

Operator:

Good day everyone and welcome to the iRobot investor call. I would like to turn the call over to Colin Angle, iRobot chairman and chief executive officer. Please go ahead.

Colin:

Good morning and thank you for joining us. As you know, we announced this morning that we have signed a definitive agreement for the sale of our Defense & Security business. I'll provide a brief recap of the announcement and then Alison Dean, our chief financial officer and I will open the call to your questions.

Before I begin, I would like to note that statements made on today's call that are not based on historical information are forward-looking statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties and involve a number of factors that could cause actual results to differ materially from those expressed or implied by such statements. Additional information on these risks and uncertainties can be found in our public filings with the Securities and Exchange Commission. iRobot undertakes no obligation to update or revise these forward-looking statements whether as a result of new information or circumstances. I would also like to refer you to the Form 8-K filed this morning in conjunction with the announcement.

With that, I will briefly review today's news. We are pleased to announce that we have signed a definitive agreement to sell our Defense & Security business to Arlington Capital Partners for up to \$45 million, including a contingent payment based on achieving certain milestones. The transaction is expected to close in the next few months.

Let me spend a moment to recap the background that led us to this decision.

Consistent with our Board and management's commitment to our shareholders, we regularly review our business and evaluate opportunities that may enhance value.

Given that iRobot's growth has been driven more and more by our Home Robot business, in the spring of 2014, we engaged Blackstone Advisory Partners, now known as PJT Partners, to run a strategic alternatives process for D&S.

Today's transaction represents the successful culmination of a robust process that aligns with our strategic plan and the opportunities we are pursuing to enhance value. We assessed many options for the business. As part of the process, we contacted more than 20 parties and received 5 indications of interest from both financial and strategic acquirers. We had detailed discussions with several interested parties and I am confident this represents the best transaction for shareholders.

We will share more detail about the financial impact of the sale in our fourth-quarter and full-year earnings press release, which will be issued on February 10, and during our investor call on February 11, 2016, where we will also share our 2016 guidance and longer term targets for the remainder of the business. We are excited to tell you today, that we are reaffirming our Q4 and full year 2015 guidance and that we expect our Q4 and full-year 2015 results to be at the high end of our expectations. A successful holiday season for the new Roomba 980 Series robot and sell through across iRobot's Roomba family was greater than we had anticipated in the U.S. Likewise, demand in China was very strong throughout the fourth quarter. We will provide additional details about the 2015 performance and 2016 expectations on our February 11th call.

Consistent with our commitment to efficient capital allocation, our Board has also taken this opportunity to announce a return of additional capital to our shareholders – both the expected proceeds from this transaction and additional capital from the company's balance sheet. Upon the close of the transaction, we will expand our share repurchase program by \$65 million bringing the total 2016 program authorization to \$100 million. At current prices, the \$100 million share repurchase program would allow iRobot to acquire approximately 10 percent of the Company's total outstanding shares. We will provide further details on the mechanics of the program shortly.

As we think about our business moving forward and the strategic opportunity in home, we believe iRobot has an incredibly bright future. With the sale of D&S, we can solidify our position as the leader in diversified Home Robots and focus our efforts on technologies for the connected home. With 14 million robots in people's homes today and the leading market share within the robotic floor care segment, we continue to empower people to do more. Our Board and executive team are committed to maintaining our lead in this growing market and our heightened focus ensures we will continue to be the leader, both in sales and innovation.

Our Home Robots business generates roughly 90% of the Company's revenue and we continue to strengthen our marketing capabilities globally to drive growth by accelerating consumer adoption of our Roomba vacuuming robot and increasing penetration of our other home robots. As global spending in robotic vacuum cleaners continues to grow, iRobot has maintained its leadership position in the market, despite several recent entrants in the category. We remain very optimistic about the industry and our growth prospects in the coming years.

At iRobot, our Board and management team remain steadfast in our commitment to enhance value for our shareholders – and we will continue to take actions to achieve that objective.

With that, Alison and I will take your questions.