29,474	30,230
Basic income per share	\$ 0.14	\$ 0.16
Diluted income per share	\$ 0.13	\$ 0.16

Restricted stock units and stock options representing approximately 0.7 million and 0.5 million shares of common stock for the three-month periods ended April 2, 2016 and March 28, 2015, respectively, were excluded from the computation of diluted earnings per share for these periods because their effect would have been antidilutive.

Income Taxes

The Company is subject to taxation in the United States and various states and foreign jurisdictions. The statute of limitations for examinations by the Internal Revenue Service is closed for fiscal years prior to 2012. The statute of limitations for examinations by state tax authorities is closed for fiscal years prior to 2011. Federal carryforward attributes that were generated prior to fiscal year 2012 and state carryforward attributes that were generated prior to fiscal year 2011 may still be adjusted upon examination by the federal or state tax authorities if they either have been or will be used in a period for which the statute of limitations is still open.

Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. Valuation allowances are provided if, based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company monitors the realization of its deferred tax assets based on changes in circumstances, for example, recurring periods of income for tax purposes following historical periods of cumulative losses, generation of tax credits compared to future utilization of credits, or changes in tax laws or regulations. The Company's income tax provision and its assessment of the ability to realize its deferred tax assets involve significant judgments and estimates. The Company is currently generating state research credits that exceed the amount being utilized. As a result of this trend, a valuation allowance may be needed in the future related to these state tax credits.

The Company recorded a tax provision of \$1.8 million and \$2.4 million for the three months ended April 2, 2016 and March 28, 2015, respectively. The \$1.8 million provision for the three months ended April 2, 2016 resulted in an effective income tax rate of 31.4%. The \$2.4 million provision for the three months ended March 28, 2015 resulted in an effective income tax rate of 33.1%. The difference between the effective income tax rate of 31.4% for the three months ended April 2, 2016 and 33.1% for the three months ended March 28, 2015 was primarily due to the inclusion of the federal research and development tax credit in the three months ended April 2, 2016 that was not in effect for the three months ended March 28, 2015. Therefore, the effective income tax rate for the three months ended March 28, 2015 does not include any benefit for the federal research and development tax credit. The federal research and development tax credit was permanently extended as part of the Protecting Americans from Tax Hikes Act of 2015 which was signed into law on December 18, 2015.

Fair Value Measurements

The authoritative guidance for fair value establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Financial Assets and Liabilities

The Company's financial assets measured at fair value on a recurring basis at April 2, 2016, were as follows:

<u>Description</u>	Fair Value Measurements as of April 2, 2016		
	Level 1	Level 2	Level 3
	(In thousands)		
Assets:			
Cash and cash equivalents			
Money market funds	\$ 103,470	\$ —	\$ —
Short term investments			
Corporate and government bonds (1)	—	30,746	—
Other current assets			
Derivative instruments (Note 6) (2)	—	11	—
Total assets measured at fair value	<u>\$ 103,470</u>	<u>\$ 30,757</u>	<u>\$ —</u>

The Company's financial assets and liabilities measured at fair value on a recurring basis at January 2, 2016, were as follows:

<u>Description</u>	Fair Value Measurements as of January 2, 2016		
	Level 1	Level 2	Level 3
	(In thousands)		
Assets:			
Cash and cash equivalents			
Money market funds	\$ 110,817	\$ —	\$ —
Short term investments			
Corporate and government bonds (1)	—	33,124	—
Total assets measured at fair value	<u>\$ 110,817</u>	<u>\$ 33,124</u>	<u>\$ —</u>
Liabilities:			
Accrued Expenses			
Derivative instruments (Note 6) (2)	\$ —	\$ 28	\$ —
Total liabilities measured at fair value	<u>\$ —</u>	<u>\$ 28</u>	<u>\$ —</u>

- (1) The bond investments are valued based on observable market values as of the Company's reporting date. The bond investments are recorded at fair value and marked-to-market at the end of each reporting period. The realized and unrealized gains and losses are included in comprehensive income for that period.
- (2) Derivative instruments are valued using an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount.

Goodwill

Goodwill is recorded as the difference, if any, between the aggregate consideration paid for an acquisition and the fair value of the net tangible and intangible assets acquired. The Company evaluates goodwill for impairment at the reporting unit level (operating segment or one level below an operating segment) annually or more frequently if the Company believes indicators of impairment exist. In accordance with the guidance, the Company is permitted to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the Company concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed.

The first step of the impairment test involves comparing the fair values of the applicable reporting units with their aggregate carrying values, including goodwill. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, the Company performs the second step of the goodwill impairment test to determine the amount of impairment loss. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. The Company completes the annual impairment evaluation during the fourth quarter each year, or more frequently, if necessary, upon identification of a triggering event.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-09, "Improvements to Employee Share-Based Payment Accounting," which simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The Company is currently evaluating the impact of ASU 2016-09 on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases." ASU 2016-02 requires lessees to recognize the assets and liabilities on their balance sheet for the rights and obligations created by most leases and continue to recognize expenses on their income statements over the lease term. It will also require disclosures designed to give financial statement users information on the amount, timing, and uncertainty of cash flows arising from leases. The guidance is effective for annual reporting periods beginning after December 15, 2018 and interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of the standard on its consolidated financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes: Balance Sheet Classification of Deferred Taxes." ASU 2015-17 requires that the presentation of deferred tax assets and liabilities be classified as noncurrent on the balance sheet instead of separating deferred taxes into current and noncurrent amounts. This standard will become effective for fiscal years, and the interim periods within those years, beginning after December 15, 2016, with early adoption allowed. The Company elected to prospectively adopt ASU 2015-17 as of January 2, 2016. The prior reporting period was not retrospectively adjusted. The adoption of this guidance had no impact on the Company's Consolidated Statements of Income and Comprehensive Income.

In July 2015, the FASB issued ASU No. 2015-11, "Inventory: Simplifying the Measurement of Inventory." ASU 2015-11 applies only to inventory for which cost is determined by methods other than last-in, first-out and the retail inventory method, which includes inventory that is measured using first-in, first-out or average cost. Inventory within the scope of this standard is required to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new standard will be effective for the Company on January 1, 2017. The Company is currently assessing the potential impact of ASU 2015-11 on its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, "Intangibles - Goodwill and Other - Internal-Use Software: Customer's Accounting for Fees Paid in a Cloud Computing Arrangement." Under ASU 2015-05, if a cloud computing arrangement includes a software license, the software license element of the arrangement should be accounted for consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for

as a service contract. The new standard became effective for the Company on January 3, 2016. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation - Amendments to the Consolidation Analysis." ASU 2015-02 reduces the number of consolidation models and changes the way reporting entities evaluate a variable interest entity. It is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The Company adopted ASU 2015-02 effective January 3, 2016. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period." ASU 2014-12 requires a reporting entity to treat a performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. It is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The Company adopted ASU 2014-12 effective January 3, 2016. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," which provides guidance for revenue recognition. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within those annual reporting periods. In July 2015, the FASB voted to defer the effective date of the new accounting guidance related to revenue recognition by one year to December 17, 2017 for annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The Company is in the process of evaluating the impact that the adoption of the new revenue recognition standard issued in May 2014 will have on its consolidated financial statements and footnote disclosures.

From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

3. Inventory

Inventory consists of the following:

	April 2, 2016	January 2, 2016
	(In thousands)	
Raw materials	\$ 7,149	\$ 9,082
Finished goods	45,615	52,596
	<u>\$ 52,764</u>	<u>\$ 61,678</u>

4. Stock Option Plans and Stock-Based Compensation

The Company has options outstanding under three stock incentive plans: the 2005 Stock Option and Incentive Plan (the "2005 Plan"), the Evolution Robotics, Inc. 2007 Stock Plan (the "2007 Plan") and the 2015 Stock Option and Incentive Plan (the "2015 Plan" and together with the 2005 Plan and the 2007 Plan, the "Plans"). The Company also has restricted stock units outstanding under the 2005 Plan and the 2015 Plan. The 2015 Plan is the only one of the three plans under which new awards may currently be granted. Under the 2015 Plan, which became effective May 20, 2015, 3,100,000 shares were initially reserved for issuance in the form of incentive stock options, non-qualified stock options, stock appreciation rights, deferred stock awards, restricted stock units, unrestricted stock awards, cash-based awards, performance share awards and dividend equivalent rights. Stock awards returned to the Plans, with the exception of those issued under the 2007 Plan, as a result of their expiration, cancellation or termination are automatically made available for issuance under the 2015 Plan. Eligibility for incentive stock options is limited to those individuals whose employment status would qualify them for the tax treatment associated with incentive stock options in accordance with the Internal Revenue Code of 1986, as amended. As of April 2, 2016, there were 1,960,304 shares available for future grant under the 2015 Plan.

Options granted under the Plans are subject to terms and conditions as determined by the compensation committee of the board of directors, including vesting periods. Options granted under the Plans are exercisable in full at any time subsequent to

vesting, generally vest over four years, and expire five or ten years from the date of grant or, if earlier, 60 or 90 days from employee termination. The exercise price of stock options is equal to the closing price on the NASDAQ Global Market on the date of grant. Other awards granted under the Plans generally vest over periods from one to four years.

On March 11, 2016, the Company issued stock-based grants to certain employees, including executive officers. These grants included stock options totaling 128,595 shares of the Company's common stock, 174,822 time-based restricted stock units, and 77,985 performance-based restricted stock units. Each of the above stock options have a per share exercise price of \$33.14, the closing price of the Company's common stock on NASDAQ on March 11, 2016.

5. Accrued Expenses

Accrued expenses consist of the following:

	April 2, 2016		January 2, 2016	
	(In thousands)			
Accrued warranty	\$	6,253	\$	6,907
Accrued rent		535		547
Accrued direct fulfillment costs		666		2,030
Accrued customer deposits		819		788
Accrued sales tax		232		625
Accrued accounting fees		508		395
Accrued sales commissions		279		465
Accrued other		3,618		4,197
	\$	12,910	\$	15,954

6. Derivative Instruments

The Company is exposed to adverse changes in foreign currency exchange rates, primarily related to sales in the Canadian Dollar and the Euro. As a result, the Company periodically enters into foreign currency forward contracts to minimize the impact of fluctuating exchange rates on results of operations. These derivative instruments have maturities of two months or less and have not qualified for hedge accounting.

Notional amounts and fair values of derivative instruments are as follows:

Classification	Notional amount		Fair Value		
	April 2, 2016	January 2, 2016	April 2, 2016	January 2, 2016	
	(In thousands)				
Foreign currency forward contracts	Other current assets	\$ 2,421	\$ —	\$ 11	\$ —
Foreign currency forward contracts	Accrued expenses	\$ —	\$ 6,773	\$ —	\$ 28

Losses associated with derivative instruments are as follows:

Classification	Three Months Ended	
	April 2, 2016	March 28, 2015
(In thousands)		
Derivatives not designated as hedging instruments		
Loss recognized in income	Other income (expense), net	\$ (380) \$ —

7. Commitments and Contingencies

Lease Obligations

Rental expense under operating leases for the three months ended April 2, 2016 and March 28, 2015 were \$1.4 million and \$1.2 million, respectively. Future minimum rental payments under operating leases were as follows as of April 2, 2016:

	Operating Leases	
	(In thousands)	
Remainder of 2016	\$	2,854
2017		4,188
2018		4,038
2019		4,040
2020		2,126
Thereafter		3,228
Total minimum lease payments	<u>\$</u>	<u>20,474</u>

Outstanding Purchase Orders

At April 2, 2016, the Company had outstanding purchase orders aggregating approximately \$109 million. These purchase orders, the majority of which are with contract manufacturers for the purchase of inventory in the normal course of business, are for manufacturing and non-manufacturing related goods and services, and are generally cancelable without penalty. In circumstances where we determine that we have financial exposure associated with any of these commitments, we record a liability in the period in which that exposure is identified.

Guarantees and Indemnification Obligations

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies and agrees to reimburse the indemnified party for losses incurred by the indemnified party, generally the Company's customers, in connection with any patent, copyright, trade secret or other proprietary right infringement claim by any third party. The term of these indemnification agreements is generally perpetual after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of April 2, 2016 and January 2, 2016, respectively.

Warranty

The Company provides warranties on most products and has established a reserve for warranties based on estimated warranty costs. The reserve is included as part of accrued expenses (Note 5) in the accompanying balance sheets.

Activity related to the warranty accrual was as follows:

	Three Months Ended	
	April 2, 2016	March 28, 2015
	(In thousands)	
Balance at beginning of period	\$ 6,907	\$ 7,769
Provision	877	1,250
Warranty usage (1)	(1,430)	(1,445)
Liability held for sale	(101)	—
Balance at end of period	<u>\$ 6,253</u>	<u>\$ 7,574</u>

(1) Warranty usage includes costs incurred for warranty obligations.

Sales Taxes

The Company collects and remits sales tax in jurisdictions in which it has a physical presence or it believes nexus exists, which therefore obligates the Company to collect and remit sales tax. The Company continually evaluates whether it has established nexus in new jurisdictions with respect to sales tax. The Company has recorded a liability for potential exposure in states where there is uncertainty about the point in time at which the Company established a sufficient business connection to create nexus. The Company continues to analyze possible sales tax exposure, but does not currently believe that any individual claim or aggregate claims that might arise will ultimately have a material effect on its consolidated results of operations, financial position or cash flows.

8. Industry Segment, Geographic Information and Significant Customers

The Company has historically operated in two reportable segments, the home robots business unit and the defense and security business unit. The nature of products and types of customers for these two segments vary significantly, and accordingly, these segments have been managed separately. On April 4, 2016, the Company completed the sale of its defense and security business unit.

Home Robots

The Company's home robots business unit offers products to consumers through a network of retail businesses throughout the United States, to various countries through international distributors and retailers, and through the Company's on-line store. The Company's home robots business unit includes mobile robots used in the maintenance of households.

Defense and Security Robots

Through its defense and security business unit, the Company offered products to the U.S. Department of Defense through a small U.S. government-focused sales force, and to other North American and international entities through small domestic and international sales teams, as well as through North American and international distributors. The defense and security robots sold by the Company are used to increase warfighters', law enforcement, security forces and first responders' safety and productivity.

Other

The Company's other revenue and cost of revenue result from other smaller business units that do not meet the criteria of a reportable segment, as well as certain operational costs included in cost of revenue.

The table below presents segment information about revenue, cost of revenue, gross margin and income before income taxes:

	Three Months Ended	
	(In thousands)	
	April 2, 2016	March 28, 2015
Revenue:		
Home Robots	\$ 127,687	\$ 111,085
Defense & Security (1)	3,075	6,526
Other	42	350
Total revenue	130,804	117,961
Cost of revenue:		
Home Robots	60,590	54,282
Defense & Security (1)	2,564	4,358
Other	5,689	5,613
Total cost of revenue	68,843	64,253
Gross margin:		
Home Robots	67,097	56,803
Defense & Security (1)	511	2,168
Other	(5,647)	(5,263)
Total gross margin	61,961	53,708
Research and development	19,728	19,032
Selling and marketing	19,940	14,188
General and administrative	16,764	12,589
Other income (expense), net	200	(794)
Income before income taxes	\$ 5,729	\$ 7,105

(1) The Company completed the sale of its defense and security business unit on April 4, 2016.

Geographic Information

For the three months ended April 2, 2016 and March 28, 2015, sales to non-U.S. customers accounted for 50.1% and 62.0% of total revenue, respectively.

Significant Customers

For the three months ended April 2, 2016, the Company generated 13.7% and 11.2%, respectively, of total revenue from two of its international distributors of home robots products. For the three months ended March 28, 2015, the Company generated 14.9% and 11.6%, respectively, of total revenue from two of its international distributors of home robots products.

9. Goodwill and Other Intangible Assets

Goodwill

The carrying amount of the Company's goodwill at April 2, 2016 was \$48.8 million, of which \$41.1 million resulted from the acquisition of Evolution Robotics, Inc. in October 2012 and was assigned to the home robots reporting unit. \$7.7 million resulted from the acquisition of Nekton Research, LLC completed in September 2008 and was assigned to the defense and security reporting unit. In the three months ended April 2, 2016, in accordance with accounting guidance, the Company performed a goodwill impairment assessment for the disposal group of assets and liabilities of the defense and security business unit that met held for sale criteria. No impairments were identified.

Other Intangible Assets

Other intangible assets include the value assigned to completed technology and a trade name. The estimated useful lives for all of these intangible assets are three to ten years. The intangible assets are being amortized on a straight-line basis, which is consistent with the pattern that the economic benefits of the intangible assets are expected to be utilized.

Intangible assets at April 2, 2016 and January 2, 2016 consisted of the following:

	April 2, 2016			January 2, 2016		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
	(In thousands)					
Completed technology	\$ 26,900	\$ 12,100	\$ 14,800	\$ 26,900	\$ 11,236	\$ 15,664
Tradename	100	100	—	100	100	—
Total	<u>\$ 27,000</u>	<u>\$ 12,200</u>	<u>\$ 14,800</u>	<u>\$ 27,000</u>	<u>\$ 11,336</u>	<u>\$ 15,664</u>

Amortization expense related to acquired intangible assets was \$0.9 million and \$0.9 million for the three months ended April 2, 2016 and March 28, 2015, respectively. The estimated future amortization expense is expected to be as follows:

	(In thousands)
Remainder of 2016	\$ 2,593
2017	3,457
2018	3,457
2019	2,818
2020	900
Thereafter	1,575
Total	<u>\$ 14,800</u>

10. Assets and Liabilities Held for Sale

On February 2, 2016, the Company entered into an Asset Purchase Agreement with iRobot Defense Holdings, Inc., a recently-formed portfolio company of Arlington Capital Partners, which provided for the sale of our defense and security business unit which is a separate reportable segment as discussed in Note 8. The purchase agreement provided for a purchase price of up to \$45.0 million, comprising \$30.0 million at the closing of the transaction, subject to adjustments for working capital and indebtedness as set forth in the purchase agreement, and up to an additional \$15.0 million based on the 2016 revenue of the defense and security business unit. The transaction closed on April 4, 2016. All assets and liabilities have been classified as "current" on the balance sheet dated as of April 2, 2016, since the transaction closed within twelve months of such date.

The assets and liabilities included in the sale were included in the Company's continuing operations for the three months ended April 2, 2016 and classified as assets held for sale and liabilities held for sale on our consolidated balance sheet as of April 2, 2016. The sale of the defense and security business does not meet the criteria for discontinued operations presentation as it does not represent a strategic shift that has a major effect on the Company's operations and financial results. The following table summarizes the major classes of assets held for sale and liabilities held for sale:

(in thousands)	
Assets held for sale:	
Accounts receivable, net	\$ 6,303
Unbilled revenue	127
Inventory	12,076
Other current assets	717
Property and equipment, net	743
	\$ 19,966
Liabilities held for sale:	
Accounts payable	\$ 1,579
Accrued expenses	300
Accrued compensation	477
Deferred revenue and customer advances	1,775
Long term liabilities	478
	\$ 4,609

11. Subsequent Events

On April 4, 2016, the Company closed the previously announced sale of the defense and security business unit to iRobot Defense Holdings, Inc., a recently-formed portfolio company of Arlington Capital Partners. The purchase agreement provided for a purchase price of up to \$45.0 million, comprising \$30.0 million at the closing of the transaction, subject to adjustments for working capital and indebtedness as set forth in the purchase agreement, and up to an additional \$15.0 million based on the 2016 revenue of the defense and security business unit. The adjustments for working capital and indebtedness will be finalized during the Company's second quarter of 2016.

On March 1, 2016, the Company entered into an accelerated share repurchase (ASR) agreement with J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (JPMorgan), to repurchase an aggregate of \$85.0 million of the Company's common stock. Pursuant to the terms of the ASR, which is documented under a Master Confirmation, the Company made an \$85.0 million payment to JPMorgan in April 2016 to fund the ASR.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of iRobot Corporation should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q and the audited financial statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended January 2, 2016, which has been filed with the SEC. This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the “safe harbor” created by those sections. In particular, statements contained in this Quarterly Report on Form 10-Q, and in the documents incorporated by reference into this Quarterly Report on Form 10-Q, that are not historical facts, including, but not limited to statements concerning new product sales, product development and offerings, Roomba, Scooba, Looj, Braava, Braava jet and Mirra products, PackBot tactical military robots, the Small Unmanned Ground Vehicle, FirstLook, Kobra, Ava, our home robots, defense and security robots and remote presence business units, our competition, our strategy, our market position, market acceptance of our products, seasonal factors, revenue recognition, our profits, growth of our revenues, product life cycle revenue, composition of our revenues, our cost of revenues, units shipped, average selling prices, funding of our defense and security robot development programs, operating expenses, selling and marketing expenses, general and administrative expenses, research and development expenses, compensation costs, our projected income tax rate, our credit and letter of credit facilities, our valuations of investments, valuation and composition of our stock-based awards, and liquidity, constitute forward-looking statements and are made under these safe harbor provisions. Some of the forward-looking statements can be identified by the use of forward-looking terms such as “believes,” “expects,” “may,” “will,” “should,” “could,” “seek,” “intends,” “plans,” “estimates,” “anticipates,” or other comparable terms. Forward-looking statements involve inherent risks and uncertainties which could cause actual results to differ materially from those in the forward-looking statements, including those risks and uncertainties described in our Annual Report on Form 10-K for the year ended January 2, 2016, as well as elsewhere in this Quarterly Report on Form 10-Q. We urge you to consider the risks and uncertainties discussed in our Annual Report on Form 10-K and in Item 1A contained herein in evaluating our forward-looking statements. We have no plans to update our forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

Overview

iRobot designs and builds robots that empower people to do more. For 25 years, we have developed proprietary technology incorporating advanced concepts in navigation, mobility, manipulation and artificial intelligence to build industry-leading robots. Our home robots perform time-consuming domestic chores while our defense and security robots perform tasks such as battlefield reconnaissance and bomb disposal, and multi-purpose tasks for law enforcement agencies, first responders, and certain commercial users. We sell our robots through a variety of distribution channels, including chain stores and other national retailers, through our on-line store, through value-added distributors and resellers, and to the U.S. military and other government agencies worldwide.

As of April 2, 2016, we had 633 full-time employees. We have developed expertise in the disciplines necessary to build durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to develop next generation and new products, reducing the time, cost and risk of product development. Our significant expertise in robot design and engineering positions us to capitalize on the expected growth in the market for robot-based products.

In recent months, we have taken several steps to become more focused on our well-established home robots business to capitalize on the substantial opportunities available to us within consumer markets. First, we completed the sale of our defense and security business unit on April 4, 2016, pursuant to an Asset Purchase Agreement, dated February 2, 2016, with iRobot Defense Holdings, Inc., a recently-formed portfolio company of Arlington Capital Partners. The purchase agreement provided for a purchase price of up to \$45.0 million, comprising \$30.0 million at the closing of the transaction, subject to adjustments for working capital and indebtedness as set forth in the purchase agreement, and up to an additional \$15.0 million based on the 2016 revenue of the defense and security business unit. Second, we reallocated research and development resources from a next generation remote presence platform to opportunities in our home robots business. These actions were taken to solidify our position as the leader in diversified home robots and to focus on key technologies, with an emphasis on software, that allow our robots to understand the homes in which they operate. It is our intent to continue investing in these critical technologies and the economic opportunities they unlock.

Although we have successfully launched consumer and defense and security products, our continued success depends upon our ability to respond to a number of future challenges. We believe the most significant of these challenges include

increasing market competition, and our ability to successfully develop and introduce products and product enhancements into both new and existing markets.

During the three-month period ended April 2, 2016, we launched the Braava jet mopping robot. The Braava jet was available exclusively on our website during the three-month period ended April 2, 2016. It will be available in retail locations in the U.S. in the second quarter of 2016, as well as China and Japan during the third quarter of 2016.

During the three-month period ended April 2, 2016, strong growth in our domestic market for home robots products drove increases in our home robots business unit revenue of 15% as compared to the three-month period ended March 28, 2015. Domestic home robots revenue increased 56% in the three-month period ended April 2, 2016 compared to the three-month period ended March 28, 2015, resulting primarily from our marketing programs in the fourth quarter of 2015. These increases were partially offset by an 8% decrease in our international home robots revenue in the three-month period ended April 2, 2016 compared to the three-month period ended March 28, 2015, largely driven by distributor order timing. Revenue in our defense and security business unit decreased 53% during the three-month period ended April 2, 2016 compared to the three-month period ended March 28, 2015, driven by decreases in both robot and product life cycle sales.

During the three-month period ended April 2, 2016, we recorded a net benefit to revenue and income before income taxes of \$1.0 million related to adjustments to our product returns reserves, compared to a net benefit to revenue and income before income taxes of \$1.1 million during the three-month period ended March 28, 2015. The adjustments recorded in each period resulted from lower product returns experience as compared to estimates used to establish reserves in prior periods.

During the three-month period ended April 2, 2016, we repurchased 0.4 million shares of common stock for approximately \$12.0 million. The repurchases were made pursuant to our stock repurchase programs and all shares were immediately retired.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. On an ongoing basis, we evaluate our estimates and judgments, in particular those related to revenue recognition (specifically sales returns and other allowances); valuation allowances; assumptions used in valuing goodwill and intangible assets; assumptions used in valuing stock-based compensation instruments; evaluating loss contingencies; and valuation allowances for deferred tax assets. Actual amounts could differ significantly from these estimates. Our management bases its estimates and judgments on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the amounts of revenue and expenses that are not readily apparent from other sources. Additional information about these critical accounting policies may be found in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2016.

Overview of Results of Operations

The following table sets forth our results of operations as a percentage of revenue for the three-month periods ended April 2, 2016 and March 28, 2015:

	Three Months Ended	
	April 2, 2016	March 28, 2015
Revenue	100.0%	100.0 %
Cost of revenue	52.6	54.5
Gross margin	47.4	45.5
Operating expenses		
Research and development	15.1	16.1
Selling and marketing	15.2	12.0
General and administrative	12.8	10.7
Total operating expenses	43.1	38.8
Operating income	4.2	6.7
Other expense, net	0.2	(0.7)
Income before income taxes	4.4	6.0
Income tax expense	1.4	2.0
Net income	3.0%	4.0 %

Comparison of Three Months Ended April 2, 2016 and March 28, 2015*Revenue*

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total revenue	\$130,804	\$117,961	\$12,843	10.9%

Total revenue for the three months ended April 2, 2016 increased to \$130.8 million, or 10.9%, compared to \$118.0 million for the three months ended March 28, 2015. Revenue increased approximately \$16.6 million, or 14.9%, in our home robots business unit and decreased approximately \$3.5 million, or 52.9%, in our defense and security robots business unit. We completed the sale of our defense and security business unit on April 4, 2016.

The \$16.6 million increase in revenue from our home robots business unit for the three months ended April 2, 2016 was driven primarily by a 12.0% increase in units shipped, and an 8.0% increase in average selling price as compared to the three months ended March 28, 2015. In the three months ended April 2, 2016, domestic home robots revenue increased \$22.5 million, or 55.5%, and international home robots revenue decreased \$5.9 million, or 8.4%, as compared to the three months ended March 28, 2015. Total home robots shipped in the three months ended April 2, 2016 were 550,000 units compared to 491,000 units in the three months ended March 28, 2015. The increase in sales of our home robots resulted primarily from increased sales of our Roomba 980, which launched during the three months ended September 26, 2015.

The \$3.5 million decrease in revenue from our defense and security robots business unit for the three months ended April 2, 2016 was attributable to a \$3.4 million decrease in defense and security product revenue and a \$0.1 million decrease in contract revenue generated under research and development contracts. Total defense and security robots shipped in the three months ended April 2, 2016 were 11 units compared to 28 units in the three months ended March 28, 2015, while average selling price increased to \$96 thousand in the three months ended April 2, 2016 from \$59 thousand in the three months ended March 28, 2015. The decrease in the number of units shipped and the increase in average selling price resulted from the product mix for the three months ended April 2, 2016 as compared to the three months ended March 28, 2015.

Cost of Revenue

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total cost of revenue	\$68,843	\$64,253	\$4,590	7.1%
As a percentage of total revenue	52.6%	54.5%		

Total cost of revenue increased to \$68.8 million in the three months ended April 2, 2016, compared to \$64.3 million in the three months ended March 28, 2015. Cost of revenue increased \$6.3 million, or 11.6%, in our home robots business unit, and decreased \$1.8 million, or 41.2%, in our defense and security business unit. The increase in cost of revenue for the three months ended April 2, 2016 in our home robots business unit is primarily due to the 14.9% increase in revenue, partially offset by decreased warranty costs in the three months ended April 2, 2016 compared to the three months ended March 28, 2015. The decrease in cost of revenue in our defense and security business unit resulted primarily from the 52.9% decrease in product revenue during the three months ended April 2, 2016 compared to the three months ended March 28, 2015.

Gross Margin

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total gross margin	\$61,961	\$53,708	\$8,253	15.4%
As a percentage of total revenue	47.4%	45.5%		

Gross margin increased \$8.3 million, or 15.4%, to \$62.0 million (47.4% of revenue) in the three months ended April 2, 2016 from \$53.7 million (45.5% of revenue) in the three months ended March 28, 2015. Gross margin as a percentage of revenue in the home robots business unit increased 1.4 percentage points, and decreased 16.6 percentage points in our defense and security business unit. The 1.4 percentage point increase in the home robots business unit resulted from favorable product and region mix as well as decreased warranty costs in the three months ended April 2, 2016 compared to the three months ended March 28, 2015. The 16.6 percentage point decrease in the defense and security business unit is mostly attributable to the unfavorable overhead leverage associated with the 52.9% decrease in the defense and security robots business unit revenue in the three months ended April 2, 2016 compared to the three months ended March 28, 2015.

Research and Development

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total research and development	\$19,728	\$19,032	\$696	3.7%
As a percentage of total revenue	15.1%	16.1%		

Research and development expenses increased \$0.7 million, or 3.7%, to \$19.7 million (15.1% of revenue) in the three months ended April 2, 2016 from \$19.0 million (16.1% of revenue) in the three months ended March 28, 2015. This increase is primarily attributable to increased people-related costs of \$1.7 million associated with increased headcount, especially related to software engineers, partially offset by decreased material and contractor expenses of \$0.5 million and \$0.4 million, respectively, during the three months ended April 2, 2016 compared to the three months ended March 28, 2015.

Selling and Marketing

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total selling and marketing	\$19,940	\$14,188	\$5,752	40.5%
As a percentage of total revenue	15.2%	12.0%		

Selling and marketing expenses increased by \$5.8 million, or 40.5%, to \$19.9 million (15.2% of revenue) in the three months ended April 2, 2016 from \$14.2 million (12.0% of revenue) in the three months ended March 28, 2015. This increase resulted from increases of \$2.1 million on marketing and displays primarily related to the launch of Braava jet, \$1.5 million in domestic and international marketing investments, \$1.1 million in people-related costs as well as \$0.7 million in software maintenance, support and services during the three months ended April 2, 2016 compared to the three months ended March 28, 2015.

General and Administrative

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total general and administrative	\$16,764	\$12,589	\$4,175	33.2%
As a percentage of total revenue	12.8%	10.7%		

General and administrative expenses increased by \$4.2 million, or 33.2%, to \$16.8 million (12.8% of revenue) in the three months ended April 2, 2016 from \$12.6 million (10.7% of revenue) in the three months ended March 28, 2015. This increase in the three months ended April 2, 2016 compared to the three months ended March 28, 2015 is primarily attributable to increases of \$2.5 million in people-related costs and \$1.3 million in legal, advisory and other consulting costs. These increases were largely driven by one-time costs totaling \$2.5 million associated with the sale of the defense and security business unit and the proxy contest initiated by Red Mountain Partners, including \$0.6 million of people-related costs and \$1.9 million of legal, advisory and other consulting costs.

Other Income (Expense), Net

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total other income (expense), net	\$200	\$(794)	\$994	(125.2)%
As a percentage of total revenue	0.2%	(0.7)%		

Other income (expense), net, amounted to \$0.2 million and \$(0.8) million for the three months ended April 2, 2016 and March 28, 2015, respectively. Other income, net for the three-month period ended April 2, 2016 consisted primarily of interest income, offset by foreign currency exchange losses. Other expense, net for the three-month period ended March 28, 2015 consisted primarily of foreign currency exchange losses resulting from foreign currency exchange rate fluctuations, partially offset by interest income. The reduction of other loss in the three months ended March 28, 2015 resulted primarily from the revaluation of receivables denominated in Canadian Dollars and Euros. Since the three months ended March 28, 2015, the net expense attributable to receivables denominated in foreign currency is relatively minor due to our implementation of forward currency contracts to mitigate exposure.

Income Tax Expense

	Three Months Ended			
	April 2, 2016	March 28, 2015	Dollar Change	Percent Change
	(In thousands)			
Total income tax expense	\$1,797	\$2,351	(\$554)	(23.6)%
As a percentage of pre-tax income	31.4%	33.1%		

We recorded a tax provision of \$1.8 million and \$2.4 million for the three months ended April 2, 2016 and March 28, 2015, respectively. The \$1.8 million provision for the three months ended April 2, 2016 resulted in an effective income tax rate of 31.4%. The \$2.4 million provision for the three months ended March 28, 2015 resulted in an effective income tax rate of 33.1%. The difference between the effective income tax rate of 31.4% for the three months ended April 2, 2016 and 33.1% for the three months ended March 28, 2015 was primarily due to the inclusion of the federal research and development tax credit in the three months ended April 2, 2016 that was not in effect for the three months ended March 28, 2015. Therefore, the effective income tax rate for the three months ended March 28, 2015 does not include any benefit for the federal research and development tax credit. The federal research and development tax credit was permanently extended as part of the Protecting Americans from Tax Hikes Act of 2015 which was signed into law on December 18, 2015.

Liquidity and Capital Resources

At April 2, 2016, our principal sources of liquidity were cash and cash equivalents totaling \$216.0 million, short-term investments of \$30.7 million and accounts receivable of \$28.5 million.

We manufacture and distribute our products through contract manufacturers and third-party logistics providers. We believe that this approach gives us the advantages of relatively low capital investment and significant flexibility in scheduling production and managing inventory levels. By leasing our office facilities, we also minimize the cash needed for expansion. Accordingly, our capital spending is generally limited to leasehold improvements, computers, office furniture, product-specific production tooling, internal use software and test equipment. In the three months ended April 2, 2016 and March 28, 2015, we spent \$2.4 million and \$4.4 million, respectively, on capital equipment.

Our strategy for delivering home robots products to our distributors and retail customers gives us the flexibility to provide container shipments directly to retailers from China and, alternatively, allows our distributors and retail partners to take possession of product on a domestic basis. Accordingly, our home robots product inventory consists of goods shipped to our third-party logistics providers for the fulfillment of distributor, retail and direct-to-consumer sales. For the three months ended April 2, 2016, our inventory of defense and security products consisted mostly of components, as well as carefully-managed levels of sub-assemblies. Our contract manufacturers are also responsible for purchasing and stocking components required for the production of our products, and they typically invoice us when the finished goods are shipped.

As of April 2, 2016, we held cash, cash equivalents and short-term investments of \$246.7 million, primarily the result of our increased profitability, as well as our on-going focus on managing working capital. Net cash provided by our operations for the three-month period ended April 2, 2016, was \$48.6 million of which the principal components were our net income of \$3.9 million, non-cash charges of \$7.0 million, and a net increase in operating assets and liabilities of \$37.7 million. The increase in net operating assets and liabilities includes a decrease in accounts receivable (including unbilled revenue) of \$70.1 million primarily due to collections of accounts receivable and a decrease in revenue in respective periods, partially offset by a \$27.4 million decrease in accounts payable and accrued expenses primarily related to the timing of payments. As of April 2, 2016, we did not have any borrowings outstanding under our working capital line of credit and had \$1.5 million in letters of credit outstanding under our revolving letter of credit facility.

In the three months ended April 2, 2016, we invested \$2.4 million in the purchase of property and equipment, including machinery and tooling for new products. Sales and maturities of marketable securities amounted to \$2.5 million. We made strategic investments of \$0.5 million in the form of preferred shares.

During the three months ended April 2, 2016, we received \$0.8 million from the exercise of stock options and \$0.3 million from the excess tax benefit related to our stock-based compensation plans. In addition, we repurchased 373,718 shares of our common stock for an aggregate purchase price of \$12.0 million. Shares issued upon vesting of restricted stock were net of 37,581 shares retained by us to cover employee tax withholdings of \$1.2 million.

Working Capital Facilities

Credit Facility

We have an unsecured revolving credit facility with Bank of America, N.A., which is available to fund working capital and other corporate purposes. As of April 2, 2016, the total amount of our credit facility was \$75.0 million and the full amount was available for borrowing. The interest on loans under our credit facility accrues, at our election, at either (1) LIBOR plus a margin, currently equal to 1.0%, based on our ratio of indebtedness to Adjusted EBITDA (the "Eurodollar Rate"), or (2) the lender's base rate. The lender's base rate is equal to the highest of (1) the federal funds rate plus 0.5%, (2) the lender's prime rate and (3) the Eurodollar Rate plus 1.0%. The credit facility will terminate and all amounts outstanding thereunder will be due and payable in full on December 20, 2018.

As of April 2, 2016, we had no outstanding borrowings under our revolving credit facility. This credit facility contains customary terms and conditions for credit facilities of this type, including restrictions on our ability to incur or guaranty additional indebtedness, create liens, enter into transactions with affiliates, make loans or investments, sell assets, pay dividends or make distributions on, or repurchase, our stock, and consolidate or merge with other entities.

In addition, we are required to meet certain financial covenants customary with this type of agreement, including maintaining a maximum ratio of indebtedness to Adjusted EBITDA and a minimum specified interest coverage ratio.

This credit facility contains customary events of default, including for payment defaults, breaches of representations, breaches of affirmative or negative covenants, cross defaults to other material indebtedness, bankruptcy and failure to discharge certain judgments. If a default occurs and is not cured within any applicable cure period or is not waived, our obligations under the credit facility may be accelerated.

As of April 2, 2016, we were in compliance with all covenants under the revolving credit facility.

Letter of Credit Facility

We have an unsecured revolving letter of credit facility with Bank of America, N.A. The credit facility is available to fund letters of credit on our behalf up to an aggregate outstanding amount of \$5 million. We may terminate at any time, subject to proper notice, or from time to time permanently reduce the amount of the credit facility.

We pay a fee on outstanding letters of credit issued under the credit facility of up to 1.5% per annum of the outstanding letters of credit. The maturity date for letters of credit issued under the credit facility must be no later than 365 days following the maturity date of the credit facility.

As of April 2, 2016, we had letters of credit outstanding of \$1.5 million under our revolving letter of credit facility. The credit facility contains customary terms and conditions for credit facilities of this type, including restrictions on our ability to incur or guaranty additional indebtedness, create liens, enter into transactions with affiliates, make loans or investments, sell assets, pay dividends or make distributions on, or repurchase, our stock, and consolidate or merge with other entities. In addition, we are required to meet certain financial covenants customary with this type of agreement, including maintaining a maximum ratio of indebtedness to Adjusted EBITDA and a minimum specified interest coverage ratio.

The credit facility also contains customary events of default, including for payment defaults, breaches of representations, breaches of affirmative or negative covenants, cross defaults to other material indebtedness, bankruptcy, and failure to discharge certain judgments. If a default occurs and is not cured within any applicable cure period or is not waived, the lender may accelerate the obligations under the credit facility.

As of April 2, 2016, we were in compliance with all covenants under the revolving letter of credit facility.

Working Capital and Capital Expenditure Needs

On March 1, 2016, we entered into an accelerated share repurchase (ASR) agreement with J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (JPMorgan), to repurchase an aggregate of \$85.0 million of the Company's common stock. Pursuant to the terms of the ASR, which is documented under a Master Confirmation, we made an \$85.0 million payment to JPMorgan in April 2016 to fund the repurchase of a portion of our outstanding shares of common stock. We partially funded the ASR with proceeds from the divestiture of our defense and security business unit, which closed on April 4, 2016. We currently have no other material cash commitments, except for normal recurring trade payables, expense accruals and operating leases, all of which we anticipate funding through working capital, funds provided by operating activities and our existing working capital line of credit. We do not currently anticipate significant investment in property, plant and equipment, and we believe that our outsourced approach to manufacturing provides us with flexibility in both managing inventory levels and financing our inventory. We believe our existing cash and cash equivalents, short-term investments, cash provided by operating activities, and funds available through our working capital line of credit will be sufficient to meet our working capital and capital expenditure needs over at least the next twelve months. In the event that our revenue plan does not meet our expectations, we may eliminate or curtail expenditures to mitigate the impact on our working capital. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our marketing and sales activities, the timing and extent of spending to support product development efforts, the timing of introductions of new products and enhancements to existing products, the acquisition of new capabilities or technologies, and the continuing market acceptance of our products and services. Moreover, to the extent that existing cash and cash equivalents, short-term investments, cash from operations, and cash from short-term borrowing are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. As part of our business strategy, we may consider additional acquisitions of companies, technologies and products, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Contractual Obligations

We generally do not enter into binding purchase commitments. Our principal commitments generally consist of obligations under our working capital line of credit, leases for office space and minimum contractual obligations for materials. Other obligations primarily consist of software licensing arrangements.

Off-Balance Sheet Arrangements

As of April 2, 2016, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

Recently Issued Accounting Pronouncements

See Footnote 2 to the Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

Interest Rate Sensitivity

At April 2, 2016, we had unrestricted cash and cash equivalents of \$216.0 million and short term investments of \$30.7 million. The unrestricted cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Some of the securities in which we invest, however, may be subject to market risk. This means that a change in prevailing interest rates may cause the fair market value of the investment to fluctuate. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents in a variety of securities, commercial paper, money market funds, debt securities and certificates of deposit. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. As of April 2, 2016, all of our cash and cash equivalents were held in demand deposits and money market accounts.

Our exposure to market risk also relates to the increase or decrease in the amount of interest expense we must pay on any outstanding debt instruments, primarily certain borrowings under our working capital line of credit. The advances under the working capital line of credit bear a variable rate of interest determined at the time of the borrowing. At April 2, 2016, we had letters of credit outstanding of \$1.5 million under our revolving letter of credit facility.

Exchange Rate Sensitivity

We maintain sales and business operations in foreign countries. As such, we have exposure to adverse changes in exchange rates associated with operating expenses of our foreign operations, but we believe this exposure to be immaterial. Additionally, we accept orders for home robots products in currencies other than the U.S. dollar. We regularly monitor the level of non-U.S. dollar accounts receivable balances to determine if any actions, including possibly entering into foreign currency forward contracts or swaps, should be taken to minimize the impact of fluctuating exchange rates on our results of operations. Our international revenue is primarily denominated in U.S. dollars and therefore any fluctuations in the Euro or any other non-U.S. dollar currencies will have minimal direct impact on our international revenue. However, as the U.S. dollar strengthens or weakens against other currencies, our international distributors may be impacted, which could affect their profitability and our ability to maintain current pricing levels on our international consumer products.

Item 4. Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective at a reasonable assurance level in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely discussions regarding required disclosure. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

From time to time and in the ordinary course of business, we are subject to various claims, charges and litigation. The outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, which could materially affect our financial condition or results of operations.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves a number of risks that could materially affect our business, financial condition or future results, some of which are beyond our control. In addition to the other information set forth in this report, the risks and uncertainties that we believe are most important for you to consider are discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended January 2, 2016, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not presently known to us, which we currently deem immaterial or which are similar to those faced by other companies in our industry or business in general, may also impair our business operations. There are no material changes to the Risk Factors described in our Annual Report on Form 10-K for the fiscal year ended January 2, 2016.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following is a summary of our repurchases of our common stock during the three months ended April 2, 2016:

<u>Period</u>	(a) Total number of Shares Purchased (1)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
Fiscal month beginning January 3, 2016 and ended January 30, 2016	123,718	\$32.12	123,718	\$36,000,000
Fiscal month beginning January 31, 2016 and ended February 27, 2016	130,000	31.36	130,000	31,900,000
Fiscal month beginning February 28, 2016 and ended April 2, 2016	120,000	33.03	120,000	27,900,000
Total	373,718	\$32.15	373,718	\$27,900,000

(1) Consists of shares of our common stock. All repurchases were made in open market transactions and pursuant to our previously-announced stock repurchase program.

(2) On December 28, 2015, we announced the adoption of our stock repurchase program which replaced the previously announced program. Under the new program, we may purchase up to 1 million shares or \$40 million, whichever occurs first, of our common stock from January 4, 2016 to December 31, 2016.

Item 5. Other Information

Our policy governing transactions in our securities by our directors, officers, and employees permits our officers, directors, funds affiliated with our directors, and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. We have been advised that certain of our officers and directors (including Colin Angle, Chief Executive Officer, and Glen Weinstein, EVP, Chief Legal Officer) have entered into trading plans (each a "Plan" and collectively, the "Plans") covering periods after the date of this quarterly report on Form 10-Q in accordance with Rule 10b5-1 and our policy governing transactions in our securities. Generally, under these trading plans, the individual relinquishes control over the transactions once the trading plan is put into place. Accordingly, sales under these plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving our company.

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of our executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports on Form 10-Q and 10-K filed with the Securities and Exchange Commission. We, however, undertake no obligation to update or revise the information provided herein.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated By-Laws of the Registrant (filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on March 9, 2016 and incorporated by reference herein)
10.1*	Master Confirmation - Uncollared Accelerated Share Repurchase by and between the Registrant and J.P. Morgan Securities LLC, dated March 1, 2016
10.2*	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2015 Stock Option Incentive Plan
31.1*	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
31.2*	Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 2, 2016 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Income, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, and (v) related notes to these financial statements

* Filed herewith

** Furnished herewith

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* Filed herewith

** Furnished herewith

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

March 1, 2016

To: iRobot Corporation
8 Crosby Drive
Bedford, MA 01730

Re: Master Confirmation-Uncollared Accelerated Share Repurchase

This master confirmation (this “**Master Confirmation**”), dated as of March 1, 2016, is intended to set forth certain terms and provisions of certain Transactions (each, a “**Transaction**”) entered into from time to time between J.P. Morgan Securities LLC (“**JPM**”), as agent for JPMorgan Chase Bank, National Association, London Branch (“**JPMorgan**”), and iRobot Corporation, a Delaware corporation (“**Counterparty**”). This Master Confirmation, taken alone, is neither a commitment by either party to enter into any Transaction nor evidence of a Transaction. The additional terms of any particular Transaction shall be set forth in a Supplemental Confirmation in the form of Schedule A hereto (a “**Supplemental Confirmation**”), which shall reference this Master Confirmation and supplement, form a part of, and be subject to this Master Confirmation. This Master Confirmation and each Supplemental Confirmation together shall constitute a “Confirmation” as referred to in the Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the “**Equity Definitions**”), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Master Confirmation. This Master Confirmation and each Supplemental Confirmation evidence a complete binding agreement between Counterparty and JPMorgan as to the subject matter and terms of each Transaction to which this Master Confirmation and such Supplemental Confirmation relate and shall supersede all prior or contemporaneous written or oral communications with respect thereto.

This Master Confirmation and each Supplemental Confirmation supplement, form a part of, and are subject to an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (the “**Agreement**”) as if JPMorgan and Counterparty had executed the Agreement on the date of this Master Confirmation (but without any Schedule except for (i) the election of Loss and Second Method (it being agreed that any Loss will be determined by the relevant party acting in good faith and using commercially reasonable procedures), (ii) the election of New York law as the governing law (without reference to its choice of law provisions) and (iii) the election that subparagraph (ii) of Section 2(c) will not apply to the Transactions).

The Transactions shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between JPMorgan and Counterparty or any confirmation or other agreement between JPMorgan and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between JPMorgan and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which JPMorgan and Counterparty are parties, the Transactions shall not be considered Transactions under, or otherwise governed by, such existing or deemed ISDA Master Agreement, and the occurrence of any Event of Default or Termination Event under the Agreement with respect to either party or any Transaction shall not, by itself, give rise to any right or obligation under any such other agreement or deemed agreement. Notwithstanding anything to the contrary in any other agreement between the parties or their Affiliates, the Transactions shall not be “Specified Transactions” (or similarly treated) under any other agreement between the parties or their Affiliates.

All provisions contained or incorporated by reference in the Agreement shall govern this Master Confirmation and each Supplemental Confirmation except as expressly modified herein or in the related Supplemental Confirmation.

If, in relation to any Transaction to which this Master Confirmation and a Supplemental Confirmation relate, there is any inconsistency between the Agreement, this Master Confirmation, such Supplemental Confirmation and the Equity Definitions, the following will prevail for purposes of such Transaction in the order of precedence indicated: (i) such Supplemental Confirmation; (ii) this Master Confirmation; (iii) the Equity Definitions; and (iv) the Agreement.

1. Each Transaction constitutes a Share Forward Transaction for the purposes of the Equity Definitions. Set forth below are the terms and conditions that, together with the terms and conditions set forth in the Supplemental Confirmation relating to any Transaction, shall govern such Transaction.

General Terms.

Trade Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Buyer:	Counterparty
Seller:	JPMorgan
Shares:	The common stock of Counterparty, par value USD 0.01 per share (Exchange symbol "IRBT").
Exchange:	The NASDAQ Global Market
Related Exchange(s):	All Exchanges.
Prepayment/Variable Obligation:	Applicable
Prepayment Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Prepayment Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Contract Fee:	For each Transaction, as set forth in the related Supplemental Confirmation. On the Prepayment Date, Buyer shall pay Seller an amount in USD equal to the Contract Fee in immediately available funds by wire transfer to an account specified by Seller.

Valuation.

VWAP Price:	For any Exchange Business Day, the volume-weighted average price at which the Shares trade as reported in the composite transactions for United States exchanges and quotation systems, during the regular trading session for the Exchange on such Exchange Business Day, excluding (i) trades that do not settle regular way, (ii) opening (regular way) reported trades in the consolidated system on such Exchange Business Day, (iii) trades that occur in the last ten minutes before the scheduled close of trading on the Exchange on such Exchange Business Day and ten minutes before the scheduled close of the primary trading in the market where the trade is effected, and (iv) trades on such Exchange Business Day that do not satisfy the requirements of Rule 10b-18(b)(3) under the Securities Exchange Act of 1934, as amended (the " Exchange Act "), as published by Bloomberg at 4:15 p.m. New York time (or 15 minutes following the end of any extension of the regular trading session) on such Exchange Business Day, on Bloomberg page "IRBT US <Equity> AQR SEC" (or any successor thereto), or if such price is not so reported on such Exchange Business Day for any reason or is, in the Calculation Agent's determination, erroneous, such VWAP Price shall be as reasonably determined in good faith and in a commercially reasonable manner determined in good faith by the Calculation Agent (all such trades other than any trades described in clauses (i) to (iv) above, " Rule 10b-18 Eligible Transactions "). Counterparty acknowledges that the Calculation Agent may refer to the Bloomberg Page "IRBT US <Equity> AQR SEC" (or any successor thereto), in its judgment, for such Exchange Business Day to determine the VWAP Price.
Forward Price:	For each Transaction, the arithmetic average of the VWAP Prices for all of the Calculation Dates in the Calculation Period for such Transaction, subject to "Valuation Disruption" below.

Forward Price Adjustment Amount:	For each Transaction, as set forth in the related Supplemental Confirmation.
Calculation Period:	For each Transaction, the period from, and including, the Calculation Period Start Date for such Transaction to, and including, the Termination Date for such Transaction.
Calculation Period Start Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Termination Date:	For each Transaction, the Scheduled Termination Date for such Transaction; provided that JPMorgan shall have the right to designate any Calculation Date on or after the First Acceleration Date to be the Termination Date for all or any part of such Transaction (an “ Accelerated Termination Date ”) by delivering notice (an “ Accelerated Notice ”) to Counterparty of any such designation prior to 6:00 p.m. (New York City time) on the Calculation Date immediately following the designated Accelerated Termination Date. JPMorgan shall specify in each Acceleration Notice the portion of the Prepayment Amount that is subject to acceleration (which may be less than the full Prepayment Amount). If the portion of the Prepayment Amount that is subject to acceleration is less than the full Prepayment Amount, then the Calculation Agent shall adjust the terms of the Transaction as appropriate in order to take into account the occurrence of such Accelerated Termination Date (including cumulative adjustments to take into account all prior Accelerated Termination Dates).
Calculation Dates:	For each Transaction, any date that is both an Exchange Business Day and is set forth as a Calculation Date in the related Supplemental Confirmation.
Scheduled Termination Date:	For each Transaction, as set forth in the related Supplemental Confirmation, subject to postponement as provided in “Valuation Disruption” below; <i>provided</i> , that in no event shall the Scheduled Termination Date be postponed to a date later than the Final Termination Date.
Final Termination Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
First Acceleration Date:	For each Transaction, as set forth in the related Supplemental Confirmation.
Valuation Disruption:	The definition of “Market Disruption Event” in Section 6.3(a) of the Equity Definitions is hereby amended by deleting the words “at any time during the one-hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and inserting the words “at any time on any Scheduled Trading Day during the Calculation Period or Settlement Valuation Period” after the word “material,” in the third line thereof.

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Notwithstanding anything to the contrary in the Equity Definitions, if a Disrupted Day occurs (i) in the Calculation Period, the Calculation Agent may, in its good faith and commercially reasonable discretion, postpone the Scheduled Termination Date by up to the number of

Scheduled Trading Days equal to the number of Disrupted Days, or (ii) in the Settlement Valuation Period, the Calculation Agent may extend the Settlement Valuation Period by up to the number of Scheduled Trading Days equal to the number of Disrupted Days. The Calculation Agent may also determine that (i) such Disrupted Day is a Disrupted Day in full, in which case the VWAP Price for such Disrupted Day shall not be included for purposes of determining the Forward Price or the Settlement Price, as the case may be, or (ii) such Disrupted Day is a Disrupted Day only in part, in which case the VWAP Price for such Disrupted Day shall be determined by the Calculation Agent based on Rule 10b-18 Eligible Transactions in the Shares on such Disrupted Day taking into account the nature and duration of the relevant Market Disruption Event, and the weighting of the VWAP Price for the relevant Calculation Dates during the Calculation Period or the Settlement Valuation Period, as the case may be, shall be adjusted in a commercially reasonable manner by the Calculation Agent for purposes of determining the Forward Price or the Settlement Price, as the case may be, with such adjustments based on, among other factors, the duration of any Market Disruption Event and the volume, historical trading patterns and price of the Shares. Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

If a Disrupted Day occurs during the Calculation Period for any Transaction or the Settlement Valuation Period for any Transaction, as the case may be, and each of the nine immediately following Scheduled Trading Days is a Disrupted Day (a “**Disruption Event**”), then the Calculation Agent, in its good faith and commercially reasonable discretion, may deem such Disruption Event (and each consecutive Disrupted Day thereafter) to be an Exchange Business Day that is not a Disrupted Day and determine the VWAP Price for each such Exchange Business Day using its good faith and commercially reasonable estimate of the value of the Shares on such Exchange Business Day based on the volume, among other factors, historical trading patterns and trading price of the Shares.

Settlement Terms.

Settlement Procedures:

For each Transaction:

- (i) if the Number of Shares to be Delivered for such Transaction is positive, Physical Settlement shall be applicable to such Transaction; *provided* that JPMorgan does not, and shall not, make the agreement or the representations set forth in Section 9.11 of the Equity Definitions related to the restrictions imposed by applicable securities laws with respect to any Shares delivered by JPMorgan to Counterparty under any Transaction; or
- (ii) if the Number of Shares to be Delivered for such Transaction is negative, then the Counterparty Settlement Provisions in Annex A hereto shall apply to such Transaction.

Number of Shares to be Delivered:

For each Transaction, a number of Shares (rounded down to the nearest whole number) equal to (a) (i) the Prepayment Amount for such Transaction, *divided by* (ii)(A) the Forward Price for such Transaction *minus* (B) the Forward Price Adjustment Amount for such Transaction,

minus (b) the number of Initial Shares for such Transaction; *provided* that if the result of the calculation in clause (a)(ii) is equal to or less than the Floor Price for such Transaction, then the Number of Shares to be Delivered for such Transaction shall be determined as if clause (a)(ii) were replaced with “(ii) the Floor Price for such Transaction”. For the avoidance of doubt, if the Forward Price Adjustment Amount for any Transaction is a negative number, clause (a)(ii) of the immediately preceding sentence shall be equal to (A) the Forward Price for such Transaction, *plus* (B) the absolute value of the Forward Price Adjustment Amount.

Floor Price: For each Transaction, as set forth in the related Supplemental Confirmation.

Excess Dividend Amount: For the avoidance of doubt, all references to the Excess Dividend Amount shall be deleted from Section 9.2(a)(iii) of the Equity Definitions.

Settlement Date: For each Transaction, if the Number of Shares to be Delivered for all or such portion of such Transaction is positive, the date that is one Settlement Cycle immediately following the Termination Date for all or such portion of such Transaction (the final Settlement Date, the “**Final Settlement Date**”).

Settlement Currency: USD

Initial Share Delivery: For each Transaction, JPMorgan shall deliver a number of Shares equal to the Initial Shares for such Transaction to Counterparty on the Initial Share Delivery Date for such Transaction in accordance with Section 9.4 of the Equity Definitions, with such Initial Share Delivery Date deemed to be a “Settlement Date” for purposes of such Section 9.4.

Initial Share Delivery Date: For each Transaction, as set forth in the related Supplemental Confirmation.

Initial Shares: For each Transaction, as set forth in the related Supplemental Confirmation.

Share Adjustments.

Potential Adjustment Event: In addition to the events described in Section 11.2(e) of the Equity Definitions, it shall constitute an additional Potential Adjustment Event if (x) the Scheduled Termination Date for any Transaction is postponed pursuant to “Valuation Disruption” above (including, for the avoidance of doubt, pursuant to Section 7 hereof), (y) a Regulatory Disruption as described in Section 7 occurs or (z) a Disruption Event occurs. In the case of any event described in clause (x), (y) or (z) above occurs, the Calculation Agent may, in its commercially reasonable judgment, adjust any relevant terms of such Transaction as necessary to preserve as nearly as practicable the fair value of such Transaction to JPMorgan prior to such postponement, Regulatory Disruption or Disruption Event, as the case may be.

Excess Dividend: Any dividend or distribution on the Shares (other than any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or any Extraordinary Dividend). “**Extraordinary Dividend**” means the per Share cash dividend or distribution, or a portion thereof, declared by Counterparty on the Shares that is classified by the board of directors of Counterparty as an “extraordinary” dividend.

Consequences of Excess Dividend:	The declaration by the Issuer of any Excess Dividend, the ex-dividend date for which occurs or is scheduled to occur during the Relevant Dividend Period for any Transaction, shall, at JPMorgan's election in its sole discretion, either (x) constitute an Additional Termination Event in respect of such Transaction, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction or (y) result in an adjustment, by the Calculation Agent, to the Floor Price as the Calculation Agent determines appropriate to preserve the fair value of such Transaction after taking into account such Excess Dividend.
Method of Adjustment:	Calculation Agent Adjustment
Relevant Dividend Period:	For each Transaction, the period from, and including, the Trade Date for such Transaction to, and including, the Relevant Dividend Period End Date for such Transaction.
Relevant Dividend Period End Date:	For each Transaction, if the Number of Shares to be Delivered for such Transaction is negative, the last day of the Settlement Valuation Period; otherwise, the Termination Date for such Transaction.

Extraordinary Events.

Consequences of Merger Events:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Cancellation and Payment
(c) Share-for-Combined:	Component Adjustment
Tender Offer:	Applicable; <i>provided</i> that (a) Section 12.1(d) of the Equity Definitions shall be amended by replacing "10%" in the third line thereof with "15%", (b) Section 12.1(l) of the Equity Definitions shall be amended by (i) deleting the parenthetical in the fifth line thereof, (ii) replacing "that" in the fifth line thereof with "whether or not such announcement" and (iii) adding immediately after the words "Tender Offer" in the fifth line thereof ", and any publicly announced change or amendment to such an announcement (including, without limitation, the announcement of an abandonment of such intention)" and (c) Sections 12.3(a) and 12.3(d) of the Equity Definitions shall each be amended by replacing each occurrence of the words "Tender Offer Date" by "Announcement Date."
Consequences of Tender Offers:	
(a) Share-for-Share:	Modified Calculation Agent Adjustment
(b) Share-for-Other:	Modified Calculation Agent Adjustment
(c) Share-for-Combined:	Modified Calculation Agent Adjustment
Nationalization, Insolvency or Delisting:	Cancellation and Payment; <i>provided</i> that in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

Additional Disruption Events:

- (a) Change in Law: Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of, the formal or informal interpretation”, (ii) replacing the word “Shares” where it appears in clause (X) thereof with the words “Hedge Positions” (iii) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by the Hedging Party on the Trade Date” and (iv) inserting the phrase “for the relevant party” immediately after the word “illegal” in clause (X) thereof; *provided further* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by replacing the parenthetical beginning after the word “regulation” in the second line thereof with the words “(including, for the avoidance of doubt and without limitation, (x) any tax law or (y) adoption or promulgation of new regulations authorized or mandated by existing statute)” Notwithstanding anything to the contrary in the Equity Definitions, a Change in Law described in clause (Y) of Section 12.9(a)(ii) of the Equity Definitions shall not constitute a Change in Law and instead shall constitute an Increased Cost of Hedging as described in Section 12.9(a)(vi) of the Equity Definitions.
- (b) Failure to Deliver: Applicable
- (c) Insolvency Filing: Applicable
- (d) Loss of Stock Borrow: Applicable
- Maximum Stock Loan Rate: For each Transaction, as set forth in the related Supplemental Confirmation.
- Hedging Party: JPMorgan
- Determining Party: JPMorgan
- (e) Hedging Disruption: Applicable
- Hedging Party: JPMorgan
- Determining Party: JPMorgan
- (f) Increased Cost of Hedging: Applicable
- Hedging Party: JPMorgan
- Determining Party: JPMorgan
- (g) Increased Cost of Stock Borrow: Applicable
- Initial Stock Loan Rate: For each Transaction, as set forth in the related Supplemental Confirmation.
- Hedging Party: JPMorgan
- Determining Party: JPMorgan
- Hedging Adjustments: For the avoidance of doubt, whenever the Calculation Agent is called upon to make an adjustment pursuant to the terms of this Confirmation or the Equity Definitions to take into account the effect of an event, the Calculation Agent shall make such adjustment by reference to the effect of such event on JPMorgan, assuming that JPMorgan maintains a commercially reasonable Hedge Position.

Non-Reliance/Agreements and
Acknowledgements Regarding
Hedging Activities/Additional
Acknowledgements:

Applicable

Determining Party:

Following any determination or calculation by the Determining Party hereunder, upon request by Counterparty, the Determining Party will provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such a prior written request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any quotations, market data or information from internal or external sources used in making such determination or calculation). The Determining Party shall not be obligated to disclose any proprietary models or proprietary information used by it for such determination or calculation.

2. **Calculation Agent.** JPMorgan; *provided that*, following the occurrence and during the continuation of an Event of Default pursuant to Section 5(a) (vii) of the Agreement with respect to which JPMorgan is the sole Defaulting Party, Counterparty shall have the right to select a leading dealer in the market for U.S. corporate equity derivatives to replace JPMorgan as Calculation Agent, and the parties shall work in good faith to execute any appropriate documentation required by such replacement Calculation Agent. Whenever the Calculation Agent is required to act or to exercise judgment in any way with respect to any Transaction hereunder, it will do so in good faith and in a commercially reasonable manner. Following any calculation by the Calculation Agent hereunder, upon request by Counterparty, the Calculation Agent will promptly provide to Counterparty by e-mail to the e-mail address provided by Counterparty a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such calculation (including any quotations, market data or information from internal or external sources used in making such calculation). Calculation Agent shall not be obligated to disclose any proprietary models or proprietary information used by it for such determination or calculation.

3. **Account Details.**

- (a) Account for payments to Counterparty:

Bank: Bank of America
ABA#: 026009593
Acct No.: 009429485072
Beneficiary: iRobot Corporation
Ref: ASR

Account for delivery of Shares to Counterparty:

To be provided separately.

- (b) Account for payments to JPMorgan:

(c)

Bank: JPMorgan Chase Bank, N.A.
ABA#: 021000021
Acct No.: 099997979
Beneficiary: JPMorgan Chase Bank, N.A. New York
Ref: Derivatives

Account for delivery of Shares to JPMorgan:

DTC 0352

4. **Offices.**

- (a) The Office of Counterparty for each Transaction is: Inapplicable, Counterparty is not a Multibranch Party.
- (b) The Office of JPMorgan for each Transaction is: London

JPMorgan Chase Bank, National Association
London Branch
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

5. **Notices.**

- (a) Address for notices or communications to Counterparty:
iRobot Corporation

8 Crosby Drive
Bedford, MA 01730
Attention: Chief Legal Officer
Telephone No.: (781) 430-3299
Facsimile No.: (781) 430-3001
Email Address: glen@irobot.com

- (b) Address for notices or communications to JPMorgan:

JPMorgan Chase Bank, National Association
EDG Marketing Support
Email: edg_notices@jpmorgan.com
edg_ny_corporate_sales_support@jpmorgan.com

With a copy to:

Sanjeet S. Dewal
Executive Director
Equity Derivatives Group
J.P. Morgan Securities LLC
383 Madison Avenue, 7th Floor
New York, NY 10179
Telephone No: (212) 622-8783
Email: sanjeet.s.dewal@jpmorgan.com

6. **Representations, Warranties and Agreements.**

- (a) *Additional Representations, Warranties and Covenants of Each Party.* In addition to the representations, warranties and covenants in the Agreement, each party represents, warrants and covenants to the other party that:
 - (i) It is an “eligible contract participant” (as such term is defined in the Commodity Exchange Act, as amended).
 - (ii) Each party acknowledges that the offer and sale of each Transaction to it is intended to be exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), by virtue of Section 4(a)(2) thereof. Accordingly, each party represents and warrants to the other that (A) it has the financial ability to bear the economic risk of its investment in each Transaction and is able to bear a total loss

of its investment, (B) it is an “accredited investor” as that term is defined under Regulation D under the Securities Act and (C) the disposition of each Transaction is restricted under this Master Confirmation, the Securities Act and state securities laws.

(b) *Additional Representations, Warranties and Covenants of Counterparty.* In addition to the representations, warranties and covenants in the Agreement, Counterparty represents, warrants and covenants to JPMorgan that:

- (i) As of the Trade Date for each Transaction hereunder, (A) such Transaction is being entered into pursuant to a publicly disclosed Share buy-back program and its Board of Directors has approved the use of derivatives to effect the Share buy-back program, and (B) there is no internal policy of Counterparty, whether written or oral, that would prohibit Counterparty from entering into any aspect of such Transaction, including, without limitation, the purchases of Shares to be made pursuant to such Transaction.
- (ii) As of the Trade Date for each Transaction hereunder, the purchase or writing of such Transaction will not violate Rule 13e-1 or Rule 13e-4 under the Exchange Act.
- (iii) As of the Trade Date for each Transaction hereunder, it is not entering into such Transaction, and as of the date of any election with respect to any Transaction hereunder, it is not making such election, in each case (A) on the basis of, and is not aware of, any material non-public information regarding Counterparty or the Shares, (B) in anticipation of, in connection with, or to facilitate, a distribution of its securities, a self tender offer or a third-party tender offer in violation of the Exchange Act or (C) to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for the Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for the Shares).
- (iv) Counterparty (A) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (B) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (C) has total assets of at least USD 50,000,000 as of the date hereof.
- (v) As of the Trade Date for each Transaction hereunder, and as of the date of any election with respect to any Transaction hereunder, Counterparty is in compliance with its reporting obligations under the Exchange Act.
- (vi) Counterparty has made, and will make, all filings (if any and to the extent) required to be made by it with the Securities and Exchange Commission, any securities exchange or any other regulatory body with respect to each Transaction.
- (vii) The Shares are not, and Counterparty will not cause the Shares to be, subject to a “restricted period” (as defined in Regulation M promulgated under the Exchange Act) at any time during any Regulation M Period (as defined below) for any Transaction unless Counterparty has provided written notice to JPMorgan of such restricted period not later than the Scheduled Trading Day immediately preceding the first day of such “restricted period”; Counterparty acknowledges that any such notice may cause a Disrupted Day to occur pursuant to Section 7 below; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 below. Counterparty is not currently contemplating any “distribution” (as defined in Regulation M promulgated under the Exchange Act) of Shares, or any security for which Shares are a “reference security” (as defined in Regulation M promulgated under the Exchange Act). “**Regulation M Period**” means, for any Transaction, (A) the Relevant Period (as defined below) for such Transaction, (B) the Settlement Valuation Period, if any, for such Transaction and (C) the Seller Termination Purchase Period (as defined below), if any, for such Transaction. “**Relevant Period**” means, for any Transaction, the period commencing on the Calculation Period Start Date for such Transaction and ending on the later of (1) the earlier of (x) the Scheduled Termination Date and (y) the last Additional Relevant Day (as specified in the related Supplemental Confirmation) for such Transaction, or such earlier day as elected by JPMorgan and communicated to Counterparty on such day (or, if later, the First Acceleration Date without regard to any acceleration thereof pursuant to “Special Provisions for Acquisition Transaction

Announcements” below) and (2) if Section 15 is applicable to such Transaction, the date on which all deliveries owed pursuant to Section 15 have been made.

- (viii) As of the Trade Date, the Prepayment Date, the Initial Share Delivery Date, the Settlement Date, any Cash Settlement Payment Date and any Settlement Method Election Date for each Transaction, Counterparty is not, and will not be, “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “**Bankruptcy Code**”)) and Counterparty would be able to purchase a number of Shares with a value equal to the Prepayment Amount in compliance with the laws of the jurisdiction of Counterparty’s incorporation.
 - (ix) Counterparty is not, and after giving effect to each Transaction will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.
 - (x) Counterparty has not entered, and will not enter, into any repurchase transaction (other than repurchases of Shares from employees and executives in connection with equity compensation plans for its employees or executives or related agreements) with respect to the Shares (or any security convertible into or exchangeable for the Shares) (including, without limitation, any agreements similar to the Transactions described herein) where any initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period (each however defined) in such other transaction will overlap at any time (including, without limitation, as a result of extensions in such initial hedge period, calculation period, relevant period, settlement valuation period or seller termination purchase period as provided in the relevant agreements) with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation. In the event that the initial hedge period, relevant period, calculation period or settlement valuation period in any other transaction overlaps with any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable) under this Master Confirmation as a result of any postponement of the Scheduled Termination Date or extension of the Settlement Valuation Period pursuant to “Valuation Disruption” above or any analogous provision in such other transaction, Counterparty shall promptly amend such other transaction to avoid any such overlap.
 - (xi) Counterparty shall, at least one day prior to the first day of the Calculation Period, the Settlement Valuation Period, if any, or the Seller Termination Purchase Period, if any, for any Transaction, notify JPMorgan of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception set forth in paragraph (b)(4) of Rule 10b-18 under the Exchange Act (“**Rule 10b-18**”) by or for Counterparty or any of its “affiliated purchasers” (as defined in Rule 10b-18) during each of the four calendar weeks preceding such day and during the calendar week in which such day occurs (“Rule 10b-18 purchase” and “blocks” each being used as defined in Rule 10b-18), which notice shall be substantially in the form set forth in Schedule B hereto.
 - (xii) As of the Trade Date for each Transaction hereunder, and as of the date of any election with respect to any Transaction hereunder, there has not been any Merger Announcement (as defined below).
- (c) In addition to the representations, warranties and covenants in this Agreement, JPMorgan represents, warrants and covenants to Counterparty that:
- (i) In addition to the covenants in the Agreement and herein, JPMorgan agrees to use commercially reasonable efforts, during the Calculation Period and any Settlement Valuation Period (as defined in Annex A) for any Transaction, to make all purchases of Shares in connection with such Transaction in a manner that would comply with the limitations set forth in clauses (b)(1), (b)(2), (b)(3) and (b)(4) and (c) of Rule 10b-18, as if such rule were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond JPMorgan’s control; provided that, during the Calculation Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for JPMorgan’s own account or the account of its affiliate(s) the optionality arising under a Transaction (including, for the avoidance of doubt, timing optionality).

(ii) In connection with each Transaction, JPMorgan represents and warrants to Counterparty that it has not, at any time before the Trade Date discussed any offsetting transaction(s) in respect of such Transaction with any third party.

(iii) JPMorgan hereby represents and covenants to Counterparty that it has implemented policies and procedures, taking into consideration the nature of its business, reasonably designed to ensure that individuals making investment decisions related to any Transaction do not have access to material nonpublic information regarding Issuer or the Shares.

7. **Regulatory Disruption.** In the event that JPMorgan concludes, in a good faith manner based on advice of legal counsel that it is appropriate with respect to any legal, regulatory or self-regulatory requirements or related policies and procedures generally applicable in similar situations and applied in a consistent manner in similar transactions (whether or not such requirements, policies or procedures are imposed by law or have been voluntarily adopted by JPMorgan), for it to refrain from or decrease any market activity on any Scheduled Trading Day or Days during the Calculation Period or, if applicable, the Settlement Valuation Period, JPMorgan may by written notice to Counterparty, delivered as soon as practicable, elect to deem that a Market Disruption Event (it being understood that any such Market Disruption Event shall only result in a Disrupted Day in full) has occurred and will be continuing on such Scheduled Trading Day or Days. Upon request of the Counterparty, JPMorgan shall provide reasonable detail to the Counterparty of the legal, regulatory, or self-regulatory requirements that necessitated such election.

8. **10b5-1 Plan.** Counterparty represents, warrants and covenants to JPMorgan that:

(a) Counterparty is entering into this Master Confirmation and each Transaction hereunder in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1 under the Exchange Act (“**Rule 10b5-1**”) or any other antifraud or anti-manipulation provisions of the federal or applicable state securities laws and that it has not entered into or altered and will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares. Counterparty acknowledges that it is the intent of the parties that each Transaction entered into under this Master Confirmation comply with the requirements of paragraphs (c)(1)(i)(A) and (B) of Rule 10b5-1 and each Transaction entered into under this Master Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c).

(b) During the Calculation Period and the Settlement Valuation Period, if any, for any Transaction and in connection with the delivery of any Alternative Delivery Units for any Transaction, JPMorgan (or its agent or Affiliate) may effect transactions in Shares in connection with such Transaction. The timing of such transactions by JPMorgan, the price paid or received per Share pursuant to such transactions and the manner in which such transactions are made, including, without limitation, whether such transactions are made on any securities exchange or privately, shall be within the sole judgment of JPMorgan. Counterparty acknowledges and agrees that all such transactions shall be made in JPMorgan’s sole judgment and for JPMorgan’s own account.

(c) Counterparty does not have, and shall not attempt to exercise, any control or influence over how, when or whether JPMorgan (or its agent or Affiliate) makes any “purchases or sales” (within the meaning of Rule 10b5-1(c)(1)(i)(B)(3)) in connection with any Transaction, including, without limitation, over how, when or whether JPMorgan (or its agent or Affiliate) enters into any hedging transactions. Counterparty represents and warrants that it has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Master Confirmation and each Supplemental Confirmation under Rule 10b5-1.

(d) Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of this Master Confirmation or any Supplemental Confirmation must be effected in accordance with the requirements for the amendment or termination of a “plan” as defined in Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.

(e) Counterparty shall not, directly or indirectly, communicate any information relating to the Shares or any Transaction (including, without limitation, any notices required by Section 10(a)) to any employee of JPMorgan or JPMS, other than as set forth in the Communications Procedures attached as Annex B hereto.

9. **Counterparty Purchases.** Counterparty (or any “affiliate” or “affiliated purchaser” as defined in Rule 10b-18) shall not, without the prior written consent of JPMorgan, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or commence any tender offer relating to, any Shares (or equivalent interest, including, without limitation, a unit of beneficial interest in a trust or limited partnership or a depository share), listed contracts on the Shares or securities that are convertible into, or exchangeable or exercisable for Shares (including, without limitation, any Rule 10b-18 purchases of blocks (as defined in Rule 10b-18)) during any Relevant Period, any Settlement Valuation Period (if applicable) or any Seller Termination Purchase Period (if applicable), under this Master Confirmation; *provided*, that this Section 9 shall not (i) limit Counterparty’s ability, pursuant to any of its employee incentive plans or dividend reinvestment program, to re-acquire Shares in connection with the related equity transactions, (ii) limit Counterparty’s ability to withhold shares to cover tax liabilities associated with such equity transactions (iii) limit Counterparty’s ability to grant stock and options to “affiliated purchasers” or the ability of such affiliated purchasers to acquire such stock or options, in connection with the Counterparty’s compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, or (iv) limit Counterparty’s ability to purchase Shares from one or more existing holders of Shares, in bilateral, privately-negotiated transactions that do not involve and could not be expected to result in purchases of Shares on the Exchange.
10. **Special Provisions for Merger Transactions.** Notwithstanding anything to the contrary herein or in the Equity Definitions:
- (a) Counterparty agrees that it:
 - (i) will not during the period commencing on the Trade Date for any Transaction and ending on the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction make, or permit to be made (to the extent within Counterparty’s commercially reasonable control), any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction or potential Merger Transaction (a “**Merger Announcement**”) unless such Merger Announcement is made prior to the opening or after the close of the regular trading session on the Exchange for the Shares;
 - (ii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) notify JPMorgan following any such Merger Announcement that such Merger Announcement has been made; and
 - (iii) shall promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide JPMorgan with written notice specifying (i) Counterparty’s average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the announcement date of any Merger Transaction or potential Merger Transaction that were not effected through JPMorgan or its Affiliates and (ii) the number of Shares purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the announcement date of any Merger Transaction or potential Merger Transaction. Such written notice shall be deemed to be a certification by Counterparty to JPMorgan that such information is true and correct in all material respects. In addition, Counterparty shall promptly notify JPMorgan of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.
 - (b) Counterparty acknowledges that any such Merger Announcement or delivery of a notice with respect thereto may cause the terms of any Transaction to be adjusted or such Transaction to be terminated; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 8 above.
 - (c) Upon the occurrence of any Merger Announcement (whether made by Counterparty or a third party), JPMorgan in its commercially reasonable discretion may (i) make commercially reasonable adjustments to the terms of any Transaction, including, without limitation, the Scheduled Termination Date or the Forward Price Adjustment Amount, and/or suspend the Calculation Period and/or any Settlement Valuation Period, to account for the economic effect on such Transaction of such Merger Announcement or (ii) treat the occurrence of such Merger Announcement as an Additional Termination Event with Counterparty as the sole Affected Party and the Transactions hereunder as the Affected Transactions and with the amount under Section 6(e) of the Agreement determined taking into account the fact that the Calculation Period or Settlement Valuation Period, as the case may be, had fewer Scheduled Trading Days than originally anticipated.

“Merger Transaction” means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act, other than, solely for purposes of this Section 10, any such transaction in which the consideration consists solely of cash and there is no valuation period.

11. **Special Provisions for Acquisition Transaction Announcements.** Notwithstanding anything to the contrary herein or in the Equity Definitions:

- (a) If an Acquisition Transaction Announcement occurs on or prior to the Final Settlement Date for any Transaction, then the Calculation Agent shall make such adjustments to the exercise, settlement, payment or any other terms of such Transaction as the Calculation Agent determines appropriate (including, without limitation and for the avoidance of doubt, adjustments that would allow the Number of Shares to be Delivered to be less than zero), at such time or at multiple times as the Calculation Agent determines appropriate, to account for the economic effect on such Transaction of such event (including adjustments to account for changes in volatility, expected dividends, stock loan rate, value of any commercially reasonable Hedge Positions in connection with the Transaction and liquidity relevant to the Shares or to such Transaction). If an Acquisition Transaction Announcement occurs after the Trade Date, but prior to the First Acceleration Date of any Transaction, the First Acceleration Date shall be the date of such Acquisition Transaction Announcement. If the Number of Shares to be Delivered for any settlement of any Transaction is a negative number, then the terms of the Counterparty Settlement Provisions in Annex A hereto shall apply.
- (b) **“Acquisition Transaction Announcement”** means (i) the announcement of an Acquisition Transaction, (ii) an announcement that Counterparty or any of its subsidiaries has entered into an agreement, a letter of intent or an understanding designed to result in an Acquisition Transaction, (iii) the announcement of the intention to solicit or enter into, or to explore strategic alternatives or other similar undertaking that may include, an Acquisition Transaction, (iv) any other announcement that in the reasonable judgment of the Calculation Agent relates to an Acquisition Transaction and has a material economic effect on the theoretical value of the Transaction and/or Shares, or (v) any announcement of any change or amendment to any previous Acquisition Transaction Announcement (including any announcement of the abandonment of any such previously announced Acquisition Transaction, agreement, letter of intent, understanding or intention). For the avoidance of doubt, announcements as used in the definition of Acquisition Transaction Announcement refer to any public announcement whether made by the Issuer or a third party.
- (c) **“Acquisition Transaction”** means (i) any Merger Event (for purposes of this definition the definition of Merger Event shall be read with the references therein to “100%” being replaced by “20%” and references to “50%” being replaced by “75%” and without reference to the clause beginning immediately following the definition of Reverse Merger therein to the end of such definition), Tender Offer or Merger Transaction or any other transaction involving the merger of Counterparty with or into any third party, (ii) the sale or transfer of all or substantially all of the assets of Counterparty, (iii) a recapitalization, reclassification, binding share exchange or other similar transaction with respect to Counterparty, (iv) any acquisition by Counterparty or any of its subsidiaries where the aggregate consideration transferable by Counterparty or its subsidiaries exceeds 20% of the market capitalization of Counterparty, (v) any lease, exchange, transfer, disposition (including, without limitation, by way of spin-off or distribution) of assets (including, without limitation, any capital stock or other ownership interests in subsidiaries) or other similar event by Counterparty or any of its subsidiaries where the aggregate consideration transferable or receivable by or to Counterparty or its subsidiaries exceeds 20% of the market capitalization of Counterparty or (vi) any transaction in which Counterparty or its board of directors has a legal obligation to make a recommendation to its shareholders in respect of such transaction (whether pursuant to Rule 14e-2 under the Exchange Act or otherwise).

12. **Acknowledgments.**

- (a) The parties hereto intend for:
 - (i) each Transaction to be a “securities contract” as defined in Section 741(7) of the Bankruptcy Code and a “forward contract” as defined in Section 101(25) of the Bankruptcy Code, and the parties hereto to be entitled to the protections afforded by, among other Sections, Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 555, 556, 560 and 561 of the Bankruptcy Code;

- (ii) the Agreement to be a “master netting agreement” as defined in Section 101(38A) of the Bankruptcy Code;
- (iii) a party’s right to liquidate, terminate or accelerate any Transaction, net out or offset termination values or payment amounts, and to exercise any other remedies upon the occurrence of any Event of Default or Termination Event under the Agreement with respect to the other party or any Extraordinary Event that results in the termination or cancellation of any Transaction to constitute a “contractual right” (as defined in the Bankruptcy Code); and
- (iv) all payments for, under or in connection with each Transaction, all payments for the Shares (including, for the avoidance of doubt, payment of the Prepayment Amount) and the transfer of such Shares to constitute “settlement payments” and “transfers” (as defined in the Bankruptcy Code).

(b) Counterparty acknowledges that:

- (i) during the term of any Transaction, JPMorgan and its Affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to such Transaction;
- (ii) JPMorgan and its Affiliates may also be active in the market for the Shares and Share-linked transactions other than in connection with hedging activities in relation to any Transaction;
- (iii) JPMorgan shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty’s securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Forward Price and the VWAP Price;
- (iv) any market activities of JPMorgan and its Affiliates with respect to the Shares may affect the market price and volatility of the Shares, as well as the Forward Price, VWAP Price and Settlement Price, each in a manner that may be adverse to Counterparty; and
- (v) each Transaction is a derivatives transaction in which it has granted JPMorgan an option; JPMorgan may purchase shares for its own account at an average price that may be greater than, or less than, the price paid by Counterparty under the terms of the related Transaction.

13. **No Collateral, Netting or Setoff.** Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations under any Transaction shall not be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against any other obligations of the parties, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be netted, recouped or set off (including pursuant to Section 6 of the Agreement) against obligations under any Transaction, whether arising under the Agreement, this Master Confirmation or any Supplemental Confirmation, or under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff, netting or recoupment.

14. **Delivery of Shares.** Notwithstanding anything to the contrary herein, JPMorgan may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an “**Original Delivery Date**”) by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.

15. **Alternative Termination Settlement.** In the event that (a) an Early Termination Date (whether as a result of an Event of Default or a Termination Event) occurs or is designated with respect to any Transaction or (b) any Transaction is cancelled or terminated upon the occurrence of an Extraordinary Event (except as a result of (i) a Nationalization, Insolvency or Merger Event in which the consideration to be paid to holders of Shares consists solely of cash, (ii) a Merger Event or Tender Offer that is within Counterparty’s control, or (iii) an Event of Default in which Counterparty is the Defaulting Party or a Termination Event in which Counterparty is the Affected Party other than an Event of Default of the type described in Section 5(a)(iii), (v), (vi), (vii) or (viii) of the Agreement or a Termination Event of the type described in Section 5(b) of the Agreement, in each case that resulted from an event or events outside Counterparty’s

control), if either party would owe any amount to the other party pursuant to Section 6(d)(ii) of the Agreement or any Cancellation Amount pursuant to Article 12 of the Equity Definitions (any such amount, a “**Payment Amount**”), then, in lieu of any payment of such Payment Amount, unless Counterparty makes an election to the contrary no later than the Early Termination Date or the date on which such Transaction is terminated or cancelled, Counterparty or JPMorgan, as the case may be, shall deliver to the other party a number of Shares (or, in the case of a Nationalization, Insolvency or Merger Event, a number of units, each comprising the number or amount of the securities or property that a hypothetical holder of one Share would receive in such Nationalization, Insolvency or Merger Event, as the case may be (each such unit, an “**Alternative Delivery Unit**”)) with a value equal to the Payment Amount, as determined by the Calculation Agent over a commercially reasonable period of time (and the parties agree that, in making such determination of value, the Calculation Agent may take into account a number of factors, including, without limitation, the market price of the Shares or Alternative Delivery Units on the Early Termination Date or the date of early cancellation or termination, as the case may be, and, if such delivery is made by JPMorgan, the prices at which JPMorgan purchases Shares or Alternative Delivery Units on any Calculation Date to fulfill its delivery obligations under this Section 15); *provided* that in determining the composition of any Alternative Delivery Unit, if the relevant Nationalization, Insolvency or Merger Event involves a choice of consideration to be received by holders, such holder shall be deemed to have elected to receive the maximum possible amount of cash; and *provided further* that Counterparty may elect that the provisions of this Section 15 above providing for the delivery of Shares or Alternative Delivery Units, as the case may be, shall not apply only if Counterparty represents and warrants to JPMorgan, in writing on the date it notifies JPMorgan of such election, that, as of such date, Counterparty is not aware of any material non-public information regarding Counterparty or the Shares and is making such election in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws. If delivery of Shares or Alternative Delivery Units, as the case may be, pursuant to this Section 15 is to be made by Counterparty, paragraphs 2 through 7 of Annex A hereto shall apply as if (A) such delivery were a settlement of such Transaction to which Net Share Settlement applied, (B) the Cash Settlement Payment Date were the Early Termination Date or the date of early cancellation or termination, as the case may be, and (C) the Forward Cash Settlement Amount were equal to (x) zero *minus* (y) the Payment Amount owed by Counterparty. For the avoidance of doubt, if Counterparty validly elects for the provisions of this Section 15 relating to the delivery of Shares or Alternative Delivery Units, as the case may be, not to apply to any Payment Amount, the provisions of Article 12 of the Equity Definitions, or the provisions of Section 6(d)(ii) of the Agreement, as the case may be, shall apply. If delivery of Shares or Alternative Delivery Units, as the case may be, is to be made by JPMorgan pursuant to this Section 15, the period during which JPMorgan purchases Shares or Alternative Delivery Units to fulfill its delivery obligations under this Section 15 shall be referred to as the “**Seller Termination Purchase Period.**”

16. **Calculations and Payment Date upon Early Termination.** The parties acknowledge and agree that in calculating (a) Loss pursuant to Section 6 of the Agreement and (b) the amount due upon cancellation or termination of any Transaction (whether in whole or in part) pursuant to Article 12 of the Equity Definitions as a result of an Extraordinary Event, JPMorgan may (but need not) determine such amount based on (i) expected losses assuming a commercially reasonable risk bid were used to determine loss or (ii) the price at which one or more market participants would offer to sell to the Seller a block of Shares equal in number to the Seller’s hedge position in relation to the Transaction. Notwithstanding anything to the contrary in Section 6(d)(ii) of the Agreement or Article 12 of the Equity Definitions, all amounts calculated as being due in respect of an Early Termination Date under Section 6(e) of the Agreement or upon cancellation or termination of the relevant Transaction under Article 12 of the Equity Definitions will be payable on the day that notice of the amount payable is effective; *provided* that if Counterparty elects to receive or deliver Shares or Alternative Delivery Units in accordance with Section 15, such Shares or Alternative Delivery Units shall be delivered on a date selected by JPMorgan as promptly as practicable.
17. **Limit on Beneficial Ownership.** Notwithstanding any other provisions hereof, JPMorgan may not be entitled to take delivery of any Shares deliverable hereunder to the extent (but only to the extent) that, after such receipt of any Shares hereunder, the Equity Percentage would exceed 7.5%. Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery the Equity Percentage would exceed 7.5%. If any delivery owed to JPMorgan hereunder is not made, in whole or in part, as a result of this provision, Counterparty’s obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Business Day after, JPMorgan gives notice to Counterparty that, after such delivery, the Equity Percentage would not exceed 7.5%. The “Equity Percentage” as of any day is the fraction, expressed as a percentage, (A) the numerator of which is the number of Shares that JPMorgan and any of its affiliates or any other person subject to aggregation with JPMorgan for purposes of the “beneficial ownership” test under Section 13 of the Exchange Act, or any “group” (within the meaning of Section 13) of which JPMorgan is or may be deemed to be a part beneficially owns (within the meaning of Section 13 of the Exchange Act), without duplication, on such day (or, to the extent that for any reason the equivalent calculation under Section 16 of the Exchange Act and the rules and regulations thereunder results

in a higher number, such higher number) and (B) the denominator of which is the number of Shares outstanding on such day.

18. **Maximum Share Delivery.** Notwithstanding anything to the contrary in this Master Confirmation, in no event shall JPMorgan be required to deliver any Shares, or any Shares or other securities comprising Alternative Delivery Units, in respect of any Transaction in excess of the Maximum Number of Shares set forth in the Supplemental Confirmation for such Transaction.
19. **Additional Termination Events.**
- (a) The occurrence of an event described in paragraph III of Annex B hereto will constitute an Additional Termination Event, with Counterparty as the sole Affected Party and the Transactions specified in such paragraph III as the Affected Transactions.
 - (b) Notwithstanding anything to the contrary in Section 6 of the Agreement, if a Termination Price is specified in the Supplemental Confirmation for any Transaction, then an Additional Termination Event will occur without any notice or action by JPMorgan or Counterparty if the price of the Shares on the Exchange falls below such Termination Price for 2 consecutive Exchange Business Days, with Counterparty as the sole Affected Party and such Transaction as the sole Affected Transaction.
20. **Non-confidentiality.** JPMorgan and Counterparty hereby acknowledge and agree that, subject to Section 8(e), each is authorized to disclose the tax treatment and tax structure of the Transaction to any and all persons, without limitation of any kind, and there are no express or implied agreements, arrangements or understandings to the contrary.
21. **Assignment and Transfer.** Notwithstanding anything to the contrary in the Agreement, JPMorgan may not assign any of its rights or duties hereunder without the prior written consent of Counterparty, except that JPMorgan may transfer or assign all or any part of its rights or obligations under the Transaction to any affiliate of JPMorgan (1) that has a rating for its long term, unsecured and unsubordinated indebtedness that is equal to or better than JPMorgan's credit rating at the time of such transfer or assignment, or (2) whose obligations hereunder will be guaranteed, pursuant to the terms of a customary guarantee in a form used by JPMorgan generally for similar transactions, by JPMorgan; provided, in each case, that if such transfer or assignment would result in any tax withholding obligation of the transferee (that would not have applied to JPMorgan) in respect of any tax that, without application of this sentence, would not be an Indemnifiable Tax, such tax shall be treated as an Indemnifiable Tax. Without limiting the foregoing, no transfer or assignment by Dealer that, at the time of such transfer or assignment, would result in the occurrence of an Event of Default, Potential Event of Default or Termination Event shall be permitted hereunder. Notwithstanding any other provision in this Master Confirmation to the contrary requiring or allowing JPMorgan to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, JPMorgan may designate any of its Affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform JPMorgan's obligations in respect of any Transaction and any such designee may assume such obligations. JPMorgan may assign the right to receive Settlement Shares to any third party who may legally receive Settlement Shares. JPMorgan shall be discharged of its obligations to Counterparty only to the extent of any such performance. For the avoidance of doubt, JPMorgan hereby acknowledges that notwithstanding any such designation hereunder, to the extent any of JPMorgan's obligations in respect of any Transaction are not completed by its designee, JPMorgan shall be obligated to continue to perform or to cause any other of its designees to perform in respect of such obligations.
22. **Amendments to the Equity Definitions.**
- (a) Section 11.2(a) of the Equity Definitions is hereby amended by deleting the words "a diluting or concentrative" and replacing them with the word "a material economic"; and adding the phrase "or such Transaction" at the end of the sentence.
 - (b) Section 11.2(c) of the Equity Definitions is hereby amended by (i) replacing the words "a diluting or concentrative" with "a material economic" in the fifth line thereof, (ii) adding the phrase "or such Transaction" after the words "the relevant Shares" in the same sentence, (iii) deleting the words "dilutive or concentrative" in the sixth to last line thereof, and (iv) deleting the phrase "(provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares)" and replacing it with the phrase "(and, for the avoidance of doubt, adjustments may be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Shares)."

- (c) Section 11.2(e)(vii) of the Equity Definitions is hereby amended by deleting the words “a diluting or concentrative” and replacing them with the words “a material economic”; and adding the phrase “or the relevant Transaction” at the end of the sentence.
 - (d) Section 12.6(a)(ii) of the Equity Definitions is hereby amended by (i) deleting from the fourth line thereof the word “or” after the word “official” and inserting a comma therefor, and (ii) deleting the semi-colon at the end of subsection (B) thereof and inserting the following words therefor “or (C) at JPMorgan’s option, the occurrence of any of the events specified in Section 5(a)(vii) (1) through (9) of the ISDA Master Agreement with respect to that Issuer.”
 - (e) Section 12.9(b)(iv) of the Equity Definitions is hereby amended by:
 - (i) deleting (1) subsection (A) in its entirety, (2) the phrase “or (B)” following subsection (A) and (3) the phrase “in each case” in subsection (B); and
 - (ii) replacing the phrase “neither the Non-Hedging Party nor the Lending Party lends Shares” with the phrase “such Lending Party does not lend Shares” in the penultimate sentence.
 - (f) Section 12.9(b)(v) of the Equity Definitions is hereby amended by:
 - (i) adding the word “or” immediately before subsection “(B)” and deleting the comma at the end of subsection (A); and
 - (ii) (1) deleting subsection (C) in its entirety, (2) deleting the word “or” immediately preceding subsection (C), (3) deleting the penultimate sentence in its entirety and replacing it with the sentence “The Hedging Party will determine the Cancellation Amount payable by one party to the other” and (4) deleting clause (X) in the final sentence.
23. **Extraordinary Dividend.** If Counterparty declares any Extraordinary Dividend that has an ex-dividend date during the period commencing on the Trade Date for any Transaction and ending of the last day of the Relevant Period or, if applicable, the later of the last day of the Settlement Valuation Period and the last day of the Seller Termination Purchase Period, for such Transaction, then prior to or on the date on which such Extraordinary Dividend is paid by Counterparty to holders of record, Counterparty shall pay to JPMorgan, for each Transaction under this Master Confirmation, an amount in cash equal to the product of (i) the amount of such Extraordinary Dividend and (ii) the theoretical short delta number of shares as of the opening of business on the related ex-dividend date, as determined by the Calculation Agent, required for JPMorgan to hedge its exposure to such Transaction.
24. **Status of Claims in Bankruptcy.** JPMorgan acknowledges and agrees that neither this Master Confirmation nor any Supplemental Confirmation is intended to convey to JPMorgan rights against Counterparty with respect to any Transaction that are senior to the claims of common stockholders of Counterparty in any United States bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit JPMorgan’s right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to any Transaction; *provided further* that nothing herein shall limit or shall be deemed to limit JPMorgan’s rights in respect of any transactions other than any Transaction.
25. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (“WSTAA”), the parties hereby agree that neither the enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, nor any similar legal certainty provision in any legislation enacted, or rule or regulation promulgated, on or after the date of this Master Confirmation, shall limit or otherwise impair either party’s otherwise applicable rights to terminate, renegotiate, modify, amend or supplement any Supplemental Confirmation, this Master Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under any Supplemental Confirmation, this Master Confirmation, the Equity Definitions incorporated herein, or the Agreement (including, without limitation, rights arising from Change in Law, Loss of Stock Borrow, Increased Cost of Stock Borrow, Hedging Disruption, Increased Cost of Hedging, or Illegality).
26. **Role of Agent.** Each party agrees and acknowledges that (a) JPMS, an Affiliate of JPMorgan, has acted solely as agent and not as principal with respect to this Master Confirmation and each Transaction and (b) JPMS has no obligation or liability, by way of guaranty, endorsement or otherwise, in any manner in respect of any Transaction (including, if

applicable, in respect of the settlement thereof). Each party agrees it will look solely to the other party (or any guarantor in respect thereof) for performance of such other party's obligations under any Transaction. JPMS is authorized to act as agent for JPMorgan.

27. **Waiver of Jury Trial.** EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING RELATING TO THE AGREEMENT, THIS MASTER CONFIRMATION, EACH SUPPLEMENTAL CONFIRMATION, THE TRANSACTIONS HEREUNDER AND ALL MATTERS ARISING IN CONNECTION WITH THE AGREEMENT, THIS MASTER CONFIRMATION AND ANY SUPPLEMENTAL CONFIRMATION AND THE TRANSACTIONS HEREUNDER. EACH PARTY (I) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF SUCH A SUIT, ACTION OR PROCEEDING, SEEK TO ENFORCE THE FOREGOING WAIVER AND (II) ACKNOWLEDGES THAT IT AND THE OTHER PARTY HAVE BEEN INDUCED TO ENTER INTO THE TRANSACTIONS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS PROVIDED HEREIN.
28. **Delivery or Receipt of Cash.** For the avoidance of doubt, other than payment of the Prepayment Amount by Counterparty, nothing in this Master Confirmation shall be interpreted as requiring Counterparty to cash settle any Transaction, except in circumstances where cash settlement is within Counterparty's control or in those circumstances in which holders of Shares would also receive cash.
29. **Counterparts.** This Master Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Master Confirmation by signing and delivering one or more counterparts.

FORM OF SUPPLEMENTAL CONFIRMATION

JPMorgan Chase Bank, National Association
P.O. Box 161
60 Victoria Embankment
London EC4Y 0JP
England

[_____], 20[__]

To: iRobot Corporation

8 Crosby Drive

Bedford, MA 01730

Re: Supplemental Confirmation-Uncollared Accelerated Share Repurchase

The purpose of this Supplemental Confirmation is to confirm the terms and conditions of the Transaction entered into between J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch ("**JPMorgan**"), and iRobot Corporation, a Delaware corporation ("**Counterparty**") on the Trade Date specified below. This Supplemental Confirmation is a binding contract between JPMorgan and Counterparty as of the relevant Trade Date for the Transaction referenced below.

1. This Supplemental Confirmation supplements, forms part of, and is subject to the Master Confirmation, dated as of [_____], 20[__] (the "**Master Confirmation**"), between JPMorgan and Counterparty, as amended and supplemented from time to time. All provisions contained in the Master Confirmation govern this Supplemental Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Supplemental Confirmation relates are as follows:

Trade Date: [_____], 20[__]

Reference Price: The closing price of the Shares on the Exchange Business Day immediately prior to the Calculation Period Start Date.

Forward Price Adjustment Amount: JPMorgan shall notify Counterparty of the Forward Price Adjustment Amount (which shall be determined in a good faith commercially reasonable manner) not later than the Exchange Business Day immediately prior to the Calculation Period Start Date. The Forward Price Adjustment Amount shall be binding upon commencement of the Calculation Period.

Calculation Period Start Date: [_____], 20[__]

Scheduled Termination Date: The [__]th Scheduled Trading Day immediately following the Calculation Period Start Date.

Final Termination Date: The [__]th Scheduled Trading Day immediately following the Scheduled Termination Date.

First Acceleration Date: The [__]th Scheduled Trading Day immediately following the Calculation Period Start Date.

Prepayment Amount: USD [__]

Prepayment Date: The [__]th Scheduled Trading Day immediately following the Calculation Period Start Date.

Initial Shares: An amount of Shares equal to the *product* of (x) []% and (y) the Prepayment Amount *divided* by the Reference Price; *provided* that

if, in connection with the Transaction, JPMorgan is unable to borrow or otherwise acquire a number of Shares equal to the Initial Shares for delivery to Counterparty on the Initial Share Delivery Date, the Initial Shares delivered on the Initial Share Delivery Date shall be reduced to such number of Shares that JPMorgan is able to so borrow or otherwise acquire, and thereafter JPMorgan shall continue to use commercially reasonable efforts to borrow or otherwise acquire a number of Shares, at a stock borrow cost no greater than the Initial Stock Loan Rate, equal to the shortfall in the Initial Share Delivery and to deliver such additional Shares as soon as reasonably practicable. All Shares delivered to Counterparty in respect of the Transaction pursuant to this paragraph shall be the “Initial Shares” for purposes of “Number of Shares to be Delivered” in the Master Confirmation.

Initial Share Delivery Date:	The [__]th Scheduled Trading Day immediately following the Calculation Period Start Date.
Maximum Stock Loan Rate:	200 basis points per annum
Initial Stock Loan Rate:	25 basis points per annum
Maximum Number of Shares:	[__] ¹ Shares
Floor Price:	USD 0.01 per Share
Contract Fee:	USD [__]
Termination Price:	An amount in USD equal to half of the Reference Price.
Additional Relevant Days:	The [5] Exchange Business Days immediately following the Calculation Period.
Reserved Shares:	Notwithstanding anything to the contrary in the Master Confirmation, as of the date of this Supplemental Confirmation, the Reserved Shares shall be equal to an amount of Shares equal to the <i>product</i> of (x) 3 and (y) the Prepayment Amount <i>divided by</i> the Reference Price.

¹ To be approximately 50% of the total number of Shares outstanding on the Trade Date.

1. Calculation Dates:

- | | | |
|-----|-----|-----|
| 1. | 2. | 3. |
| 4. | 5. | 6. |
| 7. | 8. | 9. |
| 10. | 11. | 12. |
| 13. | 14. | 15. |
| 16. | 17. | 18. |

Each Scheduled Trading Day during the Calculation Period shall be a Calculation Date, subject to “Valuation Disruption”.

4. Notwithstanding anything to the contrary in the Agreement or the Master Confirmation, in the event that Counterparty provides JPMorgan with written notice by 7:00 a.m. (New York City time) on the Calculation Period Start Date (such date, the “**Early Unwind Date**”), the Transaction shall automatically terminate on the Early Unwind Date and (i) the Transaction and all of the respective rights and obligations of JPMorgan and Counterparty under the Transaction, including, for the avoidance of doubt, any obligation of JPMorgan to deliver any Shares and Counterparty’s obligation to make any payment with respect thereto, shall be cancelled and terminated and (ii) each party shall be released and discharged by the other party from and agrees not to make any claim against the other party with respect to any obligations or liabilities of the other party arising out of and to be performed in connection with the Transaction either prior to or after the Early Unwind Date.

5. Counterparty represents and warrants to JPMorgan that neither it nor any “affiliated purchaser” (as defined in Rule 10b-18 under the Exchange Act) has made any purchases of blocks pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act during either (i) the four full calendar weeks immediately preceding the Trade Date or (ii) during the calendar week in which the Trade Date occurs, except as set forth in any notice delivered pursuant to Section 6(b) (xv) of the Master Confirmation.

6. This Supplemental Confirmation may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Supplemental Confirmation by signing and delivering one or more counterparts.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing this Supplemental Confirmation and returning it to us.

Very truly yours,

**J.P. MORGAN SECURITIES LLC, as agent for
JPMorgan Chase Bank, National Association**

By: _____

Authorized Signatory

Name:

Accepted and confirmed
as of the Trade Date:

iRobot Corporation

By: _____

Authorized Signatory

Name:

FORM OF CERTIFICATE OF RULE 10B-18 PURCHASES

[Letterhead of Counterparty]

JPMorgan Chase Bank, National Association
c/o J.P. Morgan Securities LLC
383 Madison Avenue
7th Floor
New York, New York 10172

Re: Uncollared Accelerated Share Repurchase

Ladies and Gentlemen:

In connection with our entry into the Supplemental Confirmation, dated as of [_____], 20[___], between J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch, and iRobot Corporation, a Delaware corporation, as amended and supplemented from time to time (the “**Supplemental Confirmation**”), we hereby represent that set forth below is the total number of shares of our common stock purchased by or for us or any of our affiliated purchasers in Rule 10b-18 purchases of blocks (all as defined in Rule 10b-18 under the Securities Exchange Act of 1934) pursuant to the once-a-week block exception set forth in Rule 10b-18(b)(4) during the four full calendar weeks immediately preceding the first day of the [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] (as defined in the Master Confirmation) and the week during which the first day of such [Calculation Period][Settlement Valuation Period][Seller Termination Purchase Period] occurs.

Number of Shares: _____

We understand that you will use this information in calculating trading volume for purposes of Rule 10b-18.

Very truly yours,

iRobot Corporation

By: _____

Authorized Signatory

Name:

COUNTERPARTY SETTLEMENT PROVISIONS

1. The following Counterparty Settlement Provisions shall apply to any Transaction to the extent indicated under the Master Confirmation:

Settlement Currency:	USD
Settlement Method Election:	Applicable; <i>provided</i> that (i) Section 7.1 of the Equity Definitions is hereby amended by deleting the word “Physical” in the sixth line thereof and replacing it with the words “Net Share” and (ii) the Electing Party may make a settlement method election only if the Electing Party represents and warrants to JPMorgan in writing on the date it notifies JPMorgan of its election that, as of such date, the Electing Party is not aware of any material non-public information regarding Counterparty or the Shares and is electing the settlement method in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws.
Electing Party:	Counterparty
Settlement Method Election Date:	The earlier of (i) the Scheduled Termination Date and (ii) the second Exchange Business Day immediately following the Accelerated Termination Date (in which case the election under Section 7.1 of the Equity Definitions shall be made no later than 10 minutes prior to the open of trading on the Exchange on such second Exchange Business Day), as the case may be.
Default Settlement Method:	Cash Settlement
Forward Cash Settlement Amount:	An amount equal to (a) the Number of Shares to be Delivered, <i>multiplied by</i> (b) the Settlement Price.
Settlement Price:	An amount equal to the average of the VWAP Prices for the Calculation Dates in the Settlement Valuation Period, <i>plus</i> USD 0.05, subject to Valuation Disruption as specified in the Master Confirmation (in each case, <i>plus</i> interest on such amount during the Settlement Valuation Period at the rate of interest for Counterparty’s long term, unsecured and unsubordinated indebtedness, as determined by the Calculation Agent).
Settlement Valuation Period:	A number of Scheduled Trading Days selected by JPMorgan in its reasonable discretion, beginning on the Scheduled Trading Day immediately following the earlier of (i) the Scheduled Termination Date or (ii) the Exchange Business Day immediately following the Termination Date.
Cash Settlement:	If Cash Settlement is applicable, then Buyer shall pay to JPMorgan the absolute value of the Forward Cash Settlement Amount on the Cash Settlement Payment Date.
Cash Settlement Payment Date:	The Exchange Business Day immediately following the last day of the Settlement Valuation Period.
Net Share Settlement Procedures:	If Net Share Settlement is applicable, Net Share Settlement shall be made in accordance with paragraphs 2 through 7 below.

2. Net Share Settlement shall be made by delivery on the Cash Settlement Payment Date of a number of Shares satisfying the conditions set forth in paragraph 3 below (the “**Registered Settlement Shares**”), or a number of Shares not satisfying such conditions (the “**Unregistered Settlement Shares**”), in either case with a value equal to 101% (in the case of Registered Settlement Shares) or 105% (in the case of Unregistered Settlement Shares) of the absolute value of the Forward Cash Settlement Amount, with such Shares’ value based on the value thereof to JPMorgan (which value shall, in the case of Unregistered Settlement Shares, take into account a commercially reasonable illiquidity discount), in each case as determined by the Calculation Agent.

If all of the conditions for delivery of either Registered Settlement Shares or Unregistered Settlement Shares have not been satisfied, Cash Settlement shall be applicable in accordance with paragraph 1 above notwithstanding Counterparty's election of Net Share Settlement.

3. Counterparty may only deliver Registered Settlement Shares pursuant to paragraph 2 above if:

(a) a registration statement (which may be a shelf registration statement) covering public resale of the Registered Settlement Shares by JPMorgan (the "**Registration Statement**") shall have been filed with the Securities and Exchange Commission under the Securities Act and been declared or otherwise become effective on or prior to the date of delivery, and no stop order shall be in effect with respect to the Registration Statement; a printed prospectus relating to the Registered Settlement Shares (including, without limitation, any prospectus supplement thereto, the "**Prospectus**") shall have been delivered to JPMorgan, in such quantities as JPMorgan shall reasonably have requested, on or prior to the date of delivery;

(b) the form and content of the Registration Statement and the Prospectus (including, without limitation, any sections describing the plan of distribution) shall be commercially reasonably satisfactory to JPMorgan;

(c) as of or prior to the date of delivery, JPMorgan and its agents shall have been afforded a reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for underwritten offerings of equity securities (subject to execution and delivery by JPMorgan and any such agent of a customary nondisclosure agreement with Counterparty) and the results of such investigation are satisfactory to JPMorgan, in its commercially reasonable discretion; and

(d) as of the date of delivery, an agreement (the "**Underwriting Agreement**") shall have been entered into with JPMorgan in connection with the public resale of the Registered Settlement Shares by JPMorgan substantially similar to underwriting agreements customary for underwritten offerings of equity securities for companies of a similar size or in a similar industry, in form and substance reasonably satisfactory to JPMorgan, which Underwriting Agreement shall include, without limitation, provisions substantially similar to those contained in such underwriting agreements relating, without limitation, to the mutual indemnification of, and contribution in connection with the liability of, the parties and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters; *provided*, that JPMorgan shall use its commercially reasonable efforts to complete such public resale as soon as reasonably practicable.

4. If Counterparty delivers Unregistered Settlement Shares pursuant to paragraph 2 above:

(a) all Unregistered Settlement Shares shall be delivered to JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) pursuant to the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof;

(b) as of or prior to the date of delivery, JPMorgan and any potential purchaser of any such shares from JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) identified by JPMorgan shall be afforded a commercially reasonable opportunity (subject to execution and delivery by JPMorgan and any such Affiliate of a customary nondisclosure agreement with Counterparty) to conduct a due diligence investigation with respect to Counterparty customary in scope for private placements of equity securities for companies of a similar size or in a similar industry (including, without limitation, the right to have made available to them for inspection all pertinent financial and other records, pertinent corporate documents and other information reasonably requested by them);

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "**Private Placement Agreement**") with JPMorgan (or any Affiliate of JPMorgan designated by JPMorgan) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities, in form and substance commercially reasonably satisfactory to JPMorgan, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the indemnification of, and contribution in connection with the liability of, JPMorgan and its Affiliates and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all reasonable fees and documented out-of-pocket expenses of JPMorgan (and any such Affiliate) in connection with such resale, including, without limitation, all reasonable fees and documented out-of-pocket expenses of counsel for JPMorgan, and shall contain representations, warranties, covenants and agreements of Counterparty reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such shares by Counterparty to JPMorgan (or any such Affiliate) and the private resale of such shares by JPMorgan (or any such Affiliate), Counterparty shall, if so requested by JPMorgan, prepare, in cooperation with JPMorgan, a private placement memorandum in form and substance reasonably satisfactory to JPMorgan.

5. JPMorgan, itself or through an Affiliate (the “**Selling Agent**”) or any underwriter(s), will sell in a commercially reasonable manner all, or such lesser portion as may be required hereunder, of the Registered Settlement Shares or Unregistered Settlement Shares and any Makewhole Shares (as defined below) (together, the “**Settlement Shares**”) delivered by Counterparty to JPMorgan pursuant to paragraph 6 below commencing on the Cash Settlement Payment Date and continuing until the date on which the aggregate Net Proceeds (as such term is defined below) of such sales, as determined by JPMorgan, is equal to the absolute value of the Forward Cash Settlement Amount (such date, the “**Final Resale Date**”). If the proceeds of any sale(s) made by JPMorgan, the Selling Agent or any underwriter(s), net of any commercially reasonable fees and commissions (including, without limitation, underwriting or placement fees) customary for similar transactions under the circumstances at the time of the offering, together with commercially reasonable carrying charges and expenses incurred in connection with the offer and sale of the Shares (including, without limitation, the covering of any over-allotment or short position (syndicate or otherwise)) (the “**Net Proceeds**”) exceed the absolute value of the Forward Cash Settlement Amount, JPMorgan will refund, in USD (or, at Counterparty’s election, Shares of equivalent value), such excess to Counterparty on the date that is three (3) Currency Business Days following the Final Resale Date (or, in the case of such a refund in Shares, commercially reasonably promptly thereafter), and, if any portion of the Settlement Shares remains unsold, JPMorgan shall return to Counterparty on that date such unsold Shares.

6. If the Calculation Agent determines that the Net Proceeds received from the sale of the Registered Settlement Shares or Unregistered Settlement Shares or any Makewhole Shares, if any, pursuant to this paragraph 6 are less than the absolute value of the Forward Cash Settlement Amount (the amount in USD by which the Net Proceeds are less than the absolute value of the Forward Cash Settlement Amount being the “**Shortfall**” and the date on which such determination is made, the “**Deficiency Determination Date**”), Counterparty shall on the Exchange Business Day next succeeding the Deficiency Determination Date (the “**Makewhole Notice Date**”) deliver to JPMorgan, through the Selling Agent, a notice of Counterparty’s election that Counterparty shall either (i) pay an amount in cash equal to the Shortfall on the day that is one Currency Business Day after the Makewhole Notice Date, or (ii) deliver additional Shares. If Counterparty elects to deliver to JPMorgan additional Shares, then Counterparty shall deliver additional Shares in compliance with the terms and conditions of paragraph 3 or paragraph 4 above, as the case may be (the “**Makewhole Shares**”), on the first Clearance System Business Day which is also an Exchange Business Day following the Makewhole Notice Date in such number as the Calculation Agent reasonably believes would have a market value on that Exchange Business Day equal to the Shortfall. Such Makewhole Shares shall be sold by JPMorgan in accordance with the provisions above; *provided* that if the sum of the Net Proceeds from the sale of the originally delivered Shares and the Net Proceeds from the sale of any Makewhole Shares is less than the absolute value of the Forward Cash Settlement Amount then Counterparty shall, at its election, either make such cash payment or deliver to JPMorgan further Makewhole Shares until such Shortfall has been reduced to zero.

7. Notwithstanding the foregoing, in no event shall the aggregate number of Settlement Shares for any Transaction be greater than the Reserved Shares *minus* the amount of any Shares actually delivered by Counterparty under any other Transaction under this Master Confirmation (the result of such calculation, the “**Capped Number**”). Counterparty represents and warrants (which shall be deemed to be repeated on each day that a Transaction is outstanding) that the Capped Number is equal to or less than the number of Shares determined according to the following formula:

$$A - B$$

Where A = the number of authorized but unissued shares of Counterparty that are not reserved for future issuance on the date of the determination of the Capped Number; and

B = the maximum number of Shares required to be delivered to third parties if Counterparty elected Net Share Settlement of all transactions in the Shares (other than Transactions in the Shares under this Master Confirmation) with all third parties that are then currently outstanding and unexercised.

“**Reserved Shares**” means initially, [_____] Shares. The Reserved Shares may be increased or decreased in a Supplemental Confirmation.

If at any time, as a result of this paragraph 7, Counterparty fails to deliver to JPMorgan any Settlement Shares, Counterparty shall, to the extent that Counterparty has at such time authorized but unissued Shares not reserved for other purposes, promptly notify JPMorgan thereof and deliver to JPMorgan a number of Shares not previously delivered as a result of this paragraph 7. Counterparty agrees to use its best efforts to cause the number of authorized but unissued Shares to be increased, if necessary to an amount sufficient to permit Counterparty to fulfill its obligation to deliver any Settlement Shares.

COMMUNICATIONS PROCEDURES

[____], 20[__]

I. Introduction

iRobot Corporation (“**Counterparty**”) and J.P. Morgan Securities LLC, as agent for JPMorgan Chase Bank, National Association, London Branch (“**JPMorgan**”), have adopted these communications procedures (the “**Communications Procedures**”) in connection with entering into the Master Confirmation (the “**Master Confirmation**”), dated as of [____], 20[__], between JPMorgan and Counterparty relating to Uncollared Accelerated Share Repurchase transactions. These Communications Procedures supplement, form part of, and are subject to the Master Confirmation.

II. Communications Rules

For each Transaction, from the Trade Date for such Transaction until the date all payments or deliveries of Shares have been made with respect to such Transaction, Counterparty and its Employees and Designees shall not engage in any Program-Related Communication with, or disclose any Material Non-Public Information to, any EDG Trading Personnel. Except as set forth in the preceding sentence, the Master Confirmation shall not limit Counterparty and its Employees and Designees in their communication with Affiliates and Employees of JPMorgan, including, without limitation, Employees who are EDG Permitted Contacts.

III. Termination

If, in the sole judgment of any EDG Trading Personnel or any Affiliate or Employee of JPMorgan participating in any Communication with Counterparty or any Employee or Designee of Counterparty, such Communication would not be permitted by these Communications Procedures, such EDG Trading Personnel or Affiliate or Employee of JPMorgan shall immediately terminate such Communication. In such case, or if such EDG Trading Personnel or Affiliate or Employee of JPMorgan determines following completion of any Communication with Counterparty or any Employee or Designee of Counterparty that such Communication was not permitted by these Communications Procedures, such EDG Trading Personnel or such Affiliate or Employee of JPMorgan shall promptly consult with his or her supervisors and with counsel for JPMorgan regarding such Communication. If, in the reasonable judgment of JPMorgan’s counsel following such consultation, there is more than an insignificant risk that such Communication could materially jeopardize the availability of the affirmative defenses provided in Rule 10b5-1 under the Exchange Act with respect to any ongoing or contemplated activities of JPMorgan or its Affiliates in respect of any Transaction pursuant to the Master Confirmation, it shall be an Additional Termination Event pursuant to Section 19(a) of the Master Confirmation, with Counterparty as the sole Affected Party and all Transactions under the Master Confirmation as Affected Transactions.

IV. Definitions

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Master Confirmation. As used herein, the following words and phrases shall have the following meanings:

“**Communication**” means any contact or communication (whether written, electronic, oral or otherwise) between Counterparty or any of its Employees or Designees, on the one hand, and JPMorgan or any of its Affiliates or Employees, on the other hand.

“**Designee**” means a person designated, in writing or orally, by Counterparty to communicate with JPMorgan on behalf of Counterparty.

“**EDG Permitted Contact**” means any of Mr. David Aidelson, Mr. Gregory Batista, Mr. Elliot Chalom, Mr. Steven Seltzer, [____] and [____] or any of their designees; provided that JPMorgan may amend the list of EDG Permitted Contacts by delivering a revised list of EDG Permitted Contacts to Counterparty.

“**EDG Trading Personnel**” means Mr. Michael Captain, Mr. Edwin Li, Mr. Michael Tatro and any other Employee of the public side of the Equity Derivatives Group of J.P. Morgan Chase & Co.; *provided* that JPMorgan may amend the list of EDG Trading Personnel by delivering a revised list of EDG Trading Personnel to Counterparty; and *provided further* that, for the avoidance of doubt, the persons listed as EDG Permitted Contacts are not EDG Trading Personnel.

“Employee” means, with respect to any entity, any owner, principal, officer, director, employee or other agent or representative of such entity, and any Affiliate of any of such owner, principal, officer, director, employee, agent or representative.

“Material Non-Public Information” means information relating to Counterparty or the Shares that (a) has not been widely disseminated by wire service, in one or more newspapers of general circulation, by communication from Counterparty to its shareholders or in a press release, or contained in a public filing made by Counterparty with the Securities and Exchange Commission and (b) a reasonable investor might consider to be of importance in making an investment decision to buy, sell or hold Shares. For the avoidance of doubt and solely by way of illustration, information should be presumed “material” if it relates to such matters as dividend increases or decreases, earnings estimates, changes in previously released earnings estimates, significant expansion or curtailment of operations, a significant increase or decline of orders, significant merger or acquisition proposals or agreements, significant new products or discoveries, extraordinary borrowing, major litigation, liquidity problems, extraordinary management developments, purchase or sale of substantial assets and similar matters.

“Program-Related Communication” means any Communication the subject matter of which relates to the Master Confirmation or any Transaction under the Master Confirmation or any activities of JPMorgan (or any of its Affiliates) in respect of the Master Confirmation or any Transaction under the Master Confirmation.

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE iROBOT CORPORATION
2015 STOCK OPTION AND INCENTIVE PLAN**

Name of Grantee: _____

Target No. of Restricted Stock Units Granted: _____ (the "Target Award")

Grant Date: _____

Pursuant to the iRobot Corporation 2015 Stock Option and Incentive Plan (the "Plan"), iRobot Corporation (the "Company") has selected the Grantee named above to be awarded the Target Award specified above, subject to the terms and conditions of the Plan and this Award Agreement. Capitalized terms used but not defined in this Award Agreement shall have the meaning given such terms in the Plan.

1. Definitions

For purposes of this Plan:

(a) "Award" means this award of performance-based Restricted Stock Units.

(b) "Award Agreement" means this Performance-Based Restricted Stock Unit Award Agreement.

(c) "Change in Control Date" means with respect to each Change in Control Performance Period, the last day of the month immediately preceding the effective date of a Sale Event.

(d) "Change in Control Performance Period" means the Performance Period that is shortened by the Administrator such that each such period shall be deemed to have concluded as of the Change in Control Date.

(e) "Performance Goals" mean the performance criteria applicable to an Award, as determined by the Administrator and set forth in this Award Agreement.

(f) "Performance Period" means a three fiscal year period commencing on January 3, 2016 and concluding on last day of the final fiscal year.

(g) "Sale Event" shall have the meaning given such term in the Plan.

2. Restrictions on Transfer of Award and Award Agreement. The Award shall not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee until (i) the Restricted Stock Units have vested as provided in Section 3 of this Award Agreement, and (ii) shares have been issued pursuant to Section 7 of this Award Agreement. This Award Agreement is personal to the Grantee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution.

3. Vesting of Restricted Stock Units. Subject to Sections 4 and 6 below, the Restricted Stock Units shall vest in accordance with the vesting schedule set forth on Exhibit A hereto.

4. Termination of Employment. Subject to Section 6 below, if at any time prior to the third Anniversary of the Grant Date (the "Vesting Date"), the Grantee's employment with the Company terminates for any reason, the Grantee shall automatically forfeit the right to receive any portion of the Award; provided, however, that if the Grantee's employment terminates by reason of the Grantee's death after the Restricted Stock Units have been earned pursuant to Section 5 below, but before the Vesting Date, the Grantee shall not forfeit any such earned Restricted Stock Units.

5. Determination and Payment of Awards.

(a) The Target Award for the Performance Period shall be earned based on the Company's performance for such Performance Period as measured by the Performance Goal(s), subject to the Grantee's continued employment with the Company through the Vesting Date, except as set forth in Section 6 below.

(b) The Administrator, during the first fiscal quarter following the conclusion of each fiscal year in the Performance Period, shall determine the actual number of Restricted Stock Units that will be deemed to have been earned for

such year and, at a meeting during the first fiscal quarter after the conclusion of the Performance Period, the Administrator shall determine the total number of Restricted Stock Units that shall be deemed earned as of the final day of the Performance Period, in each case in accordance with the terms of the applicable Award Agreement.

6. Change in Control. Subject to any Executive Agreement, Employment Agreement or similar agreement between the Company and the Grantee, in the event a Sale Event occurs prior to the end of a Performance Period, the Administrator shall determine the number of Restricted Stock Units to be earned by the Grantee in accordance with the principles set forth in Section 5 based upon the Company's performance during the Change in Control Performance Period.

7. Issuance of Shares of Stock; Rights as Stockholder.

(a) As soon as practicable following the conclusion of the Performance Period, (but in no event later than 74 days following the Vesting Date), the earned and vested Restricted Stock Units, if any, will be settled in an equal number of shares of Stock. The Company shall direct its transfer agent to issue to the Grantee in book entry form the number of shares of Stock equal to the number of Restricted Stock Units that have been earned pursuant to Sections 3 and 5 and Exhibit A of this Award Agreement on such date in satisfaction of such Restricted Stock Units. Such issuance may be effected by the Company directing its transfer agent to deposit such shares of Stock into the Grantee's brokerage account. The Grantee's cost basis in any shares of Stock issued hereunder shall be \$0.00.

(b) In each instance above, the issuance of shares of Stock shall be subject to the payment by the Grantee by cash or other means acceptable to the Company of any Federal, state, local and other applicable taxes required to be withheld in connection with such issuance in accordance with Section 9 of this Award Agreement.

(c) The Grantee understands that (i) the Grantee shall have no rights with respect to the shares of Stock underlying the Restricted Stock Units, such as voting rights, dividend rights and dividend equivalent rights, unless and until the Award has been settled and such shares of Stock have been issued to the Grantee as specified in Section 7(a) hereof and (ii) once shares have been delivered by book entry to the Grantee in respect of the Restricted Stock Units, the Grantee will be free to sell such shares of Stock, subject to applicable requirements of Federal and state securities laws and Company policy.

8. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Award Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2 of the Plan.

9. Tax Withholding. In the event the Company is required to withhold taxes from the Grantee for taxable compensation relating to the issuance of shares of Stock in connection with this Award, the Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. Subject to approval by the Administrator, the Company's required minimum tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from shares of Stock to be issued by the transfer agent, a number of shares of Stock with an aggregate Fair Market Value (as defined in the Plan) that would satisfy the withholding amount due. In the event that the Grantee does not satisfy his or her tax withholding obligation within five business days of being notified by the Company of such obligation, the Company shall, to the extent permitted by law, have the right to deduct such taxes from any payment of any kind otherwise due to the Grantee.

10. Section 409A.

(a) All payments and benefits described in this Award Agreement are intended to constitute a short term deferral for purposes of Section 409A of the Code and this Award Agreement shall be interpreted in accordance with such intent. To the extent that any payment or benefit described in this Award Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon the Grantee's termination of employment, then such payments or benefits shall be payable only upon the Grantee's "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(b) The parties intend that this Award will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Award Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder are exempt from or comply with Section 409A of the Code. The parties agree that this Plan may be amended, as reasonably requested by either party, and as may be

necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) The Company makes no representation or warranty and shall have no liability to the Grantee or any other person if any provisions of this Awards are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

11. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary (as defined in the Plan) is obligated by or as a result of the Plan or this Award Agreement to continue the Grantee in a service relationship with the Company or any Subsidiary and neither the Plan nor this Award Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate its service relationship with the Grantee at any time.

12. Arbitration. Any dispute, controversy or claim arising out of, in connection with, or relating to the performance of this Award Agreement or its termination shall be settled by arbitration in the Commonwealth of Massachusetts, pursuant to the rules then obtaining of the American Arbitration Association. Any award shall be final, binding and conclusive upon the parties and a judgment rendered thereon may be entered in any court having jurisdiction thereof.

13. Miscellaneous.

(a) Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

(b) Modification. This Award Agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

(c) Severability. The invalidity, illegality or unenforceability of any provision of this Award Agreement shall in no way affect the validity, legality or enforceability of any other provision.

(d) Successors and Assigns. This Award Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(e) Governing Law. This Award Agreement shall be governed by and interpreted in accordance with the laws of the State of Delaware, without giving effect to the principles of the conflicts of laws thereof.

(f) Fractional Shares. All fractional shares resulting from the adjustment provisions or from the withholding of shares to satisfy tax withholding obligations, contained in this Award Agreement or in the Plan, shall be rounded down.

(g) Integration. This Award Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements regarding such subject matter.

iROBOT CORPORATION

By: _____

Title:

The foregoing Award Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Dated: _____

Grantee's Signature

Grantee's Name and Address

EXHIBIT A

EARNING & VESTING SCHEDULE

Fiscal Year	Revenue Threshold	Target Operating Income Percent

Certifications

I, Colin M. Angle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRobot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ COLIN M. ANGLE

Colin M. Angle
Chairman of the Board and Chief Executive Officer

Certifications

I, Alison Dean, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of iRobot Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2016

/s/ ALISON DEAN

Alison Dean
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of iRobot Corporation (the "Company") for the period ended April 2, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Colin M. Angle, the Chief Executive Officer of the Company and Alison Dean, the Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to our knowledge, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certification is being provided pursuant to 18 U.S.C. 1350 and is not to be deemed a part of the Report, nor is it to be deemed to be "filed" for any purpose whatsoever.

Date: May 6, 2016

/s/ COLIN M. ANGLE

Colin M. Angle
Chairman of the Board and Chief Executive Officer

Date: May 6, 2016

/s/ ALISON DEAN

Alison Dean
Chief Financial Officer