

IROBOT CORP  
Form DEF 14A  
April 17, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to 240.14a-12

**iRobot Corporation**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

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- 1) Amount previously paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:
- 4) Date Filed:

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April 17, 2017

Dear Fellow Stockholder,

You are cordially invited to attend the Annual Meeting of stockholders of iRobot Corporation, a Delaware corporation (the Company), to be held on Tuesday, May 23, 2017, at 8:30 a.m., local time, at the Company's headquarters located at 8 Crosby Drive, Bedford, Massachusetts 01730.

At this annual meeting, you will be asked to (1) elect three (3) Class III directors, each to serve for a three-year term; (2) ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year; (3) approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements; (4) approve amendments to our amended and restated certificate of incorporation to declassify the board of directors; (5) approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders' ability to call a special meeting; (6) approve the 2017 Employee Stock Purchase Plan (the ESPP); (7) approve, on an advisory basis, the compensation of our named executive officers; and (8) hold an advisory vote on the frequency of future advisory votes on the compensation of our named executive officers.

The board of directors unanimously recommends that you vote FOR election of the director nominees, FOR ratification of appointment of our independent registered public accountants, FOR approval of amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements, FOR approval of amendments to our amended and restated certificate of incorporation to declassify the board of directors, FOR approval of amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders' ability to call a special meeting, FOR approval of the ESPP, FOR approval on an advisory basis, of the compensation of our named executive officers, and for approval on an advisory basis, of a proposal to hold future advisory votes on the compensation of our named executive officers every 1 YEAR. Details regarding the matters to be acted upon at this annual meeting appear in the accompanying proxy statement. Please give the accompanying materials your careful attention. Whether or not you plan to attend the annual meeting, we urge you to sign and return the enclosed proxy so that your shares will be represented at the annual meeting. If you attend the annual meeting, you may vote in person even if you have previously returned your proxy card. Your prompt cooperation will be greatly appreciated.

Because approval of Proposals 3, 4 and 5 requires the affirmative vote of at least 75% of the outstanding shares, your vote will be especially important at this year's annual meeting.

Thank you for your continued support, interest and investment in iRobot.

Sincerely,

Colin M. Angle

Chairman of the Board and Chief Executive Officer

**Table of Contents****SUMMARY OF RECENT AND PROPOSED CHANGES TO CORPORATE GOVERNANCE AND EXECUTIVE COMPENSATION**

In our continuing efforts to improve corporate governance and better align executive compensation with Company performance, the following highlights elements of our corporate governance and executive compensation changes and proposed changes that are described in more detail in the proxy statement.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017 Proposed Changes</b>
<b>Corporate Governance</b>	Termination of rights plan - poison pill  Adopted majority voting standard for election of directors	Recommended adoption of majority voting standards for a) removal of directors, b) amendments to our by-laws, and c) amendments to certain provisions of our certificate of incorporation*	Recommended adoption of majority voting standards for a) removal of directors, b) amendments to our by-laws, and c) amendments to certain provisions of our certificate of incorporation  Recommended annual election of directors on phased-in basis**  Codified Lead Independent Director role  Adopted proxy access	Recommending adoption of majority voting standards for a) removal of directors, b) amendments to our by-laws, and c) amendments to certain provisions of our certificate of incorporation.  Recommending annual election of directors commencing at the 2018 annual meeting***  Recommending amendments to our by-laws and certificate of incorporation to allow stockholders to call special meetings
<b>Board Refreshment</b>	Added Michelle Stacy, consumer expertise;  Jacques Gansler, defense - retired	Added Mohamad Ali, technology/cloud expertise;  Paul Kern, defense - retired;  Paul Sagan, technology - retired	Added Michael Bell, technology/cloud expertise;  Added Andrew Miller, finance/technology expertise;  George McNamee, finance - retired	Added Elisha Finney, finance/technology;  Gail Deegan, finance - retiring;  Andrea Geisser, finance - retiring
<b>Executive Compensation</b>	Designed 50% of executive LTI to be based on Company s	Adopted a clawback policy		Modified executive LTI to (i) remove options and increase performance

performance

share  
units (PSUs) to 50% and  
(ii) require performance  
of PSUs to be measured  
over the full three-year  
performance period (no  
annual targets and no  
make-up provisions)

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Over the past four years we have added five independent directors with extensive experience in consumer businesses, global branding, strategic software development, cloud infrastructure, data analytics and finance while retiring several with experience that was no longer relevant to the Company’s strategy. We continually evaluate our board member skills for alignment with iRobot’s strategic goals.

**Corporate Governance**

In 2014, we eliminated our rights plan or poison pill and adopted a majority voting standard for election of directors. In 2015, we recommended adoption of majority voting standards for a) removal of directors, b) amendments to our by-laws, and c) amendments to certain provisions of our certificate of incorporation. While the proposal received overwhelming support from voting stockholders, it did not receive the support of 75% of outstanding shares necessary for adoption. The board again submitted the proposal to the stockholders for a vote in 2016 and engaged a proxy solicitor to help secure the necessary votes for passage; however, the proposal again did not receive the requisite support of 75% of the outstanding shares. The board is submitting the proposal for approval by the stockholders at the 2017 annual meeting and has hired a proxy solicitor to help in soliciting approval for this proposal.

- \* 2015 Proposal received overwhelming support from voting stockholders (99%), though received the support of only 58% of the outstanding shares, which was short of the 75% of outstanding shares necessary for approval.
- \*\* 2016 Hired a proxy solicitor to obtain the necessary number of votes to pass the proposal. Despite overwhelming stockholder support from voting stockholders (96%), the proposal received 71% of the total outstanding shares, again short of the 75% approval threshold.
- \*\*\* 2017 Engaged a proxy solicitor to obtain the necessary votes and further demonstrate the board of directors support of the proposal and commitment to corporate governance best practices.

**Executive Compensation**

In response to investor feedback in 2016, we modified the long-term incentive, or LTI, component of our executive compensation plan effective in fiscal year 2017. The revised plan moves to a mix of 50% performance share units, or PSUs, and 50% time-based restricted stock units. The PSUs have metrics based on financial performance of the Company measured at the end of a three-year performance period. We also added the ability to achieve an above target payout for PSUs starting in 2017 for achievement of the performance metrics above target levels.

**Board of Directors**

The following matrix summarizes our directors’ skills that are critical to our company’s success:

**Skills Matrix**

Board Members	Consumer	Software/ Internet of Robotics Diver
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	Public Co. Leadership	Public Co. Board Experience	Finance and Capital Management	Global Operating Experience	Products	Consumer Technology	SaaS	Things		
Lin Angle	X	X	X	X	X	X	X	X	X	
Shaham Ali	X	X	X	X	X	X	X	X		X
Michael Bell	X	X	X	X	X	X	X	X		
Ronald Chwang	X	X	X	X	X	X		X	X	X
Paul Deegan*	X	X	X	X		X	X	X		X
Robert Borah										
Michael Geinger	X	X	X	X	X	X				X
Andrea Geisser*		X	X	X	X	X				
Michelle Stacy	X	X	X	X	X	X				X
<i>Recently Appointed iRobot Board Members Recommended for Election</i>										
Sha Finney	X	X	X	X		X	X			X
Andrew Miller	X	X	X	X	X	X	X	X		

\* Ms. Deegan and Mr. Geisser will not be standing for re-election at the 2017 Annual Meeting

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The following summarizes key information about the board of directors:

***Board and Governance Information\****

8	Size of Board
7	Number of Independent Directors
59	Average Age of Directors
16	Board Meetings Held in Fiscal 2016
4.5	Average Tenure of Independent Directors (in years)
63%	Independent Directors Added in the Last Three Years
	Annual Election of Directors**
	Proxy Access
	Majority Voting for Directors
	No Supermajority Voting Requirements***
	Lead Independent Director
	Independent Directors Meet Without Management Present
	Director Stock Ownership Guidelines
	Code of Business Conduct and Ethics for Directors, Officers and Employees
	Director Self-Evaluation Program

\* All board of directors data excludes Gail Deegan and Andrea Geisser, who will retire following the 2017 annual meeting.

\*\* The Company is seeking stockholder approval at the 2017 annual meeting to declassify its board of directors.

\*\*\* The Company is seeking stockholder approval at the 2017 annual meeting to eliminate supermajority voting requirements in its governing documents relating to removal of directors and amendments to the Company's certificate of incorporation and bylaws.

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**iROBOT CORPORATION**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on May 23, 2017**

To the Stockholders of iRobot Corporation:

The annual meeting of stockholders of iRobot Corporation, a Delaware corporation (the "Company"), will be held on Tuesday, May 23, 2017, at 8:30 a.m., local time, at the Company's headquarters located at 8 Crosby Drive, Bedford, Massachusetts 01730, for the following purposes:

1. To elect three (3) Class III directors, nominated by the board of directors, each to serve for a three-year term and until his or her successor has been duly elected and qualified or until his or her earlier resignation or removal;
2. To ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year;
3. To approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements;
4. To approve amendments to our amended and restated certificate of incorporation to declassify the board of directors;
5. To approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders' ability to call a special meeting;
6. To approve the 2017 Employee Stock Purchase Plan;
7. To hold an advisory vote on the approval of the compensation of our named executive officers;
8. To hold an advisory vote on the frequency of future advisory votes on the compensation of our named executive officers; and
9. To transact such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

Proposal 1 relates solely to the election of three (3) Class III directors nominated by the board of directors and does not include any other matters relating to the election of directors. Only stockholders of record at the close of business on April 4, 2017 are entitled to notice of and to vote at the annual meeting and at any adjournment or postponement thereof.

All stockholders are cordially invited to attend the annual meeting in person. In accordance with our security procedures, all persons attending the annual meeting will be required to present a form of government-issued picture identification. If you hold your shares in "street name", you must also provide proof of ownership (such as a recent

brokerage statement). If you are a holder of record and attend the annual meeting, you may vote by ballot in person even if you have previously returned your proxy card. If you hold your shares in street name and wish to vote in person, you must provide a legal proxy from your bank or broker. However, to assure your representation at the annual meeting, we urge you, whether or not you plan to attend the annual meeting, to sign and return the enclosed proxy so that your shares will be represented at the annual meeting. If you attend the annual meeting, you may vote in person even if you have previously returned your proxy card. Directions to iRobot Corporation headquarters can be found at the Company's website, <http://www.irobot.com>.

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Please note that, even if you plan to attend the annual meeting, we recommend that you vote using the enclosed proxy card TODAY, to ensure that your shares will be represented.

By Order of the Board of Directors,

GLEN D. WEINSTEIN

Executive Vice President,

Chief Legal Officer and Secretary

Bedford, Massachusetts

April 17, 2017

**WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE VOTE BY TELEPHONE, OVER THE INTERNET OR BY SIGNING, DATING AND RETURNING THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED IN ORDER TO ASSURE REPRESENTATION OF YOUR SHARES.**

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**iROBOT CORPORATION**

**PROXY STATEMENT**

**For the Annual Meeting of Stockholders**

**To Be Held on May 23, 2017**

**April 17, 2017**

This proxy statement and proxy card are furnished in connection with the solicitation of proxies by the board of directors of iRobot Corporation, a Delaware corporation (the "Company" or "iRobot"), for use at the annual meeting of stockholders to be held on Tuesday, May 23, 2017, at 8:30 a.m., local time, at the Company's headquarters located at 8 Crosby Drive, Bedford, Massachusetts 01730, and any adjournments or postponements thereof. An annual report to stockholders, containing financial statements for the fiscal year ended December 31, 2016, is being mailed together with this proxy statement to all stockholders entitled to vote at the annual meeting. This proxy statement and the accompanying proxy card are expected to be first mailed to stockholders on or about April 17, 2017.

The purposes of the annual meeting are to elect three (3) Class III directors, each for a three-year term, to ratify the appointment of the Company's independent registered public accountants, to approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements, to approve amendments to our amended and restated certificate of incorporation to declassify the board of directors, and to approve amendments to our amended and restated certificate of incorporation to eliminate the prohibition on stockholders' ability to call a special meeting (such amendments, together, the "Certificate Amendments"), to approve the 2017 Employee Stock Purchase Plan (the "ESPP"), to hold an advisory vote on the compensation of our named executive officers and to hold an advisory vote on the frequency of future advisory votes on the compensation of our named executive officers. Only stockholders of record at the close of business on April 4, 2017 will be entitled to receive notice of and to vote at the annual meeting. As of March 31, 2017, 27,409,706 shares of common stock, \$.01 par value per share, of the Company were issued and outstanding. The holders of common stock are entitled to one vote per share on any proposal presented at the annual meeting.

Stockholders may vote in person or by proxy. If you attend the annual meeting, you may vote in person even if you have previously returned your proxy card. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing a written notice of revocation bearing a later date than the proxy with the Secretary of the Company, (ii) duly completing a later-dated proxy relating to the same shares, or (iii) attending the annual meeting and voting in person (although attendance at the annual meeting will not in and of itself constitute a revocation of a proxy). Any written notice of revocation or subsequent proxy should be sent so as to be delivered to iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Secretary, before the taking of the vote at the annual meeting.

The representation in person or by proxy of at least a majority of the outstanding shares of common stock entitled to vote at the annual meeting is necessary to constitute a quorum for the transaction of business. Votes withheld from any nominee, abstentions and broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the annual meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because, with respect to such other



proposal, the nominee does not have discretionary voting power and has not received instructions from the beneficial owner. Broker non-votes are not considered voted for the particular matter. If you hold your shares in street-name through a broker or other nominee, absent voting instructions from you, your shares will not be counted as voting and will have no effect on those proposals, other than Proposal 2 requiring approval by a majority of the votes cast, and will have the same effect as if you voted against Proposals 3, 4 and 5. On the other hand, Proposal 2 to ratify the appointment of our independent registered public accountants is a routine matter for which your broker does not need your voting instruction in order to vote your shares.

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For Proposal 1, our by-laws require that each director be elected by the affirmative vote of holders of a majority of the votes cast by holders of shares present, in person or represented by proxy, and entitled to vote on the matter. Abstentions and broker non-votes will not be counted as voting with respect to the election of the directors and, therefore, will not have an effect on the election of the Class III directors.

For Proposal 2, the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year, Proposal 6, approval of the ESPP, and Proposal 7, the advisory vote on the compensation of our named executive officers, an affirmative vote of holders of a majority of the votes cast by holders of shares present, in person or represented by proxy, and entitled to vote on each such matter is required for approval. Abstentions and broker non-votes are not considered votes cast for either Proposal and, therefore, will not have any effect on the outcome of such Proposal.

For Proposals 3, 4 and 5, votes on the Certificate Amendments, an affirmative vote of not less than 75% of the outstanding shares entitled to vote as of the record date is required for approval of each such Proposal. Abstentions and broker non-votes will have the same effect as if you voted against Proposals 3, 4 and 5.

For Proposal 8, the advisory vote on the frequency of future advisory votes on the compensation of our named executive officers, you may vote 1 Year, 2 Years, 3 Years, or abstain from voting on this proposal. Assuming a quorum is present, the option that receives the most votes to be the option selected by the stockholders. Abstentions and broker non-votes, if any, will have no effect on the outcome of this matter.

All properly executed proxies returned in time to be counted at the annual meeting will be voted by the named proxies at the annual meeting. Where a choice has been specified on the proxy with respect to the foregoing matters, the shares represented by the proxy will be voted in accordance with the specifications. If you return a validly executed proxy card without indicating how your shares should be voted on a matter, your proxies will be voted FOR election of the director nominees, FOR ratification of the appointment of our independent registered public accountants, FOR each of the Certificate Amendments, FOR approval of the ESPP, FOR the approval on an advisory basis, of the compensation of our named executive officers, and for every 1 YEAR on the advisory proposal on the frequency of future advisory votes on the compensation of our named executive officers.

Aside from the election of directors, the ratification of the appointment of the independent registered public accountants, the approval of the Certificate Amendments, the approval of the ESPP, the advisory vote on the compensation of our named executive officers, and the advisory vote on the frequency of future advisory votes on the compensation of our named executive officers, the board of directors knows of no other matters to be presented at the annual meeting. If any other matter should be presented at the annual meeting upon which a vote properly may be taken, shares represented by all proxy cards received by the board of directors will be voted with respect thereto at the discretion of the persons named as proxies.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 23, 2017. THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT <http://investor.irobot.com/phoenix.zhtml?c=193096&p=irol-reportsannual>.**

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**Nominees**

Our board of directors currently consists of ten members. Our amended and restated certificate of incorporation currently divides the board of directors into three classes. One class is elected each year for a term of three years. The board of directors, upon the recommendation of the nominating and corporate governance committee, has nominated Andrew Miller, Elisha Finney and Michelle V. Stacy, and recommended that each be elected to the board of directors as a Class III director, each to hold office until the annual meeting of stockholders to be held in the year 2020 or until his or her successor has been duly elected and qualified or until his or her earlier death, resignation or removal. Mr. Miller, Ms. Finney and Ms. Stacy are currently Class III directors whose terms are set to expire at this annual meeting. Each of Mr. Miller, Ms. Finney and Ms. Stacy has consented to being named in this proxy statement and has agreed to serve if elected. The board of directors is also composed of (i) three Class I directors (Colin M. Angle, Ronald Chwang, Ph.D., and Deborah G. Ellinger) whose terms are currently set to expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2018, (ii) two Class II directors (Mohamad Ali and Michael Bell) whose terms are currently set to expire upon the election and qualification of directors at the annual meeting of stockholders to be held in 2019, and (iii) Gail Deegan and Andrea Geisser, currently Class III directors, who have informed us that they will retire following the end of their terms at the 2017 annual meeting. If Proposal 4 is approved by the stockholders, each of Mr. Miller, Ms. Finney and Ms. Stacy, along with all other directors, will stand for election at the 2018 annual meeting.

The board of directors knows of no reason why any of the nominees named in this proxy statement would be unable or for good cause will not serve, but if any nominee should for any reason be unable to serve or for good cause will not serve, the board of directors reserves the right to nominate substitute nominees for election prior to the annual meeting, in which case the Company will file an amendment to this proxy statement disclosing the identity of such substitute nominees and related information and the proxies will be voted for such substitute nominees. Unless otherwise instructed, the proxy holders will vote the proxies received by them for the nominees named below.

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The following table sets forth our nominees to be elected at the annual meeting and continuing directors, the positions with us currently held by each nominee and director, the year each nominee's or director's current term is currently set to expire and each nominee's and director's current class:

<b>Nominee's or Director's Name</b>	<b>Position(s) with the Company</b>	<b>Year Current Term Will Expire</b>	<b>Current Class of Director</b>
<b>Nominees for Class III Directors:</b>			
Andrew Miller(1)	Director	2017	III
Elisha Finney(2)	Director	2017	III
Michelle V. Stacy	Director	2017	III
<b>Continuing Directors:</b>			
Colin M. Angle	Chairman of the Board, Chief Executive Officer and Director	2018	I
Ronald Chwang, Ph.D.	Director	2018	I
Deborah G. Ellinger	Lead Independent Director	2018	I
Mohamad Ali	Director	2019	II

Michael Bell

Director

2019

II

- (1) Mr. Miller was appointed by the board of directors as a Class III director in September 2016.
- (2) Ms. Finney was appointed by the board of directors as a Class III director in January 2017.

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The following table sets forth the director nominees to be elected at the annual meeting, the directors and the executive officers of the Company, their ages immediately prior to the annual meeting, and the positions currently held by each such person with the Company:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Colin M. Angle(4)	49	Chairman of the Board, Chief Executive Officer and Director
Deborah G. Ellinger(3)	58	Lead Independent Director
Mohamad Ali(1)(4)	46	Director
Michael Bell(1)(2)	50	Director
Ronald Chwang, Ph.D.(3)(4)	69	Director
Gail Deegan(2)(3)(5)	70	Director
Andrea Geisser(1)(2)(5)	74	Director
Andrew Miller(2)(3)	56	Director
Elisha Finney(2)	55	Director
Michelle V. Stacy(1)(4)	62	Director
Alison Dean	52	Executive Vice President, Chief Financial Officer, Treasurer and Principal Accounting Officer

Christian Cerda

47 Chief Operating Officer

Russell J. Campanello

61 Executive Vice President, Human Resources and Corporate Communications

Glen D. Weinstein

46 Executive Vice President, Chief Legal Officer

(1) Member of compensation and talent committee

(4) Member of strategy and finance committee

(2) Member of audit committee

(5) Ms. Deegan and Mr. Geisser will be retiring from the board of directors and all committees thereof and are therefore not standing for re-election at this annual meeting

(3) Member of nominating and corporate governance committee

**Colin M. Angle**, a co-founder of iRobot, has served as chairman of the board since October 2008, as chief executive officer since June 1997, and prior to that, as our president since November 1992. He has served as a director since October 1992. As a co-founder and chief executive officer, Mr. Angle provides a critical contribution to the board of directors with his detailed knowledge of the Company, our employees, our client base, our prospects, the strategic marketplace and our competitors. Mr. Angle previously worked at the National Aeronautical and Space Administration's Jet Propulsion Laboratory where he participated in the design of the behavior controlled rovers that led to Sojourner exploring Mars in 1997. He holds a B.S. in Electrical Engineering and an M.S. in Computer Science, both from MIT.

**Deborah G. Ellinger** has served as a director since November 2011. She is the president and CEO of Ideal Image, a U.S. chain of health centers providing minimally invasive cosmetic procedures. She brings extensive experience in international retail and consumer products, having served as the chief executive officer of The Princeton Review, a company which assists students in test preparation, from 2012 to 2014, president of Restoration Hardware, a luxury home furnishings retailer, from 2008 to 2009, and chief executive officer of Wellness Pet Food, a natural pet-food company, from 2004 to 2008. Ms. Ellinger led each of those companies while they were owned by private equity firms, and successfully grew each business before transitioning it to new ownership, yielding three to seven times return on capital to investors. Previously, she served as an executive vice president at CVS Pharmacy, a senior vice president at Staples and a partner at The Boston Consulting Group; she began her career with Mellon Financial Corporation. She also serves on the board of Interpublic Group and The Commonwealth Institute, a nonprofit, and is a former director of The Princeton Review, Sealy Corporation, National Life Group, and several private companies. Her assignments have taken her all over the world; she has lived and worked in Europe, Asia and America. Ms. Ellinger is qualified as a

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Barrister-at-Law in London, as a member of the Inner Temple. She holds an M.A. and B.A. in Law and Mathematics from the University of Cambridge, England.

**Mohamad Ali** has served as a director since August 2015 and brings extensive experience with capital allocation in technology companies, as well as strategic software development, including cloud infrastructure and data analytics. He has served as the president, chief executive officer and director of Carbonite, Inc. from 2014 to present. Mr. Ali has successfully led Carbonite's continued growth, serving the ever-evolving technology needs of small and mid-size businesses and consumers. Boston-based Carbonite provides cloud and hybrid backup and recovery solutions for home and business. Previously, Mr. Ali served as chief strategy officer at Hewlett-Packard, a manufacturer of computers and enterprise products, from 2012 to 2014 and president of Avaya Global Services, an enterprise communications company. He also served in senior leadership roles at IBM Corporation, a multinational technology and consulting company, where he acquired numerous companies to build IBM's analytics and big data business. In addition to serving on the board of directors of Carbonite, Mr. Ali is also a director of Oxfam America and Massachusetts Technology Leadership Council and previously served on the Board of Directors of City National Corporation and City National Bank. He was named to Boston Business Journal's 2008 40 Under 40 list, and recognized by Massachusetts High Tech magazine as a 2011 All-Star. Mr. Ali holds a B.S. and an M.S. in Electrical Engineering, both from Stanford University.

**Michael Bell** has served as a director since March 2016 and brings significant expertise in the Internet of Things from his work at Silver Spring Networks, Inc., Intel Corporation, Apple, Inc., and Palm, Inc. He has been the chief executive officer and president of Silver Spring Networks, a leading networking platform and solutions provider for smart energy networks, since September 2015. Previously, from 2010 to 2015 he held various roles at Intel Corporation, a multinational technology corporation specializing in the production of semiconductor chips, including Corporate Vice President New Devices Group, Corporate VP Mobile and Communications Group and Corporate Vice President Ultra Mobility Group. He was head of Product Development at Palm, Inc. from 2007 to 2010. He worked at Apple, Inc. from 1991 to 2007 and played significant roles in development of Apple iPhone and Apple TV products, serving as Vice President, CPU Software from 2002 to 2007. Mr. Bell is a director of Silver Spring Networks, Inc. He holds a B.S. in Mechanical Engineering from the University of Pennsylvania.

**Ronald Chwang, Ph.D.**, has served as a director since November 1998 and brings extensive experience in technology, manufacturing, supply chain, business development and Asian operations. Since January 2005, he has been the chairman and president of iD Ventures America, LLC (formerly known as Acer Technology Ventures, LLC) part of the iD SoftCapital Group, a venture investment and management consulting service group. He was the chief executive officer of Acer America from 1992 until 1997, growing it to over \$1 Billion in revenues, and then became chairman and president of Acer Technology Ventures until 2004, managing high-tech venture investment activities in North America. Previously, he was president of two Acer business groups in Taiwan, from 1986 to 1991. Dr. Chwang holds a B.Eng. (with honors) in Electrical Engineering from McGill University and a Ph.D. in Electrical Engineering from the University of Southern California.

**Gail Deegan** has served as a director since May 2011 and brings extensive experience as a former chief financial officer of three public companies and director of five public companies, in addition to iRobot; she has served as Audit Committee Chair for three boards of directors. From 1996 until her retirement in 2001, Ms. Deegan served as executive vice president and chief financial officer of Houghton Mifflin, a publishing company. She was previously senior vice president of regulatory and government affairs for NYNEX New England, and vice president and chief financial officer of New England Telephone. Earlier in her career she was senior vice president, chief financial officer

and treasurer of Eastern Enterprises, as well as chief administrative officer of that company. Ms. Deegan is a former director of EMC Corporation, TJX Companies, Inc., and three other public companies. She brings deep experience with financial accounting matters for complex organizations, capital allocation, business transformation, and oversight of corporate governance requirements and financial

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reporting processes. Ms. Deegan holds a B.A. in Elementary Education from The College of Saint Rose, an M.S. in History from Ohio State University, and an M.B.A. from Simmons College School of Management. Ms. Deegan will be retiring from the board of directors and is not standing for re-election at this annual meeting.

**Andrea Geisser** has served as a director since March 2004 and brings substantial expertise in financial management and company oversight as a private equity director. He is currently a senior advisor to Zephyr Management Inc., a global private equity firm that specializes in emerging markets, a role in which he has served since 2006, and a member of the investment committee of some of the funds managed by Zephyr Management. From 1995 to 2005, Mr. Geisser was a founder and managing director of Fenway Partners LLC, a middle market private equity firm. Prior to founding Fenway Partners, he was a managing director of Butler Capital Corporation. Prior to that, Mr. Geisser was a managing director of Onex Investment Corporation, a Canadian management buyout company, and was a senior officer of Exor America from 1974 to 1986. Mr. Geisser has been a board member and audit committee member of several private companies, and was the chair of the iRobot audit committee for several years. He holds a B.A. from Bocconi University in Milan, Italy and a P.M.D. from Harvard Business School. Mr. Geisser will be retiring from the board of directors and is not standing for re-election at this annual meeting.

**Andrew Miller** has served as a director since September 2016 and brings critical financial leadership as well as software, cloud infrastructure and Internet of Things (IoT) experience to iRobot as the company continues to grow its consumer business globally and focus on the connected home. Mr. Miller has served as executive vice president and chief financial officer of PTC, a provider of software technology platforms and solutions, since early 2015. At PTC, he is responsible for global finance, tax and treasury, investor relations, information technology, pricing, corporate real estate, and customer administration. From 2008 to 2015, Mr. Miller served as chief financial officer of Cepheid, a high-growth molecular diagnostics company. While at Cepheid, he built world-class finance and information technology teams and a nationally recognized investor relations program. Mr. Miller has also served in financial leadership roles at Autodesk, MarketFirst Software, Cadence Design Systems, and Silicon Graphics. He is a former director of United Online. Mr. Miller holds a B.S. in Commerce with an emphasis in Accounting from Santa Clara University and was a CPA.

**Elisha Finney** has served as a director since January 2017. Ms. Finney brings more than 25 years of financial and technology-related expertise to iRobot as the company focuses on expanding internationally, scaling its connected product line and maximizing value for its shareholders. Ms. Finney serves as executive vice president and CFO of Varian Medical Systems, a leading developer of radiation oncology treatments and software, where she has served in various management roles since 1999. Her management responsibilities at Varian Medical Systems include corporate accounting; corporate communications and investor relations; internal financial and compliance audit; risk management; tax and treasury, and information technology. She also serves on the board of directors at ICU Medical and previously served as a board member at Altera Corporation, Thoratec and Laserscope. She holds a B.A. in Risk Management and Insurance from the University of Georgia and an M.B.A. in Finance from Golden Gate University where she received the 1992 Outstanding Graduate of the Masters Programs in Finance Award. Ms. Finney was the 2015 UGA Terry College of Business Distinguished Alumni of the Year and the recipient of Silicon Valley Business Journal's 2013 Women of Influence Award.

**Michelle V. Stacy** has served as a director since August 2014. As the former president of Keurig, Inc. and former vice president and general manager with Gillette/Procter & Gamble Co., Ms. Stacy brings to the board of directors a wealth of experience leading consumer businesses and building global brands. During her five-year tenure at Keurig Inc., a division of Keurig Green Mountain, Inc., from 2008 to 2013, the company's revenue grew from \$493 million in 2008

to \$4.3 billion for 2013. Ms. Stacy is a director of Coravin, Inc., Flex Pharma, Inc., Young Innovations Inc. and the French Cultural Center, a nonprofit. She is a professional speaker on leadership, innovation and growth. She holds a B.S. from Dartmouth College and an M.S. in Management from J.L. Kellogg Graduate School of Management - Northwestern University, and is bilingual in French and English.

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### **Executive Officers**

**Alison Dean** has served as our executive vice president, chief financial officer, treasurer and principal accounting officer since April 2013. Ms. Dean previously served as our senior vice president, corporate finance from February 2010 until March 2013. From March 2007 until February 2010, Ms. Dean served as our vice president, financial controls & analysis. From August 2005 until March 2007, Ms. Dean served as our vice president, financial planning & analysis. From 1995 to August 2005, Ms. Dean served in a number of positions at 3Com Corporation, including vice president and corporate controller from 2004 to 2005 and vice president of finance - worldwide sales from 2003 to 2004. Ms. Dean holds a B.A. in Business Economics from Brown University and an M.B.A. from Boston University.

**Christian Cerda** has served as our chief operating officer since May 2016. Mr. Cerda previously served as executive vice president of our Home Robot Business Unit from February 2015 until May 2016, and its senior vice president and general manager since May 2013. He has direct responsibility over global sales, marketing and product management and leads Global Commercial and Supply Chain Operations, overseeing manufacturing and supply chain. Prior to iRobot, he was general manager and vice president of Sales and Marketing from April 2010 to March 2013 at Whirlpool Corporation, a multinational manufacturer of home appliances, where he was responsible for sales, marketing, brand communications, product development and operations. Previously, he served in senior positions at The Boston Consulting Group and Procter & Gamble Co. Mr. Cerda holds a B.S. in Computer Engineering from Universidad Simon Bolivar and an M.S. in Business Administration with distinction from the Northwestern University Kellogg Graduate School of Management.

**Russell J. Campanello** has served as our executive vice president, human resources and corporate communications since February 2014. Mr. Campanello previously served as our senior vice president, human resources and corporate communications from July 2013 until February 2014. From November 2010 until July 2013, Mr. Campanello served as our senior vice president, human resources. Prior to joining iRobot, Mr. Campanello served as senior vice president, human resources and administration at Phase Forward, Inc. from April 2008 until September 2010. Mr. Campanello previously served as senior vice president of human resources and marketing at Keane, Inc., a business process and information technology consulting firm, from September 2003 to October 2007. Prior to Keane, Mr. Campanello served as chief people officer at NerveWire, Inc. from August 2000 to February 2003. Prior to NerveWire, he served as senior vice president, human resources at Genzyme Corp. from November 1997 to July 2000. Earlier in his career, Mr. Campanello spent nine years as vice president of human resources at Lotus Development Corporation. He holds a B.S. in Business Administration from the University of Massachusetts.

**Glen D. Weinstein** has served as our executive vice president and chief legal officer since August 2012. Mr. Weinstein previously served as our general counsel from July 2000 to August 2012 and as senior vice president from January 2005 to August 2012. Since March 2004, he has also served as our secretary. Prior to joining iRobot, Mr. Weinstein was with Covington & Burling LLP, a law firm in Washington, D.C. Mr. Weinstein holds a B.S. in Mechanical Engineering from MIT and a J.D. from the University of Virginia School of Law.

Our executive officers are elected by the board of directors on an annual basis and serve until their successors have been duly elected and qualified or until their earlier death, resignation or removal.

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Board Leadership Structure**

Mr. Angle serves as our chief executive officer and chairman of the board. The board of directors believes that having our executive officer as chairman of the board facilitates the board of directors' decision-making process because Mr. Angle has first-hand knowledge of our operations and the major issues facing us. This also enables Mr. Angle to act as the key link between the board of directors and other members of management. To assure effective independent oversight, our by-laws provide that the independent members of our board of directors will designate a lead independent director if the chairman of the board is not an independent director, as discussed further in Executive Sessions of Independent Directors below.

**Independence of Members of the Board of Directors**

The board of directors has determined that Dr. Chwang, Mses. Deegan, Ellinger, Finney and Stacy, and Messrs. Ali, Bell, Geisser and Miller are independent within the meaning of the director independence standards of The NASDAQ Stock Market, Inc. ( NASDAQ ) and the SEC. Furthermore, the board of directors has determined that each member of each of the committees of the board of directors is independent within the meaning of the director independence standards of NASDAQ and the SEC, save Mr. Angle who serves on the strategy and finance committee and is our chief executive officer.

**Executive Sessions of Independent Directors**

Executive sessions of the independent directors are held during each regularly scheduled in-person meeting of the board of directors. Executive sessions do not include any of our non-independent directors and are chaired by a lead independent director who is appointed annually by the board of directors from our independent directors. Ms. Ellinger currently serves as the lead independent director. In this role, Ms. Ellinger serves as chairperson of the independent director sessions. The independent directors of the board of directors met in executive session four (4) times in 2016.

In addition to acting as the chairperson of the independent director sessions, the lead independent director assists the board in assuring effective corporate governance. The lead independent director's specific duties include:

- providing the chairman of the board with input as to preparation of agendas for meetings;
- advising the chairman of the board as to the quality, quantity and timeliness of the flow of information from the Company's management that is necessary for the independent directors to effectively and responsibly perform their duties;
- coordinating and developing the agenda for the executive sessions of the independent directors;
- acting as principal liaison between the independent directors and the chairman of the board on critical issues;
- acting as a spokesperson for the independent directors able to talk with major investors and stockholders on topics of overall governance;
- evaluating, along with the members of the compensation and talent committee, the chief executive officer's performance and meeting with the chief executive officer to discuss such evaluation; and

acting as chairperson of the board in the absence of the chairman of the board or a vacancy in the position of chairman of the board.

In addition, the lead independent director works to ensure that all voices are heard within the boardroom and proactively spends considerable time with the chief executive officer, and other executive officers, to understand the Company's vision and strategy and works to focus the board of directors on areas aligned with the Company's vision and strategy.

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**The Board of Directors Role in Risk Oversight**

The board of directors oversees our risk management process. This oversight is primarily accomplished through the board of directors committees and management's reporting processes, including receiving regular reports from members of senior management on areas of material risk to the Company, including operational, financial, legal and regulatory, and strategic and reputational risks. The audit committee focuses on risk related to accounting, internal controls, and financial and tax reporting. The audit committee also assesses economic and business risks and monitors compliance with ethical standards. The compensation and talent committee identifies and oversees risks associated with our executive compensation policies and practices, and the nominating and corporate governance committee identifies and oversees risks associated with director independence, related party transactions and the implementation of corporate governance policies. The strategy and finance committee oversees currency risk management policies and risk related to other treasury and tax policies.

**Policies Governing Director Nominations**

***Director Qualifications***

The nominating and corporate governance committee of the board of directors is responsible for reviewing with the board of directors from time to time the appropriate qualities, skills and characteristics desired of members of the board of directors in the context of the needs of the business and current make-up of the board of directors. This assessment includes consideration of the following minimum qualifications that the nominating and corporate governance committee believes must be met by all directors:

- nominees must have experience at a strategic or policy making level in a business, government, non-profit or academic organization of high standing;
- nominees must be highly accomplished in their respective fields, with superior credentials and recognition;
- nominees must be well regarded in the community and shall have a long-term reputation for the highest ethical and moral standards;
- nominees must have sufficient time and availability to devote to the affairs of the Company, particularly in light of the number of boards on which the nominee may serve;
- nominees must be free of conflicts of interest and potential conflicts of interest, in particular with relationships with other boards; and
- nominees must, to the extent such nominee serves or has previously served on other boards, demonstrate a history of actively contributing at board meetings.

We do not have a formal board diversity policy. However, pursuant to the Policy Governing Director Qualifications and Nominations, as part of its evaluation of potential director candidates and in addition to other standards the nominating and corporate governance committee may deem appropriate from time to time for the overall structure and composition of the board of directors, the nominating and corporate governance committee may consider whether each candidate, if elected, assists in achieving a mix of board members that represent a diversity of background and experience. Accordingly, the board of directors seeks members from diverse professional backgrounds who combine a broad spectrum of relevant industry and strategic experience and expertise that, in concert, offer us and our stockholders diversity of opinion and insight in the areas most important to us and our corporate mission. In addition,

nominees for director are selected to have complementary, rather than overlapping, skill sets. All candidates for director nominee must have time available to devote to the activities of the board of directors. The nominating and corporate governance committee also considers the independence of candidates for director nominee, including the appearance of any conflict in serving as a director. Candidates for director nominee who do not meet all of these criteria may still be considered for nomination to the board of directors, if the nominating and corporate governance committee believes that the candidate will make an exceptional contribution to us and our stockholders.

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***Process for Identifying and Evaluating Director Nominees***

The board of directors delegates the initial selection and nomination process to the nominating and corporate governance committee, with the expectation that other members of the board of directors, and of management, will be requested to take part in the process as appropriate.

Generally, the nominating and corporate governance committee identifies candidates for director nominee in consultation with management, through the use of search firms or other advisors, through the recommendations submitted by stockholders or through such other methods as the nominating and corporate governance committee deems to be helpful to identify candidates. Once candidates have been identified, the nominating and corporate governance committee confirms that the candidates meet all of the minimum qualifications for director nominees established by the nominating and corporate governance committee. The nominating and corporate governance committee may gather information about the candidates through interviews, detailed questionnaires, comprehensive background checks or any other means that the nominating and corporate governance committee deems to be helpful in the evaluation process. The nominating and corporate governance committee then meets as a group to discuss and evaluate the qualities and skills of each candidate, both on an individual basis and taking into account the overall composition and needs of the board of directors. Based on the results of the evaluation process, the nominating and corporate governance committee recommends candidates for the board of directors approval as director nominees for election to the board of directors. The nominating and corporate governance committee also recommends candidates to the board of directors for appointment to the committees of the board of directors. Once appropriate candidates have been identified, the entire board of directors votes on the candidates, as the selection of board nominees is a responsibility of the entire board of directors.

***Procedures for Recommendation of Director Nominees by Stockholders***

The nominating and corporate governance committee will consider director nominee candidates who are recommended by our stockholders. Stockholders, in submitting recommendations to the nominating and corporate governance committee for director nominee candidates, shall follow the following procedures:

The nominating and corporate governance committee must receive any such recommendation for nomination not earlier than the close of business on the 120th day prior to the first anniversary of the date of the proxy statement delivered to stockholders in connection with the preceding year's annual meeting.

All recommendations for nomination must be in writing and include the following:

- Name and address of the stockholder making the recommendation;
- A representation that the stockholder is a record holder of the Company's securities, or if the stockholder is not a record holder, evidence of ownership;
- Name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the individual recommended for consideration as a director nominee;
- A description of the qualifications and background of the proposed director nominee which addresses the minimum qualifications, actual or potential conflicts of interest, and other criteria for board membership

approved by the board of directors from time to time and set forth in the Company's Policy Governing Director Qualifications and Nominations;

A description of all arrangements or understandings between the stockholder and the proposed director nominee;

The consent of the proposed director nominee (i) to be named in the proxy statement for the annual meeting and (ii) to serve as a director if elected at such annual meeting; and

Any other information regarding the proposed director nominee that is required to be included in the proxy statement.

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Nominations must be sent to the attention of our secretary by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation

8 Crosby Drive

Bedford, Massachusetts 01730

Attn: Secretary of iRobot Corporation

Our Secretary will promptly forward any such nominations to the nominating and corporate governance committee.

In addition, our by-laws permit eligible stockholders, or groups of stockholders, owning continuously for at least three years shares of the Company's stock representing an aggregate of at least 3% of the Company's outstanding shares, to nominate and include in the Company's proxy materials director nominees constituting up to two or 25%, whichever is greater, of the board of directors, provided that the stockholders and nominees satisfy the requirements in our by-laws. Written notice of stockholder nominees to the board of directors must be received not later than the close of business on the 90<sup>th</sup> day nor earlier than the close of business on the 120<sup>th</sup> day prior to the first anniversary the proceeding year's annual meeting. For details on the Company's proxy access procedures, please refer to our by-laws.

**Policy Governing Security Holder Communications with the Board of Directors**

The board of directors provides to every security holder the ability to communicate with the board of directors as a whole and with individual directors on the board of directors through an established process for security holder communications as follows:

For communications directed to the board of directors as a whole, security holders may send such communications to the attention of the chairman of the board of directors by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation

8 Crosby Drive

Bedford, Massachusetts 01730

Attn: Chairman of the Board, c/o Secretary

For security holder communications directed to an individual director in his or her capacity as a member of the board of directors, security holders may send such communications to the attention of the individual director by U.S. mail (including courier or expedited delivery service) to:

iRobot Corporation

8 Crosby Drive

Bedford, Massachusetts 01730

Attn: [Name of the director], c/o Secretary

We will forward any such security holder communication to the chairman of the board, as a representative of the board of directors, or to the director to whom the communication is addressed. We will forward such communications by certified U.S. mail to an address specified by each director and the chairman of the board for such purposes or by secure electronic transmission.

**Policy Governing Director Attendance at Annual Meetings of Stockholders**

Our policy is to schedule a regular meeting of the board of directors on the same date as our annual meeting of stockholders and, accordingly, directors are encouraged to be present at our stockholder meetings. The nine board members who were directors at the time of the annual meeting of stockholders held in 2016, attended the meeting.

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**Board of Directors Evaluation Program**

The board of directors performs annual self-evaluations of its composition and performance, including evaluations of its standing committees and individual evaluations for each director. In addition, each of the standing committees of the board of directors conducts its own self-evaluation, which is reported to the board of directors. The board of directors retains the authority to engage its own advisors and consultants.

For more corporate governance information, you are invited to access the Corporate Governance section of our website available at <http://www.irobot.com>.

**Code of Ethics**

We have adopted a code of ethics, as defined by regulations promulgated under the Securities Act of 1933, as amended, and the Exchange Act, that applies to all of our directors and employees worldwide, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions. A current copy of the Code of Business Conduct and Ethics is available at the Corporate Governance section of our website at <http://www.irobot.com>. A copy of the Code of Business Conduct and Ethics may also be obtained, free of charge, from us upon a request directed to: iRobot Corporation, 8 Crosby Drive, Bedford, Massachusetts 01730, Attention: Investor Relations. We intend to disclose any amendment to or waiver of a provision of the Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, by posting such information on its website available at <http://www.irobot.com> and/or in our public filings with the SEC.

For more corporate governance information, you are invited to access the Corporate Governance section of our website available at <http://www.irobot.com>.

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**THE BOARD OF DIRECTORS AND ITS COMMITTEES**

**Board of Directors**

The board of directors met fifteen (15) times during the fiscal year ended December 31, 2016, and took action by unanimous written consent five (5) times. Each of the directors attended at least 75% of the aggregate of the total number of meetings of the board of directors and the total number of meetings of all committees of the board of directors on which they served during fiscal 2016. The board of directors has the following standing committees: audit committee; compensation and talent committee; nominating and corporate governance committee; and strategy and finance committee, each of which operates pursuant to a separate charter that has been approved by the board of directors. A current copy of each charter is available at the Corporate Governance section of our website at <http://www.irobot.com>. Each committee reviews the appropriateness of its charter at least annually. Each committee retains the authority to engage its own advisors and consultants. The composition and responsibilities of each committee are summarized below.

**Audit Committee**

The audit committee of the board of directors currently consists of Ms. Deegan and Messrs. Bell, Geisser, and Miller, each of whom is an independent director within the meaning of the director independence standards of NASDAQ and the SEC, including Rule 10A-3(b)(1) under the Exchange Act, as amended, or the Exchange Act. In May 2016, Michael Bell replaced Michelle Stacy on the audit committee. In February 2017 Ms. Finney was also appointed to serve on the audit committee. In addition, the board of directors has determined that each of Ms. Deegan and Finney and Messrs. Bell, Geisser and Miller are financially literate and that Ms. Deegan and Finney and Messrs. Bell, Geisser and Miller each qualifies as an audit committee financial expert under the rules of the SEC. Ms. Deegan serves as the chairman of the audit committee.

The audit committee met seven (7) times during the fiscal year ended December 31, 2016. The audit committee operates under a written charter adopted by the board of directors, a current copy of which is available at the Corporate Governance section of our website at <http://www.irobot.com>.

As described more fully in its charter, the audit committee oversees the integrity of our financial statements, our accounting and financial reporting processes, our internal controls over financial reporting, our internal and external audit functions and the safeguarding of our assets. In fulfilling its role, the audit committee responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our independent registered public accounting firm;
- pre-approving auditing and permissible non-audit services (including certain tax compliance, planning and advice services), and the terms of such services, to be provided by our independent registered public accounting firm;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures;
- coordinating the oversight and reviewing the adequacy of our internal control over financial reporting;



overseeing the performance of our internal auditors and internal audit functions, including reviewing the annual internal audit risk assessment as well as the scope of, and overall plans for, the annual internal audit program;

establishing policies and procedures for the receipt and retention of accounting related complaints and concerns;

reviewing and discussing with management risk assessments and risk management, including cyber security;

overseeing the development of business continuity plans;

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overseeing our compliance with certain legal and regulatory requirements including, but not limited to, the Foreign Corrupt Practices Act;  
preparing the audit committee report required by SEC rules to be included in our annual proxy statement;  
reviewing certain relationships and related transactions; and  
such other matters as the committee deems appropriate.

For additional information concerning the audit committee, see the Report of the Audit Committee of the Board of Directors.

## **Compensation and Talent Committee**

The compensation and talent committee of the board of directors currently consists of Messrs. Geisser, Bell and Ali, and Ms. Stacy, each of whom is an independent director within the meaning of the director independence standards of NASDAQ, a non-employee director as defined in Rule 16b-3 of the Exchange Act, and an outside director pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). In May 2016, Michael Bell replaced Ronald Chwang on the compensation and talent committee. Mr. Geisser serves as the chairman of the compensation and talent committee. The compensation and talent committee's responsibilities include:

annually reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer and other executive officers;  
evaluating the performance of our chief executive officer in light of such corporate goals and objectives and determining the compensation of our chief executive officer and other executive officers;  
overseeing and administering our compensation, welfare, benefit and pension plans and similar plans;  
reviewing and making recommendations to the board of directors with respect to director compensation;  
reviewing and making recommendations to the board of directors with respect to succession planning for senior management;  
retaining and approving the compensation of any compensation advisers; and  
evaluating the independence of any such compensation advisers.

The compensation and talent committee met six (6) times and took action by unanimous written consent seven (7) times during the fiscal year ended December 31, 2016. The compensation and talent committee operates under a written charter adopted by the board of directors, a current copy of which is available at the Corporate Governance section of our website at <http://www.irobot.com>.

## **Nominating and Corporate Governance Committee**

The nominating and corporate governance committee of the board of directors currently consists of Mses. Ellinger and Deegan, Mr. Miller, and Dr. Chwang, each of whom is an independent director within the meaning of the director independence standards of NASDAQ and applicable rules of the SEC. George McNamee served as a member of the nominating and corporate governance committee through May 2016. Ms. Ellinger serves as the chairman of the nominating and corporate governance committee. The nominating and corporate governance committee's responsibilities include:

developing and recommending to the board criteria for board and committee membership;  
establishing procedures for identifying and evaluating director candidates including nominees  
recommended by stockholders;  
identifying individuals qualified to become board members;  
recommending to the board the persons to be nominated for election as directors and to each of the board's  
committees;

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developing and recommending to the board a code of business conduct and ethics and a set of corporate governance guidelines; and  
overseeing the evaluation of the board and management.

The nominating and corporate governance committee met sixteen (16) times during the fiscal year ended December 31, 2016. The nominating and corporate governance committee operates under a written charter adopted by the board of directors, a current copy of which is available at the Corporate Governance section of our website at <http://www.irobot.com>.

## **Strategy and Finance Committee**

In July 2015, the board of directors formed an *ad hoc* strategy and finance committee, and in March 2016, the *ad hoc* strategy and finance committee was replaced with a formal strategy and finance committee. Messrs. Ali and Angle, Dr. Chwang and Ms. Stacy currently serve as members of the strategy and finance committee. Mr. Ali serves as the chairman of the strategy and finance committee. The responsibilities of the strategy and finance committee include:

reviewing periodically with management the Company's strategic objectives and their translation into stockholder value creation;  
reviewing with management on a regular basis contemplated transactional opportunities that support the Company's strategic business objectives;  
reviewing with and, when appropriate, making recommendations to the board of directors regarding the Company's capital allocation objectives, strategies and plans;  
reviewing the Company's capital allocation process annually and significant capital programs periodically.  
reviewing and making recommendations to the board of directors regarding the Company's authorization to repurchase its common stock, approving any actions taken under each such plan, and monitoring actual repurchases under the repurchase authorization;  
reviewing and discussing with management the Company's annual and long-term business and financial plans, including the financial impacts of these plans; and as part of its review of the Company's annual and long-term business and financial plans, reporting to the board of directors concerning its review of such plans and the financial and business assumptions underlying the Company's financial projections and budgets; and  
reviewing the Company's annual operating plan, and reviewing with management the significant projects, research and development programs or other investments.

The strategy and finance committee met four (4) times during the fiscal year ended December 31, 2016. The strategy and finance committee operates under a written charter adopted by the board of directors, a current copy of which is available at the Corporate Governance section of our website at <http://www.irobot.com>.

## **Compensation and Talent Committee Interlocks and Insider Participation**

During 2016, Dr. Chwang, Ms. Stacy and Messrs. Geisser, Ali and Bell served as members of the compensation and talent committee. No member of the compensation and talent committee was an employee or former employee of us or any of our subsidiaries, or had any relationship with us requiring disclosure herein.

During the last year, no executive officer of the Company served as: (i) a member of the compensation and talent committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served on our compensation and talent committee; (ii) a director of another entity, one of whose executive officers served on our compensation and talent committee; or (iii) a member of the compensation and talent committee (or other committee of the board of directors performing equivalent functions or, in the absence of any such committee, the entire board of directors) of another entity, one of whose executive officers served as a director of the Company.

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**REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

*No portion of this audit committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.*

This report is submitted by the audit committee of the board of directors. The audit committee currently consists of Gail Deegan, Michael Bell, Elisha Finney, Andrea Geisser, and Andrew Miller. None of the members of the audit committee is an officer or employee of the Company, and the board of directors has determined that each member of the audit committee meets the independence requirements promulgated by NASDAQ and the SEC, including Rule 10A-3(b)(1) under the Exchange Act. Each of Mr. Geisser and Ms. Deegan is an audit committee financial expert as is currently defined under SEC rules. The audit committee operates under a written charter adopted by the board of directors.

The audit committee oversees the Company's accounting and financial reporting processes on behalf of the board of directors. The meetings of the audit committee are designed to facilitate and encourage communication among the audit committee, Company management, the independent registered public accounting firm and the Company's internal audit function. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting. In fulfilling its oversight responsibilities, the audit committee has reviewed and discussed with management the Company's consolidated financial statements for the fiscal quarters and full year ended December 31, 2016, including a discussion of, among other things, the quarterly and annual earnings press releases, the quality of the Company's accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosures in the Company's financial statements.

The audit committee ensures that the Company establishes and appropriately resources a professional internal auditing function and that there are no unjustified restrictions or limitations imposed on that function. In addition to reviewing and approving the annual internal audit plan and overseeing other internal audit activities, the audit committee regularly reviews and discusses the results of internal audit reports.

The audit committee also reviewed with PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, the results of their audit and discussed matters required to be discussed by the Auditing Standard No. 1301, Communications with Audit Committees, as adopted by the Public Company Accounting Oversight Board, other standards of the Public Company Accounting Oversight Board, rules of the SEC and other applicable regulations. The audit committee has reviewed permitted services under rules of the SEC as currently in effect and discussed with PricewaterhouseCoopers LLP their independence from management and the Company, including the matters in the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has considered and discussed the compatibility of non-audit services provided by PricewaterhouseCoopers LLP with that firm's independence. For each engagement, Company management provided the audit committee with information about the services and fees, sufficiently detailed to allow the audit committee to make an informed judgment about the nature and scope of the services and the potential for the services to impair the independence of the independent registered public accounting

firm. After the end of each fiscal year, Company management provides the audit committee with a summary of actual fees incurred with the independent registered public accounting firm.

The audit committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examinations; their evaluations of the Company's internal

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control, including internal control over financial reporting; and the overall quality of the Company's financial reporting. Additionally, the audit committee meets in separate executive sessions with the Company's chief financial officer and the head of internal audit.

In accordance with SEC rules and PricewaterhouseCoopers LLP policies, lead and concurring audit partners are subject to rotation requirements that limit the number of consecutive years an individual partner may provide services to our Company to a maximum of five years. The selection of the lead audit partner pursuant to this rotation policy involves a meeting between the candidate for the role and the chair of the audit committee, as well as with the full audit committee and members of management.

The audit committee has also evaluated the performance of PricewaterhouseCoopers LLP, including, among other things, the length of time the firm has been engaged; its familiarity with our operations and businesses, accounting policies and practices, and our internal controls over financial reporting; and the appropriateness of fees paid to PricewaterhouseCoopers LLP for audit and non-audit services in 2016, on an absolute basis and as compared to the scope of prior year audits. Information about PricewaterhouseCoopers LLP's fees for 2016 is discussed below in this proxy statement under *Proposal 2 - Ratification of Appointment of Independent Registered Public Accountants*. Based on its evaluation, the audit committee has retained PricewaterhouseCoopers LLP to serve as the Company's independent registered public accounting firm for the 2017 fiscal year.

Based on its review of the financial statements and the aforementioned discussions, the audit committee concluded that it would be reasonable to recommend, and on that basis did recommend, to the board of directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017.

Respectfully submitted by the Audit  
Committee,

Gail Deegan (chairman)  
Elisha Finney

Andrea Geisser

Michael Bell

Andrew Miller

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**REPORT OF THE COMPENSATION AND TALENT COMMITTEE OF THE BOARD OF DIRECTORS**

*No portion of this compensation and talent committee report shall be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended (the Securities Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), through any general statement incorporating by reference in its entirety the proxy statement in which this report appears, except to the extent that the Company specifically incorporates this report or a portion of it by reference. In addition, this report shall not be deemed filed under either the Securities Act or the Exchange Act.*

The compensation and talent committee of the board of directors, which is comprised solely of independent directors within the meaning of applicable rules of The NASDAQ Stock Market, Inc., outside directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and non-employee directors within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, is responsible for developing executive compensation policies and advising the board of directors with respect to such policies and administering the Company's cash incentive and equity incentive plans. The compensation and talent committee sets performance goals and objectives for the chief executive officer and the other executive officers, evaluates their performance with respect to those goals and sets their compensation based upon the evaluation of their performance. In evaluating executive officer pay, the compensation and talent committee retains the services of a compensation consultant and considers recommendations from the chief executive officer with respect to goals and compensation of the other executive officers. The compensation and talent committee assesses the information it receives in accordance with its business judgment. The compensation and talent committee also periodically reviews director compensation. All decisions with respect to executive and director compensation are approved by the compensation and talent committee. All decisions regarding chief executive officer and director compensation are reviewed and ratified by the full board. Messrs. Geisser, Ali and Bell and Ms. Stacy, and are the current members of the compensation and talent committee.

The compensation and talent committee has reviewed and discussed the Compensation Discussion and Analysis (the CD&A) for the year ended December 31, 2016 with management. In reliance on the reviews and discussions referred to above, the compensation and talent committee recommended to the board of directors, and the board of directors has approved, that the CD&A be included in this proxy statement and incorporated by reference in our Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017.

Respectfully submitted by the Compensation  
and Talent Committee,

Andrea Geisser (chairman)  
Mohamad Ali  
Michael Bell  
Michelle Stacy

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**COMPENSATION AND OTHER INFORMATION  
CONCERNING EXECUTIVE OFFICERS AND DIRECTORS**

**Compensation Discussion and Analysis**

*Overview*

Our compensation philosophy is based on a desire to balance retention of executive talent with pay for performance incentive compensation which is designed to reward our named executive officers for our financial and operating performance. We believe the compensation of our named executive officers should align our executives' interests with those of our stockholders and focus executive behavior on the achievement of both near-term corporate targets as well as long-term business objectives and strategies. It is the responsibility of the compensation and talent committee of our board of directors to administer our compensation practices to ensure they are competitive and include incentives designed to appropriately drive our performance through specific financial and strategic objectives. Our compensation and talent committee annually reviews and approves elements of executive compensation, including CEO and executive officer base salaries, cash incentives and equity awards.

Our performance as a company in 2016 was very strong. Full year revenue of \$660.6 million represented an increase of 8% from full year revenue in 2015, and earnings per share of \$1.48 in 2016 increased over earnings per share in 2015, despite our divestment of the defense and security business unit. Consumer revenue grew 17% for the full year over 2015, due primarily to significant growth in the United States market driven by further investment in ad media and national promotions.

Our compensation and talent committee, in conjunction with management, evaluate our overall executive compensation program each year. As a result of this ongoing review, we made a number of changes in our long-term incentive plan beginning in 2017. We believe our compensation philosophies and objectives, as described below, have aligned executive compensation with Company performance.

*Objectives of Our Compensation Program*

Our compensation programs for our executive officers are designed to achieve the following objectives:

- Provide competitive compensation that attracts, motivates and retains the best talent and the highest caliber executives to help us to achieve our strategic objectives;
- Connect a significant portion of the total potential compensation paid to executives to our annual financial performance;
- Align management's interest with the interests of stockholders through long-term equity incentives; and
- Provide management with performance goals directly linked to our longer-term plan for growth and profit.

We believe the compensation of our named executive officers should reflect their success as a management team, rather than as individuals, in attaining key operating objectives, such as Adjusted EBITDA, operating income as a percentage of revenue and revenue in dollars. We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, merger, acquisition and divestiture expenses, net intellectual property litigation

expense, restructuring expense and non-cash stock compensation as shown in Exhibit A of this proxy.

We also believe that the compensation of our named executive officers should not be based on the short-term performance of our stock, whether favorable or unfavorable, but rather that the price of our stock will, in the long-term, reflect our operating performance, and ultimately, the management of the Company.

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**Table of Contents*****Methodologies for Establishing Executive Compensation***

The compensation and talent committee, which is comprised entirely of independent directors, reviews the compensation packages for our named executive officers, including an analysis of all elements of compensation separately and in the aggregate. In determining the appropriate compensation levels for our chief executive officer, the compensation and talent committee meets with only itself and the executive vice president, human resources and corporate communications. With respect to the compensation levels of all other named executive officers, the compensation and talent committee meets with our chief executive officer and, as needed, our executive vice president, human resources and corporate communications. Our chief executive officer annually reviews the performance of each of the other named executive officers with the compensation and talent committee.

The compensation and talent committee has engaged Pearl Meyer & Partners, LLC ( Pearl Meyer ), as an independent compensation consultant to work with them in addition to our human resources department and the chief executive officer to assist them in developing the compensation program and recommendations regarding base salary levels, target incentive awards, performance goals for incentive compensation and equity awards for named executive officers. In conjunction with the annual performance review of each named executive officer, in February of each year, the compensation and talent committee carefully considers the recommendations of the chief executive officer with respect to the other executive officers when setting base salary, bonus payments under the prior year's incentive compensation plan, and target amounts and performance goals for the current year's incentive compensation plan. In addition, the compensation and talent committee similarly determines the size and structure of equity incentive awards, if any, for each named executive officer.

Moreover, the compensation and talent committee considers the results of the advisory vote on named executive officer compensation, or the say on pay vote, that is currently completed each year at our annual meeting of stockholders.

At the May 2016 annual meeting of stockholders, the Company held its annual say on pay vote. The results of the say on pay vote held in May 2016 were as follows:

For	16,742,325	82.51%
Against	3,166,064	15.60%
Abstain	383,384	1.89%

The results of the say on pay vote are advisory and not binding on the Company, the board of directors or the compensation and talent committee. However, the board of directors and the compensation and talent committee value the opinions of our stockholders and take the results of the say on pay vote into account when making decisions regarding the compensation of our named executive officers. During the 2016 proxy season, which included a contested election of directors, we met directly with many of our largest stockholders and listened to their feedback

related to our executive compensation programs. That input was directly taken into consideration by the compensation and talent committee as it structured our 2017 executive compensation programs, including, for 2017, the shift away from the use of stock options and toward awarding a greater percentage of equity awards in the form of performance share units ( PSUs ) with vesting that is contingent upon the attainment of long-term corporate objectives over a three-year period.

As part of ongoing efforts to be responsive to the concerns of our investors regarding our executive compensation programs and to reward outstanding operational and financial performance, the compensation and talent committee will, in consultation with Pearl Meyer, continue to consider changes to our compensation programs as appropriate in response to input from stockholders and evolving factors such as the business environment and competition for talent. Additionally, the compensation and talent committee will continue to consider the outcome of our say on pay votes, regulatory changes and emerging best practices when making future compensation decisions for our named executive officers.

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Our compensation plans are developed, in part, by utilizing publicly available compensation data and subscription compensation survey data for national and regional companies in the technology, defense, household durables and robotics industries. We believe that the practices of this group of companies provide us with appropriate compensation benchmarks, because these companies have similar organizational structures and tend to compete with us to attract executives and other employees. For benchmarking executive compensation, we typically review the compensation data for companies with revenues, numbers of employees and market capitalizations similar to our profile. Beginning with fiscal year 2017, we have removed defense oriented companies from our compensation survey data as a result of our divestment of our defense and security business unit.

### ***Compensation Consultant***

As the independent compensation consultant, Pearl Meyer provides the compensation and talent committee with advice on a broad range of executive compensation matters. The scope of its services includes the following:

- Apprising the compensation and talent committee of compensation-related trends and developments in the marketplace;
- Informing the compensation and talent committee of regulatory developments relating to executive compensation practices;
- Assessing the composition of the peer companies used for comparative purposes;
- Identifying potential changes to the executive compensation program to maintain competitiveness and ensure consistency with business strategies, good governance practices and alignment with stockholder interests; and
- Reviewing the Compensation Discussion & Analysis section of the Company's proxy statement.

The compensation and talent committee has assessed the independence of Pearl Meyer pursuant to SEC rules and concluded that no conflict of interest exists that would prevent Pearl Meyer from independently advising the compensation and talent committee. The Company did not engage Pearl Meyer for any other consulting work in fiscal 2016.

### ***Compensation Comparisons***

Developing a peer group for compensation comparison purposes is not an easy task for the Company. We do not have any true robotic comparator companies that are publicly-traded, stand-alone, U.S.-based and size-appropriate. We believe our mix of technology, smart technology/connected devices, and technology/consumer products peer group firms is appropriate for compensation and performance comparison purposes, but our peer group firms differ substantially from the peer groups used by some proxy advisory firms. These organizations tend to compare us to companies in the consumer durables industry such as home builders, retailers and furniture distributors/manufacturers (i.e., companies with little to no technology attributes to their respective products). These differences in peer group firms used to determine alignment of pay and performance result in substantial differences in Company performance and how compensation is valued and delivered to executives. Technology, smart technology/connected devices and technology/consumer products companies perform and pay differently from home builders, retailers and furniture distributors/manufacturers. Additionally, recruitment efforts at companies focused on technology, smart technology/connected devices and technology/consumer products are largely focused on robotics/technology experts/industry leaders and individuals with engineering backgrounds. The compensation and talent committee takes all of these unique dynamics into account annually when reviewing our peer group firms and compensation practices.

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The following selection criteria, developed in conjunction with the compensation and talent committee, which are thoroughly reviewed and adjusted (as needed), were used to develop the comparative peer group used in assessing the competitiveness of our executive compensation program and in helping to develop fiscal 2016 compensation actions:

- Companies with revenues within a similar range and generally similar market capitalization;
- Companies within comparable industries that focus on smart-tech and high-tech products (e.g., consumer durables, consumer services, aerospace, capital goods, electronics equipment, information technology, instruments and components, computers and peripherals, networking equipment and computer hardware);
- Companies with highly-engineered products and complex networked technologies with multiple industry applications;
- Technology companies whose products contain both hardware and software components, in particular cloud-connected devices, smart monitors, networked devices and consumer wearables; and
- Companies with moderate to high sales growth and opportunity.

Other secondary criteria also considered include:

- Companies classified as disruptive innovation;
- Companies with products with brand recognition and/or disposable income luxury goods; and
- Companies with low to moderate margins and moderate levels of research and development expense that indicate similar business models and financial strategy.

Our peer group for 2016 consisted of the following 15 companies:

- |                             |                             |
|-----------------------------|-----------------------------|
| 3D Systems Corporation      | Nautilus Inc.               |
| AeroVironment, Inc.         | Netgear, Inc.               |
| Fitbit Inc.                 | Plantronics, Inc.           |
| Garmin Ltd.                 | Skullcandy, Inc.            |
| GoPro, Inc.                 | Tivo, Inc.                  |
| InvenSense, Inc.            | Trimble Navigation Limited  |
| Logitech International S.A. | Universal Electronics, Inc. |
| Mercury Systems, Inc.       |                             |

These 15 companies, at the time of the analysis, had median annual revenues of \$686 million and a median market capitalization of \$941 million.

The compensation and talent committee reviews all components of compensation for named executive officers. In accordance with its charter, the compensation and talent committee also, among other responsibilities, administers our incentive compensation plan, and reviews management's recommendations on company-wide compensation programs and practices. In setting compensation levels for our executive officers in fiscal 2016, the compensation and talent committee considered many factors in addition to the benchmarking described above, including, but not limited to:

- the scope and strategic impact of the executive officer's responsibilities;
- our past business and segment performance, and future expectations;



our long-term goals and strategies;  
the performance and experience of each individual;  
past compensation levels of each individual and of the named executive officers as a group;  
relative levels of pay among the executive officers;

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the amount of each component of compensation in the context of the executive officer's total compensation and other benefits;

the evaluations and recommendations of the chief executive officer by the board, and evaluations and recommendations of the other named executive officers by the chief executive officer; and

the competitiveness of the compensation packages relative to the selected benchmarks as highlighted by the independent compensation consultant's analysis.

The compensation and talent committee determines compensation for our chief executive officer using the same factors it uses for other executive officers, while placing greater emphasis on performance-based opportunities through long-term equity and short-term cash incentive compensation, which we believe better aligns our chief executive officer's interests with our success and the interests of our stockholders. In assessing the compensation paid to our chief executive officer, the compensation and talent committee relies on both information from our selected benchmarks and its judgment with respect to the factors described above.

### *Elements of Compensation*

Our executive compensation program in 2016 consisted of three primary elements: base salary, an annual cash incentives, and long-term equity awards, primarily in the form of time-based restricted stock units, PSUs and stock options. All of our executive officers also are eligible for certain benefits offered to employees generally, including life, health, disability and dental insurance, as well as participation in our 401(k) plan. We have also entered into executive agreements with our executive officers that provide for certain severance benefits upon termination of employment, including a termination in connection with a change in control of the Company.

#### *Base Salary*

In 2016, the compensation and talent committee believes our executive officers, including our chief executive officer, were paid salaries in line with their qualifications, experience and responsibilities. Salaries are structured so they are within the range of salaries paid by the peer companies reviewed by the compensation and talent committee in the technology, smart technology and robotics industries. We generally aim to set base salaries for each of our executives above the mid-market in the relevant industries and also take into consideration many additional factors (described below) that we believe enable us to attract, motivate and retain our leadership team in an extremely competitive environment. Salaries are reviewed on an annual basis.

The compensation and talent committee reviewed the base salaries for each of our executive officers, taking into account an assessment of the individual's responsibilities, experience, individual performance and contribution to our performance, and also generally takes into account the competitive environment for attracting and retaining executives consistent with our business needs. With respect to each of our executive officers, our chief executive officer provided a detailed evaluation and recommendation related to base salary adjustments, if any (excluding for himself).

We believe that the base salaries of our named executive officers, which range from 14% to 29% as a percentage of total compensation, are set at an appropriate level to align our incentive compensation mix with our compensation philosophy.



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In February 2017, and as part of the annual review process while taking into account the considerations discussed above, the compensation and talent committee also reviewed the base salaries of our named executive officers for 2017 and as noted in the table below, determined not to make any adjustments to our named executive officers' base salaries other than for Mr. Cerda, who was promoted to chief operating officer during 2016 and took on additional responsibilities.

	<b>2015 Base Salary</b>	<b>% Increase</b>	<b>2016 Base Salary</b>	<b>% Increase</b>	<b>2017 Base Salary</b>
Colin M. Angle	\$675,000	3.7%	\$700,000		\$700,000
Alison Dean	\$430,000	7.0%	\$460,000		\$460,000
Christian Cerda	\$400,000	5.0%	\$425,000(1)	5.9%	\$450,000
Russell J. Campanello	\$340,000	2.9%	\$350,000		\$350,000
Glen D. Weinstein	\$365,000	4.1%	\$380,000		\$380,000

- (1) Mr. Cerda's base salary was increased from \$400,000 to \$420,000 as part of the annual review process in 2016 and also received a subsequent increase to \$425,000 effective June 1, 2016 coincident with his promotion to chief operating officer.

*Cash Incentive Compensation*

The compensation and talent committee believes that short-term cash incentive compensation for executive officers should be contingent upon successful achievement of significant financial and business objectives and implementation of our business strategy. For our named executive officers, including our chief executive officer, the payment of cash incentive awards is based on an evaluation of achievement against predetermined Company financial and operational metrics in accordance with our Senior Executive Incentive Compensation Plan that was adopted by the compensation and talent committee. For each named executive officer, 100% of his or her target cash incentive compensation in 2016 was tied to key Company financial and operating performance measures. Cash incentive opportunities for named executive officers are generally targeted above the mid-market for performance at target and are scaled appropriately below and above target based on actual performance achievement similar to cash incentives provided to officers in our peer group of companies reviewed by the compensation and talent committee in the technology and robotics industries. The actual amount of the cash incentives paid to the named executive officers, however, is subject to the assessment of the compensation and talent committee of our performance in general and the achievement of specific established goals.

For fiscal 2016, the threshold, target and maximum bonus award opportunities under our Senior Executive Incentive Compensation Plan for each of our named executive officers, as a percentage of base salary earned during the fiscal year, are set forth in the table below. These target bonus amounts were set at levels the compensation and talent committee determined were appropriate to achieve our business plan, which involved growing the Company in a profitable, cost-effective way.

	<b>Incentive Bonus Award Opportunity Payout Scale (% of base salary)</b>		
	<b>Threshold</b>	<b>Target (100%)</b>	<b>Maximum</b>
	<b>(12.5% of target opportunity)</b>		<b>(200% of target opportunity)</b>
	<b>(1)</b>		<b>(2)</b>
Colin M. Angle	12.50%	100.00%	200.00%
Alison Dean	9.38%	75.00%	150.00%
Christian Cerda	9.38%	75.00%(3)	150.00%
Russell J. Campanello	7.50%	60.00%	120.00%
Glen D. Weinstein	7.50%	60.00%	120.00%

- (1) Cash incentive payments are made only after the Company has achieved a specified Adjusted EBITDA hurdle, excluding cash incentive compensation expense.
- (2) This reflects the maximum incentive cash payout levels established under our Senior Executive Incentive Compensation Plan for 2016 based on the specific goals established for fiscal 2016.

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(3) Effective June 1, 2016, Mr. Cerda's Incentive Bonus Award Opportunity Payout Scale Target as a percent of his base salary was increased from 60% to 75%, coincident with his base salary increase from \$420,000 to \$425,000 in connection with his promotion to chief operating officer.

The compensation and talent committee chose this mix of financial targets for cash incentive compensation because it believes that executive officers should be focused on a small set of critical, team-based financial and operating metrics that reinforce the executive's role and impact and company business strategy. Also, the compensation and talent committee established a hurdle where the available total incentive compensation payout for the entire employee base - including the named executive officers - would be reduced on a dollar-for-dollar basis if Adjusted EBITDA, excluding cash incentive compensation expense, fell below \$81.0 million (the threshold for Adjusted EBITDA shown in the table below).

The following tables summarize the 2016 performance measures, associated weightings and goals for each of the named executive officers under the Senior Executive Incentive Compensation Plan, including actual performance achievement. As discussed previously, the payout opportunity ranges from 12.5% of the target incentive opportunity for achieving threshold level of performance to 200% of the target incentive opportunity for achieving maximum level of performance.

Metric	Weightings	Threshold	Performance Goal		2016 Actual Performance	Actual Percentage Earned (as % of target)
			Target (100%)	Maximum		
Adjusted EBITDA, excluding cash incentive compensation expense	50%	\$81.0	\$95.3	\$154.2	\$109.2	72%
Company Revenue	50%	\$575.4	\$639.3	\$767.2	\$660.6	58%
Total Payout (as a % of Target)						130%

Based on our achievement of the performance metrics set forth above, the following cash awards were made to the named executive officers for performance in fiscal 2016 pursuant to our Senior Executive Incentive Compensation Plan:

Original Target Incentive Opportunity	Incentive Bonus Award	
	Achievement	ICP Earned & Paid

Colin M. Angle	\$700,000	130%	\$910,000
Alison Dean	\$345,000	130%	\$448,500
Christian Cerda	\$290,935(1)	130%	\$378,216
Russell J. Campanello	\$210,000	130%	\$273,000
Glen D. Weinstein	\$228,000	130%	\$296,400

- (1) Effective June 1, 2016, Mr. Cerda's target bonus as a percent of his base salary was increased from 60% to 75%, coincident with his base salary increase from \$420,000 to \$425,000 in connection with his promotion to chief operating officer. Mr. Cerda's bonus for 2016 was calculated based on the weighted average of his base salary and target incentive bonus opportunity during fiscal 2016.

#### *Long-Term Incentives*

##### Overview

In 2016, executive officers (and other employees) were eligible to receive a mix of time-based restricted stock units, stock option grants and PSUs that are intended to promote success by aligning employee financial interests with long-term stockholder value. Long-term incentives are awarded based on various factors primarily relating to the responsibilities of the individual officer or employee, his or her past performance, anticipated future contributions, prior grants, the pool of available shares and Company performance. In general, our compensation and talent committee bases its decisions to grant long-term incentives on recommendations of our chief executive officer and the compensation and talent committee's analysis of peer group and industry compensation information, with the intention of keeping the executives' overall compensation at a competitive

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level with the comparator companies reviewed by the compensation and talent committee in the technology and robotics industries.

We have historically used a mix of 50% restricted stock units, 25% PSUs and 25% stock options. The compensation and talent committee believes a mix in our long-term equity awards between stock options, restricted stock units and PSUs aligns the incentives of our executives with the interests of our stockholders and the long-term performance of the Company by directly tying a significant portion of the value that may be realized from our equity compensation to the performance of the Company and to an increase in our stock price.

Annual stock option awards are granted twice a year, typically in March and June, and vest equally over four years. Time-based restricted stock units are granted in March and also vest equally over four years. Annual awards are sized relative to Company and individual performance for the prior year. Granting our annual awards using the prior year's performance to size our awards may result in a disconnect in the size of our awards relative to our performance in the year of grant.

During fiscal 2016, our compensation and talent committee approved the following stock option, time-based restricted stock unit and PSU awards to each of our named executive officers:

	<b>Grant Date Fair Value (\$)</b>	<b>Nonqualified Stock Option Awards (#)</b>	<b>Restricted Stock Units (#)</b>	<b>PSUs (# at Target)</b>
Colin M. Angle	3,279,653	66,963	49,733	24,867
Alison Dean	1,265,156	25,838	19,183	9,592
Christian Cerda	1,528,960	30,738	22,267	11,133
Russell J. Campanello	568,368	11,613	8,617	4,308
Glen D. Weinstein	774,320	15,825	11,750	5,857

**Stock Options and Time-Based Restricted Stock Units**

Annual stock option awards are granted twice a year, typically in March and June, and vest over four years with 25% of the underlying shares vesting on the first anniversary of the date of grant and the remainder vesting in equal quarterly installments thereafter. Time-based restricted stock units are granted in March and vest over four years in equal annual installments.

The following chart depicts the mix of the components of our annual LTI program since 2014.





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### Performance Share Units

The Company's and the compensation and talent committee's overall goals for selecting metrics for the PSU component of the long-term incentive program include:

- Alignment with business strategy;
- Alignment with stockholder interest in improving long-term business fundamentals;
- Correlation with total stockholder return; and
- Complementary to our short-term incentive metrics.

In 2016, after a thoughtful process and consideration of various metrics, the compensation and talent committee determined that operating income as a percentage of revenue (with a threshold requirement for a minimum amount of revenue) continued to be the optimal initial metric for our PSU component. We believe operating income percent is an excellent measure of the underlying profitability of the enterprise and it has historical correlation with total stockholder return. Operating income as a percentage of revenue is also a regularly reported GAAP financial measure, is understood by our investor base, and can be reasonably forecasted over the relevant performance period. We believe operating income as a percentage of revenue in our long-term incentives coupled with the revenue component of our short-term incentives provides strong focus on, and balance between, important short- and long-term business drivers. Moreover, operating income as a percentage of revenue tends to reflect the performance of our executive team as opposed to macro-economic factors or industry-wide trends beyond the control of our team.

For the PSUs granted in 2014, 2015 and 2016, the number of shares actually earned at the end of the three-year period will range from 0% to 100% of the target number of PSUs granted based on the Company's performance against three-year operating income and revenue goals. In addition, while all vesting of earned PSUs occurs on the third anniversary of the date of grant, achievement of intermediate targets for the three-year period allows PSUs to be deemed earned but not yet vested for the intermediate periods. Achievement of the cumulative target will allow all shares subject to the PSUs to be earned regardless of the achievement of the intermediate annual targets. All financial goals for each of the outstanding three-year PSU plans are established at the beginning of the three-year performance period.

Unvested awards are not eligible to receive any dividends or voting rights until the point at which any shares are earned and vested. Under this plan, participants can only earn awards at 100% of target or at 0% of target (for performance below 100% of target) for each year as there is no scaled award opportunity above target under our long-term incentive plans issued in the years 2014, 2015 and 2016.

The various targets for fiscal year 2016 performance under the 2014, 2015 and 2016 long-term incentive plans were adjusted by the compensation and talent committee in May 10, 2016 to account for the Company's divestment of its defense & security business unit.

The following table outlines the threshold and target three-year performance goals for the PSU plan for the 2014-2016 cycle. No more than 100% of the PSUs granted can be earned.

2014 - 2016 PSU Performance Cycle	Revenue (in millions)		Operating Income Percent		Actual Payout Level Achieved
	Threshold	Actual Performance Achieved	Target	Actual Performance Achieved	
2014	\$545	\$557	8.0%	9.5%	100%
2015	\$610	\$617	9.0%	9.8%	100%
2016	\$629	\$661	10.0%	8.7%	100%
Cumulative	\$1,784	\$1,834	9.1%	9.3%	100%
Corresponding Payout			100.0%		

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For 2014, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$545 million and a minimum 8.0% operating income as a percentage of revenue. In 2014, the Company achieved \$557 million in revenue and 9.5% in operating income as a percentage of revenue. Accordingly, one-third of the total number of PSUs awarded were earned but were not yet vested. For 2015, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$610 million and a minimum 9.0% operating income as a percentage of revenue. In 2015, the Company achieved \$617 million in revenue and 9.8% in operating income as a percentage of revenue. Accordingly, an additional one-third of the total number of PSUs awarded were also earned but were not yet vested. For 2016, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$629 million and a minimum 10.0% operating income as a percentage of revenue. While the Company did achieve \$661 million in revenue it did not achieve the necessary operating income as a percentage of revenue in 2016. However, the Company did meet the cumulative three-year targets for the three-year performance cycle; therefore, all of the PSUs were deemed earned and vested.

Specifically, the named-executive officers earned the following PSUs with respect to the 2014-2016 long-term incentive plan cycle:

**2014-2016 PSUs At Target & Earned****2014 - 2016**

PSU Performance Cycle	PSUs				
	At Target	2014 Earned PSUs	2015 Earned PSUs	2016 Earned PSUs	Total PSUs Earned
Colin M. Angle	13,550	4,516	4,517	4,517	13,550
Alison Dean	4,467	1,489	1,489	1,489	4,467
Russell J. Campanello	4,308	1,436	1,436	1,436	4,308
Glen D. Weinstein	2,467	822	822	823	2,467

The following table outlines the threshold and target three-year performance goals for the PSU plan for the 2015-2017 cycle. No more than 100% of the PSUs granted can be earned.

2015 - 2017 PSU Performance Cycle	Revenue (in millions)		Operating Income Percent		Actual Payout Level Achieved
	Threshold	Actual Performance	Target	Actual Performance	
		Achieved		Achieved	
2015	\$624	\$617	9.0%	9.8%	%
2016	\$635	\$661	9.0%	8.7%	%
2017	\$804	\$	9.5%	%	%
Cumulative	\$1,983	\$	9.2%	%	%
Corresponding Payout			100.0%		

For 2015, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$624 million and a minimum 9.0% operating income as a percentage of revenue. In 2015, the Company achieved \$617 million in revenue and 9.8% in operating income as a percentage of revenue. Because the revenue threshold was not achieved, no portion of the PSUs awarded under the 2015 long-term incentive plan for the 2015 - 2017 plan cycle

with respect to 2015 performance were earned. For 2016, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$635 million and a minimum 9.0% operating income as a percentage of revenue. In 2016, the Company achieved \$661 million in revenue and 8.7% in operating income as a percentage of revenue. While the Company did achieve \$661 million in revenue, it did not achieve the necessary operating income as a percentage of revenue in 2016. Accordingly, no portion of the PSUs awarded under the 2016 long-term incentive plan for the 2015 - 2017 plan cycle with respect to 2016 performance were earned.

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Specifically, the named-executive officers earned the following PSUs with respect to the 2015 - 2017 long-term incentive plan cycle:

	<b>2015-2017 PSUs At Target &amp; Earned</b>				<b>Total PSUs Earned to Date</b>
	<b>PSUs At Target</b>	<b>2015 Earned PSUs</b>	<b>2016 Earned PSUs</b>	<b>2017 Earned PSUs</b>	
Colin M. Angle	19,400	0	0	0	
Alison Dean	7,142	0	0	0	
Christian Cerda	8,542	0	0	0	
Russell J. Campanello	3,883	0	0	0	
Glen D. Weinstein	3,883	0	0	0	

The following table outlines the threshold and target three-year performance goals for the PSU plan for the 2016-2018 cycle. No more than 100% of the PSUs granted can be earned.

<b>2016 - 2018</b>	<b>Revenue (in millions)</b>		<b>Operating Income Percent</b>		<b>Actual Payout Level Achieved</b>
	<b>PSU Performance Cycle</b>	<b>Threshold</b>	<b>Actual Performance</b>	<b>Actual Performance</b>	
			<b>Achieved</b>	<b>Target</b>	<b>Achieved</b>
2016	\$635	\$661	8.0%	8.7%	100%
2017	\$724	\$	9.8%	%	%
2018	\$833	\$	10.5%	%	%
Cumulative	\$2,191	\$	9.5%	%	%
Corresponding Payout			100.0%		

For 2016, one-third of the awarded PSUs were deemed earned if the Company achieved a revenue threshold of \$635 million and a minimum 8.0% operating income as a percentage of revenue. In 2016, the Company achieved \$661 million in revenue and 8.7% in operating income as a percentage of revenue. Accordingly, one-third of the total number of PSUs awarded were earned but have not yet vested. Specifically, the named-executive officers earned the following PSUs with respect to the 2016-2018 long-term incentive plan cycle:

	<b>2016-2018 PSUs At Target &amp; Earned</b>				<b>Total PSUs Earned to Date</b>
	<b>PSUs At Target</b>	<b>2016 Earned PSUs</b>	<b>2017 Earned PSUs</b>	<b>2018 Earned PSUs</b>	
Colin M. Angle	24,867	8,289			8,289
Alison Dean	9,592	3,198			3,198
Christian Cerda	11,133	3,711			3,711
Russell J. Campanello	4,308	1,436			1,436
Glen D. Weinstein	5,857	1,953			1,953

Also, the Company determines the value of its annual equity awards early in the year (usually in March). Annual awards are sized relative to Company and individual performance for the prior year as is a typical practice for many companies. By granting our annual awards at the beginning of each year and using the prior year's performance to size our awards, there could be a possible disconnect with our awards relative to our performance in the year of grant.

*LTI Changes for 2017*

Starting in 2017, we adjusted our mix of equity instruments used for named-executive officers to now be a mix of 50% time-based restricted stock units and 50% PSUs. We also adjusted the design of our PSU plan so

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performance of the entire plan is measured at the end of a three-year performance period, eliminating the interim one-year cumulative goals as well as the catch-up provision, and we added an opportunity to earn above target based on actual performance achievement at the end of the three-year performance period. These changes were implemented based on feedback from our investors received during the 2016 proxy season.

The following chart depicts the mix of the components of our annual LTI program for 2017.

*Other Benefits and Perquisites*

We also have various broad-based employee benefit plans. Our executive officers participate in these plans on the same terms as other eligible employees, subject to any legal limits on the amounts that may be contributed by or paid to executive officers under these plans. We offer a 401(k) plan, which allows our employees to invest in a wide array of funds on a pre-tax basis. We do not provide pension arrangements or post-retirement health coverage for our named executive officers or other employees. We also maintain insurance and other benefit plans for our employees. We offer no perquisites to our executive officers that are not otherwise available to all of our employees.

*Stock Ownership Guidelines*

We introduced equity ownership guidelines in 2011 to further align the interests of our senior management and directors with those of our stockholders. Under the guidelines, executives are expected to hold common stock in an amount ranging from two times base salary for our senior executives to six times base salary for our chief executive officer. Our directors are also expected to hold common stock in an amount equal to six times their current board retainer fee.

For purposes of these guidelines, stock ownership includes shares for which the executive or director has direct or indirect ownership or control, including stock and in-the-money vested stock options, but does not include unvested restricted stock units or unvested stock options. Executives and directors are expected to meet their ownership guidelines within five years of becoming subject to the guidelines. All executives and directors are currently meeting or are working to achieve these guidelines within the five-year time period.

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**Table of Contents***Hedging/Pledging Policy*

Since 2005, we have had a written insider trading policy that prohibits holding Company securities as collateral in a margin account, any hedging transactions and prohibits pledging of Company securities as collateral for a loan unless the pledge has been approved by the compensation and talent committee of the board of directors. To date, no such approval has been requested or given.

*Executive Agreements*

We have entered into executive agreements with each of our named executive officers. The executive agreements provide for severance payments equal to 50% of such officer's annual base salary at the highest annualized rate in effect during the one-year period immediately prior to termination, payable in six equal monthly installments, as well as monthly premium payments for continued health, dental and vision benefits for up to six months following termination, in the event that we terminate his or her employment other than for cause, as defined in the executive agreements. In addition, these executive agreements provide that if we experience a change in control, as defined in the executive agreements, and the employment of such officer is terminated by the Company without cause at any time within the period beginning on the date that is 45 days prior to the date of the public announcement of the execution of a definitive agreement for a change in control and ending on the first anniversary of the effective date of the change in control, or if such officer terminates his or her employment for good reason, as defined in the executive agreements, during the one-year period following the change in control, then all unvested equity held by such officer becomes fully-vested and immediately exercisable and such officer is entitled to severance payments equal to 200% of his or her annual base salary, at the highest annualized rate in effect during the period immediately prior to the effective date of the change in control and the date of termination of employment, and 200% of such officer's highest target cash incentive with respect to the year prior to the year in which the change in control occurred and ending in the year in which the officer's employment is terminated, each payable in 24 equal monthly installments, as well as monthly premium payments for continued health, dental and vision benefits for up to 24 months following termination. Receipt of the severance payments and benefits under the executive agreements is subject to the executive officer's execution of a separation agreement, including a general release of claims, in a form and of a scope reasonably acceptable to the Company and compliance with any noncompetition, inventions and/or nondisclosure obligations owed to the Company. There are no tax gross-up payable under the executive agreements or otherwise.

*Clawback Policy*

In 2015, the Company adopted a clawback policy that provides the board of directors discretion to reduce the amount of future compensation (both cash and equity) payable to an executive of the Company for excess proceeds from incentive compensation received by such executive due to a material restatement of financial statements. The clawback period is the three-year period following the filing of any such restated financial statements with the SEC.

*Tax Deductibility of Executive Compensation*

In general, under Section 162(m) of the Code, we cannot deduct, for federal income tax purposes, compensation in excess of \$1,000,000 paid to certain executive officers. This deduction limitation does not apply, however, to compensation that meets all the requirements to be deemed qualified performance-based compensation within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder. We have considered the limitations on deductions imposed by Section 162(m) of the Code and it is our present intention, for so long as it is

consistent with our overall compensation objective, to structure executive compensation to minimize application of the deduction limitations of Section 162(m) of the Code, while also maintaining the flexibility to pay compensation that is subject to the deduction limitations imposed by Section 162(m) of the Code.

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***Risk Oversight of Compensation Programs***

The compensation and talent committee annually reviews and determined that our compensation program for executive officers is not structured to be reasonably likely to present a material adverse risk to us based on the following factors:

Our compensation program for executive officers is designed to provide a balanced mix of cash and equity and annual and longer-term incentives, including compensation based on the achievement of performance targets.

The base salary portion of compensation is designed to provide a steady income regardless of our stock price performance so executives do not feel pressured to focus primarily on stock price performance to the detriment of other important business metrics.

Our stock option grants and time-based restricted stock unit grants generally vest over four years and, in the case of stock options, are only valuable if our stock price increases over time.

Our PSUs vest only after the achievement of significant long-term metrics designed to drive the long-term interests of our stockholders.

PSU awards align the interests of our executive officers with the success of our business strategy.

Maximum payout levels for cash and equity incentives are capped.

Our stock ownership guidelines align the interests of our executive officers with those of our stockholders.

**Compensation Consultant Independence**

Pursuant to its charter, the compensation and talent committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its compensation consultant.

The compensation and talent committee retained Pearl Meyer as its independent executive compensation consultant for 2016. Pearl Meyer reports directly to the compensation and talent committee, and the compensation and talent committee may replace Pearl Meyer or hire additional consultants at any time. Pearl Meyer attends meetings of the compensation and talent committee, as requested, and communicates with the chairman of the compensation and talent committee between meetings; however, the committee makes all decisions regarding the compensation of the Company's executive officers.

Pearl Meyer provides various executive compensation services to the compensation and talent committee with respect to our executive officers and other key employees at the compensation and talent committee's request. The services Pearl Meyer provides include advising the compensation and talent committee on the principal aspects of the executive compensation program and evolving best practices, and providing market information and analysis regarding the competitiveness of our program design and awards in relationship to our performance.

The compensation and talent committee reviews the services provided by its outside consultants and believes Pearl Meyer is independent in providing executive compensation consulting services. The compensation and talent committee conducted a specific review of its relationship with Pearl Meyer, and determined Pearl Meyer's work for the compensation and talent committee did not raise any conflicts of interest, consistent with the guidance provided under the Dodd-Frank Act and by the SEC and NASDAQ. In making this determination, the compensation and talent committee noted the following:

Pearl Meyer did not provide any services to us or our management other than service to the compensation and talent committee (including compensation benchmarking for our senior leadership team), and its services were limited to executive compensation consulting;  
Fees paid by us to Pearl Meyer represented less than 1.0% of Pearl Meyer's total revenue for the period January 2016 through December 2016;

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Pearl Meyer maintains a Conflicts Policy and an Insider Trading Policy which were provided to the compensation and talent committee with specific policies and procedures designed to ensure independence;

None of the Pearl Meyer consultants on our account had any business or personal relationship with our compensation and talent committee members;

None of the Pearl Meyer consultants on our account had any business or personal relationship with our executive officers; and

None of the Pearl Meyer consultants on our account directly own shares of our stock.

The compensation and talent committee continues to monitor the independence of its compensation consultant on a periodic basis.

**Executive Compensation Summary**

The following table sets forth summary compensation information for our chief executive officer, chief financial officer and the three other most highly compensated executive officers:

**SUMMARY COMPENSATION TABLE - 2016**

Name and Principal Position	Year	Salary \$(1)	Stock Awards \$(2)	Option Awards \$(2)	Non-Equity	All	Total (\$)
					Incentive Plan Compensation \$(3)	Other Compensation \$(4)	
<b>Colin M. Angle</b>	2016	696,154	2,472,244	807,409	910,000	7,950	4,893,757
Chairman, Chief Executive Officer and Director	2015	684,135	1,996,260	646,548	465,750	7,950	3,800,643
	2014	646,154	1,762,178	589,970	552,500	7,800	3,558,602
<b>Alison Dean</b>	2016	455,385	953,604	311,552	448,500	7,950	2,176,991

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Executive Vice President, Chief Financial Officer, Treasurer and Principal Accounting Officer	2015	433,654	734,878	238,003	222,525	7,950	1,637,010
		388,462					
	2014		580,890	194,546	212,500	7,800	1,384,198
<b>Christian Cerda (5)</b>	2016	419,808	1,151,228	377,732	378,220	7,950	2,334,938
Chief Operating Officer	2015	400,000	878,938	284,498	165,600	7,950	1,736,986
	2014	335,385	360,889	120,563	159,250	7,800	983,887
<b>Russell J. Campanello</b>	2016	348,462	428,335	140,033	273,000	7,950	1,197,780
Executive Vice President, Human Resources and Corporate Communications	2015	344,231	399,595	129,411	140,760	7,950	1,021,947
	2014	325,000	560,299	187,841	165,750	7,950	1,246,840
<b>Glen D. Weinstein</b>	2016	377,693	583,496	190,824	296,400	7,950	1,456,365
Executive Vice President and Chief Legal Officer	2015	369,481	399,595	129,411	151,110	7,950	1,057,547
	2014	346,423	320,790	107,154	177,990	7,800	960,157

- (1) Represents salary earned in the fiscal years presented, which covered 52 weeks for fiscal year 2016 and 2014 and 53 weeks for fiscal year 2015.

- (2) Represents the aggregate grant date fair value for stock and option awards granted in the fiscal years ended December 31, 2016, January 2, 2016 and December 27, 2014, as applicable, in accordance with Financial Accounting Standards Board, Accounting Standards Codification Topic 718 ( ASC Topic 718 ) disregarding any estimates of forfeitures. See the information appearing in note 9 to our consolidated

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financial statements included as part of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for certain assumptions made in the valuation of stock and option awards.

- (3) Represents amounts paid in 2017, 2016 and 2015, respectively under the Company's Senior Executive Incentive Compensation Plan for performance in the fiscal years ended December 31, 2016, January 2, 2016 and December 27, 2014, as applicable.
- (4) Includes 401(k) matching contributions for each of our named executive officers. Excludes medical, group life insurance and certain other benefits received by the named executive officers that are available generally to all of our salaried employees.
- (5) Christian Cerda's base salary was increased from \$400,000 to \$420,000 as part of the annual review process in 2016 and also received a subsequent increase to \$425,000 effective June 1, 2016 coincident with his promotion to chief operating officer. Mr. Cerda's bonus for 2016 was calculated based on the weighted average of his base salary and target incentive bonus opportunity during fiscal 2016.

**Grants of Plan-Based Awards in 2016**

The following table sets forth, for each of the named executive officers, information about grants of plan-based awards during fiscal year 2016:

**GRANTS OF PLAN-BASED AWARDS 2016**

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Underlying Securities Options (#)(3)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Colin M. Angle	3/11/2016	87,500	700,000	1,400,000	24,867	24,867	49,733			1,648,152	824,092



3/11/2016							
3/11/2016					36,013	33.14	413,681
6/10/2016					30,950	37.62	393,727

Alison Dean 43,125 345,000 690,000

3/11/2016					19,183		635,725
3/11/2016				9,592	9,592		317,879
3/11/2016					13,888	\$ 33.14	159,531
6/10/2016					11,950	\$ 37.62	152,021

Christian Cerda (4) 36,367 290,935 581,870

3/11/2016