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As filed with the Securities and Exchange Commission on September 12, 2005

Registration No. 333-126907

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

iROBOT CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**8731**	**77-0259 335**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

63 South Avenue
Burlington, Massachusetts 01803
(781) 345-0200
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Colin M. Angle
Chief Executive Officer
iRobot Corporation
63 South Avenue
Burlington, Massachusetts 01803
(781) 345-0200
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Mark T. Bettencourt, Esq. **Edward A. King, Esq.** **Goodwin Procter LLP** **Exchange Place** **Boston, Massachusetts 02109** **(617) 570-1000**	**Mark G. Borden, Esq.** **Omar White, Esq.** **Wilmer Cutler Pickering Hale and Dorr LLP** **60 State Street** **Boston, Massachusetts 02109** **(617) 526-6000**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o _____

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o _____

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Common Stock, $0.01 par value per share (including rights to acquire series A-1 junior participating cumulative preferred stock pursuant to our shareholder rights agreement)	$115,000,000	$13,536

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act.

(2) Previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), shall determine.

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The information contained in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued , 2005

Shares

iRobot®

COMMON STOCK

iRobot Corporation is offering shares of its common stock, and the selling stockholders are offering shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. This is our initial public offering, and no public market currently exists for our shares. We anticipate that the initial public offering price will be between $ and $ per share.

We have applied to list our common stock on the NASDAQ National Market under the symbol "IRBT."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 6.

PRICE $ A SHARE

	Price to Public	*Underwriting Discounts and Commissions*	*Proceeds to iRobot Corporation*	*Proceeds to Selling Stockholders*
Per Share	*$*	*$*	*$*	*$*
Total	*$*	*$*	*$*	*$*

Selling stockholders have granted the underwriters the right to purchase up to an additional shares to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on , 2005.

MORGAN STANLEY ***JPMORGAN***

FIRST ALBANY CAPITAL

NEEDHAM & COMPANY, LLC

ADAMS HARKNESS

, 2005

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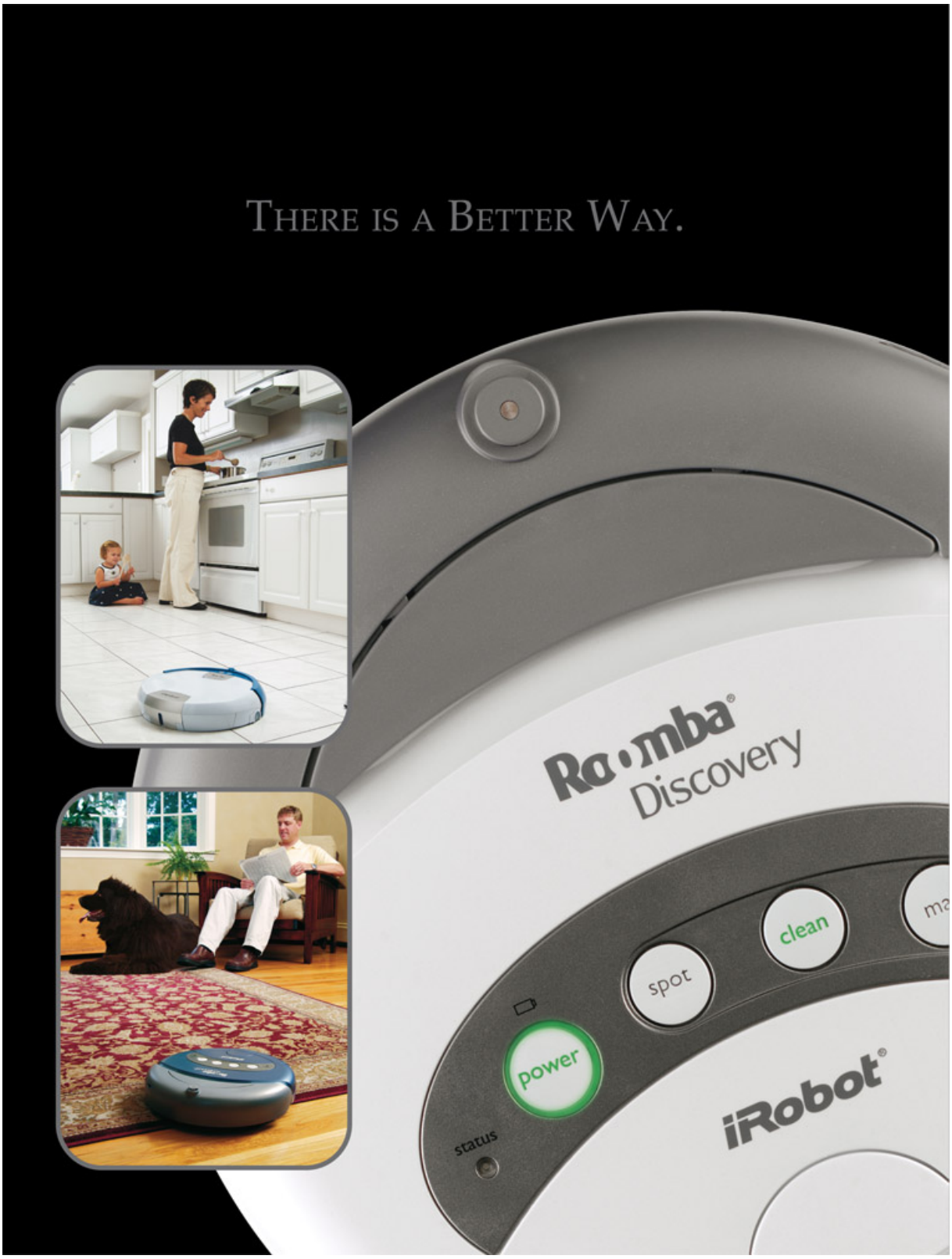

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We and the selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of shares of our common stock.

Until , 2005 (25 days after the commencement of this offering), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, especially the risks of investing in our common stock discussed under "Risk Factors" beginning on page 6, and the consolidated financial statements and notes to those consolidated financial statements, before making an investment decision.

iROBOT CORPORATION

Overview

iRobot provides robots that enable people to complete complex tasks in a better way. Founded in 1990 by roboticists who performed research at the Massachusetts Institute of Technology, we have developed proprietary technology incorporating advanced concepts in navigation, mobility, manipulation and artificial intelligence to build industry-leading robots. Our Roomba floor vacuuming robot and recently announced Scooba floor washing robot perform time-consuming domestic chores, and our PackBot tactical military robots perform battlefield reconnaissance and bomb disposal. In addition, we are developing the Small Unmanned Ground Vehicle reconnaissance robot for the U.S. Army's transformational Future Combat Systems program and, in conjunction with Deere & Company, the R-Gator unmanned ground vehicle. We sell our robots to consumers through a variety of distribution channels, including over 7,000 retail locations and our on-line store, and to the U.S. military and other government agencies worldwide.

As of July 2, 2005, we had 214 full-time employees, of whom over half are engineers specializing in the design of robots. We have developed expertise in all the disciplines necessary to build durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to develop next generation and new products, reducing the time, cost and risk of product development. Our significant expertise in robot design and engineering, combined with our management team's experience in military and consumer markets, positions us to capitalize on the expected growth in the market for robots.

Over the past three years, we sold more than 1.2 million of our Roomba floor vacuuming robots. We also sold to the U.S. military during that time more than 200 of our PackBot tactical military robots, most of which have been deployed on missions in Afghanistan and Iraq.

Market Opportunity

Over the past several decades, the desire to continue to improve productivity and quality of life has led to the development of robots. Historical attempts at producing robots have had limited success due to the inherent complexities in integrating multiple technologies to deliver truly functional robots at affordable prices. Behavior-based robots, which represent a new generation of robots, can effectively deal with dynamic and changing environments, and are particularly well suited for consumer, military and industrial tasks that are repetitive, physically demanding or dangerous. The need for robots has increased in parallel with the evolution of robot technology.

We believe that the demand for robots that can complete domestic chores is developing rapidly due to demographic trends, including the aging population, increasing prevalence of dual-income households, declining birth rates and ongoing reduction in people's "free" time. According to the 2004 United Nations Economic Commission for Europe in cooperation with the International Federation of Robotics, there will be approximately $2.6 billion spent worldwide on household robots from 2004 through 2007.

The worldwide need for security and the transformation of the military are driving the market opportunity in the defense and government sector for automated and unmanned systems. The shift to less traditional warfare, a declining pool of available military personnel, increasing costs of military personnel, and political ramifications of personnel casualties are driving the military to develop alternatives to its human-capital resources. Warfare modernization directives incorporate the use of robots in accordance with the National Defense Authorization Act of 2001, which stated the goal that "by 2015, one-third of the operational ground combat vehicles of the Armed Forces are unmanned."

We believe that the sophisticated technologies in our existing consumer and military applications are adaptable to a broad array of markets such as law enforcement, homeland security, commercial cleaning, elderly care, oil services, home automation, landscaping, agriculture and construction.

Our Solution

Innovation is at the core of iRobot. Our innovation engine, comprised of our robot technology, roboticists and robot market experience, enables us to design and introduce new products rapidly in a wide range of markets. Our robots are designed to perform complex tasks in a better way.

Better Results. Our robots help perform dull, dirty or dangerous missions with better results. Our Roomba floor vacuuming robot cleans under beds and other furniture, resulting in significantly cleaner floors because it can access more of the floor than standard upright vacuum cleaners. Our PackBot tactical military robot is credited with saving the lives of U.S. service personnel in Afghanistan and Iraq by performing dangerous military missions that would otherwise have been performed by soldiers.

Easy-to-Use. Our robots encompass advanced technology and a user-friendly design that make them easy to set up, operate and maintain. Our Roomba robots work at the touch of a single button, appealing to consumers' intuition and requiring extremely limited set-up and learning time. Our PackBot robots, while entailing greater user interaction, require only a few hours of training for their users.

Cost-Effective. We believe our robots deliver high value for their cost. Our PackBot robots cost relatively little when compared to the value of saving the lives of armed forces personnel. Our Roomba robots reduce the time spent by customers to clean rooms quickly and effectively, and are priced competitively with traditional vacuum cleaners.

Safe and Durable. Safety and durability are key design objectives of all our products. For example, our PackBot robots have been developed with a patented, safe-firing circuit designed to prevent accidental discharge or detonation. Our Roomba robots have a triple-redundant system to prevent them from falling down stairs and undergo severe quality control tests that include compression and drop tests.

Our Strategy

Our objective is to rapidly invent, design, market and support innovative robots that will expand our leadership globally in our existing markets and newly addressable markets Key elements of our strategy to achieve this objective include:

- *Deliver Great Products and Continue to Expand Our Existing Markets.* Our strategy is to deliver innovative products rapidly at economical price points and continue to extend our consumer and military product offerings.
- *Innovate to Penetrate New Markets.* Our culture of innovation and experience enables us to rapidly develop robots for use in a broad range of applications and to penetrate new market segments globally.
- *Complement Our Core Competencies With Strategic Alliances.* We rely on strategic alliances to provide complementary competencies and enhance our ability to enter and compete in new markets.
- *Leverage Our Research and Development Efforts Across Different Products and Markets.* By using our research and development across all our products and markets, our strategy is to develop cost-effective robots and rapidly bring them to market.
- *Build a Community of Third-Party Developers Around Our Platforms.* Our extendable product platforms with open interfaces allow us to foster a community of third-party developers that we believe will enable us to expand our footprint while maintaining market leadership.
- *Continue to Strengthen Our Brand.* To strengthen our brand, we will reinforce our message of innovation, reliability, safety and value through continued investment in our marketing programs.
- *Continue to Invest Aggressively in Our Business and Our People.* We will maximize long-term profitability by continuing to invest significant resources over the next several years in our product development and sales efforts, and in training highly-qualified personnel.

Risks Associated with Our Business

Our business is subject to numerous risks, as more fully described under “Risk Factors” beginning on page 6, which you should carefully consider prior to deciding whether to invest in our common stock. For example:

- we have incurred significant losses since inception, and our future profitability is uncertain;
- we operate in an emerging market, which makes it difficult to evaluate our business and future prospects;
- we have generated, and expect to continue to generate, more than half of our revenue from our Roomba line of floor vacuuming robots; and
- we depend on the U.S. federal government for a significant portion of our revenue.

Our Corporate Information

We were incorporated in California in August 1990 under the name IS Robotics, Inc. and reincorporated as IS Robotics Corporation in Massachusetts in June 1994. We reincorporated in Delaware as iRobot Corporation in December 2000. Our corporate headquarters are located at 63 South Avenue, Burlington, Massachusetts 01803, and telephone number is (781) 345-0200. Our website address is www.irobot.com. The information on, or that can be accessed through, our website is not part of this prospectus.

iRobot, Roomba, Scooba, PackBot and AWARE are trademarks of iRobot Corporation. Gator, M-Gator and R-Gator are trademarks of Deere & Company. This prospectus also includes other registered and unregistered trademarks of iRobot Corporation and other persons.

THE OFFERING

Common stock offered by iRobot	shares
Common stock offered by the selling stockholders	shares
Total	shares
Over-allotment option offered by selling stockholders	shares
Common stock to be outstanding after this offering	shares
Use of proceeds	We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes, including to finance the development of new products, sales and marketing activities, capital expenditures and the costs of operating as a public company. We will not receive any proceeds from the sale of shares by the selling stockholders. See "Use of Proceeds" for more information.
Risk factors	You should read the "Risk Factors" section of this prospectus for a discussion of factors that you should consider carefully before deciding to invest in shares of our common stock.
Proposed NASDAQ National Market symbol	"IRBT"

The number of shares of our common stock to be outstanding following this offering is based on 19,894,820 shares of our common stock outstanding as of July 2, 2005, and excludes:

- 2,954,233 shares of common stock issuable upon exercise of options outstanding as of July 2, 2005 at a weighted average exercise price of $2.39 per share;
- 613,623 shares of common stock reserved as of July 2, 2005 for future issuance under our stock-based compensation plans; and
- 18,000 shares of common stock issuable upon the exercise of a warrant, with an approximate exercise price of $3.74 per share.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- the automatic conversion of all outstanding shares of our preferred stock into 9,557,246 shares of common stock, upon the closing of the offering;
- the filing of our amended and restated certificate of incorporation and the adoption of our amended and restated by-laws immediately prior to the effectiveness of this offering; and
- no exercise by the underwriters of their over-allotment option.

SUMMARY CONSOLIDATED FINANCIAL DATA

The tables below summarize our consolidated financial information for the periods indicated. You should read the following information together with the more detailed information contained in "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes.

	Year Ended December 31,			Six Months Ended	
	2002	2003	2004	June 30, 2004	July 2, 2005
				(unaudited)	
	(in thousands, except per share data)				
Consolidated Statement of Operations:					
Revenue					
Product revenue(1)	$ 6,955	$ 45,896	$ 82,147	$ 23,087	$ 34,723
Contract revenue	7,223	7,661	12,365	5,039	8,233
Royalty revenue	639	759	531	483	62
Total revenue	14,817	54,316	95,043	28,609	43,018
Cost of Revenue					
Cost of product revenue	4,896	31,194	59,321	16,471	26,750
Cost of contract revenue	11,861	6,143	8,371	3,345	5,770
Total cost of revenue	16,757	37,337	67,692	19,816	32,520
Gross Profit (Loss)(1)	(1,940)	16,979	27,351	8,793	10,498
Operating Expenses					
Research and development	1,736	3,848	5,504	2,563	5,713
Selling, general and administrative	7,128	20,521	21,404	9,188	12,061
Stock-based compensation	—	—	—	—	90
Total operating expenses	8,864	24,369	26,908	11,751	17,864
Operating Income (Loss)	(10,804)	(7,390)	443	(2,958)	(7,366)
Net Income (Loss)	(10,774)	(7,411)	219	(3,000)	(7,157)
Net Income (Loss) Per Share					
Basic	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Diluted	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Number of Shares Used in Per Share Calculations					
Basic	5,391	9,352	9,660	9,530	10,008
Diluted	5,391	9,352	19,183	9,530	10,008
Pro Forma Net Income (Loss) Data(2):					
Pro Forma Net Income (Loss) Per Share					
Basic			$ 0.01		$ (0.37)
Diluted			$ 0.01		$ (0.37)
Number of Shares Used in Pro Forma Per Share Calculations					
Basic			18,002		19,565
Diluted			19,183		19,565

(1) Beginning in the first quarter of 2004, we converted from recognizing revenue from U.S. consumer product sales on a "sell-through" basis (when retail stores sold our robots) to a "sell-in" basis (when our robots are shipped to retail stores). As a result of this conversion, our revenue and gross profit in the first quarter of 2004 included $5.7 million and $2.5 million, respectively, from robots shipped prior to 2004.

(2) We have computed the pro forma net income (loss) per share and the pro forma weighted-average shares outstanding included in the statement of operations data as we describe in Note 2 of the notes to our consolidated financial statements.

The as adjusted balance sheet data in the table below reflects the conversion of our convertible preferred stock and our receipt of estimated net proceeds from our sale of shares of common stock that we are offering at an assumed public offering price of $ per share, after deducting estimated discounts and commissions and estimated offering expenses payable by us.

	July 2, 2005	
	Actual	As Adjusted
	(unaudited) (in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 15,090	$
Total assets	40,336	
Total liabilities	33,672	
Total redeemable convertible preferred stock	37,506	
Total stockholders' equity (deficit)	(30,843)	

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this prospectus, before deciding whether to invest in our common stock. If any of the following risks actually materializes, our business, financial condition and results of operations would suffer. The trading price of our common stock could decline as a result of any of these risks, and you might lose all or part of your investment in our common stock. You should read the section entitled "Forward-Looking Statements" immediately following these risk factors for a discussion of what types of statements are forward-looking statements, as well as the significance of such statements in the context of this prospectus.

Risks Related to Our Business

Our future profitability is uncertain, and we have a limited operating history on which you can base your evaluation of our business.

We have incurred significant losses since inception, including net losses of $10.8 million, $7.4 million and $7.2 million, respectively, in the years ended December 31, 2002 and 2003 and the six months ended July 2, 2005. As a result of ongoing operating losses, we had an accumulated deficit of $34.0 million at July 2, 2005. Because we operate in a rapidly evolving industry, we have difficulty predicting our future operating results, and we cannot be certain that our revenue will grow at rates that will allow us to maintain profitability on a quarterly or annual basis. In addition, we only have a limited operating history on which you can base your evaluation of our business. If we fail to maintain profitability, the market price of our common stock will likely fall.

We operate in an emerging market, which makes it difficult to evaluate our business and future prospects.

Robots represent a new and emerging market. Accordingly, our business and future prospects are difficult to evaluate. We cannot accurately predict the extent to which demand for consumer robots will increase, if at all. Moreover, there are only a limited number of major programs under which the U.S. federal government is currently funding the development or purchase of military robots. You should consider the challenges, risks and uncertainties frequently encountered by companies using new and unproven business models in rapidly evolving markets. These challenges include our ability to:

- generate sufficient revenue to maintain profitability;
- acquire and maintain market share in our consumer and military markets;
- manage growth in our operations;
- attract and retain customers of our consumer robots;
- develop and renew government contracts for our military robots;
- attract and retain additional roboticists and other highly-qualified personnel;
- adapt to new or changing policies and spending priorities of governments and government agencies; and
- access additional capital when required and on reasonable terms.

If we fail to successfully address these and other challenges, risks and uncertainties, our business, results of operations and financial condition would be materially harmed.

Our financial results often vary significantly from quarter-to-quarter due to a number of factors, which may lead to volatility in our stock price.

Our quarterly revenue and other operating results have varied in the past and are likely to continue to vary significantly from quarter-to-quarter. For instance, our consumer product revenue is significantly seasonal and, historically, as much as 73% of our revenue from sales of consumer products has been generated in the

second half of the year. This variability may lead to volatility in our stock price as equity research analysts and investors respond to these quarterly fluctuations. These fluctuations will be due to numerous factors including:

- seasonality in the sales of our consumer products;
- the size and timing of orders from military and other government agencies;
- the mix of products that we sell in the period;
- disruption of supply of our products from our manufacturers;
- the inability to attract and retain qualified, revenue-generating personnel;
- unanticipated costs incurred in the introduction of new products;
- costs of labor and raw materials;
- our ability to introduce new products and enhancements to our existing products on a timely basis;
- price reductions;
- the amount of government funding and the political, budgetary and purchasing constraints of our government agency customers; and
- cancellations, delays or contract amendments by government agency customers.

Revenue for any particular quarter and revenue from sales of our consumer products are difficult to predict. Because of quarterly fluctuations, we believe that quarter-to-quarter comparisons of our operating results are not necessarily meaningful. Moreover, our operating results may not meet expectations of equity research analysts or investors. If this occurs, the trading price of our common stock could fall substantially either suddenly or over time.

A majority of our business currently depends on our consumer robots, and our sales growth and operating results would be negatively impacted if we are unable to enhance our current consumer robots or develop new consumer robots at competitive prices or in a timely manner.

For the year ended December 31, 2004, we derived 73.8% of our revenue from our Roomba floor vacuuming robots. For the foreseeable future, we expect that a majority of our revenue will continue to be derived from sales of consumer home floor care products. Accordingly, our future success depends upon our ability to further penetrate the consumer home floor care market, to enhance our current consumer products and develop and introduce new consumer products offering enhanced performance and functionality at competitive prices. The development and application of new technologies involve time, substantial costs and risks. For example, we have devoted significant time and incurred significant expenses in connection with developing our Scooba robot, which is designed to sweep, wash, scrub and dry hard floors, and we plan to commence selling our Scooba robot in late 2005. Our results in the fourth quarter of 2005 and in 2006 will depend in part on the success of this new product line, and there can be no assurance that we will not incur delays in the introduction of our Scooba floor washing robot or that it will attain market acceptance. Our inability, for technological or other reasons, to introduce or achieve significant sales of our Scooba robot, or to enhance, develop and introduce other products in a timely manner, or at all, would materially harm our sales growth and operating results.

We depend on the U.S. federal government for a significant portion of our revenue, and any reduction in the amount of business that we do with the U.S. federal government would negatively impact our operating results and financial condition.

For the year ended December 31, 2004 and for the six months ended July 2, 2005, we derived 20.1% and 47.6%, respectively, of our revenue, directly or indirectly, from the U.S. federal government and its agencies. Any reduction in the amount of revenue that we derive from the U.S. federal government without an offsetting increase in new sales to other customers would have a material adverse effect on our operating results.

Our participation in specific major U.S. federal government programs is critical to both the development and sale of our military robots. For example, in the year ended December 31, 2004, 35.9% of our contract revenue was derived from our participation in the U.S. Army's Future Combat Systems program. Future sales of our PackBot robots will depend largely on our ability to secure contracts with the U.S. Army under its robot programs. We expect that there will continue to be only a limited number of major programs under which U.S. federal government agencies will seek to fund the development of, or purchase, robots. Our business will, therefore, suffer if we are not awarded, either directly or indirectly through third-party contractors, government contracts for robots that we are qualified to develop or build. In addition, if the U.S. federal government or government agencies terminate or reduce the related prime contract under which we serve as a subcontractor, revenues that we derive under that contract could be lost, which would negatively impact our business and financial results. Moreover, it is difficult to predict the timing of the award of government contracts and our revenue could fluctuate significantly based on the timing of any such awards.

Even if we continue to receive funding for research and development under these contracts, there can be no assurance that we will successfully complete the development of robots pursuant to these contracts or that, if successfully developed, the U.S. federal government or any other customer will purchase these robots from us. The U.S. federal government has the right when it contracts to use the technology developed by us to have robots supplied by third parties. Any failure by us to complete the development of these robots, or to achieve successful sales of these robots, would harm our business and results of operations.

Our contracts with the U.S. federal government contain certain provisions that may be unfavorable to us and subject us to government audits, which could materially harm our business and results of operations.

Our contracts and subcontracts with the U.S. federal government subject us to certain risks and give the U.S. federal government rights and remedies not typically found in commercial contracts, including rights that allow the U.S. federal government to:

- terminate contracts for convenience, in whole or in part, at any time and for any reason;
- reduce or modify contracts or subcontracts if its requirements or budgetary constraints change;
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- exercise production priorities, which allow it to require that we accept government purchase orders or produce products under its contracts before we produce products under other contracts, which may displace or delay production of more profitable orders;
- claim certain rights in products provided by us; and
- control or prohibit the export of certain of our products.

Several of our prime contracts with the U.S. federal government do not contain a limitation of liability provision, creating a risk of responsibility for direct and consequential damages. Several subcontracts with prime contractors hold the prime contractor harmless against liability that stems from our work and do not contain a limitation of liability. These provisions could cause substantial liability for us, especially given the use to which our products may be put.

In addition, we are subject to audits by the U.S. federal government as part of routine audits of government contracts. As part of an audit, these agencies may review our performance on contracts, cost structures and compliance with applicable laws, regulations and standards. If any of our costs are found to be allocated improperly to a specific contract, the costs may not be reimbursed and any costs already reimbursed for such contract may have to be refunded. Accordingly, an audit could result in a material adjustment to our revenue and results of operations. Moreover, if an audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with the government.

If any of the foregoing were to occur, or if the U.S. federal government otherwise ceased doing business with us or decreased the amount of business with us, our business and operating results could be materially harmed and the value of your investment in our common stock could be impaired.

Some of our contracts with the U.S. federal government allow it to use inventions developed under the contracts and to disclose technical data to third parties, which could harm our ability to compete.

Some of our contracts allow the U.S. federal government rights to use, or have others use, patented inventions developed under those contracts on behalf of the government. Some of the contracts allow the federal government to disclose technical data without constraining the recipient in how that data is used. The ability of third parties to use patents and technical data for government purposes creates the possibility that the government could attempt to establish additional sources for the products we provide that stem from these contracts. It may also allow the government the ability to negotiate with us to reduce our prices for products we provide to it. The potential that the government may release some of the technical data without constraint creates the possibility that third parties may be able to use this data to compete with us in the commercial sector.

Government contracts are subject to a competitive bidding process that can consume significant resources without generating any revenue.

Government contracts are frequently awarded only after formal competitive bidding processes, which are protracted. In many cases, unsuccessful bidders for government agency contracts are provided the opportunity to protest certain contract awards through various agency, administrative and judicial channels. If any of the government contracts awarded to us are protested, we may be required to expend substantial time, effort and financial resources without realizing any revenue with respect to the potential contract. The protest process may substantially delay our contract performance, distract management and result in cancellation of the contract award entirely.

We depend on single source manufacturers, and our reputation and results of operations would be harmed if these manufacturers fail to meet our requirements.

We currently depend on one contract manufacturer, Jetta Company Limited, to manufacture our consumer products at a single plant in China and rely on one contract manufacturer, Gem City Engineering Corporation, to manufacture our military products at a single plant in the United States. These manufacturers supply substantially all of the raw materials and provide all facilities and labor required to manufacture our products. If these companies were to terminate their arrangements with us or fail to provide the required capacity and quality on a timely basis, we would be unable to manufacture our products until replacement contract manufacturing services could be obtained. To qualify a new contract manufacturer, familiarize it with our products, quality standards and other requirements, and commence volume production is a costly and time-consuming process. We cannot assure you that we would be able to establish alternative manufacturing relationships on acceptable terms.

Our reliance on these contract manufacturers involves certain risks, including the following:

- lack of direct control over production capacity and delivery schedules;
- lack of direct control over quality assurance, manufacturing yields and production costs;
- risk of loss of inventory while in transit from China; and
- risks associated with international commerce with China, including unexpected changes in legal and regulatory requirements, changes in tariffs and trade policies, risks associated with the protection of intellectual property and political and economic instability.

Any interruption in the manufacture of our products would be likely to result in delays in shipment, lost sales and revenue and damage to our reputation in the market, all of which would harm our business and results of operations. In addition, while our contract obligations with our contract manufacturer in China are

typically denominated in U.S. dollars, changes in currency exchange rates could impact our suppliers and increase our prices. In particular, the Chinese government recently announced that the Chinese yuan has moved to a managed floating exchange rate regime, which could lead to our suppliers in China negotiating increased pricing terms with us.

Any efforts to expand our product offerings beyond our current markets may not succeed, which could negatively impact our operating results.

We have focused on selling our robots in the consumer and military markets. We plan to expand into other markets. Efforts to expand our product offerings beyond the two markets that we currently serve, however, may divert management resources from existing operations and require us to commit significant financial resources to an unproven business, either of which could significantly impair our operating results. Moreover, efforts to expand beyond our existing markets may never result in new products that achieve market acceptance, create additional revenue or become profitable.

If we are unable to implement appropriate controls and procedures to manage our growth, we may not be able to successfully implement our business plan.

Our headcount and operations are growing rapidly. This rapid growth has placed, and will continue to place, a significant strain on our management, administrative, operational and financial infrastructure. From December 31, 2004 to July 2, 2005, the number of our employees increased from 148 to approximately 214. We anticipate further growth will be required to address increases in our product offerings and the geographic scope of our customer base. Our success will depend in part upon the ability of our senior management to manage this growth effectively. To do so, we must continue to hire, train, manage and integrate a significant number of qualified managers and engineers. If our new employees perform poorly, or if we are unsuccessful in hiring, training, managing and integrating these new employees, or retaining these or our existing employees, our business may suffer.

In addition, to manage the expected continued growth of our headcount and operations, we will need to continue to improve our information technology infrastructure, operational, financial and management controls and reporting systems and procedures, and manage expanded operations in geographically distributed locations. Our expected additional headcount and capital investments will increase our costs, which will make it more difficult for us to offset any future revenue shortfalls by offsetting expense reductions in the short term. If we fail to successfully manage our growth we will be unable to successfully execute our business plan, which could have a negative impact on our business, financial condition or results of operations.

If the consumer robot market does not experience significant growth or if our products do not achieve broad acceptance, we will not be able to achieve our anticipated level of growth.

We derive a substantial portion of our revenue from sales of our consumer robots. For the year ended December 31, 2004, consumer robots accounted for 73.8% of total revenue. We cannot accurately predict the future growth rate or the size of the consumer robot market. Demand for consumer robots may not increase, or may decrease, either generally or in specific geographic markets, for particular types of robots or during particular time periods. The expansion of the consumer robot market and the market for our products depends on a number of factors, such as:

- the cost, performance and reliability of our products and products offered by our competitors;
- public perceptions regarding the effectiveness and value of robots;
- customer satisfaction with robots; and
- marketing efforts and publicity regarding robots.

Even if consumer robots gain wide market acceptance, our robots may not adequately address market requirements and may not continue to gain market acceptance. If robots generally, or our robots specifically,

do not gain wide market acceptance, we may not be able to achieve our anticipated level of growth, and our revenue and results of operations would suffer.

Our business and results of operations could be adversely affected by significant changes in the policies and spending priorities of governments and government agencies.

We derive a substantial portion of our revenue from sales to and contracts with U.S. federal, state and local governments and government agencies, and subcontracts under federal government prime contracts. For the year ended December 31, 2004 and the six months ended July 2, 2005, U.S. federal government orders, contracts and subcontracts accounted for 20.1% and 47.6% of total revenue, respectively. We believe that the success and growth of our business will continue to depend on our successful procurement of government contracts either directly or through prime contractors. Many of our government customers are subject to stringent budgetary constraints and our continued performance under these contracts, or award of additional contracts from these agencies, could be jeopardized by spending reductions or budget cutbacks at these agencies. We cannot assure you that future levels of expenditures and authorizations will continue for governmental programs in which we provide products and services. A significant decline in government expenditures generally, or with respect to programs for which we provide products, could adversely affect our government product and funded research and development revenues and prospects, which would harm our business, financial condition and operating results. Our operating results may also be negatively impacted by other developments that affect these governments and government agencies generally, including:

- changes in government programs that are related to our products and services;
- adoption of new laws or regulations relating to government contracting or changes to existing laws or regulations;
- changes in political or public support for security and defense programs;
- delays or changes in the government appropriations process;
- uncertainties associated with the war on terror and other geo-political matters; and
- delays in the payment of our invoices by government payment offices.

These developments and other factors could cause governments and governmental agencies, or prime contractors that use us as a subcontractor, to reduce their purchases under existing contracts, to exercise their rights to terminate contracts at-will or to abstain from renewing contracts, any of which would cause our revenue to decline and could otherwise harm our business, financial condition and results of operations.

We face intense competition from other providers of robots, including diversified technology providers, as well as competition from providers offering alternative products, which could negatively impact our results of operations and cause our market share to decline.

We believe that a number of companies have developed or are developing robots that will compete directly with our product offerings. Additionally, large and small companies, government-sponsored laboratories and universities are aggressively pursuing contracts for robot-focused research and development. Many current and potential competitors have substantially greater financial, marketing, research and manufacturing resources than we possess, and there can be no assurance that our current and future competitors will not be more successful than us. Moreover, while we believe many of our customers purchase our floor vacuuming robots as a supplement to, rather than a replacement for, their traditional vacuum cleaners, we also compete in some cases with providers of traditional vacuum cleaners. Our current principal competitors include:

- developers of robotic floor care products such as AB Electrolux, Alfred Kärcher GmbH & Co., Samsung Electronics Co., Ltd., Koolatron Corp. and Yujin Robotic Co. Ltd.;

- developers of small unmanned ground vehicles such as Foster-Miller, Inc.— a wholly owned subsidiary of QinetiQ North America, Inc., Allen-Vanguard Corporation, and Remotec— a division of Northrop Grumman Corporation; and
- established government contractors working on unmanned systems such as Lockheed Martin Corporation, BAE Systems, Inc. and General Dynamics Corporation.

In the event that the robot market expands, we expect that competition will intensify as additional competitors enter the market and current competitors expand their product lines. Companies competing with us may introduce products that are competitively priced, have increased performance or functionality, or incorporate technological advances that we have not yet developed or implemented. Increased competitive pressure could result in a loss of sales or market share or cause us to lower prices for our products, any of which would harm our business and operating results.

The market for robots is highly competitive, rapidly evolving and subject to changing technologies, shifting customer needs and expectations and the likely increased introduction of new products. Our ability to remain competitive will depend to a great extent upon our ongoing performance in the areas of product development and customer support. We cannot assure you that our products will continue to compete favorably or that we will be successful in the face of increasing competition from new products and enhancements introduced by existing competitors or new companies entering the markets in which we provide products. Our failure to compete successfully could cause our revenue and market share to decline, which would negatively impact our results of operations and financial condition.

Our business is significantly seasonal and, because many of our expenses are based on anticipated levels of annual revenue, our business and operating results will suffer if we do not achieve revenue consistent with our expectations.

Our consumer product revenue is significantly seasonal. Historically, as much as 73% of our revenue from sales of consumer products has been, and a majority of such revenue is expected to continue to be, generated in the second half of the year. As a result of this seasonality, we believe that quarter-to-quarter comparisons of our operating results are not necessarily meaningful and that these comparisons cannot be relied upon as indicators of future performance.

We base our current and future expense levels on our internal operating plans and sales forecasts, including forecasts of holiday sales for our consumer products. Most of our operating expenses, such as research and development expenses, advertising and promotional expenses and employee wages and salaries, do not vary directly with sales and are difficult to adjust in the short term. As a result, if sales for a quarter, particularly the final quarter of a fiscal year, are below our expectations, we might not be able to reduce operating expenses for that quarter and would not be able to reduce our operating expenses for earlier periods during the fiscal year. Accordingly, a sales shortfall during a fiscal quarter, and in particular the fourth quarter of a fiscal year, could have a disproportionate effect on our operating results for that quarter or that year. As a result of these factors, we may report operating results that do not meet the expectations of equity research analysts and investors. This could cause the trading price of our common stock to decline.

If critical components of our products that we currently purchase from a small number of suppliers become unavailable, we may incur delays in shipment, which could damage our business.

We and our outsourced manufacturers obtain hardware components, various subsystems and raw materials from a limited group of suppliers. We do not have any long-term agreements with these suppliers obligating them to continue to sell components or products to us. Our reliance on these suppliers involves significant risks and uncertainties, including whether our suppliers will provide an adequate supply of required components of sufficient quality, will increase prices for the components and will perform their obligations on a timely basis. If we or our outsourced manufacturers are unable to obtain components from third-party suppliers in the quantities and of the quality that we require, on a timely basis and at acceptable prices, we may not be able to deliver our products on a timely or cost-effective basis to our customers, which could cause customers to terminate their contracts with us, reduce our gross profit and seriously harm our business, results

of operations and financial condition. Moreover, if any of our suppliers become financially unstable, we may have to find new suppliers. It may take several months to locate alternative suppliers, if required, or to re-tool our products to accommodate components from different suppliers. We may experience significant delays in manufacturing and shipping our products to customers and incur additional development, manufacturing and other costs to establish alternative sources of supply if we lose any of these sources. We cannot predict if we will be able to obtain replacement components within the time frames that we require at an affordable cost, or at all.

Our products are complex and could have unknown defects or errors, which may give rise to claims against us, diminish our brand or divert our resources from other purposes.

Our robots rely on the interplay among behavior-based artificially intelligent systems, real-world dynamic sensors, friendly user interfaces and tightly-integrated, electromechanical designs to accomplish their missions. Despite testing, our new or existing products have contained defects and errors and may in the future contain defects, errors or performance problems when first introduced, when new versions or enhancements are released, or even after these products have been used by our customers for a period of time. These problems could result in expensive and time-consuming design modifications or warranty charges, delays in the introduction of new products or enhancements, significant increases in our service and maintenance costs, exposure to liability for damages, damaged customer relationships and harm to our reputation, any of which could materially harm our results of operations and ability to achieve market acceptance. In addition, increased development and warranty costs could be substantial and could reduce our operating margins. For instance, we are engaged in a dispute relating to a contract, entered into in 2001, with a UK government agency that is claiming it is entitled to a refund of all payments made by it for the design and development of a robot for ordnance disposal. Moreover, because military robots are used in dangerous situations, the failure or malfunction of any of these robots, including our own, could significantly damage our reputation and support for robot solutions in general. The existence of any defects, errors, or failures in our products could also lead to product liability claims or lawsuits against us. A successful product liability claim could result in substantial cost, diminish our brand and divert management's attention and resources, which could have a negative impact on our business, financial condition and results of operations.

The robot industry is and will likely continue to be characterized by rapid technological change, which will require us to develop new products and product enhancements, and could render our existing products obsolete.

Continuing technological changes in the robot industry and in the markets in which we sell our robots could undermine our competitive position or make our robots obsolete, either generally or for particular types of services. Our future success will depend upon our ability to develop and introduce a variety of new capabilities and enhancements to our existing product offerings, as well as introduce a variety of new product offerings, to address the changing needs of the markets in which we offer our robots. Delays in introducing new products and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products or enhancements at competitive prices may cause existing and potential customers to forego purchases of our products and purchase our competitors' products. Moreover, the development of new products has required, and will require, that we expend significant financial and management resources. We have incurred, and expect to continue to incur, significant research and development expenses in connection with our efforts to expand our product offerings. If we are unable to devote adequate resources to develop new products or cannot otherwise successfully develop new products or enhancements that meet customer requirements on a timely basis, our products could lose market share, our revenue and profits could decline, or we could experience operating losses. Moreover, if we are unable to offset our product development costs through sales of existing or new products or product enhancements, our operating results and gross margins would be negatively impacted.

If we are unable to attract and retain additional skilled personnel, we may be unable to grow our business.

To execute our growth plan, we must attract and retain additional highly-qualified personnel. Competition for hiring these employees is intense, especially with regard to engineers with high levels of

experience in designing, developing and integrating robots. Many of the companies with which we compete for hiring experienced employees have greater resources than we have. In addition, in making employment decisions, particularly in the high-technology industries, job candidates often consider the value of the equity they are to receive in connection with their employment. Therefore, significant volatility in the price of our stock after this offering may adversely affect our ability to attract or retain technical personnel. Furthermore, changes to accounting principles generally accepted in the United States relating to the expensing of stock options may discourage us from granting the sizes or types of stock options that job candidates may require to accept our offer of employment. If we fail to attract new technical personnel or fail to retain and motivate our current employees, our business and future growth prospects could be severely harmed.

We may be sued by third parties for alleged infringement of their proprietary rights, which could be costly, time-consuming and limit our ability to use certain technologies in the future.

If the size of our markets increases, we would be more likely to be subject to claims that our technologies infringe upon the intellectual property or other proprietary rights of third parties. In addition, the vendors from which we license technology used in our products could become subject to similar infringement claims. Our vendors or we may not be able to withstand third-party infringement claims. Any claims, with or without merit, could be time-consuming and expensive, and could divert our management's attention away from the execution of our business plan. Moreover, any settlement or adverse judgment resulting from the claim could require us to pay substantial amounts or obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. There can be no assurance that we would be able to obtain a license from the third party asserting the claim on commercially reasonable terms, if at all, that we would be able to develop alternative technology on a timely basis, if at all, or that we would be able to obtain a license to use a suitable alternative technology to permit us to continue offering, and our customers to continue using, our affected product. In addition, we may be required to indemnify our retail and distribution partners for third-party intellectual property infringement claims, which would increase the cost to us of an adverse ruling in such a claim. An adverse determination could also prevent us from offering our products to others. Infringement claims asserted against us or our vendors may have a material adverse effect on our business, results of operations or financial condition.

If we fail to maintain or increase our consumer robot sales through our primary distribution channels, which include third-party retailers, our product sales and results of operations would be negatively impacted.

Chain stores are the primary distribution channels for our consumer robots and accounted for approximately 55.3% and 30.8%, respectively, of our revenue for the year ended December 31, 2004 and the six months ended July 2, 2005. We do not have long-term contracts regarding purchase volumes with any of our distributors. As a result, purchases generally occur on an order-by-order basis, and the relationships, as well as particular orders, can generally be terminated or otherwise materially changed at any time by our distributors. A decision by a major retail distributor, whether motivated by competitive considerations, financial difficulties, economic conditions or otherwise, to decrease its purchases from us, to reduce the shelf space for our products or to change its manner of doing business with us could significantly damage our consumer product sales and negatively impact our business, financial condition and results of operations. In addition, during recent years, various retailers, including some of our distributors, have experienced significant changes and difficulties, including consolidation of ownership, increased centralization of purchasing decisions, restructurings, bankruptcies and liquidations. These and other financial problems of some of our retailers increase the risk of extending credit to these retailers. A significant adverse change in a retail distributor relationship with us or in a retail distributor's financial position could cause us to limit or discontinue business with that distributor, require us to assume more credit risk relating to that distributor's receivables or limit our ability to collect amounts related to previous purchases by that distributor, all of which could harm our business and financial condition. Disruption of the iRobot on-line store could also decrease our consumer robot sales.

If we fail to enhance our brand, our ability to expand our customer base will be impaired and our operating results may suffer.

We believe that developing and maintaining awareness of the iRobot brand is critical to achieving widespread acceptance of our existing and future products and is an important element in attracting new customers. Furthermore, we expect the importance of global brand recognition to increase as competition develops. Successful promotion of our brand will depend largely on the effectiveness of our marketing efforts, including our mass media outreach, in-store training and presentations and public relations, and our ability to provide customers with reliable and technically sophisticated robots at competitive prices. If customers do not perceive our products to be of high quality, our brand and reputation could be harmed, which could adversely impact our financial results. In addition, brand promotion efforts may not yield significant revenue or increased revenue sufficient to offset the additional expenses incurred in building our brand. If we incur substantial expenses to promote and maintain our brand, we may fail to attract sufficient customers to realize a return on our brand-building efforts, and our business would suffer.

If our existing collaborations are unsuccessful or we fail to establish new collaborations, our ability to develop and commercialize additional products could be significantly harmed.

If we cannot maintain our existing collaborations or establish new collaborations, we may not be able to develop additional products. We anticipate that some of our future products will be developed and commercialized in collaboration with companies that have expertise outside the robot field. For example, we are currently collaborating with Deere & Company on the development of the R-Gator unmanned ground vehicle, and The Clorox Company on the cleaning solution to be used in our Scooba floor washing robot. Under these collaborations, we may be dependent on our collaborators to fund some portion of development of the product or to manufacture and market either the primary product that is developed pursuant to the collaboration or complementary products required in order to operate our products. In addition, we cannot assure you that we will be able to establish additional collaborative relationships on acceptable terms.

Our existing collaborations and any future collaborations with third parties may not be scientifically or commercially successful. Factors that may affect the success of our collaborations include the following:

- our collaborators may not devote the resources necessary or may otherwise be unable to complete development and commercialization of these potential products;
- our existing collaborations are and future collaborations may be subject to termination on short notice;
- our collaborators may be pursuing alternative technologies or developing alternative products, either on their own or in collaboration with others, that may be competitive with our products, which could affect our collaborators' commitment to the collaboration with us;
- reductions in marketing or sales efforts or a discontinuation of marketing or sales of our products by our collaborators could reduce our revenue;
- our collaborators may terminate their collaborations with us, which could make it difficult for us to attract new collaborators or harm our reputation in the business and financial communities; and
- our collaborators may pursue higher priority programs or change the focus of their development programs, which would weaken our collaborators' commitment to us.

We depend on the experience and expertise of our senior management team and key technical employees, and the loss of any key employee may impair our ability to operate effectively.

Our success depends upon the continued services of our senior management team and key technical employees, such as our project management personnel and roboticists. Moreover, we often must comply with provisions in government contracts that require employment of persons with specified levels of education and work experience. Each of our executive officers, key technical personnel and other employees could terminate his or her relationship with us at any time. The loss of any member of our senior management team might significantly delay or prevent the achievement of our business objectives and could materially harm our

business and customer relationships. In addition, because of the highly technical nature of our robots, the loss of any significant number of our existing engineering and project management personnel could have a material adverse effect on our business and operating results.

We are subject to extensive U.S. federal government regulation, and our failure to comply with applicable regulations could subject us to penalties that may restrict our ability to conduct our business.

As a contractor and subcontractor to the U.S. federal government, we are subject to and must comply with various government regulations that impact our operating costs, profit margins and the internal organization and operation of our business. Among the most significant regulations affecting our business are:

- the Federal Acquisition Regulations and supplemental agency regulations, which comprehensively regulate the formation and administration of, and performance under government contracts;
- the Truth in Negotiations Act, which requires certification and disclosure of all cost and pricing data in connection with contract negotiations;
- the Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under cost-based government contracts;
- the Foreign Corrupt Practices Act, which prohibits U.S. companies from providing anything of value to a foreign official to help obtain, retain or direct business, or obtain any unfair advantage;
- the False Claims Act and the False Statements Act, which, respectively, impose penalties for payments made on the basis of false facts provided to the government, and impose penalties on the basis of false statements, even if they do not result in a payment; and
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

Also, we need special clearances to continue working on and advancing certain of our projects with the U.S. federal government. For example, if we were to lose our security clearance, we would be unable to continue to participate in the U.S. Army's Future Combat Systems program. Classified programs generally will require that we comply with various Executive Orders, federal laws and regulations and customer security requirements that may include restrictions on how we develop, store, protect and share information, and may require our employees to obtain government clearances.

Our failure to comply with applicable regulations, rules and approvals could result in the imposition of penalties, the loss of our government contracts or our suspension or debarment from contracting with the federal government generally, any of which would harm our business, financial condition and results of operations.

If we fail to protect, or incur significant costs in defending, our intellectual property and other proprietary rights, our business and results of operations could be materially harmed.

Our success depends on our ability to protect our intellectual property and other proprietary rights. We rely primarily on patents, trademarks, copyrights, trade secrets and unfair competition laws, as well as license agreements and other contractual provisions, to protect our intellectual property and other proprietary rights. Significant technology used in our products, however, is not the subject of any patent protection, and we may be unable to obtain patent protection on such technology in the future. Moreover, existing U.S. legal standards relating to the validity, enforceability and scope of protection of intellectual property rights offer only limited protection, may not provide us with any competitive advantages, and may be challenged by third parties. In addition, the laws of countries other than the United States in which we market our products may afford little or no effective protection of our intellectual property. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property or otherwise gaining access to our technology. Unauthorized third parties may try to copy or reverse engineer our products or portions of our products or otherwise obtain and use our intellectual property. Some of our contracts with the U.S. federal government allow the federal government to disclose technical data regarding the products

developed on behalf of the government under the contract without constraining the recipient on how it is used. This ability of the government creates the potential that third parties may be able to use this data to compete with us in the commercial sector. If we fail to protect our intellectual property and other proprietary rights, our business, results of operations or financial condition could be materially harmed.

In addition, defending our intellectual property rights may entail significant expense. We may be required to expend significant resources to monitor and protect our intellectual property rights. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigation. If we resort to legal proceedings to enforce our intellectual property rights or to determine the validity and scope of the intellectual property or other proprietary rights of others, the proceedings could result in significant expense to us and divert the attention and efforts of our management and technical employees, even if we were to prevail.

Potential future acquisitions could be difficult to integrate, divert the attention of key personnel, disrupt our business, dilute stockholder value and impair our financial results.

As part of our business strategy, we intend to consider acquisitions of companies, technologies and products that we believe could accelerate our ability to compete in our core markets or allow us to enter new markets. Acquisitions involve numerous risks, any of which could harm our business, including:

- difficulties in integrating the operations, technologies, products, existing contracts, accounting and personnel of the target company and realizing the anticipated synergies of the combined businesses;
- difficulties in supporting and transitioning customers, if any, of the target company;
- diversion of financial and management resources from existing operations;
- the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the purchase price or other resources to another opportunity;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and strategic alliances from either our current business or the target company’s business;
- assumption of unanticipated problems or latent liabilities, such as problems with the quality of the target company’s products; and
- inability to generate sufficient revenue to offset acquisition costs.

Acquisitions also frequently result in the recording of goodwill and other intangible assets which are subject to potential impairments in the future that could harm our financial results. In addition, if we finance acquisitions by issuing convertible debt or equity securities, our existing stockholders may be diluted, which could lower the market price of our common stock. As a result, if we fail to properly evaluate acquisitions or investments, we may not achieve the anticipated benefits of any such acquisitions, and we may incur costs in excess of what we anticipate. The failure to successfully evaluate and execute acquisitions or investments or otherwise adequately address these risks could materially harm our business and financial results.

We will incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

We have never operated as a public company. As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission and the NASDAQ National Market, have imposed various new requirements on public companies, including requiring changes in corporate governance practices. Our management and other personnel will need to devote a substantial amount of time to these new compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect these new rules and regulations to make it more

difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to incur substantial costs to maintain the same or similar coverage.

In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, commencing in 2006, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our testing, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management time on compliance-related issues. We currently do not have an internal audit group, and we will evaluate the need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our independent registered public accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline and we could be subject to sanctions or investigations by the NASDAQ National Market, the Securities and Exchange Commission or other regulatory authorities, which would require additional financial and management resources.

We may not be able to obtain capital when desired on favorable terms, if at all, or without dilution to our stockholders.

We anticipate that the net proceeds of this offering, together with current cash, cash equivalents, cash provided by operating activities and funds available through our working capital line of credit, will be sufficient to meet our current and anticipated needs for general corporate purposes. We operate in an emerging market, however, which makes our prospects difficult to evaluate. It is possible that we may not generate sufficient cash flow from operations or otherwise have the capital resources to meet our future capital needs. If this occurs, we may need additional financing to execute on our current or future business strategies, including to:

- hire additional roboticists and other personnel;
- develop new or enhance existing robots and robot accessories;
- enhance our operating infrastructure;
- acquire complementary businesses or technologies; or
- otherwise respond to competitive pressures.

If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders, including those acquiring shares in this offering. We cannot assure you that additional financing will be available on terms favorable to us, or at all. If adequate funds are not available or are not available on acceptable terms, if and when needed, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our products, or otherwise respond to competitive pressures would be significantly limited.

Environmental laws and regulations and unforeseen costs could negatively impact our future earnings.

The manufacture and sale of our products in certain states and countries may subject us to environmental and other regulations. We also face increasing complexity in our product design as we adjust to new and upcoming requirements relating to our products, including the restrictions on lead and certain other substances in electronics that will apply to specified electronics products put on the market in the European Union as of July 1, 2006 (Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive). Similar laws and regulations have been or may be enacted in other regions, including in the United States,

Canada, Mexico, China and Japan. There is no assurance that such existing laws or future laws will not impair future earnings or results of operations.

Business disruptions resulting from international uncertainties could negatively impact our profitability.

We derive, and expect to continue to derive, a portion of our revenue from international sales in various European markets, Canada, Japan, Korea and Singapore. For the fiscal year ended December 31, 2004 and the six months ended July 2, 2005, sales to non-U.S. customers accounted for 7.4% and 8.1% of total revenue, respectively. Our international revenue and operations are subject to a number of material risks, including, but not limited to:

- difficulties in staffing, managing and supporting operations in multiple countries;
- difficulties in enforcing agreements and collecting receivables through foreign legal systems and other relevant legal issues;
- fewer legal protections for intellectual property;
- foreign and U.S. taxation issues and international trade barriers;
- difficulties in obtaining any necessary governmental authorizations for the export of our products to certain foreign jurisdictions;
- potential fluctuations in foreign economies;
- government currency control and restrictions on repatriation of earnings;
- fluctuations in the value of foreign currencies and interest rates;
- general economic and political conditions in the markets in which we operate;
- domestic and international economic or political changes, hostilities and other disruptions in regions where we currently operate or may operate in the future; and
- different and changing legal and regulatory requirements in the jurisdictions in which we currently operate or may operate in the future.

Negative developments in any of these areas in one or more countries could result in a reduction in demand for our products, the cancellation or delay of orders already placed, threats to our intellectual property, difficulty in collecting receivables, and a higher cost of doing business, any of which could negatively impact our business, financial condition or results of operations. Moreover, our sales, including sales to customers outside the United States, are primarily denominated in U.S. dollars, and downward fluctuations in the value of foreign currencies relative to the U.S. dollar may make our products more expensive than other products, which could harm our business.

If we are unable to continue to obtain U.S. federal government authorization regarding the export of our products, or if current or future export laws limit or otherwise restrict our business, we could be prohibited from shipping our products to certain countries, which would harm our ability to generate revenue.

We must comply with U.S. laws regulating the export of our products. In addition, we are required to obtain a license from the U.S. federal government to export our PackBot line of tactical military robots. We cannot be sure of our ability to obtain any licenses required to export our products or to receive authorization from the U.S. federal government for international sales or domestic sales to foreign persons. Moreover, the export regimes and the governing policies applicable to our business are subject to change. We cannot assure you of the extent that such export authorizations will be available to us, if at all, in the future. In some cases where we act as a subcontractor, we rely upon the compliance activities of our prime contractors, and we cannot assure you that they have taken or will take all measures necessary to comply with applicable export laws. If we or our prime contractor partners cannot obtain required government approvals under applicable regulations in a timely manner or at all, we would be delayed or prevented from selling our products in

international jurisdictions, which could materially harm our business, operating results and ability to generate revenue.

Risks Related to This Offering and Ownership of Our Common Stock

An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above the initial public offering price.

Prior to this offering, there has been no public market for our common stock. Although we have applied to have our common stock quoted on the NASDAQ National Market, an active trading market for shares of our common stock may never develop or be sustained following this offering. If no trading market develops, securities analysts may not initiate or maintain research coverage of our company, which could further depress the market for our common stock. As a result, investors may not be able to sell their common stock at or above the initial public offering price or at the time that they would like to sell.

If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will rely in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our stock could decline if one or more equity analysts downgrade our stock or if those analysts issue other unfavorable commentary or cease publishing reports about us or our business.

The market price of our common stock may be volatile, which could result in substantial losses for investors purchasing shares in this offering.

The initial public offering price for our common stock will be determined through negotiations with the underwriters. This initial public offering price may vary from the market price of our common stock after the offering. Some of the factors that may cause the market price of our common stock to fluctuate include:

- fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us;
- changes in estimates of our financial results or recommendations by securities analysts;
- failure of any of our products to achieve or maintain market acceptance;
- changes in market valuations of similar companies;
- success of competitive products;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- announcements by us or our competitors of significant products, contracts, acquisitions or strategic alliances;
- regulatory developments in the United States, foreign countries or both;
- litigation involving our company, our general industry or both;
- additions or departures of key personnel;
- investors' general perception of us; and
- changes in general economic, industry and market conditions.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause our stock price to fall

and may expose us to class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

A significant portion of our total outstanding shares may be sold into the public market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our common stock in the public market could occur at any time after the expiration of the lock-up agreements described in "Underwriters." These sales, or the market perception that the holders of a large number of shares intend to sell shares, could reduce the market price of our common stock. After this offering, we will have shares of common stock outstanding based on the number of shares outstanding as of July 2, 2005. This includes the shares that we and the selling stockholders are selling in this offering, which may be resold in the public market immediately. The remaining shares, or % of our outstanding shares after this offering, are currently restricted as a result of securities laws or lock-up agreements but will be able to be sold, subject to any applicable volume limitations under federal securities laws, in the near future as set forth below.

Number of Shares and % of Total Outstanding	Date Available for Sale Into Public Market
shares, or %	On the date of this prospectus
shares, or %	90 days after the date of this prospectus
shares, or %	180 days after the date of this prospectus, subject to extension in specified instances, due to lock-up agreements between the holders of these shares and the underwriters. However, Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc. can waive the provisions of these lock-up agreements and allow these stockholders to sell their shares at any time
shares, or %	180 days after the date of this prospectus, subject to extension in specified instances, due to a lock-up agreement between the holders of these shares and us. However, with the underwriters' consent, we can waive the provisions of these lock-up agreements and allow these stockholders to sell their shares at any time
shares, or %	Between 181 and 365 days after the date of this prospectus, depending on the requirements of the federal securities laws

In addition, as of July 2, 2005, there were 18,000 shares subject to an outstanding warrant, 2,954,233 shares subject to outstanding options and an additional 613,623 shares reserved for future issuance under our stock option and stock purchase plans that will become eligible for sale in the public market to the extent permitted by any applicable vesting requirements, the lock-up agreements and Rules 144 and 701 under the Securities Act of 1933, as amended. Moreover, after this offering, holders of an aggregate of 16,056,675 shares of our common stock as of July 2, 2005, will have rights, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. We also intend to register all shares of common stock that we may issue under our employee benefit plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements.

You will incur immediate and substantial dilution as a result of this offering.

If you purchase common stock in this offering, you will pay more for your shares than the amounts paid by existing stockholders for their shares. As a result, you will incur immediate and substantial dilution of $ per share, representing the difference between the initial public offering price of $ per share and our pro forma net tangible book value per share after giving effect to this offering and the conversion of all our shares of outstanding preferred stock in connection with this offering. Moreover, we issued options in the past to acquire common stock at prices significantly below the initial public offering price. As of July 2, 2005, there were 18,000 shares subject to an outstanding warrant with an approximate exercise price of $3.74 per share

and 2,954,233 shares subject to outstanding options with a weighted average exercise price of $2.39 per share. To the extent that this warrant or these outstanding options are ultimately exercised, you will incur further dilution.

Our directors and management will exercise significant control over our company.

After this offering, our directors and executive officers and their affiliates will collectively control approximately % of our outstanding common stock. As a result, these stockholders, if they act together, will be able to influence our management and affairs and all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may have the effect of delaying or preventing a change in control of our company and might negatively affect the market price of our common stock.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

We cannot specify with certainty the particular uses of the net proceeds we will receive from this offering. Our management will have broad discretion in the application of the net proceeds, including for any of the purposes described in "Use of Proceeds." Accordingly, you will have to rely upon the judgment of our management with respect to the use of the proceeds, with only limited information concerning management's specific intentions. Our management may spend a portion or all of the net proceeds from this offering in ways that our stockholders may not desire or that may not yield a favorable return. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Provisions in our certificate of incorporation and by-laws, our shareholder rights agreement or Delaware law might discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our common stock.

Provisions of our certificate of incorporation and by-laws and Delaware law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include:

- limitations on the removal of directors;
- a classified board of directors so that not all members of our board are elected at one time;
- advance notice requirements for stockholder proposals and nominations;
- the inability of stockholders to act by written consent or to call special meetings;
- the ability of our board of directors to make, alter or repeal our by-laws; and
- the ability of our board of directors to designate the terms of and issue new series of preferred stock without stockholder approval.

The affirmative vote of the holders of at least 75% of our shares of capital stock entitled to vote is necessary to amend or repeal the above provisions of our certificate of incorporation. In addition, absent approval of our board of directors, our by-laws may only be amended or repealed by the affirmative vote of the holders of at least 75% of our shares of capital stock entitled to vote.

We are also adopting a shareholder rights agreement to become effective upon completion of this offering. This plan will entitle our stockholders to acquire shares of our common stock at a price equal to 50% of the then-current market value in limited circumstances when a third party acquires or announces its intention to acquire 15% or more of our outstanding common stock.

In addition, Section 203 of the Delaware General Corporation Law prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which

together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

We do not currently intend to pay dividends on our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar words. These statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. We discuss many of the risks in greater detail under the heading “Risk Factors.” Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. Except as required by law, we assume no obligation to update any forward-looking statements after the date of this prospectus.

This prospectus also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties and contained in this prospectus and, accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds to us of the sale of the common stock that we are offering will be approximately $ million, assuming an initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses that we must pay. We will not receive any of the proceeds of the sale of shares of common stock by the selling stockholders.

We intend to use the net proceeds to us from this offering for working capital and other general corporate purposes, including to finance the development of new products, sales and marketing activities, capital expenditures and the costs of operating as a public company. We may use a portion of the net proceeds to us to expand our current business through strategic alliances with, or acquisitions of, other businesses, products or technologies. We currently have no agreements or commitments for any specific acquisitions at this time.

Pending any use, as described above, we plan to invest the net proceeds in investment-grade, short-term, interest-bearing securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock and do not expect to pay any cash dividends for the foreseeable future. We intend to use future earnings, if any, in the operation and expansion of our business. In addition, the terms of our credit facility restrict our ability to pay dividends, and any future indebtedness that we may incur could preclude us from paying dividends.

CAPITALIZATION

The following table sets forth our capitalization as of July 2, 2005, as follows:

- on an actual basis; and
- on an as adjusted basis to give effect to the conversion of our convertible preferred stock and to reflect the sale of shares of common stock that we are offering at an assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read the following table in conjunction with our consolidated financial statements and related notes and the sections entitled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

	As of July 2, 2005	
	Actual	As Adjusted
	(unaudited) (in thousands)	
Preferred stock, $.01 par value, 9,557 shares authorized and issued, actual; 5,000 shares authorized, no shares issued, as adjusted:	$ 37,506	—
Stockholders' equity (deficit):		
Common stock, $.01 par value: 35,000 shares authorized; 10,338 shares issued, actual; 100,000 shares authorized, shares issued, as adjusted	103	
Additional paid-in capital	4,578	
Deferred stock-based compensation	(1,480)	
Accumulated deficit	(34,044)	
Total stockholders' equity (deficit)	(30,843)	
Total capitalization	$ 6,663	

DILUTION

Our net tangible book value as of July 2, 2005 was $, or $ per share of common stock. Net tangible book value per share represents the amount of our total tangible assets less our total liabilities, divided by the number of shares of common stock outstanding as of July 2, 2005 after giving effect to the assumed conversion of all of our convertible preferred stock.

After giving effect to the sale by us of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our adjusted net tangible book value as of July 2, 2005 would have been approximately $ million, or approximately $ per share. This amount represents an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate dilution in net tangible book value of approximately $ per share to new investors purchasing shares of common stock in this offering at the assumed initial public offering price. We determine dilution by subtracting the adjusted net tangible book value per share after this offering from the amount of cash that a new investor paid for a share of common stock. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Net tangible book value as of July 2, 2005	$	
Increase attributable to this offering		
Adjusted net tangible book value per share after this offering		
Dilution in net tangible book value per share to new investors		$

If the underwriters exercise their option to purchase additional shares of our common stock in full in this offering, the net tangible book value per share after the offering would be $ per share, the increase in net tangible book value per share to existing stockholders would be $ per share and the dilution to new investors purchasing shares in this offering would be $ per share.

The following table summarizes, as of July 2, 2005, the differences between the number of shares purchased from us, the total consideration paid to us and the average price per share that existing stockholders and new investors paid. The calculation below is based on an assumed initial public offering price of $ per share, which is the midpoint of the range listed on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses that we must pay:

	Shares Purchased		Total Consideration		
	Number	Percent	Amount	Percent	Average Price Per Share
Existing stockholders		%	$	%	$
New investors					$
Total		%	$	%	

The above discussion and table assume no exercise of outstanding stock options or the outstanding warrant. As of July 2, 2005, we had outstanding options to purchase a total of 2,954,233 shares of common stock at a weighted average exercise price of $2.39 per share, and an outstanding warrant to purchase a total of 18,000 shares of common stock at an approximate exercise price of $3.74 per share. To the extent any of these options or this warrant is exercised, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL DATA

The following consolidated statements of operations data for the years ended December 31, 2002, 2003 and 2004 and consolidated balance sheet data as of December 31, 2003 and 2004 have been derived from our audited consolidated financial statements and related notes, which are included elsewhere in this prospectus. The statements of operations data for the years ended December 31, 2000 and 2001 and the balance sheet data as of December 31, 2000, 2001 and 2002 have been derived from our audited consolidated financial statements that do not appear in this prospectus. The statement of operations data for the six months ended June 30, 2004 and July 2, 2005 and the balance sheet as of July 2, 2005 have been derived from our unaudited consolidated financial statements and related notes, which are included elsewhere in the prospectus. In the opinion of management, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments necessary for the fair presentation of our financial position and results of operations for these periods. The consolidated selected financial data set forth below should be read in conjunction with our consolidated financial statements, the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The historical results are not necessarily indicative of the results to be expected for any future period.

	Year Ended December 31,					Six Months Ended	
	2000	2001	2002	2003	2004	June 30, 2004	July 2, 2005
						(unaudited)	
	(in thousands, except per share data)						
Consolidated Statement of Operations:							
Revenue							
Product revenue(1)	$ 1,904	$ 1,408	$ 6,955	$ 45,896	$ 82,147	$ 23,087	$ 34,723
Contract revenue	8,846	12,077	7,223	7,661	12,365	5,039	8,233
Royalty revenue	—	27	639	759	531	483	62
Total revenue	10,750	13,512	14,817	54,316	95,043	28,609	43,018
Cost of Revenue							
Cost of product revenue	1,506	1,148	4,896	31,194	59,321	16,471	26,750
Cost of contract revenue	6,607	8,566	11,861	6,143	8,371	3,345	5,770
Total cost of revenue	8,113	9,714	16,757	37,337	67,692	19,816	32,520
Gross Profit (Loss)(1)	2,637	3,798	(1,940)	16,979	27,351	8,793	10,498
Operating Expenses							
Research and development	3,225	1,846	1,736	3,848	5,504	2,563	5,713
Selling, general and administrative	3,038	4,669	7,128	20,521	21,404	9,188	12,061
Stock-based compensation(2)	—	—	—	—	—	—	90
Total operating expenses	6,263	6,515	8,864	24,369	26,908	11,751	17,864
Operating Income (Loss)	(3,626)	(2,717)	(10,804)	(7,390)	443	(2,958)	(7,366)
Other Income (Expense), Net	171	101	45	15	(80)	(41)	211
Income (Loss) Before Income Taxes	(3,455)	(2,616)	(10,759)	(7,375)	363	(2,999)	(7,155)
Income Tax Expense	8	16	15	36	144	1	2
Net Income (Loss)	$ (3,463)	$ (2,632)	$ (10,774)	$ (7,411)	$ 219	$ (3,000)	$ (7,157)
Net Income (Loss) Per Share							
Basic	$ (0.66)	$ (0.50)	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Diluted	$ (0.66)	$ (0.50)	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Number of Shares Used in Per Share Calculations							
Basic	5,231	5,312	5,391	9,352	9,660	9,530	10,008
Diluted	5,231	5,312	5,391	9,352	19,183	9,530	10,008
Pro Forma Net Income (Loss) Data(3):							
Pro Forma Net Income (Loss) Per Share							
Basic					$ 0.01		$ (0.37)
Diluted					$ 0.01		$ (0.37)
Number of Shares Used in Pro Forma Per Share Calculations							
Basic					18,002		19,565
Diluted					19,183		19,565

(1) Beginning in the first quarter of 2004, we converted from recognizing revenue from U.S. consumer product sales on a "sell-through" basis (when retail stores sold our robots) to a "sell-in" basis (when our robots are shipped to retail stores). As a result of this conversion, our revenue and gross profit in the first quarter of 2004 included $5.7 million and $2.5 million, respectively, from robots shipped prior to 2004.

(2) Stock-based compensation recorded in 2005 breaks down by expense classification as follows:

	Six Months Ended July 2, 2005 (unaudited) (in thousands)
Cost of product revenue	$ 9
Cost of contract revenue	11
Research and development	32
Selling, general and administrative	38
Total stock-based compensation	$ 90

(3) We have computed the pro forma net income (loss) per share and the pro forma weighted-average shares outstanding included in the statement of operations data as we describe in Note 2 of the notes to our consolidated financial statements.

	As of December 31,					As of July 2, 2005
	2000	2001	2002	2003	2004	(unaudited)
	(in thousands)					
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 806	$ 7,179	$ 3,014	$ 4,620	$ 19,441	$ 15,090
Total assets	5,241	10,580	8,705	27,827	46,314	40,336
Total liabilities	2,015	3,182	12,049	25,624	33,097	33,672
Total redeemable convertible preferred stock	7,873	14,639	14,639	27,562	37,506	37,506
Total stockholders' equity (deficit)	(4,646)	(7,241)	(17,983)	(25,359)	(24,289)	(30,843)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in "Risk Factors."

Overview

iRobot provides robots that enable people to complete complex tasks in a better way. Founded in 1990 by roboticists who performed research at the Massachusetts Institute of Technology, we have developed proprietary technology incorporating advanced concepts in navigation, mobility, manipulation and artificial intelligence to build industry-leading robots. Our Roomba floor vacuuming robot and recently announced Scooba floor washing robot perform time-consuming domestic chores, and our PackBot tactical military robots perform battlefield reconnaissance and bomb disposal. In addition, we are developing the Small Unmanned Ground Vehicle reconnaissance robot for the U.S. Army's transformational Future Combat Systems program and, in conjunction with Deere & Company, the R-Gator unmanned ground vehicle. We sell our robots to consumers through a variety of distribution channels, including over 7,000 retail locations and our on-line store, and to the U.S. military and other government agencies worldwide.

As of July 2, 2005, we had 214 full-time employees, of whom over half are engineers specializing in the design of robots. We have developed expertise in all the disciplines necessary to build durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to develop next generation and new products, reducing the time, cost and risk of product development. Our significant expertise in robot design and engineering, combined with our management team's experience in military and consumer markets, positions us to capitalize on the expected growth in the market for robots.

Over the past three years, we sold more than 1.2 million of our Roomba floor vacuuming robots. We also sold to the U.S. military during that time more than 200 of our PackBot tactical military robots, most of which have been deployed on missions in Afghanistan and Iraq.

Although we have successfully launched consumer and military products, our continued success depends upon our ability to respond to a number of future challenges. We believe the most significant of these challenges include increasing competition in the markets for both our consumer and military products, our ability to obtain U.S. federal government funding for research and development programs, and our ability to successfully develop and introduce products and product enhancements.

Revenue

We currently derive revenue from product sales and research and development services. Product revenue is derived from the sale of our various Roomba and PackBot robots and related accessories. Research and development revenue is derived from the execution of contracts awarded by the U.S. federal government, other governments and a small number of commercial and industrial customers. In the future, we expect to derive increasing revenue from product maintenance and support services due to a focused effort to market these services and the wider distribution of our robots.

We currently derive a majority of our product revenue from the sale of our Roomba floor vacuuming robots and our PackBot tactical military robots. For the six months ended July 2, 2005, and for the year ended December 31, 2004, product revenues accounted for 80.7% and 86.4% of total revenue, respectively. For the six months ended July 2, 2005, and for the year ended December 31, 2004, our funded research and development contracts accounted for approximately 19.1% and 13.0% of our total revenue, respectively. We

expect to continue to perform funded research and development work with the intent of leveraging the technology developed to advance our new product development efforts. In the future, however, we expect that revenue from funded research and development contracts could grow modestly on a dollar basis and represent a decreasing percentage of our total revenue due to the anticipated growth in consumer and military product revenue.

We have historically derived royalty revenue from the licensing of technology to a third party. Due to the discontinuation of sales of the third-party products incorporating our technology, we do not expect to generate significant royalty revenue in the future from our existing products.

In 2004, approximately 82.2% of our consumer product revenue resulted from sales to twelve customers, primarily U.S. retailers, and 86.3% of military product revenue and 78.1% of funded research and development contract revenue resulted from orders and contracts from the U.S. federal government. For the six months ended July 2, 2005, and for the year ended December 31, 2004, sales to non-U.S. customers accounted for 8.1% and 7.4% of total revenue, respectively.

Our revenue from product sales is generated through sales to our retail distribution channels, our distributor network and to certain U.S. and foreign governments. In 2002, when our Roomba robot was first commercially introduced and throughout 2003, we recognized revenue from our U.S. consumer product sales on a “sell-through basis” (when retail stores sold our Roomba robots to end users). In the first quarter of 2004, we began recognizing revenue from U.S. consumer product sales on a “sell-in basis” (when our robots are shipped by us to the retail stores). As a result of this change in accounting treatment, in the first quarter of 2004 we recognized $5.7 million of product revenue from products shipped prior to 2004. This one-time increase impacts period-to-period comparisons relating to 2004. Revenue from sales of our military robots is recognized upon the later to occur of shipment or customer acceptance.

Revenue from consumer product sales is significantly seasonal, with a majority of our consumer product revenue generated in the second half of the year (in advance of the holiday season). Revenue from our military robot sales and revenue from funded research and development contracts are occasionally influenced by the September 30 fiscal year-end of the U.S. federal government, but are not otherwise significantly seasonal. In addition, our revenue can be affected by the timing of the release of new products and the award of new contracts.

Cost of Revenue

Cost of product revenue includes the cost of raw materials and labor that go into the development and manufacture of our products as well as manufacturing overhead costs such as manufacturing engineering, quality assurance, logistics and warranty costs. For the six months ended July 2, 2005, and for the year ended December 31, 2004, cost of product revenue was 77.0% and 72.2% of total product revenue, respectively. Raw material costs, which are our most significant cost items, generally have not fluctuated materially as a percentage of revenue since the introduction of our robots in 2002. There can be no assurance, however, that our costs of raw materials will not increase. Labor costs also comprise a significant portion of our cost of revenue. Compared to our PackBot tactical military robots, labor costs for our Roomba floor vacuuming robots comprise a greater percentage of the associated cost of revenue. We outsource the manufacture of our Roomba robots to a contract manufacturer in China. While labor costs in China traditionally have been favorable compared to labor costs elsewhere in the world, including the United States, we believe that labor in China is becoming more scarce. Consequently, the labor costs for our Roomba robots could increase in the future.

Cost of contract revenue includes the direct labor costs of engineering resources committed to funded research and development contracts, as well as third-party consulting, travel and associated direct material costs. Additionally, we include overhead expenses such as indirect engineering labor, occupancy costs associated with the project resources, engineering tools and supplies and program management expenses. For the six months ended July 2, 2005, and for the year ended December 31, 2004, cost of contract revenue was 70.1% and 67.7% of total contract revenue, respectively.

Gross Profit

Our gross profit as a percentage of revenue varies according to the mix of product and contract revenue, the mix of products sold and the total sales volume. Currently, our consumer robots typically have a higher gross profit as a percentage of revenue than our military robots due to lower-volume, early-stage production of our military robots. For the six months ended July 2, 2005, and for the year ended December 31, 2004, gross profit was 24.4% and 28.8% of total revenue, respectively.

As a result of the change in accounting from a “sell-through” to “sell-in” basis, we recognized $2.5 million of gross profit in the first quarter of 2004, which disproportionately increased our gross profit as a percentage of revenues in that quarter and in 2004.

Research and Development Expenses

Research and development expenses consist primarily of:

- salaries and related costs for our engineers;
- costs for high technology components used in product and prototype development; and
- costs of test equipment used during product development.

We have significantly expanded our research and development capabilities and expect to continue to expand these capabilities in the future. Substantially all of our research and development is performed in the United States, although we maintain a limited staff of engineering personnel in Hong Kong to serve as a liaison between our U.S.-based engineering staff and our outsourced manufacturer in China. We are committed to increasing the level of innovative design and development of new products as we strive to enhance our ability to serve our existing consumer and military markets as well as new markets for robots. Accordingly, we anticipate that research and development expenses will continue to increase in absolute dollars for the foreseeable future.

For the six months ended July 2, 2005, and for the year ended December 31, 2004, research and development expense was $5.7 million and $5.5 million, or 13.3% and 5.8% of total revenue, respectively.

In addition to our internal research and development activities discussed above, we incur research and development expenses under funded development arrangements with both governments and industrial third parties. For the six months ended July 2, 2005, these expenses amounted to $5.8 million compared to $8.4 million for the year ended December 31, 2004. In accordance with generally accepted accounting principles, these expenses have been classified as cost of revenue rather than research and development expense.

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of:

- salaries and related costs for sales and marketing personnel;
- salaries and related costs for executives and administrative personnel;
- advertising, marketing and other brand-building costs;
- professional services costs;
- information systems and infrastructure costs;
- travel and related costs; and
- occupancy and other overhead costs.

As we focus on increasing our market penetration and continuing to build brand awareness, we anticipate that selling, general and administrative expenses will continue to increase in absolute dollars for the foreseeable future. Selling, general and administrative costs as a percentage of our revenue are not likely to

decrease in the foreseeable future as we intend to continue to take advantage of our market-leading position in the robot industry by building on the iRobot brand. We also expect our general and administrative expenses will increase due to our preparations to become and to operate as a public company, including costs associated with compliance with Section 404 of the Sarbanes-Oxley Act, directors' and officers' liability insurance, increased professional services, and a new investor relations function.

For the six months ended July 2, 2005, and for the year ended December 31, 2004, selling, general and administrative expense was $12.1 million and $21.4 million, or 28.0% and 22.5% of total revenue, respectively.

Stock-Based Compensation Expenses

We have recorded deferred stock-based compensation expense related to grants of stock options made after January 1, 2005. This amount represents the difference between the exercise price of an option awarded to an employee and the amount subsequently reassessed to be the fair market value of the underlying shares on the date of grant. We incur stock-based compensation expenses as we amortize the deferred stock-based compensation amounts over the related vesting periods, up to five years. In addition, we have awarded options to non-employees to purchase our common stock. Stock-based compensation expenses related to non-employees are measured on a fair-value basis using the Black-Scholes valuation model as the options are earned.

Deferred stock-based compensation based on outstanding stock options at July 2, 2005 is approximately $1.2 million. We expect to record aggregate amortization of stock-based compensation expense of approximately $65,000 and $65,000 for the third and fourth quarters of 2005, respectively, from these outstanding options and subject to continued vesting of options. In addition, we expect to record aggregate amortization of stock-based compensation expense of approximately $259,000, $259,000, $253,000, $252,000 and $41,000 for 2006, 2007, 2008, 2009 and 2010, respectively, from these outstanding options and subject to continued vesting of options.

For the six months ended July 2, 2005, and for the year ended December 31, 2004, stock-based compensation expense was $90,000 and zero dollars, or 0.2% and zero percent of total revenue, respectively.

Fiscal Periods

Historically, our fiscal year ended on December 31 and our fiscal quarters ended on March 31, June 30, September 30 and December 31. Reference to 2004, for example, refers to the fiscal year ended December 31, 2004. Beginning in fiscal 2005, we operate and report using a 52-53 week fiscal year ending on the Saturday closest to December 31. Accordingly, each of our fiscal quarters ends on the Saturday that falls closest to the last day of the third calendar month of the quarter.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates.

We believe that of our significant accounting policies, which are described in the notes to our consolidated financial statements, the following accounting policies involve a greater degree of judgment and complexity. Accordingly, we believe that the following accounting policies are the most critical to aid in fully understanding and evaluating our consolidated financial condition and results of operations.

Revenue Recognition

We recognize revenue from sales of consumer products under the terms of the customer agreement upon transfer of title to the customer, provided the price is fixed or determinable, collection is determined to be probable and no significant obligations remain. Sales to resellers are subject to agreements allowing for limited

rights of return for defective products only, rebates and price protection. We have historically not taken product returns except for defective products. Accordingly, we reduce revenue for our estimates of liabilities for these rights at the time the related sale is recorded. We establish a provision for sales returns for products sold by resellers directly or through our distributors based on historical return experience. We have aggregated and analyzed historical returns from resellers and end users which form the basis of our estimate of future sales returns by resellers or end users. In accordance with Statement of Financial Accounting Standards No. 48 *"Revenue Recognition When Right of Return Exists,"* the provision for these estimated returns is recorded as a reduction of revenue at the time that the related revenue is recorded. If actual returns from retailers differ significantly from our estimates, such differences could have a material impact on our results of operations for the period in which the actual returns become known. The estimates for returns are adjusted periodically based upon historical rates of returns. The estimates and reserve for rebates and price protection are based on specific programs, expected usage and historical experience. Actual results could differ from these estimates. Through 2003, we recognized revenue on sales to certain distributors and retail customers upon their sale to the end user. Starting in the first quarter of 2004, as a result of our accumulation of sufficient experience to reasonably estimate allowances for product returns, we adopted the standard industry practice of recognizing revenue on all sales upon delivery of product to distributors and retail stores and established a related allowance for future returns based upon historical experience. If future trends or our ability to estimate were to change significantly from those experienced in the past, incremental reductions or increases to revenue may result based on this new experience.

Under cost-plus research and development contracts, we recognize revenue based on costs incurred plus a pro-rata portion of the total fixed fee. We recognize revenue on fixed-price contracts using the percentage-of-completion method. Costs and estimated gross profits on contracts are recorded as work is performed based on the percentage that incurred costs bear to estimated total costs utilizing the most recent estimates of costs and funding. Changes in job performance, job conditions and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and income, and are recorded or recognized, as the case may be, in the period in which the revisions are determined. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting earnings applicable to past performance in the current period. When the current contract estimate indicates a loss, provision is made for the total anticipated loss in the current period. Revenue earned in excess of billings, if any, is recorded as unbilled revenue. Billings in excess of revenue earned, if any, are recorded as deferred revenue.

Accounting for Stock-Based Awards

We apply Accounting Principles Board No. 25, *Accounting for Stock Issued to Employees*, and related interpretations (Opinion 25), in accounting for our stock-based compensation plan. Accordingly, compensation expense is recorded for options issued to employees in fixed amounts and with fixed exercise prices only to the extent that such exercise prices are less than the fair market value at the date of grant. We follow the disclosure provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation— Transition and Disclosure*. All stock-based awards to non-employees are accounted for at their fair value in accordance with SFAS 123 and related interpretations.

We recorded approximately $1.3 million of deferred compensation expense in the six months ended July 2, 2005 relating to stock option awards granted during that period. Stock options were granted at exercise prices of $4.60 and $4.96 per share during the period while the fair market value of common stock was retroactively assessed to have fair market values ranging from $4.75 to $10.49 per share. The increase in the estimated per share fair value of our common stock since the beginning of 2005 reflects a number of significant factors, including increased revenue over comparable prior periods, the award of an $18.0 million contract to provide explosive ordnance disposal robots to the U.S. Navy, the securing of additional funding for our work under the Future Combat Systems program, the introduction of our Scooba floor washing robot, the introduction of our PackBot Explorer robot and the enhancement of our management team. Because the sequence of these events occurred over the six months ended July 2, 2005, the value of the common stock rose

steadily over this period. As of July 2, 2005, we had approximately $1.2 million of deferred stock-based compensation that will be amortized through 2010 consistent with the vesting period of the underlying options.

On December 16, 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment* (SFAS 123R). SFAS 123R eliminates the alternative of applying the intrinsic value measurement provisions of Opinion 25 to stock compensation awards issued to employees. Instead, SFAS 123R requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost must be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period, which is usually the vesting period.

We have not yet quantified the effects of the adoption of SFAS 123R, but we expect that the new standard will result in significant stock-based compensation expense. The effects of adopting SFAS 123R will depend on numerous factors, including the valuation model we choose to value stock-based awards, the assumed award forfeiture rate, the accounting policies we adopt concerning the method of recognizing the fair value of awards over the requisite service period and the transition method, as described below, we choose for adopting SFAS 123R. SFAS 123R will be effective for our fiscal quarter beginning January 1, 2006.

Accounting for Income Taxes

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

To date, for U.S. federal income tax purposes, we have operated in a loss position. We have $13.1 million of net operating loss carry-forwards as of December 31, 2004, although the use of these net operating loss carry-forwards may be limited by changes in our ownership. We expect that these net operating loss carry-forwards will impact our effective tax rate over the next several years. There, however, can be no assurance as to the rate at which these net operating loss carry-forwards can be utilized, or as to whether there will be any other tax incentives available after 2004.

Warranty

We provide a one-year warranty against defects in materials and workmanship and will either repair the goods, provide replacement products at no charge to the customer or refund amounts to the customer for defective products. We record estimated warranty costs, based on historical experience by product, at the time we recognize product revenue. As the complexity of our products increases, we could experience higher warranty claims relative to sales than we have previously experienced, and we may need to increase these estimated warranty reserves.

Inventory Valuation

We value our inventory at the lower of the actual cost of our inventory or its current estimated market value. We write down inventory for obsolescence or unmarketable inventories based upon assumptions about future demand and market conditions. Because of the seasonality of our consumer product sales and inventory levels, obsolescence of technology and product life cycles, we generally write down inventory to net realizable value based on forecasted product demand. Actual demand and market conditions may be lower than those that we project and this difference could have a material adverse effect on our gross profit if inventory write-downs beyond those initially recorded become necessary. Alternatively, if actual demand and market conditions are more favorable than those we estimated at the time of such a write-down, our gross profit could be favorably impacted in future periods.

Overview of Results of Operations

The following table sets forth our results of operations for the periods shown:

	Fiscal Year Ended December 31,			Six Months Ended	
	2002	2003	2004	June 30, 2004	July 2, 2005
			(in thousands)	(unaudited)	
Revenue					
Product revenue(1)	$ 6,955	$ 45,896	$ 82,147	$ 23,087	$ 34,723
Contract revenue	7,223	7,661	12,365	5,039	8,233
Royalty revenue	639	759	531	483	62
Total revenue	14,817	54,316	95,043	28,609	43,018
Cost of Revenue					
Cost of product revenue	4,896	31,194	59,321	16,471	26,750
Cost of contract revenue	11,861	6,143	8,371	3,345	5,770
Total cost of revenue	16,757	37,337	67,692	19,816	32,520
Gross profit (loss)(1)	(1,940)	16,979	27,351	8,793	10,498
Operating Expenses					
Research and development	1,736	3,848	5,504	2,563	5,713
Selling, general and administrative	7,128	20,521	21,404	9,188	12,061
Stock-based compensation(2)	—	—	—	—	90
Total operating expenses	8,864	24,369	26,908	11,751	17,864
Operating income (loss)	(10,804)	(7,390)	443	(2,958)	(7,366)
Other income (expense), net	45	15	(80)	(41)	211
Income (loss) before income taxes	(10,759)	(7,375)	363	(2,999)	(7,155)
Income tax expense	15	36	144	1	2
Net income (loss)	$ (10,774)	$ (7,411)	$ 219	$ (3,000)	$ (7,157)

(1) Beginning in the first quarter of 2004, we converted from recognizing revenue from U.S. consumer product sales on a "sell-through" basis (when retail stores sold our robots) to a "sell-in" basis (when our robots are shipped to retail stores). As a result of this conversion, our revenue and gross profit in the first quarter of 2004 included $5.7 million and $2.5 million, respectively, from robots shipped prior to 2004.

(2) Stock-based compensation recorded in 2005 breaks down by expense classification as follows:

	Six Months Ended July 2, 2005 (unaudited) (in thousands)
Cost of product revenue	$ 9
Cost of contract revenue	11
Research and development	32
Selling, general and administrative	38
Total stock-based compensation	$ 90

The following table sets forth our results of operations as a percentage of revenue for the periods shown:

	Fiscal Year Ended December 31,			Six Months Ended	
	2002	2003	2004	June 30, 2004	July 2, 2005
Revenue					
Product revenue	47.0%	84.5%	86.4%	80.7%	80.8%
Contract revenue	48.7	14.1	13.0	17.6	19.1
Royalty revenue	4.3	1.4	0.6	1.7	0.1
Total revenue	100.0	100.0	100.0	100.0	100.0
Cost of Revenue					
Cost of product revenue	33.0	57.4	62.4	57.6	62.2
Cost of contract revenue	80.1	11.3	8.8	11.7	13.4
Total cost of revenue	113.1	68.7	71.2	69.3	75.6
Gross profit (loss)	(13.1)	31.3	28.8	30.7	24.4
Operating Expenses					
Research and development	11.7	7.1	5.8	9.0	13.3
Selling, general and administrative	48.1	37.8	22.5	32.1	28.0
Stock-based compensation	—	—	—	—	0.2
Total operating expenses	59.8	44.9	28.3	41.1	41.5
Operating income (loss)	(72.9)	(13.6)	0.5	(10.4)	(17.1)
Other income (expense), net	0.3	—	(0.1)	(0.1)	0.5
Income (loss) before income taxes	(72.6)	(13.6)	0.4	(10.5)	(16.6)
Income tax expense	0.1	—	0.2	—	—
Net income (loss)	(72.7)%	(13.6)%	0.2%	(10.5)%	(16.6)%

Comparison of Six Months Ended July 2, 2005 to Six Months Ended June 30, 2004

Revenue

Our revenue increased 50.4% to $43.0 million in the six months ended July 2, 2005 from $28.6 million in the six months ended June 30, 2004. Revenue increased approximately $200,000, or 0.9%, in our consumer business and $14.6 million, or 166.4%, in our government and industrial business. The increase in revenue from our consumer products was driven by continued demand for our Roomba floor vacuuming robots. The increase in revenue from our government and industrial business was due primarily to increased revenue from sales of our military robots, including the partial shipment of an order for 152 of our PackBot tactical military robots from the U.S. Navy, and a significant increase in contract revenues generated under funded research and development contracts, including under the Future Combat Systems program.

Our revenue in 2004 was impacted by our conversion in accounting for U.S. consumer product sales from a “sell-through” basis (when retail stores sell our Roomba robots to their customers) to a “sell-in” basis (when our robots are shipped by us to the retail stores). As a result of this conversion, in 2004 we recognized $5.7 million of product revenue from products shipped by us prior to 2004. If such one-time revenue had not been included in our results in the six months ended June 30, 2004, revenues in our consumer business would have increased by $5.9 million, or 43.1%, from the six months ended June 30, 2004 to the comparable period of 2005. This increase in product revenue is directly attributable to the expansion of our distribution channel combined with the introduction of the second generation of our Roomba line of robots in the third quarter of 2004.

Cost of Revenue

Our cost of revenue increased to $32.5 million in the six months ended July 2, 2005, compared to $19.8 million in the six months ended June 30, 2004. The increase is primarily attributable to a 229.3% increase in the unit sales of our PackBot robots, and a $2.4 million increase in costs associated with the $3.2 million increase in contract revenue. Unit sales in our consumer business increased by approximately 16.8% (excluding the impact of converting to "sell-in" accounting in the first quarter of 2004 as described above). In addition to the changes in sales volume, the unit costs of manufacturing our consumer robots increased by approximately 10.7% over the comparable period in 2004 related primarily to an increase in costs associated with the production of the second generation Roomba robots. In addition, the unit costs of manufacturing our PackBot robots decreased by approximately 25.0% over the comparable period in 2004 as a result of manufacturing economies of scale.

Gross Profit

Gross profit increased 19.4% to $10.5 million in the six months ended July 2, 2005, from $8.8 million in the six months ended June 30, 2004. Gross profit as a percentage of revenue decreased to 24.4% in the six months ended July 2, 2005 from 30.7% of revenue in the six months ended June 30, 2004. This 6.3% decrease in gross profit as a percent of revenue in the first six months of 2005, was primarily due to a one-time 3.4% increase in gross profit for the six months ended June 30, 2004, as a result of the conversion to "sell-in" accounting and, to a lesser extent, to a 1.2% decrease in gross profit from royalty revenue for the six months ended July 2, 2005. Additionally, the gross profit was also impacted by the changes in the cost of manufacturing described above.

Research and Development

Research and development expenses increased approximately 122.9% to $5.7 million (13.3% of revenue) in the six months ended July 2, 2005 from $2.6 million (9.0% of revenue) in the six months ended June 30, 2004. The increase in research and development expenses was primarily due to increased headcount in our consumer products research and development function to 40 employees at July 2, 2005 from 25 employees at June 30, 2004. In the six months ended July 2, 2005 and June 30, 2004, we incurred the majority of our independent (non-funded) research and development expenses to support the development of enhancements to our Roomba product line. In addition, at the beginning of 2004, we began product development work on a floor washing robot now known as Scooba.

In addition to our internal research and development activities discussed above, we incur research and development expenses under funded development arrangements with both governments and industrial third parties. For the six months ended July 2, 2005, these expenses amounted to $5.8 million compared to $3.3 million for the comparable period in 2004. The increase in these expenses was primarily due to increased headcount in our research and development function to 68 employees at July 2, 2005 from 40 employees at June 30, 2004. In accordance with generally accepted accounting principles, these expenses have been classified as cost of revenue rather than research and development expense.

Selling, General and Administrative

Selling, general and administrative expenses increased 31.3% to $12.1 million (28.0% of revenue) in the six months ended July 2, 2005 from $9.2 million (32.1% of revenue) in the six months ended June 30, 2004. The increase in selling, general and administrative expenses was primarily due to an increase in advertising and promotion in support of the Roomba product line, including our Roomba Scheduler robot, an expansion of our corporate administrative support services in the areas of accounting, information technology, human resources, legal and corporate marketing, and the expenses associated with our preparations to become a public company during the six months ended July 2, 2005.

Other Income (Expense), Net

Other income, net amounted to $211,000 in the six months ended July 2, 2005 compared to other expense, net of approximately $41,000 in the six months ended June 30, 2004. The increase in other income (expense), net was primarily due to interest earned on invested cash during the six months ended July 2, 2005.

Income Tax Provision

Since we operated at a net loss during the first six months of 2005 and 2004, we did not incur an income tax expense during either period.

Comparison of Years Ended December 31, 2004 and 2003

Revenue

Our revenue increased 75.0% to $95.0 million in 2004, from $54.3 million in 2003. Revenue increased $28.3 million, or 65.6%, in our consumer business and $12.0 million, or 106.6%, in our government and industrial business. The increase in revenue from our consumer products was driven by continued strong demand for our Roomba floor vacuuming robot, originally introduced in late 2002, and in particular by the introduction of the second generation of our Roomba floor vacuuming robots in the third fiscal quarter of 2004. In addition, to a lesser extent, this increase in revenue from our consumer products resulted from the addition of new retailers as channel partners. The increase in revenue from our government and industrial business was due primarily to increased revenue from sales of our military robots and, to a lesser extent to increased contract revenue. The sales of our military robots in 2004 were driven by the continued strong demand for our PackBot robot, attributable primarily to the level of hostilities in Afghanistan and Iraq and the need for soldiers to deal with a large number of explosive devices.

Our revenue in 2004 was impacted by our conversion in accounting for U.S. consumer product sales from a “sell-through” basis to a “sell-in” basis. As a result of this conversion, we recognized $5.7 million of product revenue in the first quarter of 2004 from products shipped by us prior to 2004.

Cost of Revenue

Our cost of revenue increased to $67.7 million in 2004 compared to $37.3 million in 2003. The increase is primarily attributable to a 69.4% increase in the unit sales of consumer robots, a 98.1% increase in the unit sales of our PackBot robots, and a $2.2 million increase in costs associated with the $4.7 million increase in contract revenue. In addition to the changes in sales volume, the unit costs of manufacturing our consumer robots increased by approximately 6.9% over the comparable period in 2003 related primarily to an increase in costs associated with the production of the second generation Roomba robots. In addition, the unit costs of manufacturing our PackBot robots decreased by approximately 12.4% over the comparable period in 2003 as a result of manufacturing economies of scale.

Gross Profit

Gross profit increased 61.1% to $27.4 million in 2004, from $17.0 million in 2003. Gross profit as a percentage of revenue decreased to 28.8% in 2004 from 31.3% of revenue in 2003. This decrease in gross profit, as a percentage of revenue, was due primarily to the factors described above, as well as a decrease in royalty revenue, and a reduction of the average sales price of our first-generation Roomba robot in anticipation of the introduction of the second-generation robots in mid-2004.

Research and Development

Research and development expenses increased approximately 43.0% to $5.5 million (5.8% of revenue) in 2004 from $3.8 million (7.1% of revenue) in 2003. In 2004 and 2003, we incurred the majority of our independent (non-funded) research and development expenses to support the development of enhancements to our Roomba product line resulting in the launch of the second-generation of our Roomba floor vacuuming robots in 2004. In addition, at the beginning of 2004, we began product development work on our Scooba floor

washing robot. Research and development expenses for our government and industrial business do not include the costs of research funded by various government and industrial third-parties. The direct costs of these funded programs increased by $2.3 million from $6.1 million in 2003 to $8.4 million in 2004.

Selling, General and Administrative

Selling, general and administrative expenses increased slightly to $21.4 million (22.5% of revenue) in 2004 from $20.5 million (37.8% of revenue) in 2003. The spending in 2003 reflects our promotion of our Roomba robot in its first full year of availability, including a significant investment in advertising for market penetration and product and brand awareness.

Other Income (Expense), Net

Other income (expense), net principally consists of interest income on our investment portfolio, partially offset by interest expense as we occasionally borrow on a working capital line of credit. Other expense, net for 2004 amounted to $80,000 compared to other income, net of $15,000 in 2003. In 2004, the other expense, net consisted primarily of interest expense incurred as a result of our borrowings under our working capital line of credit and discounts for accelerated payments $140,000, partially offset by interest income of $60,000 earned on our cash portfolio.

Income Tax Provision

Our income taxes represent primarily state taxes and the impact of applying the alternative minimum tax rules. We had $13.1 million and $13.2 million of tax loss carry-forwards, for U.S. federal income tax purposes, outstanding as of December 31, 2004 and December 31, 2003, respectively.

Comparison of Years Ended December 31, 2003 and 2002

Revenue

Our revenue increased 266.6% to $54.3 million in 2003, from $14.8 million in 2002. Product revenue increased $38.9 million, or 559.9%, and contract revenue increased approximately $400,000, or 6.1%. The increase in product revenue in 2003 resulted from the first full year of sales of our Roomba robots, originally introduced in late 2002, and the first full year of sales of our PackBot robots, first introduced to the military market in late 2002. In addition, during 2003, we also added new retailers as channel partners.

Cost of Revenue

Our cost of revenue increased to $37.3 million (or 68.7% of revenue) from $16.8 million (or 113.1% of revenue) in 2002. The increase in the cost of revenue is primarily due to the increase in product revenue of $38.9 million. The reduction in the cost of revenue as a percentage of total revenue is primarily due to an increase in product sales volume and related economies of scale and significant improvement in margins realized on funded research and development contracts. In 2002, we recorded a significant loss on funded research and development contracts, resulting in contract costs exceeding the revenue earned. Contract costs as a percentage of contract revenue generated under funded research and development contracts declined to 80.2% in 2003 from 164.2% in 2002.

Gross Profit

Gross profit increased to $17.0 million in 2003, from a negative gross profit of $1.9 million in 2002. Gross profit as a percentage of revenue increased to 31.3% of revenue in 2003 from a negative gross profit as a percentage of revenue of 13.1%. This improved gross profit as a percentage of revenue was due to contract revenue exceeding contract costs in 2003 by $1.5 million and a gross profit percentage of 32.0% on product revenue in 2003. The loss in 2002 was primarily due to $11.9 million of contract costs being only partially offset by $7.2 million of contract revenue.

Research and Development

Research and development expenses increased approximately 121.7% to $3.8 million (7.1% of revenue) in 2003 from $1.7 million (11.7% of revenue) in 2002. The majority of this increase in 2003 was due to product development work on our Roomba robots, including work on several enhancements to the first-generation Roomba robot and on our second-generation Roomba products. Research and development expenses do not include the costs of research funded by various government and industrial third-parties. The direct costs of these funded programs decreased by $5.8 million from $11.9 million in 2002 to $6.1 million in 2003.

Selling, General and Administrative

Selling, general and administrative expenses increased approximately 187.9% to $20.5 million (37.8% of revenue) in 2003 from $7.1 million (48.1% of revenue) in 2002. During 2003, we initiated our first significant efforts to promote, market and sell our Roomba robots. The increase in selling, general and administrative expenses in 2003 was due in large part to these promotional efforts and our substantial investment in our financial and systems capabilities.

Other Income (Expense), Net

Other income, net for 2003 amounted to $15,000 compared to $45,000 in 2002. In 2003 and 2002, the other income, net was primarily interest income earned on our cash portfolio.

Income Tax Provision

We had $13.2 million and $14.8 million of tax loss carry-forwards, for U.S. federal income tax purposes, outstanding as of December 31, 2003 and December 31, 2002, respectively.

Quarterly Results of Operations

You should read the following tables presenting our unaudited quarterly results of operations in conjunction with the consolidated financial statements and related notes contained elsewhere in this prospectus. We have prepared the unaudited information on the same basis as our audited consolidated financial statements. You should also keep in mind, as you read the following tables, that our operating results for any quarter are not necessarily indicative of results for any future quarters or for a full year.

The following table presents our unaudited quarterly results of operations for the six fiscal quarters ended July 2, 2005. This table includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for fair statement of our financial position and operating results for the quarters presented.

	Fiscal Quarter Ended					
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	March 31, 2005	July 2, 2005
	(unaudited) (in thousands)					
Revenue						
Product revenue(1)	$ 15,812	$ 7,275	$ 25,502	$ 33,558	$ 12,531	$ 22,193
Contract revenue	2,221	2,818	3,461	3,865	4,539	3,693
Royalty revenue	465	18	(15)	62	62	—
Total revenue	18,498	10,111	28,948	37,485	17,132	25,886
Cost of Revenue						
Cost of product revenue	10,417	6,053	18,560	24,290	9,834	16,917
Cost of contract revenue	1,352	1,994	2,101	2,924	3,124	2,645
Total cost of revenue	11,769	8,047	20,661	27,214	12,958	19,562
Gross profit(1)	6,729	2,064	8,287	10,271	4,174	6,324
Operating Expenses						
Research and development	1,422	1,141	1,206	1,735	3,048	2,665
Selling, general and administrative	4,790	4,399	4,139	8,077	5,295	6,766
Stock-based compensation(2)	—	—	—	—	27	63
Total operating expenses	6,212	5,540	5,345	9,812	8,370	9,494
Operating income (loss)	517	(3,476)	2,942	459	(4,196)	(3,170)
Other income (expense), net	(35)	(5)	(7)	(32)	97	114
Income (loss) before income taxes	482	(3,481)	2,935	427	(4,099)	(3,056)
Income tax expense	1	—	124	19	2	—
Net income (loss)	$ 481	$ (3,481)	$ 2,811	$ 408	$ (4,101)	$ (3,056)

(1) Beginning in the first quarter of 2004, we converted from recognizing revenue from U.S. consumer product sales on a “sell-through” basis (when retail stores sold our robots) to a “sell-in” basis (when our robots are shipped to retail stores). As a result of this conversion, our revenue and gross profit in the first quarter of 2004 included $5.7 million and $2.5 million, respectively, from robots shipped prior to 2004.

(2) Stock-based compensation recorded in 2005 breaks down by expense classification as follows:

	Fiscal Quarter Ended	
	March 31, 2005	July 2, 2005
	(unaudited) (in thousands)	
Cost of product revenue	$ 3	$ 6
Cost of contract revenue	4	7
Research and development	10	22
Selling, general and administrative	10	28
Total stock-based compensation	$ 27	$ 63

The following table sets forth our results of operations as a percentage of revenue for the periods shown:

	Fiscal Quarter Ended					
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004	March 31, 2005	July 2, 2005
Revenue						
Product revenue	85.5%	72.0%	88.0%	89.5%	73.1%	85.7%
Contract revenue	12.0	27.9	12.0	10.3	26.5	14.3
Royalty revenue	2.5	0.1	—	0.2	0.4	—
Total revenue	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Revenue						
Cost of product revenue	56.3	59.9	64.1	64.8	57.4	65.4
Cost of contract revenue	7.3	19.7	7.3	7.8	18.2	10.2
Total cost of revenue	63.6	79.6	71.4	72.6	75.6	75.6
Gross profit	36.4	20.4	28.6	27.4	24.4	24.4
Operating Expenses						
Research and development	7.7	11.3	4.2	4.6	17.8	10.3
Selling, general and administrative	25.9	43.5	14.3	21.6	30.9	26.1
Stock-based compensation	—	—	—	—	0.2	0.2
Total operating expenses	33.6	54.8	18.5	26.2	48.9	36.6
Operating income (loss)	2.8	(34.4)	10.1	1.2	(24.5)	(12.2)
Other income (expense), net	(0.2)	—	—	(0.1)	0.6	0.4
Income (loss) before income taxes	2.6	(34.4)	10.1	1.1	(23.9)	(11.8)
Income tax expense	—	—	0.4	0.1	—	—
Net income (loss)	2.6%	(34.4)%	9.7%	1.0%	(23.9)%	(11.8)%

Driven primarily by sales of our Roomba robots, our consumer product revenue has tended to be significantly seasonal, with a majority of our consumer product revenue generated in the second half of the year (in advance of the holiday season). Retail customers typically place orders for the holiday season in the third quarter and early in the fourth quarter.

Our contract revenue increased each quarter during 2004 and the first quarter of 2005 due primarily to our increasing activity in U.S. Army's Future Combat Systems, or FCS, program. Our contract revenue declined slightly in the second quarter of 2005 due primarily to non-recurring work performed under the FCS contract during the first quarter of 2005. Since our FCS contract is a cost-reimbursable type contract, we generate revenue by assigning personnel to the contract and prosecuting the work. Excluding revenue from our FCS contract, our contract revenue has grown modestly on a quarterly basis.

Our gross profit as a percentage of revenue fluctuates significantly on a quarterly basis. Since certain costs of revenue are relatively fixed in the near term (for example, manufacturing engineering, quality assurance and related overhead costs), our gross profit tends to be lower during the first half of the year and to improve as revenue increases in the second half of the year.

Liquidity and Capital Resources

At July 2, 2005 and December 31, 2004, our principal sources of liquidity were cash, cash equivalents and restricted cash totaling $15.1 million and $19.4 million, respectively, and accounts receivable of $7.3 million and $14.4 million, respectively. We have funded our growth primarily with proceeds from the issuance of convertible preferred stock for aggregate net cash proceeds of $37.5 million, occasional borrowings under a working capital line of credit and cash generated from operations.

We manufacture and distribute our products through contract manufacturers and third-party logistics providers. We believe that this approach gives us the advantages of relatively low capital investment and significant flexibility in scheduling production and managing inventory levels. By leasing our office facilities, we also minimize the cash needed for expansion. Our capital spending is generally limited to leasehold improvements, computers, office furniture and product-specific production tooling and test equipment. In the six months ended July 2, 2005, and the year ended December 31, 2004, we spent $1.4 million and $3.2 million, respectively, on capital equipment.

The majority or our consumer products are delivered to our customers directly from our contract manufacturer in China. Accordingly, our consumer product inventory consists of goods shipped to our domestic third-party logistic providers for the fulfillment of domestic retail orders and direct-to-consumer sales. Our inventory of military products is minimal as they are generally built to order. Our contract manufacturers are responsible for purchasing and stocking the components required for the production of our products, and they invoice us when the finished goods are shipped. Based on this approach to production and distribution, we turned our inventory approximately twelve times during 2004.

Our consumer product sales are, and are expected to continue to be, highly seasonal. This seasonality typically results in a net use of cash in support of operating needs during the first half of the year with the low point generally occurring in the middle of the third quarter, and a favorable cash flow during the second half of the year. We have relied on our working capital line of credit to cover the short-term cash needs resulting from the seasonality of our consumer business.

Discussion of Cash Flows

Net cash used by our operating activities in the first half of 2005 was $3.4 million compared to net cash generated by operating activities of $8.9 million in 2004 and net cash used by operating activities of $11.3 million in 2003 and $3.7 million in 2002. The cash used by our operating activities in the first half of 2005 was primarily due to a net loss of $7.2 million and an increase in inventory of $4.7 million, offset by a decrease in accounts receivable of $7.1 million, an increase in liabilities of approximately $600,000, and depreciation and amortization of deferred compensation of approximately $900,000 and $200,000, respectively, both of which are non-cash expenses. The cash provided by our operating activities in 2004 was primarily due to net income of approximately $200,000, an increase in total liabilities of $8.8 million, a decrease in inventory of $3.8 million, a decrease in unbilled revenue of approximately $400,000 and a decrease in other assets of approximately $400,000, which were partially offset by an increase in accounts receivable of $6.3 million. In addition, in 2004, we had $1.3 million of depreciation expense and approximately $300,000 of amortization of deferred compensation, which are non-cash expenses. The cash used by our operating activities in 2003 was primarily due to a net loss of $7.4 million, an increase in accounts receivable and unbilled revenue of approximately $8.0 million, an increase in inventory of $8.8 million and an increase in other assets of approximately $100,000, which were partially offset by an increase in total liabilities of $12.3 million. In addition, in 2003, we had approximately $700,000 of depreciation expense, which is a non-cash expense. The cash used by our operating activities in 2002 was primarily due to a net loss of $10.8 million, an increase in unbilled revenue of approximately $300,000, an increase in inventory of $1.8 million and an increase in other assets of approximately $400,000, which were partially offset by an increase in total liabilities of $8.9 million. In addition, in 2002, we had approximately $500,000 of depreciation expense, which is a non-cash expense.

Net cash used in our investing activities was $1.4 million in the first half of 2005, $3.2 million in 2004, $1.3 million in 2003 and approximately $400,000 in 2002. Investment activities throughout the period represent the purchase of capital equipment in support of our growth, including computer equipment, internal use software, furniture and fixtures, engineering and test equipment, and production tooling. A significant portion of the increase in investing activities from 2003 to 2004 reflects the purchase of production tooling in support of the ramp-up of Roomba production.

Net cash provided by our financing activities was approximately $400,000 in the first half of 2005, $9.2 million in 2004 and $14.3 million in 2003. The cash impact of financing activities in 2002 was negligible. Net cash provided by our financing activities in the first half of 2005 consisted primarily of the proceeds from employee exercises of incentive stock options. Net cash provided by our financing activities in 2004 consisted primarily of proceeds of $9.9 million from the issuance of a series of convertible preferred stock, approximately $300,000 from exercises of common stock options and approximately $300,000 from the issuance of restricted stock, offset by $1.3 million for repayment of borrowings under our working capital line of credit. Net cash provided by our financing activities in 2003 consisted primarily of proceeds of $12.9 million from the issuance of a series of convertible preferred stock and $1.3 million of borrowings under our working capital line of credit.

The majority of our long-lived assets for the years ended December 31, 2002, 2003 and 2004 are located in the United States. However, beginning in 2002, we invested a significant amount in production tooling for the manufacture of the Roomba product line in China.

Historically, we have incurred significant losses, largely attributable to our investment in internally funded research and development. Based on our historical product development efforts, we launched our first commercial products, our Roomba floor vacuuming robot and our PackBot tactical military robot, in 2002. Since 2002, our revenue has significantly increased, our investment in internally-funded research and development has declined as a percentage of revenue, and we achieved profitability in 2004. We have not invested significantly in property, plant and equipment, and we have established an outsourced approach to manufacturing that provides significant flexibility in both managing inventory levels and financing our inventory. Our consumer revenue has been highly seasonal. This seasonality tends to result in the net use of cash during the first half of the year and significant generation of cash in the second half of the year. Given the recent success of our products and resulting growth in revenue, we believe that the proceeds of this offering, existing cash, cash equivalents, cash provided by operating activities and funds available through our bank line of credit will be sufficient to meet our working capital and capital expenditure needs for the foreseeable future.

Working Capital Facility

On May 26, 2005, we obtained a working capital line of credit with a bank under which we can borrow up to $20.0 million, including a $2.0 million sub-limit for equipment financing. Interest accrues at a variable rate based on prime or published LIBOR rates. The line expires on May 26, 2007 at which time all advances will be immediately due and payable. As of July 2, 2005, we had no amounts outstanding and $20.0 million available under our working capital line of credit. Borrowings are secured by substantially all of our assets other than our intellectual property. The credit facility restricts our ability to:

- incur or guaranty additional indebtedness;
- create liens;
- enter into transactions with affiliates;
- make loans or investments;
- sell assets;
- pay dividends or make distributions on, or repurchase, our stock; or
- consolidate or merge with other entities.

In addition, we are required to maintain certain quarterly tangible net worth thresholds under the credit facility. These operating and financial covenants may restrict our ability to finance our operations, engage in business activities or expand or pursue our business strategies. At July 2, 2005, we were in compliance with all covenants under the credit facility. To the extent we are unable to satisfy those covenants in the future, we will need to obtain waivers to avoid being in default of the terms of this credit facility. In addition to a covenant

default, other events of default under our credit facility include the filing or entry of a tax lien, attachment of funds or material judgment against us, or other uninsured loss of our material assets. If a default occurs, the bank may require that we repay all amounts then outstanding. After this offering, we expect that we will have sufficient resources to fund any amounts which may become due under this credit facility as a result of a default by us or otherwise. Any amounts which we may be required to repay prior to a scheduled repayment date, however, would reduce funds that we could otherwise allocate to other opportunities that we consider desirable.

Working Capital and Capital Expenditure Needs

We believe our existing cash, cash equivalents, cash provided by operating activities, funds available through our working capital line of credit and the net proceeds from this offering will be sufficient to meet our working capital and capital expenditure needs over at least the next twelve months. Our future capital requirements will depend on many factors, including our rate of revenue growth, the expansion of our marketing and sales activities, the timing and extent of spending to support product development efforts, the timing of introductions of new products and enhancements to existing products, the acquisition of new capabilities or technologies, and the continuing market acceptance of our products and services. To the extent that existing cash, cash equivalents, cash from operations and cash from short-term borrowing are insufficient to fund our future activities, we may need to raise additional funds through public or private equity or debt financing. Although we are currently not a party to any agreement or letter of intent with respect to potential investments in, or acquisitions of, businesses, services or technologies, we may enter into these types of arrangements in the future, which could also require us to seek additional equity or debt financing. Additional funds may not be available on terms favorable to us or at all.

Contractual Obligations

We generally do not enter into binding purchase commitments. Our principal commitments consist of obligations under our lines of credit and leases for office space. The following table describes our commitments to settle contractual obligations in cash as of December 31, 2004:

	Payments Due by Period			
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Total
		(in thousands)		
Operating leases	$ 929	$ 1,519	$ 766	$ 3,214

As of July 2, 2005, our total contractual obligations had increased by $1.5 million from December 31, 2004, due to additional commitments made for leased office space at our Burlington, Massachusetts location.

Off-Balance Sheet Arrangements

As of July 2, 2005, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of the Securities and Exchange Commission’s Regulation S-K.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123R, which requires the measurement of all share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in our consolidated statement of operations. The accounting provisions of SFAS No. 123R are effective for fiscal years beginning after June 15, 2005. We will be required to adopt SFAS No. 123R for our fiscal quarter beginning January 1, 2006. The pro forma disclosures previously permitted under SFAS No. 123 no longer will be an alternative to financial statement recognition. We have not yet determined whether the adoption of SFAS No. 123R will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. We are evaluating the requirements under SFAS No. 123R and expect the adoption to have a significant adverse impact on our consolidated operating results.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Risk

Nearly all of our revenue is derived from transactions denominated in U.S. dollars, even though we maintain sales and business operations in foreign countries. As such, we have exposure to adverse changes in exchange rates associated with operating expenses of our foreign operations, but we believe this exposure to be immaterial.

Interest Rate Sensitivity

We had unrestricted cash, cash equivalents and restricted cash totaling $15.1 million at July 2, 2005. The unrestricted cash and cash equivalents are held for working capital purposes. We do not enter into investments for trading or speculative purposes. Some of the securities in which we invest, however, may be subject to market risk. This means that a change in prevailing interest rates may cause the principal amount of the investment to fluctuate. To minimize this risk in the future, we intend to maintain our portfolio of cash equivalents and short-term investments in a variety of securities, including commercial paper, money market funds, debt securities and certificates of deposit. Due to the short-term nature of these investments, we believe that we do not have any material exposure to changes in the fair value of our investment portfolio as a result of changes in interest rates. As of July 2, 2005, all of our investments were held in money market accounts.

Our exposure to market risk also relates to the increase or decrease in the amount of interest expense we must pay on our outstanding debt instruments, primarily certain borrowings under our bank line of credit. The advances under this line of credit bear a variable rate of interest determined as a function of the prime rate or the published LIBOR rate at the time of the borrowing. At July 2, 2005, there were no amounts outstanding under our working capital line of credit.

BUSINESS

Overview

iRobot provides robots that enable people to complete complex tasks in a better way. For over 15 years, we have developed proprietary technology incorporating advanced concepts in navigation, mobility, manipulation and artificial intelligence to build industry-leading robots. Our Roomba floor vacuuming robot and recently announced Scooba floor washing robot perform time-consuming domestic chores, and our PackBot tactical military robots perform battlefield reconnaissance and bomb disposal. In addition, we are developing the Small Unmanned Ground Vehicle reconnaissance robot for the U.S. Army's transformational Future Combat Systems program and, in conjunction with Deere & Company, the R-Gator unmanned ground vehicle. We sell our robots to consumers through a variety of distribution channels, including over 7,000 retail locations and our on-line store, and to the U.S. military and other government agencies worldwide.

Since our founding by roboticists who performed research at the Massachusetts Institute of Technology, we have accumulated expertise in all the disciplines necessary to build durable, high-performance and cost-effective robots through the close integration of software, electronics and hardware. Our core technologies serve as reusable building blocks that we adapt and expand to develop next generation and new products, reducing the time, cost and risk of product development. For example, our proprietary AWARE Robot Intelligence Systems enable the behavioral control of robots. Our AWARE systems allow our Roomba floor vacuuming robot to clean an entire floor while avoiding obstacles and not falling down stairs, and also allow our PackBot robots and the R-Gator unmanned ground vehicle to accomplish complex missions such as waypoint navigation and real-time obstacle avoidance.

Our significant expertise in robot design and engineering, combined with our management team's experience in military and consumer markets, positions us to capitalize on the growth we expect in the market for robot-based products. We believe that the sophisticated technologies in our existing consumer and military applications are adaptable to a broad array of markets such as law enforcement, homeland security, commercial cleaning, elderly care, oil services, home automation, landscaping, agriculture and construction. Our strategy is to maintain a leadership position in pursuing new applications for robot solutions by leveraging our ability to innovate, to bring new products to market quickly, to reduce costs through design and outsourcing capabilities, and to commercialize the results of our research, much of which is government funded.

Over the past three years, we sold more than 1.2 million of our Roomba floor vacuuming robots. We also sold to the U.S. military during that time more than 200 of our PackBot tactical military robots, most of which have been deployed on missions in Afghanistan and Iraq.

Market Opportunity

Throughout history, people have looked for better ways to improve productivity and quality of life. Whether it has been the invention and use of simple, hand-held tools or complex machines, the goal has been the same: complete tasks more effectively, more efficiently, more safely and less expensively. Over the past two centuries, we have seen dramatic quality of life improvements in many areas, including agriculture, transportation and communication, from the invention and use of new tools and machines.

While tools and machines typically improve productivity and efficiency, many jobs still involve repetitive tasks, put people in harm's way, or require significant physical exertion. Over the past several decades, the desire to continue to improve productivity and quality of life has led to the development of robots. Robots perform a variety of complex or repetitive tasks on command or by being programmed in advance. Unlike simple tools or machines, robots are designed to more fundamentally improve the effectiveness, efficiency, safety and ease with which tasks are completed. Early robots, designed to repeat actions in specific, known environments, have been and continue to be deployed successfully in environments automating repetitive tasks, such as on assembly lines and in manufacturing plants. While these first-generation robots created significant improvements in productivity, they are limited in their ability to operate in unknown or changing environments. As a result, these robots are not suited for a vast majority of the daily tasks that people

undertake. This unmet need creates a significant market opportunity for new technologies to perform such tasks.

Two decades ago, scientists began researching how to design and manufacture robots that could complete a wider range of tasks. In the 1980s, our co-founder and chief technology officer, Dr. Rodney Brooks, and his team at MIT began to develop a new generation of robots. Dr. Brooks noticed that insects, although possessing severely limited computation abilities, effectively deal with their environment. Using these observations as a starting point, Dr. Brooks began to develop behavior-based, artificially-intelligent robots. In contrast to first-generation robots used in manufacturing environments, behavior-based robots are designed to complete missions, not repetitive tasks, in complex and dynamic, real-world environments.

Behavior-based robots have a much wider range of applications than first-generation robots. For example, behavior-based robots can perform a wide range of domestic chores for consumers, which require the ability to complete missions in dynamic and changing environments. Initial consumer applications for robots have included floor vacuuming and floor washing. In addition, behavior-based robots are capable of being designed to complete other domestic chores, including bathtub and toilet cleaning, as well as outdoor home maintenance, such as lawn mowing and window washing.

The need for robots in consumer applications has increased in parallel with the evolution of robot technology. We believe that the demand for robots that can complete domestic chores is developing rapidly due to demographic trends including the aging population, increasing prevalence of dual-income households, declining birth rates and ongoing reduction in people's "free" time. According to the 2004 United Nations Economic Commission for Europe in cooperation with the International Federation of Robotics, there will be approximately $2.6 billion spent worldwide on household robots from 2004 through 2007. In 2001, the Japan Robotics Association estimated that the worldwide market for home robots will be ¥1.5 trillion— approximately $12.3 billion— in 2010. In 2004, Future Horizons estimated that the total worldwide robotic market will be $59.3 billion in 2010. While the market for behavior-based robots is in its early stages, the potential opportunity for robots in specific market segments can be measured by reference to sales of traditional products in these segments. For example, according to the Freedonia Group, over 25 million vacuums were sold in the United States in 2003, resulting in a market size of $3.4 billion. Today, our floor vacuuming robots represent less than 1% of total vacuums in U.S. households. Other market segments, such as wet floor cleaning and lawn mowing, represent global, multi-billion dollar markets.

The worldwide need for security and the transformation of the military are driving the market opportunity in the defense and government sector for automated and unmanned systems. The growth of the market for robots geared to the defense sector is driven by an expanding field of use for such robots as well as a heightened focus on initiatives to minimize military personnel loss and reduce cost, while increasing mobility and deployment rapidity. The current use of robots for reconnaissance and bomb disposal is expanding to also include surveillance, supply chain logistics and attack functions. The shift to less traditional warfare, demographic trends resulting in the decline of the pool of available military personnel, the increasing cost of military personnel (reported to be a median lifetime cost of $4 million per soldier) and the political ramifications of personnel casualties are driving the military to develop alternatives to its human-capital resources. Warfare modernization directives incorporate the use of robots in accordance with the National Defense Authorization Act of 2001, which stated that it "shall be a goal of the Armed Forces to achieve the fielding of unmanned, remotely controlled technology such that...by 2015, one-third of the operational ground combat vehicles of the Armed Forces are unmanned." Regardless of the implementation of specific government programs, a common characteristic underlying military upgrade plans appears to be a greater reliance on automation and unmanned systems.

Military robot development efforts have been significantly enhanced by extensive collaboration among the Department of Defense agencies. This collaboration was formalized by the Joint Robotics Program implemented by the United States Congress in 1989 to establish and pursue improvements in robot operational capabilities. Today, the military services have recognized a critical war-fighting role for robots as unmanned ground systems, as well as for reconnaissance, surveillance and explosive ordnance device remediation. Future military transformation plans such as the U.S. Army's Future Combat Systems, or FCS,

program as well as current operations in the global war on terrorism, have featured robots prominently to increase mission effectiveness. In 2005, the Government Accountability Office (GAO) stated that FCS program costs to develop and purchase the first increment, which would equip about one-third of the active Army's combat brigades, could exceed $108 billion. In addition to other systems, the FCS program is intended to include three classes of Unmanned Ground Vehicles, or UGVs: the Armed Robotic Vehicle, or ARV, Multifunctional Utility/ Logistics and Equipment Vehicle, or MULE, and the Small Unmanned Ground Vehicle, or SUGV. Ultimately, the FCS program indicates that production of as many as three increments of 1,245 SUGV units each over the next decade is anticipated.

Behavior-based robots also have the potential to be extremely effective in areas of homeland security, such as potential use by emergency first responders, and local law enforcement, as well as in perimeter and infrastructure security. Furthermore, in the industrial sector, behavior-based robots can be used to complete a wide range of missions, including cleaning, equipment maintenance, data acquisition, exploration and discovery, inspection, construction demolition, and delivery.

Historical attempts to develop economical, behavior-based robots have had limited success due to, among other things, the inherent complexities in integrating the mechanical, electrical, sensor, power and software systems, and artificial intelligence necessary to create true functionality. Consequently, initial attempts to develop behavior-based robots for the consumer, government, defense and industrial markets have typically resulted in expensive and fragile robots, which cannot complete their missions effectively or efficiently. To be successful in their missions and valued by their intended consumer, government or industrial customers, robots must be high-performance, durable and cost-effective, as well as easy-to-use.

The iRobot Solution

We sell robots that are designed to help people complete complex tasks in a better way. The key benefits of the iRobot solution are:

Better Results. Our robots help perform dull, dirty or dangerous missions with better results. Our Roomba floor vacuuming robot cleans under beds and other furniture, resulting in significantly cleaner floors because it can access more of the floor than standard upright vacuum cleaners. Our recently announced Scooba floor washing robot is designed to clean floors more effectively than mopping because it sweeps, washes and dries in a single pass and stores clean and dirty water separately, rather than recycling dirty water during the cleaning process. Our PackBot tactical military robot is credited with saving the lives of U.S. service personnel in Afghanistan and Iraq by performing dangerous military missions that would otherwise have been performed by soldiers.

Easy-to-Use. Our robots encompass advanced technology and a user-friendly design that make them easy to set up, operate and maintain. Our Roomba robots work at the touch of a single button, appealing to consumers' intuition and requiring extremely limited set-up and learning time. Our Roomba Scheduler automatically turns itself on to clean on a schedule and returns to its home base to recharge. Our PackBot robots, while entailing greater user interaction, require only a few hours of training for their users.

Cost-Effective. We believe our robots deliver high value for their cost. By leveraging existing technology building blocks, we are able to cut down our product development costs and provide robots at significantly lower cost than competitors. Our PackBot robots cost relatively little when compared to the value of saving the lives of armed forces personnel. Our Roomba floor vacuuming robots reduce the time spent by customers to clean rooms quickly and effectively. Our Roomba robots are priced competitively with traditional vacuum cleaners, but require practically no operator time, thereby enhancing productivity for the consumer.

Safe and Durable. Safety and durability are key design objectives of all our products. For example, our PackBot robots have been developed with a patented, safe-firing circuit designed to prevent accidental discharge or detonation. To complete missions in challenging environments, PackBot's sturdy design allows it to withstand 400g's, or a ten-foot drop onto concrete. Our Roomba robots have a triple-redundant system to prevent them from falling down stairs and undergo severe quality control tests that include compression and drop tests.

iRobot Innovation Engine

Innovation is at the core of our company. Our innovation engine, comprised of our robot technology, roboticists and robot market experience, enables us to design and introduce new products rapidly in a wide range of markets. Since 2002, we have introduced more than twelve new products and product enhancements.

iRobot Innovation Engine

Robot Technology. We design behavior-based robots. Our proprietary AWARE Robot Intelligence Systems are code bases that implement the behavioral control of robots. Our robots rely on the interplay between behavior-based, artificially intelligent systems, real-world dynamic sensors, friendly user interfaces and tightly-integrated electromechanical designs. Combining these four components, we have created proprietary reusable building blocks of robotics capabilities that encompass mobility, navigation, manipulation, payload and user control. These technology building blocks are reusable and are leveraged in each product development project. The design and development of robots require not only strong competencies in each of the underlying technologies but also an ability to combine different systems into a seamless product that works. iRobot has built strong system integration capabilities.

Roboticists. With a strong engineering team of more than 100 roboticists, we are an industry leader in the development of robot technology. Our people have a wealth of experience in key technologies such as artificial intelligence principles, sensory devices, electrical and mechanical systems, and user interfaces. Our roboticists have prior experience designing robots to explore Mars and the sea under the Arctic ice caps,

unmanned air vehicles like the Fire Scout, and successful consumer products like Lego Mindstorms and the Furby. While at iRobot, our roboticists have accumulated experience designing underwater vehicles, interactive toys and robots for telepresence, wellbore maintenance and exploration of the Great Pyramid.

Robot Market Experience. The market for behavior-based robots is still relatively new and requires more than technology expertise or a large engineering team to be successful. In addition, success requires understanding of the nuances of the market: how people interact with robots, what concerns people about robots and how best to market robots to specific end markets. Our experience as a pioneer in the robot market provides us with competencies on how to design, develop and market robots people need, will buy and will use.

Strategy

Our objective is to rapidly invent, design, market and support innovative robots that will expand our leadership globally in our existing markets and newly addressable markets. Key elements of our strategy to achieve this objective include:

Deliver Great Products and Continue to Expand Our Existing Markets. Our success is built upon our ability to deliver innovative products rapidly at economical price points and to offer a broad product line to our customers. We continuously receive and circulate customer feedback on the performance of our products to our engineers and product managers, allowing them to incorporate modifications and expand and develop new product lines to better meet our customers' needs. Our strategy of offering a broad range of products at multiple price points allows us to grow with our existing customers, to attract new customers worldwide and to supply our customers with robots with increased capabilities. Within the consumer market today we offer floor cleaning products for various surfaces at multiple price points, as well as a number of product accessories. We are extending our consumer products offerings to include Scooba, our recently announced floor washing robot that sweeps, washes, scrubs and dries hard floors automatically. We are extending our military robot offerings from small, unmanned ground vehicles (such as our PackBot line of robots) to full-scale autonomous vehicles such as R-Gator.

Innovate to Penetrate New Markets. Our goal is to develop innovative robots to perform dull, dirty or dangerous missions. We are able to develop robots with functionalities that are adaptable for use in a broad range of applications. Over our history, we have developed robots for several different markets. We intend to target new markets, such as law enforcement, homeland security, commercial cleaning, elderly care, oil services, home automation, landscaping, agriculture and construction, where robots can create high value and can provide a better way to complete complex tasks. We believe that our experience in penetrating new market segments and our culture of innovation provide us with a competitive advantage.

Complement Core Competencies with Strategic Alliances. Our core competencies are the design, development and marketing of robots. We rely on strategic alliances to provide complementary competencies that we integrate into our products and to enhance market access. For example, our alliance with The Clorox Company, through which Clorox manufactures cleaning fluid, allows us to integrate world-class cleaning technology and know-how into our recently announced floor washing robot, Scooba. Our alliance with Deere & Company allows us to integrate our robot controls, navigation and obstacle avoidance systems with rugged vehicles manufactured by Deere & Company. Where appropriate, we may acquire companies, products and technologies to strengthen our ability to compete in existing markets or to establish initial footholds in new markets. We outsource other non-core activities, such as manufacturing and back-office functions, which helps us focus our resources on our core competencies.

Leverage Research and Development Across Different Products and Markets. We leverage our research and development across all our products and markets. For example, we use technological expertise developed through government-funded research and development projects across our other product development efforts. While the U.S. government retains certain rights in the research projects that it has funded, we retain ownership of patents and know-how and are generally free to develop other commercial products, including consumer and industrial products, utilizing the technologies developed during these projects. Similarly, expertise developed while designing consumer products is used in designing products for government and

industrial applications. This strategy helps us in avoiding the need to start each robot project from scratch, developing robots in a cost-effective manner and minimizing time to market.

Develop a Community of Third-Party Developers Around Our Platforms. We have developed products around which communities of third-party developers can create related accessories, software and complementary products. We intend to foster this community by making our products into extensible platforms with open interfaces designed to carry payloads. For example, our robots are designed to allow third-party designers to add sensors and other functionalities, such as acoustic sniper detection and web-based control. We believe this strategy will allow us to expand the footprint of iRobot while maintaining our market leadership position.

Continue to Strengthen Our Brand. We will continue to enhance our brand image and corporate identity. The iRobot brand is designed to communicate innovation, reliability, safety and value. Our robots' performance and uniqueness have enabled us to obtain strong word-of-mouth and extensive press coverage leading to increasing brand awareness, brand personality and momentum. We intend to invest in increasing brand awareness through progressive marketing communication strategies, in-store training and presentations and mass media outreach. In addition, we will emphasize public relations campaigns. We will continue to invest in our marketing programs to strengthen our brand recognition and reinforce our message of innovation, reliability, safety and value.

Continue to Invest Aggressively in Our Business and Our People. We believe the best path to maximizing long-term profit is to continue to invest significant resources in our business and our people over the next several years. We plan to invest in research and development and sales distribution channels to extend and expand our market. We will also continue to hire top talent from top schools and invest in our people through training and on-the-job experience. We believe this aggressive reinvestment in our business and our people will help us maintain our market leadership.

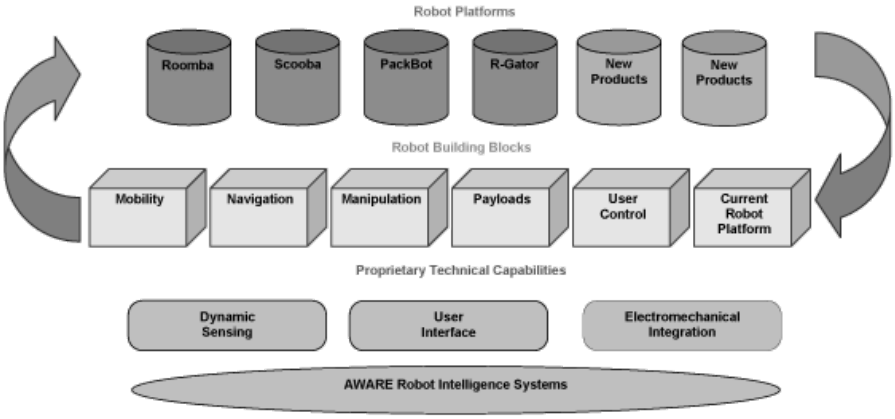
Technology

We are focused on behavior-based, artificially-intelligent systems developed to meet customer requirements in multiple market segments. In contrast to robotic manufacturing equipment or entertainment systems that are designed to repeat actions in specific, known environments, our systems are designed to complete missions in complex and dynamic real-world environments.

Behavior-based robotics has its roots in the groundbreaking work our co-founder and chief technology officer, Dr. Rodney Brooks, performed at MIT during the 1980s. At the time it was believed that any intelligent robot would need a complete representational world model, and that the essence of generating intelligent behavior was explicit symbolic reasoning about expected effects of actions on that internal model. Dr. Brooks observed that insects, although possessing very small brains with severely limited computational abilities, deal effectively with their environment. Dr. Brooks noticed the contrast between insects and the then accepted approach to building artificially intelligent systems. Dr. Brooks developed the subsumption architecture— now commonly referred to as the behavior-based approach to artificial intelligence— modeled on the constraints implied by the limitations on the nervous systems of insects, the ethological observations of animal behavior, and even the developmental trajectories of human babies.

Robots utilizing this behavior-based approach use a layered architecture, where the lowest level modules, or software programs that communicate with other programs with a predefined application program interface, generate behaviors based on directly sensing the environment to maintain the integrity of the mission. On top of these layers, and in parallel, additional perceptual modules interpret sensory data in ways directly relevant for the mission and produce specific behavior elements. The overall behavior of these robots emerges from the inherently non-linear interactions of the robot with its environment and the interactions of the behavior generating modules. Robot software systems built under this architecture are inherently upgradeable. When new capabilities are desired for the robot, or when additional sensors or actuators are added, new software modules are added to the existing software base. The new behaviors only become active in an appropriate context. When they are active, they momentarily suppress more primitive behaviors that the robot will continue to use as a default case.

This architecture forms the foundation for how we design our robots. For example, when our engineers design a behavior-based cleaning robot, bottom-layer behaviors such as "avoid-collision" are the most basic and are given the highest priority. Top-layer behaviors such as "clean floor" encapsulate high-level-intention and are built from lower behaviors or function only when lower behaviors such as "avoid collision" or "recharge battery" are satisfied. To reduce complexity, each layer functions simultaneously but asynchronously with no dependence on the others. This independence reduces interference between behaviors and prevents over-complexity, allowing behaviors to sequence and re-sequence dynamically according to unforeseen problems. In other words, we can deliver robots that accomplish real-world tasks without being told exactly how to do them.



Our robots rely on the interplay among behavior-based artificially intelligent systems, real-world dynamic sensors, friendly user interfaces and tightly-integrated, electromechanical designs to efficiently accomplish their missions.

AWARE Robot Intelligence Systems. Our proprietary AWARE Robot Intelligence Systems are code bases that enable the behavioral control of robots. Moreover, the AWARE Systems include modules that control behaviors, sensor fusion, power management and communication. Our AWARE systems allow our Roomba floor vacuuming robot to clean an entire floor while avoiding obstacles and not falling down stairs, and also allow our PackBot robots and the R-Gator unmanned ground vehicle to accomplish complex missions such as waypoint navigation and real-time obstacle avoidance.

Real-World, Dynamic Sensing. The degree of intelligence that our robots display is directly attributable to their ability to perceive—or sense—the world around them. Using specialized hardware and signal processing, iRobot has developed sensors that fit particular cost-performance criteria. In other cases, we use off-the-shelf sensing hardware, such as laser scanners, cameras and optical sensors.

User-Friendly Interfaces. Our robots require that users interact and instruct our robots in intuitive ways without extensive end-user set-up, installation, training or instruction. For example, our Roomba Discovery robot requires only one button to have the robot begin its mission, determine the size of the room to be cleaned, thoroughly clean the room and return to its re-charger, right out of the box without any pre-programmed knowledge of the user's home. Similarly, our PackBot robots use intuitive controllers, interoperable between systems, which integrate high-level supervisory commands from the user into the behaviors of the robot. For example, a soldier may use a familiar joystick interface to instruct the robot where to move, while the robot continues to run lower-level obstacle avoidance, motor thermal management, fiber-optic cable management, and safety behaviors to ensure the completion of the mission.

Tightly-Integrated, Electromechanical Design. Our products rely on our ability to build inherently robust integrated electrical and mechanical components into required form factors. For instance, the computer

that powers the PackBot tactical military robot must withstand being dropped from more than ten feet onto concrete. Such high performance specifications require tight design integration.

Combining these four components, we have created proprietary reusable building blocks of robotics capabilities that include:

Mobility. Our consumer products have an affordable mechanical platform that can navigate around floor spaces. Our government and industrial products have a rugged mechanical platform that can climb stairs and right itself using its articulated flipper.

Navigation. Our platforms enable our consumer robots to navigate autonomously around rooms following walls, detecting cliffs, searching for their base stations and docking themselves, and enable our military robots to circumnavigate buildings autonomously by climbing curbs and avoiding obstacles. Our navigation capabilities rely on technologies such as infrared ranging, infrared beacon, three-dimensional laser ranging, scanning sonar ranging and vision systems.

Manipulation. Our manipulators are designed to be modular and scalable. Our PackBot OmniReach Manipulator System is a six-foot dexterous arm with no external cabling. We have developed a prototype of the PackBot EOD that has a larger arm for more payload and reach, called NEOReach.

Payloads. Our PackBot Scout reconnaissance sensing payload includes cameras and illumination. The PackBot Explorer head includes a reconnaissance payload, audio and night vision plus a pan-tilt-lift capability. Capabilities being added to these payloads by third parties include acoustic sensing and multispectral imagers.

User Control. Our robot control protocol allows a common user interface to operate our military robots, such as our PackBot robot, as well as the R-Gator unmanned ground vehicle. Our household products have an easy push button interface with a common remote control protocol for both our Roomba and Scooba robots.

Swarm. Swarm technology represents collaborative algorithms that dictate the group behavior of large numbers of autonomous robots. Our algorithms are designed to be completely scaleable and to function with groups of ten or groups of ten thousand. We believe that our development platform is one of the world's largest swarms, with over 100 individual robots.

Our technology building blocks typically allow us to take a known platform and modify it for a new mission instead of starting from scratch for each application. This allows us to design and develop innovative robots rapidly and cost-effectively.

Products and Contracts

We design and sell robots for the consumer and government and industrial markets.

Consumer Products

We sell various products that are designed for use in the home, with our current products focused on floor cleaning tasks. Our consumer products provide value to our customers by producing better cleaning results at an affordable price and by freeing people from repetitive home cleaning tasks.

iRobot Roomba. Since its introduction in late 2002, more than 1.2 million Roomba floor vacuuming robots have been sold to consumers. We currently offer five Roomba models that comprise our second generation floor vacuuming robots with varying price points and performance characteristics.

Our Roomba robot's compact disc shape allows it to clean under beds and other furniture, resulting in significantly cleaner floors since the Roomba can access more of the floor than standard upright vacuum cleaners. Roomba is programmed to keep operating until the floor is truly clean. In addition, Roomba eliminates the need to push a vacuum—it cleans automatically upon the push of a button.

All of our current Roomba floor vacuuming robots include the following features:

- the ability to sense a “cliff” or drop-off point and to react by reversing course automatically;
- a non-marring bumper to clean up to obstacles without damaging furniture or walls;
- a wide cleaning path to clean an entire room on a single battery charge;
- an edging brush to clean along surface edges;
- dirt-sensing, which allows the Roomba robot to detect dirtier areas in the home and respond by increasing and extending the intensity of its cleaning efforts in that concentrated space; and
- improved cleaning and maintenance operations, enhancing the user friendliness of the Roomba robot.

Our flagship Roomba Discovery robot also features automatic self-docking, which enables the robot to return to its home base for battery recharging when its battery runs low or it has cleaned the room, and an advanced power system that charges faster and runs longer than many other vacuums. Roomba Discovery can clean, on average, three rooms on a single charge.

The suggested retail price for Roomba Discovery was initially $249 per unit (in 2004) and is currently supporting a suggested retail price of $279 per unit. The current suggested retail price for our Roomba Red base product is $149 per unit.

We have recently introduced the iRobot Roomba Scheduler—a floor vacuuming robot that cleans a room automatically on a user-determined schedule. The Scheduler robot is expected to be available in retail outlets sometime during the third quarter of 2005 at a suggested retail price of $329 per unit.

We also offer a Scheduler accessory kit which allows owners of the Roomba Discovery and Roomba Red to upgrade their robot to achieve scheduling capability. In addition to the Scheduler upgrade kit, we offer other accessories that allow users to upgrade and maintain their Roomba, including virtual wall sensing devices that direct Roomba to clean specific areas, batteries and chargers, filters and brushes, and wall mounts. We plan to continue to develop significant upgrades to our Roomba product line.

iRobot Scooba. Scooba, our second major consumer product line, will be the first floor washing robot available for home use. Our Scooba robot utilizes the expertise gained from years of Roomba development to create a robot to replace the task of mopping.

Our Scooba robot’s innovative cleaning process will allow the robot to simultaneously sweep, wash, scrub and dry hard floors, all at the touch of a button. Unlike a conventional mop that spreads dirty water on the floor, Scooba will apply only fresh water and cleaning solution to the floor from a clean tank. Scooba will clean wet spills in addition to dirt and grime, and it is safe for use on all sealed, hard floor surfaces, including wood and tile.

Scooba will have the ability to navigate around the room using a light-touch bumper and will be smart enough to avoid carpets. Scooba will feature the most advanced diagnostic system of any of our consumer robots to provide the user with important maintenance feedback and improve user experience and product life.

With The Clorox Company, we have developed a specially-engineered cleaning solution for use with the Scooba floor washing robot. We began a collaboration with The Clorox Company, a leader in home cleaning, in 2004 to create a cleaning solution that, when combined with the Scooba, would clean all hard floor surfaces and assist in the mobility of the robot.

Final engineering design work is expected to be completed on the Scooba during the summer of 2005. We expect to have a limited number of Scooba floor washing robots available in time for the 2005 holiday season, most likely through direct sales to consumers, and plan a larger distribution for the first quarter of 2006. We will jointly market this specially-engineered cleaning solution with The Clorox Company. We expect that the suggested retail price of our Scooba robot will be approximately $399 per robot and sold through similar customer channels as those that currently exist for our Roomba robots.

Government and Industrial Products

Our current government and industrial product offerings extend from our PackBot line of small, unmanned ground robots to the prototype R-Gator full-scale, autonomous vehicle. Our government and industrial robots are designed for high-performance, durability and ease of use. Our PackBot family of robots are based on a common platform and are currently priced from approximately $50,000 to $115,000 per unit.

iRobot PackBot Scout. PackBot Scout is a portable, tactical, mobile robot designed for military operations in urban terrain and other 21st century battle missions. This lightweight, rugged robot can be hand-carried and deployed by a single soldier. Already deployed in Afghanistan and Iraq, PackBot Scout is designed to search dangerous or inaccessible areas, providing soldiers with a safe first look so they know what to expect and how to respond. Less than 20 centimeters high and only 18 kilograms fully loaded, PackBot Scout offers five open payload bays for maximum upgrade potential. Rated at more than 400g's, the PackBot Scout is our most rugged PackBot configuration.

iRobot PackBot Explorer. PackBot Explorer is designed for performing real-time targeting and battle damage assessment in dangerous or denied areas or other urban warfare scenarios. PackBot Explorer can enter the danger zone before responders are exposed to risk and function as the incident commander's remote information gatherer. PackBot Explorer can help assess the situation, ensure the appropriate response, and reduce risk.

iRobot PackBot EOD. PackBot EOD is a rugged, lightweight robot designed to conduct explosive ordnance disposal, hazardous materials, search-and-surveillance and other vital law enforcement tasks for bomb squads, SWAT teams, military units and other authorities. PackBot EOD can handle a full range of improvised explosive device and conventional ordnance disposal challenges. Our PackBot EOD robot's lightweight and rugged OmniReach Manipulator System can extend up to six feet to safely disrupt improvised explosive devices, military ordnance, land mines and other incendiary devices.

R-Gator: Autonomous Unmanned Ground Vehicle. The R-Gator prototype is built on the well-established rugged Deere & Company M-Gator military utility vehicle platform and enhanced with iRobot robotic controls, navigation and obstacle avoidance systems. The R-Gator is designed to serve numerous important roles, acting as unmanned scout, "point man," perimeter guard, as well as pack/ ammunition/ supply carrier for soldiers. In conjunction with Deere & Company, we are currently in the process of producing a limited number of R-Gator prototypes some of which will be used for evaluation by a number of potential government customers. The net proceeds of R-Gator sales will be shared between us and Deere & Company. While early editions of these units will be targeted exclusively for military use, there are many potential industrial applications for the technology derived from the R-Gator program, including potential applications in agriculture, perimeter patrol, above-ground pipeline security and logistics.

Contract Research and Development Projects

We are involved in several contract development projects with various U.S. governmental agencies and departments. The duration of these projects range from a few months to several years. These projects are usually funded as either cost-plus arrangements or time and materials contracts. In a cost-plus contract, we are allowed to recover our actual costs plus a fixed fee. The total price on a cost-plus contract is based primarily on allowable costs incurred, but generally is subject to a maximum contract funding limit. On our time and materials contracts, we recover a specific amount per hour worked based on a bill rate schedule, plus the cost of direct materials, subcontracts, and other non-labor costs, including an agreed-upon mark-up. A time and materials contract may provide for a not-to-exceed price ceiling, as well as the potential that we will absorb any cost overrun.

Government funding is provided to encourage the development of robot technologies to solve various in-field challenges and with the expectation that if the projects result in the development of technically viable prototypes, then the government will purchase multiple production units for future use in the field. The government funding that we receive allows iRobot to accelerate the development of multiple technologies. While the U.S. government retains certain rights to military projects that it has funded, such as the right to

use inventions and disclose technical data relating to those projects without constraining the recipient's use of that data, we retain ownership of patents and know-how and are generally free to develop other commercial products, including consumer and industrial products, utilizing the technologies developed during these projects. The rights which the government retains, however, may allow it to provide use of patent rights and know-how to others, and some of the know-how might be used by these third parties for their own development of consumer and industrial products. The contract development projects that we are currently undertaking include:

Small Unmanned Ground Vehicle (SUGV). FCS is a major program to transform the U.S. Army to be strategically responsive and dominant at every point on the spectrum of operations, through real-time network centric communications and systems of a family of manned vehicles and unmanned platforms by the next decade. The FCS program combines advanced technologies, organizations, people and processes with concepts to create new sources of military power that are more responsive, deployable, agile, versatile, lethal, survivable and sustainable. The FCS system of systems is designed to provide increased strategic responsiveness, adaptive modular organizations, and units of action with three to seven days of self-sustainment.

Our specific role in the FCS program is to design and develop the SUGV, which will be the "soldier's robot." The SUGV is expected to be a light-weight, man-portable robot that will support reconnaissance, remote sensing and urban warfare. Our involvement in the FCS program has enabled us to improve various management and control systems and enhance our engineering capabilities to achieve the Software Executive Institute's Configuration Maturity Model, or CMM, certification. The program has also funded the development of earned value accounting and advanced modeling and simulation.

NEOMover. New Explosive Ordnance Mover, or NEOMover, is a 200-pound gross weight tracked vehicle, capable of transporting a 150-pound payload, with a small footprint and extremely high mobility sponsored by the Technology Support Working Group, or TSWG. The NEOMover design incorporates a number of concepts present in other iRobot remote controlled vehicles and demonstrates many of the advantages that modular payloads and common interfaces can bring to the explosive ordnance disposal community. There are two goals of this effort. The first is to advance the maturity levels of the NEOMover hardware, firmware and software, and to enhance environmental ruggedness to a level suitable for small quantity manufacturing and evaluation of NEOMover platforms in field trials. The second is to maintain a level of architectural openness for future component integration with other TSWG common architecture components to enable continued future development.

Wayfarer. Wayfarer is an applied research project funded by the U.S. Army Tank-automotive and Armaments Command, or TACOM, to develop fully-autonomous urban reconnaissance capabilities for our PackBot robot. On today's battlefields, urban reconnaissance is vital to the safety and effectiveness of the soldier. Teleoperated robots can extend the soldier's vision, but their applications are limited by communications range and available bandwidth. Wayfarer is being designed to increase the survival rates and effectiveness of urban soldiers by extending their vision beyond communications range. Wayfarer robots are being designed to perform the following fully-autonomous reconnaissance missions:

- *Route Reconnaissance.* Move ahead of the soldier along a planned route of advance and return maps and video of what lies ahead.
- *Perimeter Reconnaissance.* Traverse the entire perimeter of a building complex and return with maps and video.
- *Street-Based Reconnaissance.* Navigate down city streets using street-following behaviors along with GPS/ INS and return maps and video of the urban terrain. The modular Wayfarer navigation payload connects to the standard PackBot payload interface and includes light detection and ranging, or LIDAR, stereo vision, forward-looking infrared, or FLIR, and inertial navigation system sensor hardware.

Strategic Alliances

Our strategic alliances are an important part of our product development and distribution strategies. We rely on strategic alliances to provide technology, complementary product offerings and increased and quicker access to markets. We seek to form relationships with those entities that can provide best-in-class technology or complementary market advantages for establishing iRobot technology in new market segments.

Among the strategic alliances we have established with commercial entities are the following:

Deere & Company. We have entered into a strategic business agreement with the commercial and consumer equipment division of Deere & Company to explore and potentially collaborate on multiple projects involving technology and product development and commercialization efforts. We have collaborated with Deere & Company on the development of the R-Gator unmanned ground vehicle. Deere & Company has provided funded research and development, access to its M-Gator military utility vehicle platform and certain other technology, and we have provided robot technologies, including our AWARE Robot Intelligence Systems. Technology jointly developed under the agreement will be owned by both Deere & Company and us, and technology independently developed by either Deere & Company or us will be owned by the developing party. We and Deere & Company are currently in the process of producing a limited number of R-Gator prototypes for evaluation by potential government contractors. Net proceeds from sales of the R-Gator generally will be shared equally between us and Deere & Company, subject to recoupment of each party's respective contribution to the project.

To facilitate management of the R-Gator project and additional collaborative activities, we and Deere & Company have established a joint management committee to develop proposals for projects, oversee and report on the progress and fulfillment of projects, and seek opportunities to further the goals of the strategic business relationship through joint demonstration of technology and products at trade shows, industry days and internal management reviews. We believe that our strategic alliance with Deere & Company will lead to technologies, and later products, that are directly applicable to serving markets such as agricultural and construction equipment, in which we believe autonomous vehicles can play a significant role. Under the agreement, we have agreed not to work with any third party on projects competitive with certain Deere & Company products if Deere & Company makes annual payments to us under the agreement of at least $2.0 million.

The Clorox Company. We have entered into a joint development and license agreement with The Clorox Company, whereby Clorox is the exclusive provider of the cleaning solution for the Scooba floor washing robot. Our alliance with The Clorox Company allows us to integrate their cleaning technology and know-how into our floor washing robot, improves consumer perception and awareness of our brand by association and through joint marketing, and provides a necessary product component at an affordable price.

Our strategy of working closely with third parties extends to the design of our products. By offering extensible platforms designed to carry payloads, we have designed and manufactured our products to leverage the work of those individuals and organizations that offer specialized technological expertise. The PackBot and the Roomba robots are designed with open interfaces that allow third-party designers to add sensors or other functionality to our robots.

Sales and Distribution Channels

We sell our products through distinct sales channels to the consumer and government and industrial markets.

Consumer

We sell our consumer products through a network of approximately 18 national retailers representing over 7,000 stores in the United States. We also offer our products through the iRobot on-line store on our website. Internationally, our products are sold in over 40 countries, primarily through in-country distributors who resell to retail stores in their respective countries.

We have a philosophy to choose supportive channel partners, and we have grown, and intend to continue to selectively grow our retail network globally and by product line. We began with four retailers in 2002, grew to twelve retailers in 2003 and 15 retailers in 2004, and expect to continue to expand our retail network in 2005. Certain smaller domestic retail operations are supported by distributors to whom we sell product directly. None of our customers individually comprised more than 10% of total revenue in the year ended December 31, 2004. For the year ended December 31, 2004, approximately 65% of our total revenue was generated from our top 15 consumer customers:

- Amazon.com
- Bed Bath & Beyond
- Best Buy
- Brookstone
- BJ's Wholesale Club
- Hammacher Schlemmer
- The Home Depot
- Home Shopping Network
- Kohl's
- Linens 'n Things
- Mitsui & Co.
- M. Block & Sons
- Sears
- The Sharper Image
- Target

Our retail network is our primary distribution channel for our consumer products. Although not currently a material component of our product sales, we maintain, and intend to expand our direct-to-consumer offerings through the iRobot on-line store to reach our customers in the most effective way. We have established valuable databases and customer lists that allow us to target directly those consumers most likely to purchase a new robot or upgrade. Our close connection with our customers in each of our markets provides an enhanced position from which to improve our distribution and product offerings.

In the United States, we maintain an in-house sales and product management team of ten employees. Outside the United States and Canada we sell our consumer products through distributors. Our consumer distribution strategy is intended to increase our global penetration and presence while maintaining high quality standards to ensure end-user satisfaction.

Government and Industrial

We sell our government and industrial products directly to end users and indirectly through prime contractors. While the majority of government and industrial products have been sold to date to various operations within the U.S. federal government, we also sell to state and local government organizations. Our military products are sold overseas in compliance with the International Trafficking in Arms Regulations, or ITAR. We have sold our products to the governments of various countries in the past several years, including France, Germany, Singapore and Sweden.

Customers and sponsors for our government products and contracts include:

Research Support Agencies	Military Customers
• U.S. Defense Advanced Research Projects Agency (DARPA)	• U.S. Army
• U.S. Space and Warfare Command (SPAWAR)	• U.S. Marine Corps
• U.S. Army Tank-automotive and Armaments Command (TACOM)	• U.S. Navy
• Technology Support Working Group (TSWG)	

Our government products are sold by a team of seven government sales specialists with over 40 years of cumulative experience in selling to government and defense agencies. All of these individuals have years of experience selling military products to government procurement offices, both in the United States and internationally. We maintain a one-person direct sales and support presence in Europe.

Customer Service and Support

We also emphasize ongoing customer service and support. Consumer customer service representatives, some of whom are in-house and some of whom are outsourced, are extensively trained on the technical

intricacies of our consumer products. Government and industrial customer representatives are usually former military personnel who are experienced in logistical and technical support requirements for military operations.

Marketing and Brand

We market our consumer products in the United States to end-user customers directly through our sales and product management team of ten employees. We also market our consumer products in the United States through our retail network of approximately 18 national retailers and internationally through in-country distributors. We market our government and industrial products directly through our team of seven government sales specialists to end users and indirectly through prime contractors. We also market our product offerings through our iRobot website. Our marketing strategy is to increase our brand of awareness and associate the iRobot brand with innovation, reliability, safety and value. Our sales and marketing expenses represented 17.2% of our revenue from product sales in 2004.

We believe that we have built a trusted, recognized brand by providing high-quality robots. We believe that customer word-of-mouth has been a significant driver of our brand's success to date, which can work very well for products that inspire a high level of user loyalty because users are likely to share their positive experiences. Our grass-roots marketing efforts focus on feeding this word-of-mouth momentum, and we use public relations to accelerate it.

Our innovative robots and public relations campaign have generated extensive press coverage. In 2005 alone, we have been featured in over 600 articles in local, national and international media including Newsweek, The New York Times and The Wall Street Journal. iRobot and our robots have also been profiled on a number of broadcast media including the Discovery Channel and CNN. In addition, our products have been parodied on "Saturday Night Live," have appeared as a character on "Arrested Development" and have been shown on "The Gilmore Girls." Our Roomba floor vacuuming robots ranked number seven on Google Inc.'s "Froogle Queries— Top 10 Popular Brand Names in 2004." In addition, iRobot and our robots have won several awards, including Time Magazine's Gadget of the Week, CES Innovations' 2005 "Best Of Product" award, the 2005 Appliance Design Excellence in Design award, the 2005 IEEE and International Federation of Robotics Innovation award and Business Week Online's Best of What's New for 2004. Our inclusion as one of 15 prime contractors on the FCS program has greatly enhanced our brand and awareness among government and industrial customers. Through these efforts, we have been able to build our brand at minimal cost to us and we expect that our reputation for innovative products and word-of-mouth support will continue to play a significant role in our growth and success.

In addition to building our brand through customer satisfaction and public relations, iRobot has been able to become a leading brand in the categories in which we compete. We believe there is value in this leadership position as it helps create a self-supporting, virtuous cycle. Our customer demand enhances our pricing power, which leads to additional funds to invest in research and development and promotion. This, in turn, enables our products to meet or exceed customer expectations and reinforces our brand leadership position. We expect to continue our investment in national advertising, consumer and trade shows, direct marketing and public relations to further build brand awareness. We believe that our significant in-house experience designing direct campaigns and promotional materials and with media targeting is a significant competitive advantage.

Our website is also playing an increasing role in supporting brand awareness, answering customer questions and serving as a powerful showcase for our products. Our consumer robots and accessories are sold through our site. Our site includes information on how to contact retail channels in the United States and links to various sites where customers can directly purchase our products.

Manufacturing

Our core competencies are the design, development and marketing of robots. Our manufacturing strategy is to outsource non-core activities, such as the production of our robots, to third party entities skilled in manufacturing. By relying on the outsourced manufacture of both our consumer and our military robots, we can focus our engineering expertise on the design of robots.

Using our engineering team of over 100 roboticists, we can rapidly prototype design concepts and products to achieve optimal value, produce products at lower cost points and optimize our designs for manufacturing requirements, size and functionality.

Manufacturing a new product requires a close relationship between our product designers and the manufacturing organizations. Using multiple engineering techniques, our products are introduced to the selected production facility at an early-development stage and the feedback provided by manufacturing is incorporated into the design before tooling is finalized and mass production begins. As a result, we can significantly reduce the time required to move a product from its design phase to mass production deliveries, with improved quality and yields.

Since 2002, we have outsourced the manufacturing of our consumer products to one contract manufacturer, Jetta Company Limited at a single plant in China. Jetta Company Limited has been manufacturing products since 1977 and brings substantial experience to our production requirements. Jetta Company Limited has several manufacturing locations and has recently expanded one of its facilities to increase capacity for the production of our Roomba robots. Combined with our own engineering operation in Hong Kong, this allows us to design our products in the United States, use our own engineers in Hong Kong as the technical interface with the facilities in China, and benefit from the experience of Jetta Company Limited and its engineers.

Our government and industrial products are manufactured by Gem City Engineering Corporation at one plant in Dayton, Ohio. Gem City Engineering Corporation's location is particularly important as military products supplied to the U.S. government must have the majority of their content manufactured in the United States. Gem City Engineering Corporation has multiple facilities and relies on other subcontractors for certain component manufacturing capabilities. Gem City Engineering Corporation has been in the business of manufacturing primarily metal-tooled products since 1936, and has produced numerous products for military contractors. Their engineers are skilled in the production of products meeting military specifications, preparing final products for military inspection and conducting quality reviews.

Research and Development

We believe that our future success depends upon our ability to continue to develop new products and product accessories, and enhancements to and applications for our existing products. For the years ended December 31, 2004, 2003 and 2002, our research and development expenses were $5.5 million, $3.8 million and $1.7 million, respectively. In addition to our internal research and development activities, for the years ended December 31, 2004, 2003 and 2002, we have incurred research and development expenses under funded development arrangements with governments and industrial third parties of $8.4 million, $6.1 million and $11.9 million, respectively. Of our total research and development spending in 2004, approximately 41.7% was funded by government-sponsored research and development contracts. We intend to continue to invest in research and development to respond to and anticipate customer needs. We expect to introduce multiple new products over the next several years that will continue to address our existing market sectors.

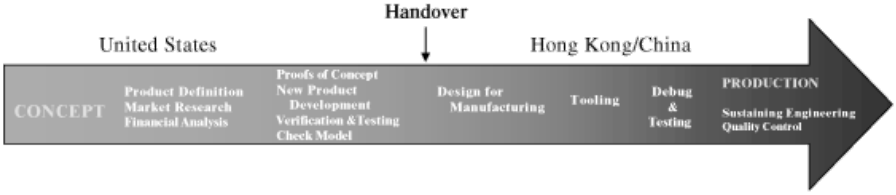
Team Organization

Our research and development is conducted by small teams of individuals dedicated to particular projects. Current research and development teams include the Roomba team, Scooba team, Wayfarer team, NEOMover team and PackBot team. Teams are typically comprised of less than ten employees including one team leader and electrical, software and mechanical engineers. In connection with our FCS SUGV program involving more than 40 employees, we have instituted a formal integrated product team structure consisting in System of Systems, Integrated Logistical Support, Program Operations and Business Operations teams to work together to deliver a platform that integrates with the FCS system of systems.

Global Engineering

Our research and development efforts are primarily located at our headquarters in Burlington, Massachusetts, and our special projects' engineering office in San Luis Obispo, California. In addition, we have a product development team working in Hong Kong. Our global engineering system allows us to leverage the time difference between our United States operations and our outsourced facilities in China resulting in a fast, low cost global design and manufacturing cycle. The first stage of the cycle takes place in our Burlington, Massachusetts office where we focus on product definition, prototyping, market research and financial analysis. We then create a design for manufacturing competency, model and simulate the product, and finally conduct regression testing. After we develop the prototypes, we transfer them to Hong Kong for the production stage of the cycle. During the production stage, engineers on two continents work around the clock on refining the designs.

iRobot Global Engineering System



Spiral Development

One of the methods we use to develop military products is a "spiral development" process to get field tested equipment to the troops quickly. After we develop a new product or product upgrade that will fill the desired capability of the user, it is tested with soldiers in the field. The user provides performance feedback on the product to the in-field engineer. Revisions are made quickly, possibly for the next day, to retest in the field. This method has allowed our research and development team to not only make revisions on existing products quickly and efficiently, but also to capture feedback for future upgrades and innovations to meet user needs. An example of our spiral development process was the introduction of our first PackBot tactical military robot. When the PackBot was first deployed by the U.S. Army in Afghanistan, we sent one of our technical program managers into the field with the robot. The soldiers gave feedback upon returning from a mission, and our development team made the desired changes to the software. These changes were then downloaded to the PackBot in Afghanistan, sometimes even before the next mission. In addition, based on design ideas from the soldiers using the PackBot, our engineers developed the PackBot Explorer, a recent addition to our PackBot product line. We intend to solicit similar user feedback in the field for the new prototype R-Gator intelligent vehicle to capture the users' operational requirements as the product matures.

Leveraged Model

Our research and development efforts for our next-generation products are supported by a variety of sources. Our research and development efforts for our next-generation military products are predominately supported by U.S. governmental research organizations such as the Defense Advanced Research Projects Agency, or DARPA, U.S. Space and Warfare Command, or SPAWAR, Technology Support Working Group, or TSWG, and the U.S. Army's FCS program. While the U.S. government retains certain rights in the research projects that it has funded, we retain ownership of patents and know-how and are generally free to develop other commercial products, including consumer and industrial products, utilizing the technologies developed during these projects. Similarly, expertise developed while designing consumer products is used in designing products for government and industrial applications. We also work with strategic collaborators to develop industry-specific technologies. Moreover, we continue to aggressively reinvest in advanced research and development projects to maintain our technical capability and to enhance our product offerings, allowing us to maintain our leadership position in the marketplace.

Competition

The market for robots is highly competitive, rapidly evolving and subject to changing technologies, shifting customer needs and expectations and the likely increased introduction of new products. We believe that a number of established companies have developed or are developing robots that will compete directly with our product offerings, and many of our competitors have significantly more financial and other resources than we possess. Our current principal competitors include:

- developers of robotic floor care products such as AB Electrolux, Alfred Kärcher GmbH & Co., Samsung Electronics Co., Ltd., Koolatron Corp. and Yujin Robotic Co. Ltd.;
- developers of small unmanned ground vehicles such as Foster-Miller, Inc.—a wholly owned subsidiary of QinetiQ North America, Inc., Allen-Vanguard Corporation, and Remotec—a division of Northrop Grumman Corporation; and
- established government contractors working on unmanned systems such as Lockheed Martin Corporation, BAE Systems, Inc. and General Dynamics Corporation.

While we believe many of our customers purchase our floor cleaning robots as a supplement to, rather than a replacement for, their traditional vacuum cleaners, we do compete in some cases with providers of traditional vacuum cleaners.

We believe that the principal competitive factors in the market for robots include product features and performance for the intended mission, cost of purchase and total cost of system operation, including maintenance and support, ease of use and integration with existing equipment, quality, reliability and customer support and brand and reputation. We believe we compete favorably with our competitors in both the consumer and government and industrial markets on the basis of the foregoing factors.

Our ability to remain competitive will depend to a great extent upon our ongoing performance in the areas of product development and customer support. We cannot assure you that our products will continue to compete favorably or that we will be successful in the face of increasing competition from new products and enhancements introduced by existing competitors or new companies entering the markets in which we provide products.

Intellectual Property

We believe that our continued success depends in large part on our proprietary technology, the intellectual skills of our employees and the ability of our employees to continue to innovate. We rely on a combination of patent, copyright, trademark and trade secret laws, as well as confidentiality agreements, to establish and protect our proprietary rights.

As of July 2, 2005, we held 19 U.S. patents and more than 25 pending U.S. patent applications. Also, we held three foreign patents and more than 20 pending foreign patent applications. Our first U.S. patent is set to expire in 2008. We do not expect the expiration of this patent to adversely affect our intellectual property position. Our other U.S. patents will begin to expire in 2019. We will continue to file and prosecute patent (or design registration, as applicable) applications when and where appropriate to attempt to protect our rights in our proprietary technologies. We also encourage our employees to continue to invent and develop new technologies so as to maintain our competitiveness in the marketplace. It is possible that our current patents, or patents which we may later acquire, may be successfully challenged or invalidated in whole or in part. It is also possible that we may not obtain issued patents for our pending patent applications or other inventions we seek to protect. In that regard, we sometimes permit certain intellectual property to lapse or go abandoned under appropriate circumstances and due to uncertainties inherent in prosecuting patent applications, sometimes patent applications are rejected and we subsequently abandon them. It is also possible that we may not develop proprietary products or technologies in the future that are patentable, or that any patent issued to us may not provide us with any competitive advantages, or that the patents of others will harm or altogether preclude our ability to do business.

Our registered U.S. trademarks include iRobot, Roomba, PackBot and Virtual Wall. Our marks, iRobot and Roomba, and certain other trademarks, have also been registered in selected foreign countries.

Our means of protecting our proprietary rights may not be adequate and our competitors may independently develop technology that is similar to ours. Legal protections afford only limited protection for our technology. The laws of many countries do not protect our proprietary rights to as great an extent as do the laws of the United States. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Third parties may also design around our proprietary rights, which may render our protected products less valuable, if the design around is favorably received in the marketplace. In addition, if any of our products or the technology underlying our products is covered by third-party patents or other intellectual property rights, we could be subject to various legal actions. We cannot assure you that our products do not infringe patents held by others or that they will not in the future. We have received in the past communications from third parties relating to technologies used in our Roomba floor vacuuming robots that have alleged infringement of patents or violation of other intellectual property rights. In response to these communications, we have contacted these third parties to convey our good faith belief that we do not infringe the patents in question or otherwise violate those parties' rights. Although there have been no additional actions or communications with respect to these allegations, we cannot assure you that we will not receive further correspondence from these parties, or not be subject to additional allegations of infringement from others. Litigation may be necessary to enforce our intellectual property rights, to protect our trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against claims of infringement or invalidity, misappropriation, or other claims. Any such litigation could result in substantial costs and diversion of our resources. Moreover, any settlement of or adverse judgment resulting from such litigation could require us to obtain a license to continue to use the technology that is the subject of the claim, or otherwise restrict or prohibit our use of the technology. Any required licenses may not be available to us on acceptable terms, if at all. If we attempt to design around the technology at issue or to find another provider of suitable alternative technology to permit us to continue offering applicable software or product solutions, our continued supply of software or product solutions could be disrupted or our introduction of new or enhanced software or products could be significantly delayed.

Regulations

We are subject to various government regulations, including various U.S. federal government regulations as a contractor and subcontractor to the U.S. federal government. Among the most significant U.S federal government regulations affecting our business are:

- the Federal Acquisition Regulations and supplemental agency regulations, which comprehensively regulate the formation and administration of, and performance under government contracts;
- the Truth in Negotiations Act, which requires certification and disclosure of all cost and pricing data in connection with contract negotiations;
- the Cost Accounting Standards, which impose accounting requirements that govern our right to reimbursement under cost-based government contracts;
- the Foreign Corrupt Practices Act, which prohibits U.S. companies from providing anything of value to a foreign official to help obtain, retain or direct business, or obtain any unfair advantages;
- the False Claims Act and the False Statements Act, which, respectively, impose penalties for payments made on the basis of false facts provided to the government, and impose penalties on the basis of false statements, even if they do not result in a payment; and
- laws, regulations and executive orders restricting the use and dissemination of information classified for national security purposes and the exportation of certain products and technical data.

We also need special security clearances to continue working on and advancing certain of our projects with the U.S. federal government. Classified programs generally will require that we comply with various

Executive Orders, federal laws and regulations and customer security requirements that may include restrictions on how we develop, store, protect and share information, and may require our employees to obtain government clearances.

The nature of the work we do for the federal government may also limit the parties who may invest in or acquire us. Export laws may keep us from providing potential foreign acquirors with a review of the technical data they would be acquiring. In addition, there are special requirements for foreign parties who wish to buy or acquire control or influence over companies that control technology or produce goods in the security interests of the United States. There may need to be a review under the Exon-Florio provisions of the Defense Production Act. Finally, the government may require a prospective foreign owner to establish intermediaries to actually run that part of the company that does classified work, and establishing a subsidiary and its separate operation may make such an acquisition less appealing to such potential acquirors.

In addition, the export from the United States of many of our products may require the issuance of a license by the U.S. Department of Commerce under the Export Administration Act, as amended, and its implementing Regulations as kept in force by the International Emergency Economic Powers Act of 1977, as amended. Some of our products may require the issuance of a license by the U.S. Department of State under the Arms Export Control Act and its implementing Regulations, which licenses are generally harder to obtain and take longer to obtain than do Export Administration Act licenses.

Employees

As of July 2, 2005, we had 214 full-time employees located in the United States and Hong Kong, of whom 113 are in research and development, 40 are in operations, 26 are in sales and marketing and 35 are in general and administration. We believe that we have a good relationship with our employees.

Facilities

Our corporate headquarters are located in Burlington, Massachusetts, where we lease approximately 58,000 square feet. This lease expires on December 31, 2008. We also lease 6,150 square feet of space at an adjacent facility in Burlington for our prototype work on the R-Gator unmanned ground vehicle, and we lease smaller facilities in Hong Kong; San Luis Opispo, California; and Crystal City, Virginia. We do not own any real property. We believe that our leased facilities and additional or alternative space available to us will be adequate to meet our needs for the foreseeable future.

Legal Proceedings

From time to time, we may be involved in disputes or litigation relating to claims arising out of our operations. We are not currently a party to any material legal proceedings.

Government Product Backlog

Our government product backlog consists of written orders or contracts to purchase our products received from our government customers. Total backlog of product sales to government customers as of July 2, 2005 amounted to approximately $7.8 million, with all orders scheduled for shipment within six months. We do not have long-term contracts with non-government customers, and purchases from our non-government customers generally occur on an order-by-order basis, which can be terminated or modified at any time by these customers. In addition, our funded research and development contracts may be cancelled or delayed at any time without significant, if any, penalty. As a result, backlog with respect to product sales to our non-government customers and funded research and development is not meaningful. There can be no assurance that any of our backlog will result in revenue.

MANAGEMENT

Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, including their ages as of the date of this prospectus.

Name	Age	Position
Helen Greiner	37	Chairman of the Board
Colin Angle	38	Chief Executive Officer and Director
Rodney Brooks, Ph.D.	50	Chief Technology Officer and Director
Geoffrey P. Clear	55	Senior Vice President, Chief Financial Officer and Treasurer
Joseph W. Dyer	58	Executive Vice President and General Manager
Gregory F. White	41	Executive Vice President and General Manager
Glen D. Weinstein	34	Senior Vice President, General Counsel and Secretary
Gerald C. Kent, Jr.	40	Vice President and Controller
Ronald Chwang(1)	57	Director
Jacques S. Gansler(2)	70	Director
Andrea Geisser(3)	62	Director
George McNamee(1)(2)(3)	58	Director
Peter Meekin(1)(2)(3)	56	Director

(1) Member of the compensation committee.
(2) Member of the nominating and corporate governance committee.
(3) Member of the audit committee.

Helen Greiner, a co-founder of iRobot, was named our president in June 1997 and as a director since July 1994. Since February 2004, Ms. Greiner has been the chairman of our board of directors. Prior to joining iRobot, Ms. Greiner founded California Cybernetics, a company commercializing Jet Propulsion Laboratory technology. She has been honored by Technology Review Magazine as an "Innovator for the Next Century." Ms. Greiner holds a B.S. in Mechanical Engineering and an M.S. in Computer Science, both from MIT.

Colin Angle, a co-founder of iRobot, has served as our chief executive officer since June 1997 and, prior to that, as our president since November 1992. Mr. Angle has also served as a director since October 1992. Mr. Angle also 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. Mr. Angle holds a B.S. in Electrical Engineering and an M.S. in Computer Science, both from MIT.

Rodney Brooks, Ph.D., a co-founder of iRobot, has held various positions at iRobot since its inception. Dr. Brooks has served as our chief technology officer since June 1997, and prior to that has served as our treasurer and our president. Dr. Brooks has served as a director since our inception in August 1990, and from inception until February 2004, as the chairman of our board of directors. Dr. Brooks is the Panasonic Professor of Robotics at MIT. Since July 2003, Dr. Brooks has been the director of the MIT Computer Science and Artificial Intelligence Lab. From August 1997 until June 2003, he was the director of the MIT Artificial Intelligence Laboratory. Dr. Brooks is a member of the National Academy of Engineering. Dr. Brooks holds a degree in pure mathematics from the Flinders University of South Australia and a Ph.D. in Computer Science from Stanford University.

Geoffrey P. Clear has served as our chief financial officer since May 2002. Since February 2005, Mr. Clear has served as a senior vice president and, since March 2004, he has also served as our treasurer. Mr. Clear was the site manager for 3M Touch Systems, a subsidiary of 3M Corporation, from February 2001 until April 2002. From February 1992 until January 2001, he was the vice president, finance & administration

and chief financial officer of MicroTouch Systems, Inc. Mr. Clear holds a B.A. in Economics and an M.B.A., both from Dartmouth College.

Joseph W. Dyer has served as the executive vice president and general manager of our government and industrial robotics division since September 2003. Prior to joining iRobot, Mr. Dyer served for 32 years in the U.S. Navy. From July 2000 until July 2003, he served as Vice Admiral commanding the Naval Air Systems Command at which he was responsible for research and development, procurement and in-service support for naval aircraft, weapons and sensors. He is an elected fellow in the Society of Experimental Test Pilots and the National Academy of Public Administration. He also chairs NASA's Aerospace Safety Advisory Panel. Mr. Dyer holds a B.S. in Chemical Engineering from North Carolina State University and an M.S. in Finance from the Naval Postgraduate School, Monterey, California.

Gregory F. White has served as the executive vice president and general manager of our consumer robotics division since March 2003. Prior to joining iRobot, Mr. White was an executive vice president of The Holmes Group, Inc., a diversified consumer portable electric appliance company, from 1995 until March 2003, and a vice president of The Holmes Group, Inc. from 1993 to 1995. Mr. White holds a B.A. in English from Amherst College and an M.B.A. from the Harvard Business School.

Glen D. Weinstein has served as our general counsel since July 2000. Since February 2005, Mr. Weinstein has also served as a senior vice president, and served as a vice president from February 2002 to January 2005. Since March 2004, he has also served as our secretary. Prior to joining iRobot, Mr. Weinstein was with Covington & Burling, 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.

Gerald C. Kent, Jr. has served as our vice president and controller since July 2005. Prior to joining iRobot, Mr. Kent held positions of increasing responsibility, including chief accounting officer and controller, at ScanSoft, Inc., a software company, from April 2000 until July 2005. Prior to that Mr. Kent was an audit manager in the high technology practice at PricewaterhouseCoopers LLP from November 1998 until April 2000. Mr. Kent holds a B.S. in Business Administration from Merrimack College. Mr. Kent is also a CPA.

Ronald Chwang, Ph.D., has served as a director since November 1998. Dr. Chwang is the chairman and president of iD Ventures America, LLC (formerly known as Acer Technology Ventures) under the iD SoftCapital Group, a venture investment and management consulting service group formed in January 2005. From August 1998 until December 2004, Dr. Chwang was the chairman and president of Acer Technology Ventures, LLC, managing high-tech venture investment activities in North America. Dr. Chwang serves on the board of directors of Silicon Storage Technology, Inc. and ATI Technologies, Inc. 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.

Jacques S. Gansler, Ph.D., has served as a director since July 2004. Dr. Gansler has been a professor at the University of Maryland, where he leads the school's Center for Public Policy and Private Enterprise, since January 2001. From November 1997 until January 2001, Dr. Gansler served as the Under Secretary of Defense for Acquisition, Technology and Logistics for the U.S. federal government. Dr. Gansler holds a B.E. in electrical engineering from Yale University, an M.S. in Electrical Engineering from Northeastern University, an M.A. in Political Economy from New School for Social Research, and a Ph.D. in economics from American University.

Andrea Geisser has served as a director since March 2004. Mr. Geisser has been a managing director of Fenway Partners, a private equity firm, since 1995. Prior to founding Fenway Partners, Mr. Geisser was a managing director of Butler Capital Corporation. Prior to that, he was a managing director of Onex Investment Corporation, a Canadian management buyout company. From 1974 to 1986, he was a senior officer of Exor America. Mr. Geisser has been a board member and audit committee member of several private companies. Mr. Geisser holds a bachelor's degree from Bocconi University in Milan, Italy and a P.M.D. from Harvard Business School.

George McNamee has served as a director since August 1999. Mr. McNamee has served as chairman of First Albany Companies Inc., a specialty investment banking firm, since 1984, and is a managing partner of

FA Technology Ventures, an information and energy technology venture capital firm. Mr. McNamee serves as chairman of the board of directors of Plug Power Inc. and on the board of directors of the New York Conservation Education Fund. Mr. McNamee holds a B.A. from Yale University.

Peter Meekin has served as a director since February 2003. Mr. Meekin has been a managing director of Trident Capital, a venture capital firm, since 1998. Prior to joining Trident Capital, he was vice president of venture development at Enterprise Associates, LLC, the venture capital division of IMS Health. Mr. Meekin holds a B.S. in Mathematics from the State University of New York at New Paltz.

There are no family relationships among any of our directors or executive officers.

Board Composition

We currently have eight directors, of whom Colin Angle, Helen Greiner, Rodney Brooks, Ronald Chwang, Andrea Geisser, George McNamee and Peter Meekin were elected as directors under the board composition provisions of a stockholders agreement and our certificate of incorporation. The board composition provisions of the stockholders agreement and our certificate of incorporation will be terminated upon the closing of this offering. Upon the termination of these provisions, there will be no further contractual obligations regarding the election of our directors. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or removal.

Following the offering, the board of directors will be divided into three classes with members of each class of directors serving for staggered three-year terms. The board of directors will consist of two Class I directors (currently Mr. Angle and Dr. Chwang), three Class II directors (currently Ms. Greiner and Messrs. McNamee and Meekin) and three Class III directors (currently Dr. Brooks, Mr. Geisser and Dr. Gansler), whose initial terms will expire at the annual meetings of stockholders held in 2006, 2007 and 2008, respectively. Our classified board could have the effect of making it more difficult for a third party to acquire control of us.

In addition to our independent directors, Colin Angle, Helen Greiner and Rodney Brooks each serve as a member of our board of directors.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee, each of which operates pursuant to a separate charter adopted by our board of directors. The composition and functioning of all of our committees will comply with all applicable requirements of the Sarbanes-Oxley Act of 2002, the NASDAQ National Market and Securities and Exchange Commission rules and regulations.

Audit Committee. Andrea Geisser, George McNamee and Peter Meekin currently serve on the audit committee. Mr. Geisser is the chairman of our audit committee. The audit committee's 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, 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;
- establishing policies and procedures for the receipt and retention of accounting related complaints and concerns; and

- preparing the audit committee report required by Securities and Exchange Commission rules to be included in our annual proxy statement.

Compensation Committee. George McNamee, Peter Meekin and Ronald Chwang currently serve on the compensation committee. Mr. McNamee is the chairman of our compensation committee. The compensation committee's responsibilities include:

- annually reviewing and approving corporate goals and objectives relevant to compensation of our chief executive officer;
- 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;
- reviewing and approving the compensation of our other executive officers;
- overseeing and administering our compensation, welfare, benefit and pension plans and similar plans; and
- reviewing and making recommendations to the board with respect to director compensation.

Nominating and Corporate Governance Committee. Jacques S. Gansler, Peter Meekin and George McNamee currently serve on the nominating and corporate governance committee. Dr. Gansler is the chairman of our 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;
- 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.

Director Compensation

All of our directors are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors. In addition, in August 2004, we granted Dr. Gansler an option to purchase 50,000 shares of our common stock as compensation for his service on our board of directors. This option has an exercise price of $2.78 per share and vests over a three-year period. We have not otherwise paid separate compensation for services rendered as a director.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serves as a member of the board of directors or compensation committee, or other committee serving an equivalent function, of any other entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee.

Executive Officers

Each of our executive officers has been elected by our board of directors and serves until his or her successor is duly elected and qualified.

Executive Compensation

Compensation Earned

The following summarizes the compensation earned during the year ended December 31, 2004, by our chief executive officer and our four other most highly compensated executive officers who were serving as executive officers on December 31, 2004. We refer to these individuals as our "named executive officers." The compensation in this table does not include certain perquisites and other personal benefits received by the named executive officers that did not exceed 10% of any officer's total compensation reported in this table.

Summary Compensation Table

	Annual Compensation		Long-Term Compensation Awards		
Name and Principal Position	Salary	Bonus	Restricted Stock Awards	Securities Underlying Options	All Other Compensation(1)(2)
Colin Angle Chief Executive Officer	$ 234,520	$ 151,914	$ 71,741	—	$ 6,150
Helen Greiner Chairman of the Board	234,512	135,804	71,741	—	6,150
Geoffrey P. Clear Senior Vice President, Chief Financial Officer and Treasurer	240,757	67,237	24,169	—	6,150
Gregory F. White Executive Vice President and General Manager	260,467	131,705	443,280	—	6,150
Joseph W. Dyer Executive Vice President and General Manager	239,701	104,547	41,251	420,000	6,150

(1) 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 and certain perquisites and other personal benefits received by the named executive officers which do not exceed the lesser of $50,000 or 10% of any such named executive officer's total annual compensation reported in this table.
(2) Represent 401(k) matching contributions.

Option Grants in Last Fiscal Year

The following table presents all grants of stock options during the year ended December 31, 2004 to each of the named executive officers. We have not granted any stock appreciation rights. The option grants listed below were made under our 1994 Stock Option Plan or 2001 Stock Option Plan at exercise prices equal to the fair market value of our common stock on the date of grant, as determined by our board of directors. The potential realizable value, if applicable, is calculated based on the term of the option at its time of grant, which is ten years. This value is net of exercise prices and before taxes, and is based on an assumed initial public offering price of $ per share, the mid-point of the initial public offering price range, and the assumption that our common stock appreciates at the annual rate shown, compounded annually, from the date of grant until its expiration date. These numbers are calculated based on Securities and Exchange Commission requirements and do not reflect our projection or estimate of future stock price growth. Actual gains, if any, on stock option exercises will depend on the future performance of the common stock and the date on which the options are exercised.

The percentage of total options granted to employees in 2004 shown in the table below is based on options to purchase an aggregate of 1,147,375 shares of common stock granted in 2004.

In general, options granted to new employees in 2004 vest over five years, with 20% vesting on each anniversary of the grant date.

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in 2004	Exercise Price Per Share	Expiration Date	5%	10%
Colin Angle	—	—	—	—	—	—
Helen Greiner	—	—	—	—	—	—
Geoffrey P. Clear	—	—	—	—	—	—
Gregory F. White	—	—	—	—	—	—
Joseph W. Dyer	300,000	26.1%	$ 2.33	2/18/14		
	120,000	10.4%	$ 2.78	9/17/14		

Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table sets forth certain information concerning the number and value of options exercised by the named executive officers during 2004, if any, and the number and value of any exercised and unexercised options held by the named executive officers at December 31, 2004. There was no public market for our common stock as of December 31, 2004. Accordingly, the value of unexercised in-the-money options, if applicable, represents the total gain that would be realized if all in-the-money options held at December 31, 2004 were exercised, determined by multiplying the number of shares underlying the options by the difference between an assumed initial public offering price of $ per share, the mid-point of the initial public offering price range, and the per share option exercise price.

			Number of Securities Underlying Unexercised Options at December 31, 2004		Value of Unexercised In-the-Money Options at December 31, 2004	
Name	Number of Shares Acquired on Exercise	Value Realized	Exercisable	Unexercisable	Exercisable	Unexercisable
Colin Angle	—	—	347,710	—		—
Helen Greiner	—	—	—	—	—	—
Geoffrey P. Clear	53,440	$ 119,172	—	80,160	—	
Gregory F. White	46,601	$ 20,971	42,393	210,586		
Joseph W. Dyer	—	—	75,000	345,000		

Employee Benefit Plans

Amended and Restated 1994 Stock Plan

Our Amended and Restated 1994 Stock Plan, or 1994 Stock Plan, was adopted by our board of directors and approved by our stockholders in November 1994 and amended and restated in January 2003, July 2003 and March 2004. Our 1994 Stock Plan is administered by the compensation committee of our board of directors. The compensation committee has the full authority and discretion to interpret the 1994 Stock Plan and to apply its provisions. Stock options granted under our 1994 Stock Plan have a maximum term of ten years from the date of grant and incentive stock options have an exercise price of no less than the fair market value of the common stock on the date of grant. Options granted under our 1994 Stock Plan are not transferable other than by will or the laws of descent and distribution.

Our 1994 Stock Plan expired in November 2004 and no further grants or awards have since been made. Grants and awards that are outstanding under our 1994 Stock Plan continue to be governed by the terms of

our 1994 Stock Plan and the agreements related to such grants and awards. As of July 2, 2005, there were outstanding options under our 1994 Stock Plan to purchase a total of 2,130,659 shares of our common stock.

Amended and Restated 2001 Special Stock Option Plan

Our Amended and Restated 2001 Special Stock Option Plan, or 2001 Option Plan, was adopted by our board of directors and approved by our stockholders in October 2001 and amended and restated in July 2003. We have authorized and reserved 642,310 shares of our common stock for the issuance of awards under our 2001 Option Plan. Under our 2001 Option Plan, we are authorized to grant restricted stock awards, incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and non-qualified stock options. Grants may be made to any officer, employee, director or consultant. Incentive stock options may be granted only to our employees.

Our 2001 Option Plan is administered by the compensation committee of our board of directors. The compensation committee has the full authority and discretion to interpret our 2001 Option Plan and to apply its provisions, to select the individuals to whom awards will be granted, to prescribe the terms and conditions of each award and to determine the specific terms and conditions of each award, subject to the provisions of our 2001 Option Plan. Options granted under the 2001 Option Plan are not transferable other than by will or the laws of descent and distribution.

The exercise price of incentive stock options granted under our 2001 Option Plan must not be less than 100% of the fair market value of our common stock on the date the option is granted. The term of any stock option granted under our 2001 Option Plan may not exceed ten years from the date of grant.

Our 2001 Option Plan is subject to termination or amendment by our board of directors. Our board of directors may not, without stockholder approval, increase the number of shares under our 2001 Option Plan or materially change the class of persons eligible to receive incentive stock options under our 2001 Option Plan.

As of July 2, 2005, there were outstanding options to purchase a total of 146,524 shares of our common stock under our 2001 Option Plan. Our board of directors has terminated the 2001 Option Plan, effective upon approval by our stockholders of our 2005 Stock Option and Incentive Plan, and no further grants or awards have been made under the 2001 Option Plan.

Amended and Restated 2004 Stock Option and Incentive Plan

Our Amended and Restated 2004 Stock Option and Incentive Plan, or 2004 Option Plan, was adopted by our board of directors and approved by our stockholders in November 2004 and amended and restated in February 2005. Our 2004 Option Plan permits us to make grants of incentive stock options, non-qualified stock options, restricted stock awards and other stock-based awards. We authorized and reserved 1,189,423 shares of our common stock for the issuance of awards under our 2004 Option Plan.

The 2004 Option Plan is administered by the compensation committee of our board of directors. The compensation committee has the full power and authority to grant and amend awards, to adopt, amend and repeal rules relating to the 2004 Option Plan and to interpret and correct the provisions of the 2004 Option Plan and any award thereunder. All employees, officers, directors, consultants, and advisors are eligible to participate in the 2004 Option Plan, subject to the discretion of the compensation committee. The exercise price of stock options awarded under the 2004 Option Plan will be determined by the compensation committee at the time each option is granted. Restricted stock may be granted under our 2004 Option Plan. Restricted stock awards are shares of our common stock that vest in accordance with terms and conditions established by the compensation committee. The compensation committee will determine the number of shares of restricted stock granted to any employee.

Unless the compensation committee provides otherwise, our 2004 Option Plan does not allow for the transfer or assignment of awards and only the recipient of an award may exercise an award during his or her lifetime. As of July 2, 2005, there were outstanding options to purchase a total of 677,050 shares of our common stock under our 2004 Option Plan and, assuming that no shares are returned to our 1994 Stock Plan and made available for issuance under our 2004 Option Plan, 512,373 shares of our common stock available

for future issuance or grant under our 2004 Option Plan. Our board of directors has terminated the 2004 Option Plan, effective upon approval by our stockholders of the 2005 Stock Option and Incentive Plan, and no further grants or awards have been made under the 2004 Option Plan.

2005 Stock Option and Incentive Plan

Our 2005 Stock Option and Incentive Plan, or 2005 Option Plan, was adopted by our board of directors and approved by our stockholders in September 2005. The 2005 Option Plan permits us to make grants of incentive stock options, non-qualified stock options, stock appreciation rights, deferred stock awards and restricted stock awards. We have initially reserved 1,583,682 shares of our common stock for the issuance of awards under the 2005 Option Plan. The 2005 Option Plan provides that the number of shares reserved and available for issuance under the plan will automatically increase each January 1, beginning in 2007, by 4.5% of the outstanding number of shares of common stock on the immediately preceding December 31. This number is subject to adjustment in the event of a stock split, stock dividend or other change in our capitalization. Generally, shares that are forfeited or canceled from awards under the 2005 Option Plan also will be available for future awards. In addition, stock options returned to our 1994 Stock Plan, 2001 Option Plan and 2004 Option Plan, as of result of their expiration, cancellation or termination, are automatically made available for issuance under our 2005 Option Plan. No awards have been granted under the 2005 Option Plan to date.

The 2005 Option Plan is administered by our compensation committee. The compensation committee has full power and authority to select the participants to whom awards will be granted, to make any combination of awards to participants, to accelerate the exercisability or vesting of any award and to determine the specific terms and conditions of each award, subject to the provisions of the 2005 Option Plan. All full-time and part-time officers, employees, directors and other key persons (including consultants and prospective employees) are eligible to participate in the 2005 Option Plan.

The exercise price of stock options awarded under the 2005 Option Plan may not be less than the fair market value of the common stock on the date of the option grant and it is expected that the term of each option granted under the 2005 Option Plan will not exceed seven years from the date of grant. The compensation committee will determine at what time or times each option may be exercised (provided that in no event may it exceed ten years from the date of grant) and, subject to the provisions of the 2005 Option Plan, the period of time, if any, after retirement, death, disability or other termination of employment during which options may be exercised.

Stock appreciation rights may be granted under our 2005 Option Plan. Stock appreciation rights allow the recipient to receive the appreciation in the fair market value of our common stock between the exercise date and the date of grant. The compensation committee determines the terms of stock appreciation rights, including when such rights become exercisable and whether to pay the increased appreciation in cash or with shares of our common stock, or a combination thereof.

Restricted stock and deferred stock awards may also be granted under our 2005 Option Plan. Restricted stock awards are shares of our common stock that vest in accordance with terms and conditions established by the compensation committee. The compensation committee may impose whatever conditions to vesting it determines to be appropriate. Shares of restricted stock that do not vest are subject to our right of repurchase or forfeiture. Deferred stock awards are units entitling the recipient to receive shares of stock paid out on a deferred basis, and subject to such restrictions and conditions, as the compensation committee shall determine. The compensation committee will determine the number of shares of restricted stock or deferred stock awards granted to any employee. Our 2005 Option Plan also gives the compensation committee discretion to grant stock awards free of any restrictions.

Unless the compensation committee provides otherwise, our 2005 Option Plan does not generally allow for the transfer of awards and only the recipient of an award may exercise an award during his or her lifetime. In the event of a change-in-control of iRobot, our board of directors and the board of directors of the surviving or acquiring entity shall, as to outstanding awards under the 2005 Option Plan, make appropriate provision for the continuation or assumption of such awards.

No awards may be granted under the 2005 Option Plan after September 2015. In addition, our board of directors may amend or discontinue the 2005 Option Plan at any time and the compensation committee may amend or cancel any outstanding award for the purpose of satisfying changes in law or for any other lawful purpose. No such amendment may adversely affect the rights under any outstanding award without the holder's consent. Other than in the event of a necessary adjustment in connection with a change in our stock or a merger or similar transaction, the compensation committee may not "reprice" or otherwise reduce the exercise price of outstanding stock options.

401(k) Plan

We maintain a tax-qualified retirement plan that provides all regular employees with an opportunity to save for retirement on a tax-advantaged basis. Under the 401(k) plan, participants may elect to defer a portion of their compensation on a pre-tax basis and have it contributed to the plan subject to applicable annual Internal Revenue Code limits. Pre-tax contributions are allocated to each participant's individual account and are then invested in selected investment alternatives according to the participants' directions. Employee elective deferrals are 100% vested at all times. The 401(k) plan allows for matching contributions to be made by us. As a tax-qualified retirement plan, contributions to the 401(k) plan and earnings on those contributions are not taxable to the employees until distributed from the 401(k) plan and all contributions are deductible by us when made.

Employment, Severance and Change in Control Arrangements

We have employment agreements with Colin Angle, Helen Greiner, Geoffrey P. Clear, Joseph W. Dyer and Gregory F. White, which provide for certain severance compensation. In the event that any of these employees is terminated other than for cause or other agreed-upon reasons, we will be obligated to pay severance until the later of six months from termination (twelve months in the case of Mr. Dyer) and the expiration of the noncompetition period set forth in the respective agreement.

We also entered into an independent contractor agreement with Dr. Rodney Brooks in 2002. If we terminate this agreement, Dr. Brooks will be entitled to twelve months severance and, if we terminate this agreement during 2005, an additional bonus payment equal to $66,600, provided that Dr. Brooks complies with certain obligations under this agreement.

Limitation of Liability and Indemnification

As permitted by the Delaware General Corporation Law, we have adopted provisions in our certificate of incorporation and by-laws to be in effect at the closing of this offering that limit or eliminate the personal liability of our directors. Consequently, a director will not be personally liable to us or our stockholders for monetary damages or breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any unlawful payments related to dividends or unlawful stock repurchases, redemptions or other distributions; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not alter director liability under the federal securities laws and do not affect the availability of equitable remedies such as an injunction or rescission.

In addition, our by-laws provide that:

- we will indemnify our directors, officers and, in the discretion of our board of directors, certain employees to the fullest extent permitted by the Delaware General Corporation Law; and
- we will advance expenses, including attorneys' fees, to our directors and, in the discretion of our board of directors, to our officers and certain employees, in connection with legal proceedings, subject to limited exceptions.

Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our executive officers and directors. These agreements provide that we will indemnify each of our directors to the fullest extent permitted by law and advance expenses to each indemnitee in connection with any proceeding in which indemnification is available.

We also maintain general liability insurance that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers, including liabilities under the Securities Act of 1933, as amended. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling the registrant pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

These provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these provisions, the indemnification agreements and the insurance are necessary to attract and retain talented and experienced directors and officers.

At present, there is no pending litigation or proceeding involving any of our directors or officers where indemnification will be required or permitted. We are not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Other than compensation agreements and other arrangements which are described as required in “Management” and the transactions described below, since January 1, 2002, there has not been, and there is not currently proposed, any transaction or series of similar transactions to which we were or will be a party in which the amount involved exceeded or will exceed $60,000 and in which any director, executive officer, holder of five percent or more of any class of our capital stock or any member of their immediate family had or will have a direct or indirect material interest.

All of the transactions set forth below were approved by a majority of the board of directors, including a majority of the independent and disinterested members of the board of directors. We believe that we have executed all of the transactions set forth below on terms no less favorable to us than we could have obtained from unaffiliated third parties. It is our intention to ensure that all future transactions between us and our officers, directors and principal stockholders and their affiliates, are approved by a majority of the board of directors, including a majority of the independent and disinterested members of the board of directors, and are on terms no less favorable to us than those that we could obtain from unaffiliated third parties.

Private Placements of Securities

In November 1998, we issued and sold an aggregate of 1,336,370 shares of Series A convertible preferred stock at a price of $1.16 per share. In August 1999, we issued and sold an aggregate of 668,185 shares of Series B convertible preferred stock at a price of $1.4966 per share. In February 2000, we issued and sold an aggregate of 1,470,000 shares of Series C convertible preferred stock at a price of $3.7415 per share. In August 2001, we issued and sold an aggregate of 1,721,196 shares of Series D convertible preferred stock, and in September 2001, we issued and sold an aggregate of 149,712 shares of Series D convertible preferred stock, in each case, at a price of $3.7415 per share. In February 2003, we issued and sold an aggregate of 1,287,554 shares of Series E convertible preferred stock, in March 2003, we issued and sold an aggregate of 637,700 shares of Series E convertible preferred stock, and in May 2003, we issued and sold an aggregate of 874,099 shares of Series E convertible preferred stock, in each case, at a price of $4.66 per share. In November 2004, we issued and sold an aggregate of 1,412,430 shares of Series F convertible preferred stock at a price of $7.08 per share. Each share of Series A convertible preferred stock, the Series B convertible preferred stock, the Series C convertible preferred stock, the Series D convertible preferred stock, the Series E convertible preferred stock, and the Series F convertible preferred stock will convert into one share of common stock upon the closing of this offering.

The following table summarizes, on a common stock equivalents basis, the participation by our five percent stockholders and stockholders associated with some of our directors in these private placements.

Purchaser(1)	Total Common Stock Equivalents	Aggregate Consideration Paid	Investment Participation
Stockholders Associated with Directors			
Trident Capital(2)	2,194,680	$ 10,604,858	Series E and F
Acer Technology Ventures(3)	2,603,699	7,209,635	Series A, C, D, E and F
First Albany Entities(4)	1,418,165	4,241,126	Series B, C, D, E and F
Fenway Partners(5)	1,339,920	5,464,717	Series D, E and F

(1) See “Principal Stockholders” for more detail on shares held by these purchasers.
(2) Trident Capital includes Trident Capital Fund-V, L.P., Trident Capital Fund-V Affiliates Fund, L.P., Trident Capital Fund-V Affiliates Fund (Q), L.P., Trident Capital Fund-V Principals Fund, L.P. and Trident Capital Parallel Fund-V, C.V. Consideration paid to us by Trident Capital for our convertible preferred stock in 2003 and 2004 was $9,500,002 and $1,104,855, respectively. Mr. Meekin, who is one of our directors, is a Managing Director of Trident Capital Management-V, L.L.C., the sole general partner of Trident Capital Fund-V, L.P., Trident Capital Fund-V Affiliates Fund, L.P., Trident Capital Fund-V Affiliates Fund (Q), L.P., and Trident Capital Fund-V Principals Fund, L.P. and the sole investment general partner of Trident Capital Parallel Fund-V, C.V.
(3) Acer Technology Ventures includes Acer Technology Venture Fund L.P., IP Fund One, L.P. and iD6 Fund, L.P. Consideration paid to us by Acer Technology Ventures for our convertible preferred stock in 1998, 2000, 2001, 2003 and 2004 was $1,550,189, $1,500,001, $1,107,390, $1,900,003 and $1,152,051, respectively. Dr. Chwang, who is one of our directors, is a General Partner of the management company for each of Acer Technology Venture Fund L.P., IP Fund One, L.P. and iD6 Fund, L.P.

(4) First Albany Entities includes First Albany Companies Inc., First Albany Private Fund 1999, LLC, First Albany Private Fund 2003, LLC, FA Technology Ventures, L.P., and First Albany Private Fund 2004, LLC. Consideration paid to us by First Albany Entities for our convertible preferred stock in 1999, 2000, 2001, 2003 and 2004 was $1,000,006, $1,574,999, $568,861, $300,001 and $797,258, respectively. Mr. McNamee, who is our one our directors, is the Chairman of First Albany Companies Inc.

(5) Fenway Partners includes FPIP Trust, LLC, FPIP, LLC and Fenway Partners Capital Fund II, L.P. Mr. Geisser, who is one of our directors, is a Managing Director of Fenway Partners, Inc., the Managing Member of FPIP Trust, LLC and FPIP, LLC. Consideration paid to us by Fenway Partners for our convertible preferred stock in 2001, 2003 and 2004 was $4,000,000, $871,844 and $592,872, respectively. Mr. Geisser is also a Managing Director of Fenway Partners II, LLC, the sole General Partner of Fenway Partners Capital Fund II, L.P.

In connection with the above transactions, we entered into agreements with all of the investors participating therein providing for registration rights with respect to the shares sold in these transactions. The most recent such agreement restates the registration rights of the above investors and the other parties thereto. For more information regarding this agreement, see “Description of Capital Stock—Registration Rights.” In addition, in connection with the above transaction, we also entered into agreements with all of the investors participating therein providing us and the non-founder investors with certain rights of first refusal and co-sale rights in the event the founders seek to sell their shares of our common stock. These rights shall terminate immediately prior to the completion of this offering.

Transactions with our Executive Officers and Directors

In November 2004, we entered into a registration rights agreement with certain of our stockholders, including three of our executive officers and directors, Colin Angle, Helen Greiner and Rodney Brooks, pursuant to which we granted such stockholders certain registration rights with respect to shares of our common stock held by them. For more information regarding this agreement, see “Description of Capital Stock—Registration Rights.”

We have employment agreements with Colin Angle, Helen Greiner, Geoffrey P. Clear, Joseph W. Dyer and Gregory F. White and an independent contractor agreement with Dr. Rodney Brooks, which provide for certain salary, bonus, stock option and severance compensation. For more information regarding these agreements, see “Management—Employment, Severance and Change in Control Arrangements.”

From time to time, our executive officers enter into stock restriction agreements upon the exercise of their option grants.

Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our executive officers and directors, providing for indemnification against expenses and liabilities reasonably incurred in connection with their service for us on our behalf. For more information regarding these agreements, see “Management—Limitation of Liability and Indemnification of Officers and Directors.”

We obtain certain consulting services related to our product development and design efforts from Dr. Amanda Gruber, the spouse of our chief executive officer, Colin Angle. In connection with these consulting services, we paid $62,697 in 2002. In addition, we employ Timothy E. Angle, one of Mr. Angle’s siblings, as a web designer and media specialist.

George McNamee, a member of our board of directors, is the Chairman of First Albany Companies Inc. First Albany Capital Inc., one of the underwriters, is a wholly-owned subsidiary of First Albany Companies Inc.

Stock Option Awards

For information regarding stock options and stock awards granted to our named executive officers and directors, see “Management—Director Compensation” and “Management—Executive Compensation.”

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth the beneficial ownership information of our common stock at July 2, 2005, and as adjusted to reflect the sale of the shares of common stock in this offering, for:

- each person known to us to be the beneficial owner of more than 5% of our common stock;
- each named executive officer;
- each of our directors;
- all of our executive officers and directors as a group; and
- each selling stockholder.

Unless otherwise noted below, the address of the persons and entities listed on the table is c/o iRobot Corporation, 63 South Avenue, Burlington, Massachusetts 01803. We have determined beneficial ownership in accordance with the rules of the SEC. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock reflected as beneficially owned, subject to applicable community property laws. We have based our calculation of the percentage of beneficial ownership on 19,894,820 shares of common stock outstanding on July 2, 2005, assuming the conversion of all of the outstanding convertible preferred stock, and shares of common stock outstanding upon completion of this offering.

In computing the number of shares of common stock beneficially owned by a person and the percentage ownership of that person, we deemed outstanding shares of common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of July 2, 2005. We did not deem these shares outstanding, however, for the purpose of computing the percentage ownership of any other person. Beneficial ownership representing less than 1% is denoted with an asterisk (*).

	Shares Beneficially Owned Prior to the Offering			Shares Beneficially Owned After the Offering	
Beneficial Owner	Number	Percent	Shares Offered	Number	Percent
5% Stockholders:					
Acer Technology Ventures(1) 5201 Great America Parkway Suite 270 Santa Clara, CA 95054	2,603,699	13.1%			
Trident Capital(2) 325 Riverside Avenue Westport, CT 06880	2,194,680	11.0%			
Grinnell More(3)	1,455,954	7.3%			
First Albany Entities(4) 677 Broadway Albany, NY 12207	1,418,165	7.1%			
Fenway Partners(5) 152 West 57th Street 59th Floor New York, NY 10019	1,339,920	6.7%			
Directors and Named Executive Officers:					
Helen Greiner	1,699,619	8.5%			
Colin Angle(6)	2,252,424	11.1%			
Rodney Brooks, Ph.D.(7)	2,389,695	12.0%			
Geoffrey P. Clear(8)	132,285	*			
Joseph W. Dyer(9)	89,892	*			

Beneficial Owner	Shares Beneficially Owned Prior to the Offering		Shares Offered	Shares Beneficially Owned After the Offering	
	Number	Percent		Number	Percent
Gregory F. White(10)	457,412	2.3%			
Ronald Chwang(1)	2,603,699	13.1%			
Jacques S. Gansler(11)	16,667	*			
Andrea Geisser(5)	1,339,920	6.7%			
George McNamee(12)	180,901	*			
Peter Meekin(2)	2,194,680	11.0%			
Executive officers and directors as a group (13 persons)(13)	13,421,596	65.8%			
Other Selling Stockholders:					

(1) Consists of 1,737,279 shares held by Acer Technology Venture Fund L.P., 818,420 shares held by IP Fund One, L.P. and 48,000 shares held by iD6 Fund, L.P. Dr. Chwang is a General Partner of the management company for each of Acer Technology Venture Fund L.P., IP Fund One, L.P. and iD6 Fund, L.P., and may be deemed to share voting and investment power with respect to all shares held by those entities. Dr. Chwang disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any.

(2) Consists of 1,966,075 shares held by Trident Capital Fund-V, L.P., 11,427 shares held by Trident Capital Fund-V Affiliates Fund, L.P., 10,904 shares held by Trident Capital Fund-V Affiliates Fund (Q), L.P., 56,905 shared held by Trident Capital Fund-V Principals Fund, L.P. and 149,369 shares held by Trident Capital Parallel Fund-V, C.V. Mr. Meekin is one of six Managing Directors of Trident Capital Management-V, L.L.C., the sole general partner of Trident Capital Fund-V, L.P., Trident Capital Fund-V Affiliates Fund, L.P., Trident Capital Fund-V Affiliates Fund (Q), L.P., and Trident Capital Fund-V Principals Fund, L.P. and the sole investment general partner of Trident Capital Parallel Fund-V, C.V., and may be deemed to share voting and investment power with respect to all shares held by those entities. Mr. Meekin disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any.

(3) Includes 1,029,738 shares held by Real World Interface, Inc. Trust. Mr. More is a trustee of the Real World Interface, Inc. Trust and may be deemed to share voting and investment power with respect to such shares. Mr. More disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any.

(4) Consists of 1,218,336 shares held by First Albany Companies Inc., 22,844 shares held by First Albany Private Fund 1999, LLC, 64,378 shares held by First Albany Private Fund 2003, LLC, 94,658 shares held by FA Technology Ventures, L.P. and 17,949 shares held by First Albany Private Fund 2004, LLC. Through a Special Committee of its Board of Directors, consisting of Alan Goldberg and Walter Fiederowicz, First Albany Companies Inc. exercises sole voting and investment power with respect to all shares held by First Albany Companies Inc., First Albany Private Fund 1999, LLC, First Albany Private Fund 2003, LLC and First Albany Private Fund 2004, LLC.

(5) Consists of 5,053 shares held by FPIP Trust, LLC, 3,665 shares held by FPIP, LLC and 1,331,202 shares held by Fenway Partners Capital Fund II, L.P. Mr. Geisser is a Managing Director of Fenway Partners, Inc., the Managing Member of FPIP Trust, LLC and FPIP, LLC. Mr. Geisser is also a Managing Director of Fenway Partners II, LLC, the sole General Partner of Fenway Partners Capital Fund II, L.P., and may be deemed to share voting and investment power with respect to all shares held by those entities. Mr. Geisser disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any.

(6) Includes 347,710 shares issuable to Mr. Angle upon exercise of stock options. Also includes 200,000 shares held in a trust for the benefit of certain of his family members.

(7) Includes 252,000 shares held in a trust for the benefit of certain of his family members. Also includes 204,090 shares held by Robotic Ventures Fund I, L.P., of which Dr. Brooks is a General Partner. Dr. Brooks disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any.

(8) Includes 26,720 shares issuable to Mr. Clear upon exercise of stock options.

(9) Includes 49,249 shares issuable to Mr. Dyer upon exercise of stock options.

(10) Includes 8,505 shares issuable to Mr. White upon exercise of stock options.

(11) Consists of shares issuable to Dr. Gansler upon exercise of stock options.

(12) Includes 94,658 shares held by FA Technology Ventures, L.P. and 3,495 shares held by FA Technology Managers, LLC. Mr. McNamee is a Partner of the General Partner of FA Technology Ventures, L.P. and may be deemed to share voting and investment power with respect to all shares held thereby. Mr. McNamee is a Manager of FA Technology Managers, LLC and may be deemed to share voting and investment power with respect to all shares held thereby. Mr. McNamee disclaims beneficial ownership of the shares held by FA Technology Ventures, L.P. and FA Technology Managers, LLC except to the extent of his pecuniary interest, if any.

(13) Includes an aggregate of 496,851 shares issuable upon exercise of stock options held by seven executive officers and directors.

DESCRIPTION OF CAPITAL STOCK

General

Upon completion of this offering, our authorized capital stock will consist of 100,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of undesignated preferred stock, par value $0.01 per share. The following description of our capital stock is intended as a summary only and is qualified in its entirety by reference to our second amended and restated certificate of incorporation and amended and restated by-laws to be in effect at the closing of this offering, which are filed as exhibits to the registration statement, of which this prospectus forms a part, and to the applicable provisions of the Delaware General Corporation Law. We refer in this section to our second amended and restated certificate of incorporation as our certificate of incorporation, and we refer to our amended and restated by-laws as our by-laws.

Common Stock

As of July 2, 2005, there were 19,894,820 shares of our common stock outstanding and held of record by approximately 142 stockholders, assuming conversion of all outstanding shares of preferred stock.

Holders of our common stock are entitled to one vote for each share of common stock held of record for the election of directors and on all matters submitted to a vote of stockholders. Holders of our common stock are entitled to receive dividends ratably, if any, as may be declared by our board of directors out of legally available funds, subject to any preferential dividend rights of any preferred stock then outstanding. Upon our dissolution, liquidation or winding up, holders of our common stock are entitled to share ratably in our net assets legally available after the payment of all our debts and other liabilities, subject to the preferential rights of any preferred stock then outstanding. Holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. Except as described below in “Provisions of our Certificate of Incorporation and By-Laws and Delaware Anti-Takeover Law,” a majority vote of common stockholders is generally required to take action under our certificate of incorporation and by-laws.

Preferred Stock

Upon completion of this offering, our board of directors will be authorized, without action by the stockholders, to designate and issue up to an aggregate of 5,000,000 shares of preferred stock in one or more series. The board of directors can fix the rights, preferences and privileges of the shares of each series and any of its qualifications, limitations or restrictions. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of common stock. The issuance of preferred stock, while providing flexibility in connection with possible future financings and acquisitions and other corporate purposes could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of our company and might harm the market price of our common stock.

Our board of directors will make any determination to issue such shares based on its judgment as to our company’s best interests and the best interests of our stockholders. We have no current plans to issue any shares of preferred stock.

Warrants

As of July 2, 2005, one warrant to purchase a total of 18,000 shares of our common stock was outstanding with an approximate exercise price of $3.74 per share. This warrant expires on January 29, 2010.

Registration Rights

We entered into a registration rights agreement, dated as of November 10, 2004, with the holders of shares of our common stock issuable upon conversion of the shares of preferred stock and other stockholders, including certain members of our management. Under this agreement, holders of shares having registration

rights can demand that we file a registration statement or request that their shares be covered by a registration statement that we are otherwise filing. All of these registration rights are subject to conditions and limitations, including the right of the underwriters of an offering to limit the number of shares included in such registration and our right not to effect a requested registration within six months following any offering of our securities, including this offering.

Demand Registration Rights. The holders of 9,175,829 shares of common stock, subject to exceptions, are entitled to certain demand registration rights, upon the request of holders of a certain percentage of such shares, pursuant to which they may require us to file a registration statement under the Securities Act at our expense with respect to their shares of common stock. We are required to use our best efforts to effect any such registration.

Piggyback Registration Rights. If we propose to register any of our securities under the Securities Act for our own account or the account of any other holder, the holders of approximately 16,056,675 shares of common stock are entitled to notice of such registration and are entitled to include shares of their common stock therein.

S-3 Registration Rights. The holders of approximately 9,677,521 shares of common stock are entitled to demand registration rights pursuant to which they may require us to file a registration statement under the Securities Act on Form S-3 with respect to their shares of common stock, and we are required to use our best efforts to effect that registration.

We will pay all registration expenses, other than underwriting discounts and commissions, related to any demand or piggyback registration. The registration rights agreement contains customary cross-indemnification provisions, pursuant to which we are obligated to indemnify the selling stockholders in the event of material misstatements or omissions in the registration statement attributable to us, and they are obligated to indemnify us for material misstatements or omissions attributable to them.

Provisions of our Certificate of Incorporation and By-Laws and Delaware Anti-Takeover Law

Our certificate of incorporation and by-laws will, upon completion of this offering, include a number of provisions that may have the effect of encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with our board of directors rather than pursue non-negotiated takeover attempts. These provisions include the items described below.

Board Composition and Filling Vacancies. In accordance with our certificate of incorporation, our board is divided into three classes serving staggered three-year terms, with one class being elected each year. Our certificate of incorporation also provides that directors may be removed only for cause and then only by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of directors. Furthermore, any vacancy on our board of directors, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office even if less than a quorum.

No Written Consent of Stockholders. Our certificate of incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting.

Meetings of Stockholders. Our by-laws provide that only a majority of the members of our board of directors then in office may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our by-laws limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

Advance Notice Requirements. Our by-laws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be

taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain certain information specified in the by-laws.

Amendment to By-Laws and Certificate of Incorporation. As required by the Delaware General Corporation Law, any amendment of our certificate of incorporation must first be approved by a majority of our board of directors and, if required by law or our certificate of incorporation, thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment, and a majority of the outstanding shares of each class entitled to vote thereon as a class, except that the amendment of the provisions relating to stockholder action, directors, limitation of liability and the amendment of our by-laws and certificate of incorporation must be approved by not less than 75% of the outstanding shares entitled to vote on the amendment, and not less than 75% of the outstanding shares of each class entitled to vote thereon as a class. Our by-laws may be amended by the affirmative vote of a majority vote of the directors then in office, subject to any limitations set forth in the by-laws; and may also be amended by the affirmative vote of at least 75% of the outstanding shares entitled to vote on the amendment, or, if the board of directors recommends that the stockholders approve the amendment, by the affirmative vote of the majority of the outstanding shares entitled to vote on the amendment, in each case voting together as a single class.

Blank Check Preferred Stock. Our certificate of incorporation provides for 5,000,000 authorized shares of preferred stock. The existence of authorized but unissued shares of preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of us or our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group. In this regard, our certificate of incorporation grants our board of directors broad power to establish the rights and preferences of authorized and unissued shares of preferred stock. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

Shareholder Rights Agreement

We are adopting a shareholder rights agreement, to be effective upon completion of this offering, to help ensure that our shareholders receive fair and equal treatment in the event of any proposed acquisition of iRobot. The rights agreement may delay, defer or prevent a change of control and, therefore, could adversely affect our shareholders' ability to realize a premium over the then-prevailing market price for our common stock in connection with such a transaction.

In connection with the adoption of the rights agreement, our board of directors will declare a dividend distribution of one preferred stock purchase right for each outstanding share of common stock to shareholders of record as of a specified date (the rights agreement record date) following the record date for the distribution. Each right will entitle its registered holder to purchase from us a unit consisting of one ten-thousandth of a share of our series A-1 junior participating cumulative preferred stock, par value $0.01 per share, at an exercise price per unit of $, subject to adjustment.

The rights initially will not be exercisable and will be attached to and will trade with all shares of common stock outstanding as of, and issued subsequent to, the rights agreement record date. The rights will separate from the common stock and will become exercisable upon the earlier of the following distribution events:

- the close of business of the tenth calendar day following the first public announcement that a person or group of affiliated or associated persons, referred to as an "acquiring person," has acquired beneficial ownership of 15% or more of the outstanding shares of common stocks; or

- the close of business on the tenth business day (or such later calendar day as our board of directors may determine) following the commencement of a tender offer or exchange offer by any person or group (other than certain exempt persons) that could result upon its completion in such person or group becoming the beneficial owner of 15% or more of the outstanding shares of common stock.

If a person becomes an acquiring person, the shareholder rights agreement provides that as of the close of business ten calendar days after the first public announcement of that event, each holder of a right will be entitled to receive, upon payment of the exercise price, shares of preferred stock of our company having a market value of twice the exercise price of the right. If we are acquired in a merger or similar transaction, the shareholder rights agreement provides that as of the close of business ten calendar days following the first public announcement of that event, each holder of a right will be entitled to receive, upon payment of the exercise price, shares of common stock of the acquiring company having a market value of twice the exercise price of the right.

In the event that our board of directors approves a transaction that it has determined is in the best interest of our shareholders but that otherwise would cause a distribution event under the rights agreement, the board may, in connection with such approval, redeem the rights for a nominal price. Once the rights are redeemed, the transaction can proceed without causing a distribution event. The rights agreement could make it more difficult for a third party to acquire, and could discourage a third party from acquiring or seeking to acquire, iRobot or a large block of our common stock.

Section 203 of the Delaware General Corporate Law

Upon completion of this offering, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or
- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

NASDAQ National Market Listing

We have applied to the NASDAQ National Market for the quotation of our common stock under the trading symbol "IRBT."

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our common stock will be Computershare Trust Company, Inc.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we have applied to have our common stock approved for quotation on the NASDAQ National Market, we cannot assure you that there will be an active public market for our common stock.

Upon completion of this offering, we will have outstanding an aggregate of shares of common stock, assuming the issuance of shares of common stock offered hereby and no exercise of options after July 2, 2005. Of these shares, the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to certain limitations and restrictions described below.

The remaining shares of common stock held by existing stockholders were issued and sold by us in reliance on exemptions from the registration requirements of the Securities Act. Of these shares, shares will be subject to "lock-up" agreements described below on the effective date of this offering. On the effective date of this offering, there will be shares that are not subject to lock-up agreements and eligible for sale pursuant to Rule 144(k). Upon expiration of the lock-up agreements 180 days after the effective date of this offering, shares will become eligible for sale, subject in most cases to the limitations of Rule 144. In addition, holders of stock options could exercise such options and sell certain of the shares issued upon exercise as described below.

Days After Date of this Prospectus	Shares Eligible for Sale	Comment
Upon Effectiveness		Shares sold in the offering
Upon Effectiveness		Freely tradable shares saleable under Rule 144(k) that are not subject to the lock-up
90 Days		Shares saleable under Rules 144 and 701 that are not subject to a lock-up
180 Days		Lock-up released, subject to extension; shares saleable under Rules 144 and 701
Thereafter		Restricted securities held for one year or less

Lock-up Agreements

We, each of our directors and executive officers, the selling stockholders and certain of our other stockholders, who collectively own shares of our common stock, based on shares outstanding as of July 2, 2005, have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and J.P. Morgan Securities Inc. on behalf of the underwriters, we and they will not, subject to limited exceptions, during the period ending 180 days after the date of this prospectus, subject to extension in specified circumstances:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise. Upon the expiration of the applicable lock-up periods, substantially all of the

shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year, including an affiliate, would be entitled to sell in "broker's transactions" or to market makers, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume in our common stock on the NASDAQ National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are generally subject to the availability of current public information about us.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, is entitled to sell such shares without having to comply with the manner of sale, public information, volume limitation or notice filing provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold immediately upon the completion of this offering.

Rule 701

In general, under Rule 701, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period and notice filing requirements of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144.

The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus. Securities issued in reliance on Rule 701 are restricted securities and subject to the contractual restrictions described above, beginning 90 days after the date of this prospectus, may be sold by persons other than affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates without compliance with its one year minimum holding period requirements.

Stock Options

We intend to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issued or issuable under our stock plans. We expect to file the registration statement covering shares offered pursuant to our stock plans shortly after the date of this prospectus, permitting the resale of such shares by nonaffiliates in the public market without restriction under the Securities Act.

Registration Rights

Upon completion of this offering, the holders of 16,056,675 shares of our common stock will be eligible to exercise certain rights with respect to the registration of such shares under the Securities Act. See "Description of Capital Stock— Registration Rights." Upon the effectiveness of a registration statement covering these shares, the shares would become freely tradable.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, J.P. Morgan Securities Inc., First Albany Capital Inc., Needham & Company, LLC, and Adams Harkness, Inc. are acting as representatives, have severally agreed to purchase, and we and the selling stockholders have agreed to sell to them, severally, the number of shares indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated	
J.P. Morgan Securities Inc.	
First Albany Capital Inc.	
Needham & Company, LLC	
Adams Harkness, Inc.	
Total	

The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and the selling stockholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of specified legal matters by their counsel and to other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. No underwriter may allow, and no dealer may reallow, any concession to other underwriters or to certain dealers. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representatives.

The selling stockholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be $, the total underwriters' discounts and commissions paid by us and the selling stockholders would be $ and $, respectively, and the total proceeds to us and the selling stockholders would be $ and $, respectively.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of common stock offered by them.

We, each of our directors and executive officers, the selling stockholders and certain of our other stockholders have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and

J.P. Morgan Securities Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock,

whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise.

These restrictions do not apply to:

- the sale of shares to the underwriters;
- the issuance by us of shares of our common stock upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- transactions by anyone other than us relating to shares of common stock or other securities acquired in open market transactions after the completion of the offering of the shares;
- transfers of shares or any security convertible into our common stock as a bona fide gift; or
- distributions by a selling stockholder of shares or any security convertible into our common stock to limited partners or stockholders of the selling stockholder,

provided that in the case of each of the last two transactions, each donee or distributee agrees to accept the restrictions described in the immediately preceding paragraph and no filing under Section 16(a) of the Exchange Act reporting a reduction in beneficial ownership of shares of common stock is required in connection with these transactions during the 180-day period.

Notwithstanding the foregoing, if:

- during the last 17 days of the 180-day period, we issue an earnings release or material news or a material event relating to us occurs; or
- prior to the expiration of the 180-day period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period,

the above restrictions shall continue to apply until either (x) the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event if, within three days of that issuance or occurrence, any of the underwriters publishes or otherwise distributes a research report or makes a public appearance concerning us, or (y) the later of the last day of the 180-day period and the third day after we issue the release or the material news or material event occurs.

The following table shows the per share and total underwriting discounts and commissions that we and the selling stockholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares of our common stock.

	Paid by Us		Paid by Selling Stockholders		Total	
	No Exercise	Full Exercise	No Exercise	Full Exercise	No Exercise	Full Exercise
Per share	$	$	$	$	$	$
Total	$	$	$	$	$	$

In addition, we estimate that the expenses of this offering other than underwriting discounts and commissions payable by us will be $.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the common stock, the underwriters may bid for, and purchase, shares of common stock in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the common stock in this offering, if the syndicate repurchases previously distributed common stock in transactions to cover syndicate short positions or to stabilize the price of the common stock. Any of these activities may stabilize or maintain the market price of the common stock above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

We have applied for quotation of our common stock on the NASDAQ National Market under the symbol “IRBT.”

We, the selling stockholders and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

The underwriters have in the past performed and may in the future perform investment banking and advisory services for us from time to time for which they have received or may in the future receive customary fees and expenses. The underwriters may, from time to time, engage in transactions with or perform services for us in the ordinary course of business.

Qualified Independent Underwriter

This offering is being conducted under Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. or the NASD, which provides that when a NASD member firm participates in the offering of equity securities of an issuer with which the member has a conflict of interests, the initial public offering price can be no higher than that recommended by a “qualified independent underwriter.”

George McNamee, a member of our board of directors, is the Chairman of First Albany Companies Inc. First Albany Capital Inc., one of the underwriters, is a wholly-owned subsidiary of First Albany Companies Inc. In addition, First Albany Companies Inc. and its affiliates own in the aggregate more than 10% of our preferred equity as defined pursuant to Rule 2720(b)(12) of the Conduct Rules of the NASD.

Morgan Stanley & Co. Incorporated is serving as the qualified independent underwriter in the offering and will recommend a price in compliance with the requirements of 2720 of the Conduct Rules of the NASD. Morgan Stanley & Co. Incorporated has performed due diligence investigations and reviewed and participated in the preparation of the prospectus and the registration statement of which this prospectus forms a part. Morgan Stanley & Co. Incorporated will receive no additional compensation in its capacity as the qualified independent underwriter. We have agreed to indemnify Morgan Stanley & Co. Incorporated against liabilities incurred in connection with its acting as the qualified independent underwriter, including liabilities under the Securities Act.

Directed Share Program

At our request, Morgan Stanley & Co. Incorporated has reserved for sale as part of the underwritten offering, at the initial public offering price, up to shares, or % of the total number of shares offered by this prospectus, for our directors, officers, employees, business associates and other persons with whom we have a relationship. If purchased by these persons, these shares will be subject to a -day lock-up restriction. The number of shares of common stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered in this prospectus.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations between us and the representatives. Among the factors to be considered in determining the initial public offering price will be our future prospects and those of our industry in general, our sales, earnings and other financial operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

LEGAL MATTERS

Goodwin Procter LLP, Boston, Massachusetts, will pass upon the validity of the shares of common stock offered hereby. Wilmer Cutler Pickering Hale and Dorr LLP, Boston, Massachusetts, will pass upon legal matters relating to this offering for the underwriters.

EXPERTS

The consolidated financial statements as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 (File Number 333-126907) under the Securities Act with respect to the shares of common stock we and the selling stockholders are offering by this prospectus. This prospectus does not contain all of the information included in the registration statement. For further information pertaining to us and our common stock, you should refer to the registration statement and to its exhibits. Whenever we make reference in this prospectus to any of our contracts, agreements or other documents, the references are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract, agreement or other document.

Upon the closing of the offering, we will be subject to the informational requirements of the Securities Exchange Act of 1934 and will file annual, quarterly and current reports, proxy statements and other information with the SEC. You can read our SEC filings, including the registration statement, over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at its public reference facility at 100 F Street, N.E., Room 1580, Washington, D.C. 20549.

You may also obtain copies of the documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities.

iROBOT CORPORATION

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
iRobot Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows present fairly, in all material respects, the financial position of iRobot Corporation and its subsidiary at December 31, 2003 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
May 4, 2005 (except for Note 17,
as to which the date is May 26, 2005)

iROBOT CORPORATION

CONSOLIDATED BALANCE SHEETS

	December 31, 2003	December 31, 2004	July 2, 2005 (unaudited)	July 2, 2005 (Pro Forma) (unaudited)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,619,937	$ 19,440,843	$ 15,090,230	$ 15,090,230
Accounts receivable, net of allowance of $247,921 at December 31, 2003, and $50,000 at December 31, 2004 and at July 2, 2005	8,137,517	14,436,269	7,344,671	7,344,671
Unbilled revenue	1,142,784	774,025	929,944	929,944
Inventory, net	11,419,611	7,668,934	12,399,474	12,399,474
Other current assets	798,045	399,702	479,072	479,072
Total current assets	26,117,894	42,719,773	36,243,391	36,243,391
Property and equipment, net	1,605,033	3,512,510	4,010,207	4,010,207
Other assets	103,719	82,000	82,000	82,000
Total assets	$ 27,826,646	$ 46,314,283	$ 40,335,598	$ 40,335,598
LIABILITIES, REDEEMABLE CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)				
Current liabilities:				
Accounts payable	$ 6,781,412	$ 19,581,065	$ 19,611,817	$ 19,611,817
Revolving line of credit	1,338,980	—	—	—
Accrued expenses	2,802,666	3,819,937	4,029,378	4,029,378
Accrued compensation	2,032,299	3,150,761	2,763,659	2,763,659
Provision for contract settlements	5,333,619	5,190,798	5,239,124	5,239,124
Deferred revenue	7,201,339	1,287,935	2,028,149	2,028,149
Total current liabilities	25,490,315	33,030,496	33,672,127	33,672,127
Long-term liabilities	133,200	66,600	—	—
Commitments and contingencies (Note 13):				
Redeemable convertible preferred stock (Note 8)	27,561,869	37,506,236	37,506,236	—
Common stock, $0.01 par value, 18,500,000, 35,000,000 and 35,000,000 shares authorized and 9,360,750, 10,129,457 and 10,337,574 shares issued and outstanding at December 31, 2003 and 2004 and July 2, 2005, respectively	93,608	101,294	103,375	198,947
Additional paid-in capital	1,695,966	2,925,496	4,577,829	41,988,493
Note receivable from stockholder	(43,000)	(43,000)	—	—
Deferred compensation	—	(386,587)	(1,480,231)	(1,480,231)
Accumulated deficit	(27,105,312)	(26,886,252)	(34,043,738)	(34,043,738)
Total stockholders' equity (deficit)	(25,358,738)	(24,289,049)	(30,842,765)	6,663,471
Total liabilities, redeemable convertible preferred stock and stockholders' equity (deficit)	$ 27,826,646	$ 46,314,283	$ 40,335,598	$ 40,335,598

See accompanying notes to consolidated financial statements

iROBOT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended			Six Months Ended	
	December 31, 2002	December 31, 2003	December 31, 2004	June 30, 2004	July 2, 2005
				(unaudited)	
Revenue:					
Product revenue	$ 6,955,215	$ 45,896,313	$ 82,147,080	$ 23,087,249	$ 34,723,592
Contract revenue	7,222,589	7,661,244	12,365,114	5,038,983	8,232,950
Royalty revenue	638,704	758,595	530,955	483,316	62,037
Total revenue	14,816,508	54,316,152	95,043,149	28,609,548	43,018,579
Cost of revenue:					
Cost of product revenue	4,896,025	31,193,513	59,321,238	16,471,000	26,750,347
Cost of contract revenue	11,860,610	6,143,347	8,370,487	3,345,591	5,770,138
Total cost of revenue	16,756,635	37,336,860	67,691,725	19,816,591	32,520,485
Gross profit (loss)	(1,940,127)	16,979,292	27,351,424	8,792,957	10,498,094
Operating expenses:					
Research and development	1,735,831	3,848,010	5,504,321	2,563,083	5,712,525
Selling, general and administrative	7,128,105	20,521,298	21,404,106	9,188,128	12,061,316
Stock-based compensation(1)	—	—	—	—	90,489
Total operating expenses	8,863,936	24,369,308	26,908,427	11,751,211	17,864,330
Operating income (loss)	(10,804,063)	(7,390,016)	442,997	(2,958,254)	(7,366,236)
Other (expense) income, net	44,764	15,282	(79,762)	(41,069)	211,000
Income (loss) before income taxes	(10,759,299)	(7,374,734)	363,235	(2,999,323)	(7,155,236)
Income tax expense	14,695	36,227	144,175	1,306	2,250
Net income (loss)	$ (10,773,994)	$ (7,410,961)	$ 219,060	$ (3,000,629)	$ (7,157,486)
Net income (loss) per share					
Basic	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Diluted	$ (2.00)	$ (0.79)	$ 0.01	$ (0.31)	$ (0.72)
Number of shares used in per share calculations					
Basic	5,390,679	9,351,880	9,659,993	9,530,022	10,007,932
Diluted	5,390,679	9,351,880	19,182,595	9,530,022	10,007,932

(1) Stock-based compensation recorded in 2005 breaks down by expense classification as follows:

	Six Months Ended July 2, 2005 (unaudited)
Cost of product revenue	$ 8,835
Cost of contract revenue	10,998
Research and development	31,832
Selling, general and administrative	38,824
Total stock-based compensation	$ 90,489

See accompanying notes to consolidated financial statements

iROBOT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

	Common Stock		Additional Paid-In Capital	Note Receivable from Stockholder	Deferred Compensation	Accumulated Deficit	Total
	Shares	Value					
Balance at December 31, 2002	9,291,760	$ 92,918	$ 1,661,896	$ (43,000)	$ —	$ (19,694,351)	$ (17,982,537)
Issuance of common stock warrants related to debt financing			22,312				22,312
Issuance of common stock for exercise of stock options	68,990	690	11,758				12,448
Net loss						(7,410,961)	(7,410,961)
Balance at December 31, 2003	9,360,750	93,608	1,695,966	(43,000)	—	(27,105,312)	(25,358,738)
Issuance of restricted stock	397,584	3,976	967,217		(669,912)		301,281
Amortization of deferred compensation relating to restricted stock					283,325		283,325
Issuance of common stock for exercise of stock options	371,123	3,710	262,313				266,023
Net income						219,060	219,060
Balance at December 31, 2004	10,129,457	101,294	2,925,496	(43,000)	(386,587)	(26,886,252)	(24,289,049)
Amortization of deferred compensation relating to restricted stock					100,340		100,340
Issuance of Common Stock for exercise of stock options	208,117	2,081	367,860				369,941
Repayment of note receivable from stockholder				43,000			43,000
Deferred compensation relating to issuance of stock options			1,284,473		(1,284,473)		—
Amortization of deferred compensation relating to stock options					90,489		90,489
Net loss						(7,157,486)	(7,157,486)
Balance at July 2, 2005 (unaudited)	10,337,574	$ 103,375	$ 4,577,829	$ —	$ (1,480,231)	$ (34,043,738)	$ (30,842,765)

See accompanying notes to consolidated financial statements

iROBOT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended			Six Months Ended	
	December 31, 2002	December 31, 2003	December 31, 2004	June 30, 2004	July 2, 2005
				(unaudited)	
Cash flows from operating activities:					
Net income (loss)	$ (10,773,994)	$ (7,410,961)	$ 219,060	$ (3,000,629)	$ (7,157,486)
Adjustments to reconcile net loss to net cash used in operating activities					
Depreciation and amortization	511,335	735,170	1,313,705	389,188	886,864
Loss on disposal of fixed assets	—	29,384	1,265	—	—
Interest expense relating to issuance of warrants	—	22,312	—	—	—
Amortization of deferred compensation	—	—	283,325	177,328	190,829
Changes in working capital—(use) source					
Accounts receivable and related party trade receivables	237,164	(7,481,472)	(6,298,751)	4,663,824	7,091,598
Unbilled revenue	(325,371)	(526,573)	368,759	832,041	(155,919)
Inventory	(1,829,773)	(8,795,412)	3,750,677	8,277,867	(4,730,540)
Other current assets	(434,970)	(146,481)	420,061	574,990	(79,370)
Accounts payable	3,869,832	1,908,212	12,799,653	(1,074,734)	30,752
Accrued expenses	219,778	2,582,888	1,017,271	(836,895)	209,441
Accrued compensation	679,609	295,001	1,118,462	138,127	(387,102)
Provision for contract settlement	2,361,055	1,377,835	(142,821)	(87,502)	48,326
Deferred revenue	1,787,035	5,952,843	(5,913,405)	(6,517,187)	740,214
Change in long-term liabilities	—	133,200	(66,600)	(66,600)	(66,600)
Net cash provided by (used in) operating activities	(3,698,300)	(11,324,054)	8,870,661	3,469,818	(3,378,993)
Cash flows from investing activities:					
Purchase of property and equipment	(448,412)	(1,329,913)	(3,222,446)	(758,315)	(1,384,561)
Cash flows from financing activities:					
Principal payments on capital lease obligations	(51,009)	(14,102)	—	—	—
Borrowings under revolving line of credit, net	—	1,338,980	(1,338,980)	(1,338,980)	—
Repayment of note receivable from stockholder	—	—	—	—	43,000
Proceeds from stock option exercises	32,894	12,448	266,024	225,724	369,941
Proceeds from issuance of restricted stock	—	—	301,281	301,281	—
Net proceeds from sale of preferred stock	—	12,922,735	9,944,366	(270)	—
Net cash provided by financing activities	(18,115)	14,260,061	9,172,691	(812,245)	412,941
Net increase in cash and cash equivalents	(4,164,827)	1,606,094	14,820,906	1,899,258	(4,350,613)
Cash and cash equivalents, at beginning of period	7,178,670	3,013,843	4,619,937	4,619,937	19,440,843
Cash and cash equivalents, at end of period	$ 3,013,843	$ 4,619,937	$ 19,440,843	$ 6,519,195	$ 15,090,230
Supplemental disclosure of cash flow information					
Cash paid for interest	$ 8,621	$ 28,572	$ 142,367	$ 67,955	$ 5,665
Cash paid for income taxes	14,756	14,206	123,941	—	6,800
Supplemental disclosure of noncash investing and financing activities					
During 2004, 2003 and 2002, the Company transferred $186,011, $16,960 and $115,595, respectively, of inventory to fixed assets.					
During the first six months of 2005 and 2004, the Company transferred $140,489 and $1,815, respectively, of inventory to fixed assets.					

See accompanying notes to consolidated financial statements

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business

iRobot Corporation, formerly IS Robotics, Inc., was incorporated in 1990 to develop robotics and artificial intelligence technologies and apply these technologies in producing and marketing robots. The majority of the Company's revenue is generated from product sales, and government research and development contracts.

The Company is subject to risks common to companies in high-tech industries including, but not limited to, uncertainty of progress in developing technologies, new technological innovations, dependence on key personnel, protection of proprietary technology, compliance with government regulations, uncertainty of market acceptance of products and the need to obtain financing, if necessary.

Liquidity and Operations

The Company has generated losses from operations since inception through 2003, offset slightly by net income of $219,060 in 2004. As a result, the Company has an accumulated deficit of $26.9 million at December 31, 2004. To date, the Company has been dependent on equity financings to fund operations and has raised $37.5 million, cumulatively, with its last round of financing totaling $9.9 million in 2004 (Note 8). Management believes its existing cash balances will enable the Company to fund its operations through December 31, 2005. The Company's ultimate success is dependent upon its ability to obtain additional customers and continue to manage its expenditures. If the Company is unable to generate sufficient customer orders and manage its expenditures to meet its obligations as they become due, the Company will require additional financing in order to fund operations and achieve its intended business objectives.

2. Summary of Significant Accounting Policies

Unaudited Interim Financial Statements

The consolidated financial statements and related notes of the Company for the six months ended June 30, 2004 and July 2, 2005, respectively, are unaudited. Management believes the unaudited consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial position and results of operations in such periods. Results of operations for the six months ended July 2, 2005 are not necessarily indicative of the results that may be expected for the year ended December 31, 2005.

Unaudited Pro Forma Presentation

Unaudited pro forma net loss per share is computed using the weighted average number of common shares outstanding, including the pro forma effects of automatic conversion of all outstanding redeemable convertible preferred stock into shares of the Company's common stock effective upon the assumed closing of the Company's proposed initial public offering as if such conversion had occurred at the date of original issuance.

Upon the closing of the Company's initial public offering of securities, all of the outstanding shares of Series A, B, C, D, E and F Convertible Preferred Stock will automatically convert on a one-for-one basis to 9,557,246 shares of the Company's common stock, assuming the aggregate proceeds to the Company are at least $25.0 million. The unaudited pro forma presentation of the balance sheet has been prepared assuming the conversion of the convertible preferred stock into common stock as of July 2, 2005.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fiscal Year-End

Beginning in fiscal 2005, the Company operates and reports using a 52-53 week fiscal year ending on the Saturday closest to December 31. Accordingly, the Company's fiscal quarters will end on the Saturday that falls closest to the last day of the third month of each quarter.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original or remaining maturity of three months or less at the time of purchase to be cash equivalents. The Company invests its excess cash primarily in money market funds of major financial institutions. Accordingly, its investments are subject to minimal credit and market risk. At December 31, 2004 and 2003, cash equivalents were comprised of money market funds totaling $12,448,665 and $3,750,512, respectively. These cash equivalents are carried at cost, which approximates fair value.

Revenue Recognition

The Company derives its revenue from product sales, government research and development contracts and commercial research and development contracts. The Company sells products directly to customers and indirectly through resellers and distributors. The Company recognizes revenue from sales of consumer robotic devices under the terms of the customer agreement upon transfer of title to the customer, net of estimated returns, provided that collection is determined to be probable and no significant obligations remain. Sales to resellers are subject to agreements allowing for limited rights of return for defective products only, rebates and price protection. The Company has historically not taken product returns except for defective products. Accordingly, the Company reduces revenue for its estimates of liabilities to these rights at the time the related sale is recorded. The Company makes an estimate of sales returns for products sold by resellers directly or through its distributors based on historical returns experience. The Company has aggregated and analyzed historical returns from resellers and end users which form the basis of its estimate of future sales returns by resellers or end users. In accordance with Statement of Financial Accounting Standards No. 48, "*Revenue Recognition When Right of Return Exists,*" the provision for these estimated returns is recorded as a reduction of revenue at the time that the related revenue is recorded. If actual returns differ significantly from its estimates, such differences could have a material impact on the Company's results of operations for the period in which the returns become known. The estimates for returns are adjusted periodically based upon historical rates of returns. The estimates and reserve for rebates and price protection are based on specific programs, expected usage and historical experience. Actual results could differ from these estimates. Through 2003, the Company recognized revenue on sales to certain distributors and retail customers upon their sale to the end-user when an allowance for future returns from the end-user could be reasonably estimated. In 2004, the Company recognized revenue on all sales to distributors and retail customers upon delivery of product and established a related allowance for future returns based upon historical experience. As a result of this change, the Company recorded revenue of approximately $5.7 million in 2004 for products shipped prior to January 1, 2004.

Under cost-plus-fixed-fee (CPFF) type contracts, the Company recognizes revenue based on costs incurred plus a pro rata portion of the total fixed fee. Revenue on firm fixed price (FFP) contracts is recognized using the percentage-of-completion method. Costs and estimated gross profits on contracts are recorded as revenue as work is performed based on the percentage that incurred costs bear to estimated total costs utilizing the most recent estimates of costs and funding. Changes in job performance, job conditions, and estimated profitability, including those arising from final contract settlements, may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Since many contracts extend over a long period of time, revisions in cost and funding estimates during the progress of work have the effect of adjusting earnings applicable to past performance in the current period. When the current contract

estimate indicates a loss, provision is made for the total anticipated loss in the current period. Revenue earned in excess of billings, if any, is recorded as unbilled revenue. Billings in excess of revenue earned, if any, are recorded as deferred revenue.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts to provide for the estimated amount of accounts receivable that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience and the age of outstanding receivables.

Activity related to the allowance for doubtful accounts was as follows:

Balance at December 31, 2001	$ —
Provision	30,000
Deduction	
Balance at December 31, 2002	30,000
Provision	237,329
Deduction	(19,408)
Balance at December 31, 2003	247,921
Provision	(64,835)
Deduction	(133,086)
Balance at December 31, 2004	$ 50,000
Provision	—
Deduction	—
Balance at July 2, 2005	$ 50,000

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventory

Inventory is stated at the lower of cost or market with cost being determined using the first-in, first-out (FIFO) method. The Company maintains a reserve for inventory items to provide for an estimated amount of excess or obsolete inventory.

Activity related to the inventory reserve as follows:

Balance at December 31, 2001	$ 385,900
Provision	174,686
Deduction	(224,810)
Balance at December 31, 2002	335,776
Provision	2,214,656
Deduction	(181,878)
Balance at December 31, 2003	2,368,554
Provision	—
Deduction	(465,637)
Balance at December 31, 2004	$ 1,902,917
Provision	—
Deduction	(90,549)
Balance at July 2, 2005	$ 1,812,368

Property and Equipment

Property and equipment are recorded at cost and consist primarily of computer equipment, business applications software and machinery. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

	Estimated Useful Life
Computer and research equipment	3 years
Furniture	5
Machinery	2-5
Business applications software	5
Capital leases and leasehold improvements	Term of lease

Expenditures for additions, renewals and betterments of plant and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. As assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations.

Impairment of Long-Lived Assets

The Company periodically evaluates the recoverability of long-lived assets whenever events and changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. When indicators of impairment are present, the carrying values of the assets are evaluated in relation to the operating performance and future undiscounted cash flows of the underlying business. The net book value of the underlying asset is adjusted to fair value if the sum of the expected discounted cash flows is less than book value. Fair values are based on estimates of market prices and assumptions concerning the amount and timing

of estimated future cash flows and assumed discount rates, reflecting varying degrees of perceived risk. There were no impairment charges recorded during any of the periods presented.

Research and Development

Costs incurred in the research and development of the Company's products are expensed as incurred.

Internal Use Software

The Company capitalizes costs associated with the development and implementation of software obtained for internal use in accordance with American Institute of Certified Public Accountants Statement of Position 98-1, *Accounting for Costs of Computer Software Developed or Obtained for Internal Use* ("SOP 98-1"). At December 31, 2004 and 2003, the Company had $919,636 and $630,323, respectively, of internal costs related to enterprisewide software included in fixed assets. Capitalized costs are being amortized over the assets' estimated useful lives. The Company has recorded $171,623, $111,945 and $97,590 of amortization expense for the years ended December 31, 2004, 2003 and 2002, respectively.

Use of Estimates

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

Reclassification

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Concentration of Credit Risk and Significant Customers

The Company maintains its cash in bank deposit accounts at a high quality financial institution. The individual balances, at times, may exceed federally insured limits. At December 31, 2004 and 2003, the Company exceeded the insured limit by $19,177,227 and $4,344,137, respectively.

Financial instruments which potentially expose the Company to concentrations of credit risk consist of accounts receivable. Management believes its credit policies are prudent and reflect normal industry terms and business risk. At December 31, 2004 and 2003, 15% and 14%, respectively, of the Company's accounts receivable were due from the federal government. At December 31, 2004, two other customers accounted for 21% and 14% of the Company's account receivable balance. At December 31, 2003, two other customers accounted for 21% and 19% of the Company's accounts receivable balance. For the year ended December 31, 2004, revenue from one customer, the federal government, represented 20% of total revenue. For the year ended December 31, 2003, revenue from the federal government represented 12% of total revenue. For the year ended December 31, 2002, revenue from the federal government represented 30% of total revenue, and revenue from two other customers represented 12% and 11% of total revenue.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment in Affiliates

The Company accounts for investments in affiliates under the equity method of accounting as provided in Accounting Principles Board Opinion No. 18, *The Equity Method of Accounting for Investments in Common Stock*, if the Company owns less than 50% of the affiliate's outstanding capital stock and the Company has influence over the affiliate's daily operations. In accordance with equity method accounting, the Company records its proportionate shares of the affiliate's net income or loss. If the affiliate has cumulative losses, the Company's proportionate share is recorded as a loss in affiliate and as a reduction to the investment in affiliate. Losses are recorded up to the original value of the investment unless there are additional funding commitments. As of December 31, 2004, the Company maintains no investments in affiliates.

Stock-Based Compensation

The Company applies Accounting Principles Board No. 25, *Accounting for Stock Issued to Employees*, and related interpretations ("APB No. 25"), in accounting for its stock-based compensation plan. Accordingly, compensation expense is recorded for options issued to employees in fixed amounts and with fixed exercise prices only to the extent that such exercise prices are less than the fair market value of the Company's common stock at the date of grant. The Company follows the disclosure provisions of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), as amended by Statement of Financial Accounting Standards No. 148, *Accounting for Stock-Based Compensation— Transition and Disclosure, an amendment of FASB Statement No. 123* ("SFAS No. 148"). All stock-based awards to non-employees are accounted for at their fair value in accordance with SFAS No. 123 and related interpretations.

Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards under this plan and amortized on a straight-line basis, consistent with the methodology prescribed in SFAS No. 123, the Company's pro forma net loss would have been as follows:

	Fiscal Year Ended			Six Months Ended	
	December 31, 2002	December 31, 2003	December 31, 2004	June 30, 2004	July 2, 2005
				(unaudited)	
Net income (loss)					
As reported	$ (10,773,994)	$ (7,410,961)	$ 219,060	$ (3,000,629)	$ (7,157,486)
Add back: Stock-based employee compensation expense reported in net loss	—	—	283,325	177,328	190,829
Less: Stock-based employee compensation expense determined under fair-value method for all awards	(28,917)	(52,863)	(394,102)	(222,411)	(361,895)
Pro forma income (loss)	$ (10,802,911)	$ (7,463,824)	$ 108,283	$ (3,045,712)	$ (7,328,552)
Net income (loss) per share, as reported					
Basic	$(2.00)	$(0.79)	$0.01	$(0.31)	$(0.72)
Diluted	$(2.00)	$(0.79)	$0.01	$(0.31)	$(0.72)
Pro forma net income (loss) per share					
Basic	$(2.00)	$(0.80)	$0.01	$(0.32)	$(0.73)
Diluted	$(2.00)	$(0.80)	$0.01	$(0.32)	$(0.73)
Number of shares used in per share calculations					
Basic	5,390,679	9,351,880	9,659,993	9,530,022	10,007,932
Diluted	5,390,679	9,351,880	19,182,595	9,530,022	10,007,932

Since options vest over several years and additional option grants are expected to be made in future years, the pro forma results are not representative of the pro forma results for future years.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The weighted average fair value of each stock option granted in 2004 and 2003 was estimated as $0.416 and $0.314, respectively, on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2002	2003	2004
Risk-free interest rate	2.8%	3.0%	3.4%
Expected dividend yield	—	—	—
Expected life	5 years	5 years	5 years
Expected volatility	—	—	—

Earnings Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, excluding the dilutive effects of common stock equivalents. Common stock equivalents include stock options, warrants, restricted stock and convertible securities. Diluted net income per share assumes the conversion of all outstanding shares of redeemable convertible preferred stock using the "if converted" method, if dilutive, and includes the dilutive effect of common stock equivalents under the treasury stock method.

Advertising Expense

The Company expenses advertising costs as they are incurred. During the years ended December 31, 2004, 2003 and 2002, advertising expense totaled $6,773,551, $9,619,451 and $635,401, respectively.

Income Taxes

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

Lease Termination Costs

In accordance with SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, the Company recorded a charge in 2003 related to the termination of an operating lease for one of its manufacturing facilities. This charge includes approximately $212,000 of remaining lease payments in addition to costs associated with vacating the facility as required by the lease. As of December 31, 2004, $37,879 is included within accrued expenses (Note 5) in the accompanying balance sheet.

Comprehensive Income (Loss)

SFAS No. 130, *Reporting Comprehensive Income*, establishes standards for the reporting and display of comprehensive income (loss) and its components in financial statements. The Company's comprehensive income (loss) is equal to the Company's net income (loss) for all periods presented.

Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123R, which requires the measurement of all share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in the Company's consolidated statement of operations. The accounting provisions of SFAS No. 123R are effective for fiscal years beginning after June 15, 2005. The Company will be required to adopt SFAS No. 123R for its fiscal quarter beginning January 1, 2006. The pro forma

disclosures previously permitted under SFAS No. 123 no longer will be an alternative to financial statement recognition. The Company has not yet determined whether the adoption of SFAS No. 123R will result in amounts that are similar to the current pro forma disclosures under SFAS No. 123. The Company is evaluating the requirements under SFAS No. 123R and expects the adoption to have a significant adverse impact on its consolidated operating results.

3. Inventory

Inventory consists of the following at:

	December 31, 2003	December 31, 2004	July 2, 2005 (unaudited)
Raw materials	$ 1,510,995	$ 427,181	$ 707,465
Work in process	145,919	—	—
Finished goods	9,762,697	7,241,753	11,692,009
	$ 11,419,611	$ 7,668,934	$ 12,399,474

4. Property and Equipment

Property and equipment consists of the following at:

	December 31, 2003	December 31, 2004	July 2, 2005 (unaudited)
Computer and equipment	$ 1,682,876	$ 2,826,932	$ 3,997,600
Furniture	59,954	160,942	164,298
Machinery	935,820	2,544,330	2,593,176
Leasehold improvements	194,700	272,107	350,045
Software purchased for internal use	630,323	919,636	1,003,390
Leased equipment	144,682	144,682	144,682
	3,648,355	6,868,629	8,253,191
Less: accumulated depreciation and amortization	2,043,322	3,356,119	4,242,984
	$ 1,605,033	$ 3,512,510	$ 4,010,207

Depreciation and amortization expense for the years ended December 31, 2004, 2003 and 2002 was $1,313,705, $735,170 and $511,335, respectively. Accumulated amortization on leased equipment was $144,682 at both December 31, 2004 and 2003.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

5. Accrued Expenses

Accrued expenses consist of the following at:

	December 31, 2003	December 31, 2004	July 2, 2005 (unaudited)
Accrued warranty	$ 1,522,228	$ 1,398,382	$ 2,028,425
Accrued lease termination costs	326,324	37,879	—
Accrued rent	389,687	339,172	318,058
Accrued sales commissions	200,375	554,919	312,165
Accrued accounting fees	171,000	161,000	95,563
Accrued co-op advertising allowance	64,931	1,176,791	1,142,811
Accrued other	128,121	151,794	132,356
	$ 2,802,666	$ 3,819,937	$ 4,029,378

6. Revolving Line of Credit

In January 2003, the Company entered into a $2,000,000 secured revolving credit agreement (the “Credit Agreement”) with a bank. Borrowings under the Credit Agreement are collateralized by the Company’s assets with the exception of intellectual property, as defined, and bears interest at the bank’s prime rate plus 1.25%. The Credit Agreement was originally scheduled to mature in January 2004. Under the Credit Agreement, as amended, the Company is subject to several financial covenants including maintaining a minimum tangible net worth. In February 2003, the Company entered into an amendment to the Credit Agreement which reduced the tangible net worth (deficit) requirement to $(1,700,000).

In April 2004, the Company entered into an amendment to the Credit Agreement which further reduced the tangible net worth (deficit) requirement to $(2,000,000), increased the amount of the facility to $6,250,000, decreased the applicable interest rate to the bank’s prime rate plus 1.00% and extended the maturity date to March 2006. The Company is in compliance with the covenants at December 31, 2004.

7. Common Stock

Common stockholders are entitled to one vote for each share held and to receive dividends if and when declared by the Board of Directors and subject to and qualified by the rights of holders of the preferred stock. Upon dissolution or liquidation of the Company, holders of common stock will be entitled to receive all available assets subject to any preferential rights of any then outstanding preferred stock.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Redeemable Convertible Preferred Stock

The Company's redeemable convertible preferred stock, $0.01 par value, is comprised of the following:

	December 31, 2003	December 31, 2004
Series F; 1,412,430 shares authorized, issued and outstanding at December 31, 2004, net of issuance costs (liquidation preference $10,000,004)	$ —	$ 9,944,637
Series E; 2,799,353 shares authorized, issued and outstanding at December 31, 2004 and 3,002,069 shares authorized, 2,799,353 issued and outstanding at December 31, 2003, net of issuance costs (liquidation preference $13,044,985)	12,922,735	12,922,465
Series D; 1,870,908 and 2,500,000 shares authorized, 1,870,908 issued and outstanding at December 31, 2004 and 2003, net of issuance costs (liquidation preference $7,000,002)	6,766,550	6,766,550
Series C; 1,470,000 shares authorized, issued and outstanding at December 31, 2004 and 2003, net of issuance costs (liquidation preference $5,500,005)	5,478,244	5,478,244
Series B; 668,185 shares authorized, issued and outstanding at December 31, 2004 and 2003, net of issuance costs (liquidation preference $1,000,006)	966,761	966,761
Series A; 1,336,370 shares authorized, issued and outstanding at December 31, 2004 and 2003, net of issuance costs (liquidation preference $1,550,189)	1,427,579	1,427,579
	$ 27,561,869	$ 37,506,236

The Series A redeemable convertible preferred stock (the "Series A"), the Series B redeemable convertible preferred stock (the "Series B"), the Series C redeemable convertible preferred stock (the "Series C"), the Series D redeemable convertible preferred stock (the "Series D"), the Series E redeemable convertible preferred stock (the "Series E"), and the Series F redeemable convertible preferred stock (the "Series F") are hereinafter referred to collectively as the "preferred stock." At December 31, 2004, the preferred stock had the following characteristics:

Conversion Rights

Each share of preferred stock is convertible, at the option of the holder, into one share of common stock of the Company, subject to certain anti-dilution adjustments. The preferred stock will automatically convert into common stock immediately prior to the closing of a qualified underwritten public offering having total gross proceeds to the Company of at least $25.0 million.

Redemption Rights

The preferred stock is not redeemable at the election of the holders or at the election of the Company, subject to the liquidation rights of the holders thereof.

Dividend Rights

Holders of the preferred stock are not entitled to dividends unless declared by the Company's Board of Directors. Any dividends declared must be distributed to the holders of the preferred stock as if their preferred shares were the equivalent amount of common shares as if converted, and no dividends may be paid on the common stock until any and all dividends on the preferred shares have been paid.

Voting Rights

The holders of preferred stock generally vote together either by class, with other holders of preferred stock as a single class, or together with the holders of common stock on all matters and are entitled to one vote for each share of preferred stock held.

Liquidation Rights

In the event of liquidation, dissolution or winding-up of the Company (a "liquidation event"), (i) the holders of Series E are entitled to receive, prior and in preference to any distribution to the holders of Series A, Series B, Series C, Series D, and common stock, the greater of (a) $4.66 per share of Series E plus any declared but unpaid dividends and (b) the amount per share of common stock which holders of Series E would have received if such holders had converted their shares into common stock immediately prior to the liquidation event; and (ii) the holders of Series F are entitled to receive, prior and in preference to any distribution to the holders of Series A, Series B, Series C, Series D, and common stock, the greater of (a) $7.08 per share of Series F plus any declared but unpaid dividends and (b) the amount per share of common stock which holders of Series F would have received if such holders had converted their shares into common stock immediately prior to the liquidation event. If the amounts available to pay the Series E and Series F shareholders (collectively "holders of Senior Preferred Stock") are insufficient to pay the full amounts as described above, the assets shall be distributed ratably to the holders of Senior Preferred Stock in proportion to their full preferential amounts which they are entitled to receive.

Upon satisfaction of the rights of the holders of Senior Preferred Stock, the holders of Series A, Series B, Series C, and Series D (collectively "holders of Junior Preferred Stock") are entitled to receive, prior and in preference to any distribution to the holders of common stock, the greater of (a) $1.16 per share of Series A plus any unpaid dividends, $1.4966 per share of Series B plus any unpaid dividends, $3.7415 per share of Series C plus any unpaid dividends and $3.7415 per share of Series D plus any unpaid dividends and (b) the amount per share of common stock which holders of Junior Preferred Stock would have received if such holders had converted their shares into common stock immediately prior to the liquidation event. If the amounts available to pay the holders of Junior Preferred Stock in full are not enough, the assets shall be distributed ratably to all holders of Junior Preferred Stock in proportion to their full preferential amounts which they are entitled to receive.

Change in Control

Upon the occurrence of a consolidation, merger or acquisition of the Company or a sale of all or substantially all of the assets of the Company or a sale of a majority of the voting securities of the Company in one transaction or a series of related transactions, a liquidation, dissolution or winding-up of the affairs of the Company shall be deemed to have occurred and the holders of preferred stock shall be paid the liquidation amount for their shares.

9. Note Receivable from Stockholder

In May 1999, the Company issued a note receivable to a consultant for the purchase of 200,000 common shares at $0.24 per share. The note accrues interest on June 30 and December 31 at 8% per annum. Interest is payable semiannually in arrears on June 30 and December 31 of each year, and the principal is payable in full on the earlier of May 15, 2005, or immediately prior to an initial public offering. The remaining note receivable balance of $43,000 is included as a reduction of stockholders' equity at December 31, 2004.

10. Stock Option Plan

Under the Company's 1994 Stock Option Plan (the "1994 Plan"), as amended, 8,785,465 shares of the Company's common stock were reserved for issuance to directors, officers, employees and consultants of the Company. Options may be designated and granted as either "Incentive Stock Options" or "Nonstatutory" Stock Options. Eligibility for Incentive Stock Options ("ISOs") is limited to those individuals whose employment status would qualify them for the tax treatment associated with ISOs in accordance with the Internal Revenue Code. The 1994 Plan expired November 16, 2004.

In October 2001, the Company adopted the 2001 Special Stock Option Plan (the "2001 Plan"). Under the 2001 Plan, the Board authorized the issuance of options to purchase 642,310 shares of previously authorized common stock under modified vesting requirements. The 2001 Plan is administered by a Committee of the Board of Directors. Options granted to employees under the 2001 Plan may be designated as ISOs or Nonstatutory Stock Options. In 2004 and 2003, there were 571,405 and 40,000 options granted, respectively, under the 2001 Plan.

During 2004, the Company issued 25,899 and 371,685 restricted shares of common stock under the 1994 Plan and 2001 Plan, respectively, all of which were outstanding at December 31, 2004. Deferred compensation of $669,912 was recorded in association with the issuance of these restricted shares, of which $283,325 was expensed in 2004. The remaining balance of $386,587 will be expensed in 2005 through 2007. Upon termination of the stockholder's business relationship with the Company, per the terms of the restricted stock agreements, the Company 1) shall purchase all unvested shares from the stockholder at the price paid for them and 2) may purchase all but not less than all of the stockholder's vested shares at the greater of i) the price paid for them and ii) the product of the Fair Market Value (as defined in the 2001 Plan) at the time of repurchase and the number of vested shares to be repurchased.

Immediately upon expiration of the 1994 Plan, the Company adopted the 2004 Stock Option and Incentive Plan (the "2004 Plan"). Under the 2004 Plan, 1,189,423 shares of the Company's common stock were reserved for issuance to directors, officers, employees and consultants of the Company. In addition, stock options returned to the 1994 Plan, in accordance therewith, after November 16, 2004, as a result of the expiration, cancellation or termination, are automatically made available for issuance under the 2004 Plan. The aggregate number of shares that may be issued pursuant to the 2004 Plan shall not exceed 3,695,223 shares. Options may be designated and granted as either "Incentive Stock Options" or "Nonstatutory" Stock Options. Eligibility for ISOs is limited to those individuals whose employment status would qualify them for the tax treatment associated with ISOs in accordance with the Internal Revenue Code.

Options granted under the 1994 Stock Option Plan, the 2001 Plan and the 2004 Plan (the "Plans") are subject to terms and conditions as determined by the Compensation Committee of the Board of Directors, including vesting periods. Options granted under the Plans are exercisable in full at any time subsequent to vesting, generally vest over periods from 0 to 5 years, and expire upon the earlier of 10 years from the date of grant or 60 or 90 days from employee termination. The exercise price for each ISO grant is determined by the Board of Directors of the Company to be equal to the fair value of the common stock on the date of grant. In reaching this determination at the time of each such grant, the Board considers a broad range of factors, including the illiquid nature of an investment in the Company's common stock, the Company's historical financial performance, the Company's future prospects and the value of preferred stock based on recent financing activities. The exercise price of nonstatutory options may be set at a price other than the fair market value of the common stock.

iROBOT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company applies APB 25 and related interpretations in accounting for stock-based compensation.

Stock option plan activity is as follows:

	Number of Shares	Weighted Average Exercise Price
Outstanding at December 31, 2002	1,579,708	$ 0.584
Granted	494,455	2.294
Exercised	(68,990)	0.171
Canceled	(21,715)	1.034
Outstanding at December 31, 2003	1,983,458	1.019
Granted	1,544,959	2.170
Exercised	(768,707)	0.737
Canceled	(154,710)	1.790
Outstanding at December 31, 2004	2,605,000	1.770
Weighted average fair value of options granted during 2004		$ 0.416
Options available for future grant at December 31, 2004	290,973	

The following table summarizes information about stock options outstanding at December 31, 2004:

	Options Outstanding			Options Exercisable	
Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$0.0002	378,710	2.52years	$ 0.0002	378,710	$ 0.0002
0.24	191,380	4.25	0.24	191,380	0.24
0.50	7,940	4.93	0.50	7,940	0.50
0.55	247,038	7.97	0.55	58,018	0.55
1.87	219,028	5.96	1.87	166,278	1.87
2.33	901,654	8.96	2.33	201,333	2.33
2.78	614,675	9.55	2.78	2,050	2.78
4.60	44,575	9.92	4.60	—	—
$0.0002-$4.60	2,605,000	7.48	$ 1.770	1,005,709	$ 0.863

11. Warrants

Pursuant to a 1998 development agreement, the Company granted to Hasbro, Inc. warrants to purchase 1,114,115 shares of common stock. Warrants to purchase 481,095 common shares at $2.08 per share (the “Initial Warrant”) were immediately exercisable and were scheduled to expire on October 30, 2003. The warrants included a put option which allows the holder to require cash settlement of the warrant by the Company at a price equal to the difference between the fair market value and the exercise price of the warrants on that date. The fair value of the warrants granted was determined to be approximately $7,000 using the Black-Scholes option-pricing model and the Company recorded the full value of these warrants as research and development expense in 1998. In accordance with Emerging Issues Task Force Issue No. 88-9, *Put Warrants*, the Company recorded the fair value of the instrument as a liability and subsequently adjusts the value of the warrants to the highest redemption price of the warrant.

Warrants to purchase up to 633,020 common shares at $1.97 per share (the "Additional Warrant") were scheduled to become exercisable beginning 30 days prior to a public offering or a change in control, subject to the occurrence of certain events, and ending immediately prior to the public offering or change in control. The fair value of these warrants on the date they first became exercisable would have been charged to expense at that time.

On October 30, 2003, Hasbro provided notice to the Company that it intended to exercise the Initial Warrant, and iRobot issued to Hasbro 51,619 shares. On December 19, 2003, pursuant to a Stock Repurchase and Warrant Termination Agreement, iRobot repurchased 51,619 shares of Company common stock for $120,272, in exchange for final termination of the Initial Warrant and the Additional Warrant.

Under the terms of the January 30, 2003 Credit Agreement with a bank (Note 6), the Company issued warrants to the bank to purchase 18,000 shares of common stock at an approximate exercise price of $3.74 per share. The warrants are subject to certain adjustments and may be exercised at any time until January 29, 2010. The estimated fair value of the warrants of $22,312 was determined using the Black-Scholes option-pricing model. For this purpose, the Company assumed a risk-free rate of return of 3.12%; an expected life of 2 years; 100% volatility and no dividends. The Company recorded the estimated fair value of the warrants as additional paid-in-capital and other assets and amortized the fair value to interest expense over the eleven months outstanding under the Credit Agreement in 2003.

12. Income Taxes

The components of income tax expense were as follows:

	2002	2003	2004
Current			
Federal	$ —	$ 33,285	$ 89,794
State	14,695	2,942	54,381
	$ 14,695	$ 36,227	$ 144,175

The components of net deferred tax assets are as follows at December 31, 2004 and 2003:

	2003	2004
Deferred tax asset		
Net operating loss carryforwards	$ 4,997,578	$ 5,184,200
Tax credits	735,387	1,019,900
Reserves and accruals	5,313,241	5,228,000
Total deferred tax asset	11,046,206	11,432,100
Valuation allowance	(11,046,206)	(11,432,100)
Net deferred tax asset	$ —	$ —

The Company has provided a full valuation allowance for the deferred tax assets since it is more likely than not that these future benefits will not be realized. If the Company achieves future profitability, a significant portion of these deferred tax assets could be available to offset future income taxes. Of the $11,432,100 valuation allowance at December 31, 2004, $31,600 relating to deductions for stock option compensation will be credited to additional paid-in capital upon realization.

At December 31, 2004, the Company had available net operating loss carryforwards for federal and state purposes of $13,086,400 and $11,719,707, respectively. The federal net operating loss carryforwards expire at

various dates from 2020 through 2024. The state net operating loss carryforwards began to expire in 2005. The Company also had available research and development credit carryforwards to offset future federal and state taxes of $623,500 and $472,900, respectively, which expire at various dates from 2012 through 2024. Under the Internal Revenue Code, certain substantial changes in the Company's ownership could result in an annual limitation of the amount of net operating loss and tax credit carryforwards which can be utilized in future years.

The reconciliation of the expected tax (benefit) expense (computed by applying the federal statutory rate to income before income taxes) to actual tax expense was as follows:

	2002	2003	2004
Expected federal income tax	$ (3,770,898)	$ (2,521,382)	$ 123,531
Permanent items	5,914	21,874	45,112
State taxes	(551,993)	(411,920)	(302,183)
Credits	75,011	(165,387)	(165,600)
Other	—	—	57,488
Increase in valuation allowance	4,256,661	3,113,042	385,827
	$ 14,695	$ 36,227	$ 144,175

13. Commitments and Contingencies

Legal

The Company has received a letter from a UK Government agency (the "Customer") dated February 9, 2004, attempting to terminate a contract for the design, development, production and support of a number of man-portable remote control vehicles for use in explosive ordnance disposal operations. The Company entered into the contract on May 23, 2001, and has substantially completed the product design and development phase of the work. The Company received payments based upon achieving a number of contract milestones and has recognized revenue based on progress under the percentage-of-completion method of accounting. In addition to the milestone payments, the Customer has advanced the Company funds to purchase long-lead inventory components in advance of the production contemplated in the contract. The Company has been paid 3,673,843 Great Britain Pounds (approximately $7.0 million at the current exchange rate), which includes 671,848 Great Britain Pounds (approximately $1.3 million) for long-lead inventory items. In its termination letter, the Customer has demanded a refund of all monies paid under the contract. The Company has engaged legal counsel in anticipation of a negotiated settlement with the Customer. Management believes that it has adequately provided for the possibility of refunding some portion of the payments made to date under the contract.

Lease Obligations

The Company leases its facilities and certain equipment. Rental expense under operating leases for 2004, 2003 and 2002 amounted to $934,482, $1,101,384 and $486,612, for facilities and $926, $20,001 and $22,998 for equipment, respectively. Future minimum rental payments under operating leases were as follows as of December 31, 2004:

	Operating Leases
2005	$ 929,180
2006	771,989
2007	746,630
2008	766,394
2009	—
Thereafter	—
Total minimum lease payments	$ 3,214,193

Guarantees and Indemnification Obligations

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these agreements, the Company indemnifies and agrees to reimburse the indemnified party for losses incurred by the indemnified party, generally the Company's customers, in connection with any patent, copyright, trade secret or other proprietary right infringement claim by any third party with respect to the Company's software. The term of these indemnification agreements is generally perpetual any time after execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. The Company has never incurred costs to defend lawsuits or settle claims related to these indemnification agreements. As a result, the Company believes the estimated fair value of these agreements is minimal. Accordingly, the Company has no liabilities recorded for these agreements as of December 31, 2004.

Warranty

The Company provides warranties on most products and has established a reserve for warranty based on identified warranty costs. The reserve is included as part of accrued expenses (Note 5) in the accompanying balance sheets. The rollforward of activity in the warranty accrual for the year ending December 31, 2004 is as follows:

Balance, December 31, 2002	$ 8,063
Provisions	1,514,165
Warranty settlements	—
Balance, December 31, 2003	1,522,228
Provisions	1,277,811
Warranty settlements	(1,401,657)
Balance, December 31, 2004	1,398,382
Provisions	2,144,127
Warranty settlements	(1,514,084)
Balance, July 2, 2005 (unaudited)	$ 2,028,425

Restricted Cash

At December 31, 2004 and 2003, cash totaling $82,000 was pledged as security for outstanding letters of credit or certain operating leases and was included as a component of other assets in the accompanying balance sheets.

14. Employee Benefits

The Company sponsors a retirement plan under Section 401(k) of the Internal Revenue Code (the "Retirement Plan"). All Company employees, with the exception of temporary and contract employees, are eligible to participate in the Retirement Plan after satisfying age and length of service requirements prescribed by the plan. Under the Retirement Plan, employees may make tax-deferred contributions, and the Company, at its sole discretion, and subject to the limits prescribed by the IRS, may make either a nonelective contribution on behalf of all eligible employees or a matching contribution on behalf of all plan participants.

The Company elected to make a matching contribution of approximately $267,000, $186,000 and $172,000 for the plan years ended December 31, 2004, 2003 and 2002 ("Plan-Year 2004," "Plan-Year 2003" and "Plan-Year 2002"), respectively. The employer contribution represents a matching contribution at a rate of 50% of each employee's first six percent contribution. Accordingly, each employee participating during Plan-Year 2004, Plan-Year 2003 and Plan-Year 2002 is entitled up to a maximum of three percent of his or her eligible annual payroll. The employer matching contribution for Plan-Year 2004 was paid into the Retirement Plan in March 2005.

15. Related Party Transactions

The Company entered into a research and development contract with Intelligent Inspection Corporation ("IIC") effective November 1999 whereby IIC agreed to pay costs incurred by the Company plus a fixed fee of 10%. Revenue from IIC was approximately $1.2 million during 2002. The Company has entered into subsequent agreements with similar terms. In December 2002, the officers and directors of the Company holding 22% of the outstanding voting stock of IIC donated their shares to a third party as a charitable contribution. At December 31, 2003, the Company owns approximately 6% of the outstanding voting stock of IIC.

For all periods presented, the Company has not recorded any losses related to the investment in IIC because the carrying value of the Company's investment in IIC has been zero and the Company has no obligation to fund IIC.

As of December 31, 2003, the Company had $121,364 of outstanding receivables from IIC, of which 100% was reserved as uncollectible. Operations of IIC have been suspended. During 2004, the Company wrote off this outstanding receivable and no longer maintains any related party transactions.

16. Business Segment Information

The Company operates in two reportable segments, the consumer business and government and industrial business. The nature of products and types of customers for the two segments vary significantly. As such, the segments are managed separately.

Consumer

The Company's consumer business offers products through a network of retail businesses throughout the U.S. and to certain countries through international distributors. The Company's consumer segment includes mobile robots used in the maintenance of domestic households sold primarily to retail outlets.

Government and Industrial

The Company's government and industrial division offers products through a small U.S. government-focused sales force, while products are sold to a limited number of countries other than the United States through international distribution. The Company's government and industrial products are robots used by various U.S. and foreign governments, primarily for reconnaissance and bomb disposal missions.

Other

In 2002, the Company consisted of numerous, small units that were not operating in any clearly defined business segments. It would not be practicable to prepare 2002 revenue and cost of revenue on a basis comparable to the segment data in 2003, 2004 and 2005.

The table below presents segment information about revenue, cost of revenue and gross profit:

	Fiscal Year Ended			Six Months Ended	
	December 31, 2002	December 31, 2003	December 31, 2004	June 30, 2004	July 2, 2005
				(unaudited)	
Revenue:					
Consumer	$ —	$ 43,073,149	$ 71,332,584	$ 19,400,585	$ 19,573,344
Government & Industrial	—	11,243,003	23,231,496	8,777,533	23,383,198
Other	14,816,508	—	479,069	431,430	62,037
Total revenue	14,816,508	54,316,152	95,043,149	28,609,548	43,018,579
Cost of revenue:					
Consumer	—	27,386,629	48,281,833	12,279,393	14,497,592
Government & Industrial	—	9,950,231	19,307,902	7,537,198	18,034,011
Other	16,756,635	—	101,990	—	(11,118)
Total cost of revenue	16,756,635	37,336,860	67,691,725	19,816,591	32,520,485
Gross Profit:					
Consumer	—	15,686,520	23,050,751	7,121,192	5,075,752
Government & Industrial	—	1,292,772	3,923,594	1,240,335	5,349,187
Other	(1,940,127)	—	377,079	431,430	73,155
Total gross profit	$ (1,940,127)	$ 16,979,292	$ 27,351,424	$ 8,792,957	$ 10,498,094

17. Subsequent Event

On May 26, 2005, the Company obtained a working capital line of credit with a bank under which the Company can borrow up to $20.0 million, including a $2.0 million sub-limit for equipment financing. Interest accrues at a variable rate based on prime or published LIBOR rates. The line expires on May 26, 2007 at which time all advances will be immediately due and payable. Borrowings are secured by substantially all of the Company's assets other than its intellectual property. Under the terms of this credit facility, the Company is required to comply with certain financial covenants.

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"You have saved lives today!"

Electronic Technician 2nd Class José E. Ferreira, US Navy

"When a robot dies you don't have to write a letter to its mother."

Navy chief commenting on PackBot EOD #129 after its destruction in the line of duty

"The robot should go in first."

Colonel, 82nd Airborne, Afghanistan

"PackBot is as tough or tougher, than any piece of military equipment I have ever used."

Colonel, Afghanistan

"Roomba is awesome."

Mike, Massachusetts

"I have never been so delighted or excited about a product-ever. [Roomba] has made such a difference in my life!"

Janine, Connecticut

"I have 4 boys and 2 cats and this little "robot" keeps my rugs and hardwood floors dirt and hair free!"

Rob, Colorado

"Wow! I love my Roomba!
I am unable to vacuum without extreme pain and wanted one of the robots to help keep me independent."

Sandra, Wyoming

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the costs and expenses, other than the underwriting discount, payable by us in connection with the sale of common stock being registered. All amounts are estimated except the SEC registration fee and the NASD filing fees.

SEC registration fee	$ 13,536
NASD filing fee	12,000
NASDAQ National Market listing fee	*100,000
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Blue Sky fees and expenses (including legal fees)	*
Transfer agent and registrar fees and expenses	*
Miscellaneous	*
Total	$ *

* To be filed by amendment.

Item 14. ***Indemnification of Directors and Officers.***

Section 145(a) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the Delaware General Corporation Law provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of

another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the Delaware General Corporation Law.

Article VII of our amended and restated certificate of incorporation (the "Charter"), provides that no director of our company shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to us or our stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) in respect of unlawful dividend payments or stock redemptions or repurchases, or (4) for any transaction from which the director derived an improper personal benefit. In addition, our Charter provides that if the Delaware General Corporation Law is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of our company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Article VII of the Charter further provides that any repeal or modification of such article by our stockholders or an amendment to the Delaware General Corporation Law will not adversely affect any right or protection existing at the time of such repeal or modification with respect to any acts or omissions occurring before such repeal or modification of a director serving at the time of such repeal or modification.

Article V of our amended and restated by-laws (the "By-Laws"), provides that we will indemnify each of our directors and officers and, in the discretion of our board of directors, certain employees, to the fullest extent permitted by the Delaware General Corporation Law as the same may be amended (except that in the case of an amendment, only to the extent that the amendment permits us to provide broader indemnification rights than the Delaware General Corporation Law permitted us to provide prior to such the amendment) against any and all expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by the director, officer or such employee or on the director's, officer's or employee's behalf in connection with any threatened, pending or completed proceeding or any claim, issue or matter therein, to which he or she is or is threatened to be made a party because he or she is or was serving as a director, officer or employee of our company, or at our request as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of our company and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. Article V of the By-Laws further provides for the advancement of expenses to each of our directors and, in the discretion of the board of directors, to certain officers and employees.

In addition, Article V of the By-Laws provides that the right of each of our directors and officers to indemnification and advancement of expenses shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any statute, provision of the Charter or By-Laws, agreement, vote of stockholders or otherwise. Furthermore, Article V of the By-Laws authorizes us to provide insurance for our directors, officers and employees, against any liability, whether or not we would have the power to indemnify such person against such liability under the Delaware General Corporation Law or the provisions of Article V of the By-Laws.

In connection with the sale of common stock being registered hereby, we intend to enter into indemnification agreements with each of our directors and our executive officers. These agreements will provide that we will indemnify each of our directors and such officers to the fullest extent permitted by law and the Charter and By-Laws.

We also maintain a general liability insurance policy which covers certain liabilities of directors and officers of our company arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our

officers and persons who control us within the meaning of the Securities Act of 1933, as amended, against certain liabilities.

Item 15. ***Recent Sales of Unregistered Securities.***

In the three years preceding the filing of this registration statement, we have issued the following securities that were not registered under the Securities Act:

(a) Issuances of Capital Stock.

In February, March and May 2003, we issued and sold an aggregate of 2,799,353 shares of our Series E convertible preferred stock to 30 investors for an aggregate purchase price of $13,044,985.

In November 2004, we issued and sold an aggregate of 1,412,430 shares of our Series F convertible preferred stock to 38 investors for an aggregate purchase price of $10,000,004.

No underwriters were used in the foregoing transactions. All sales of securities described above were made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act (and/or Regulation D promulgated thereunder) for transactions by an issuer not involving a public offering. All of the foregoing securities are deemed restricted securities for the purposes of the Securities Act.

(b) Grants and Exercises of Stock Options.

Since July 2, 2002, we have granted stock options to purchase 2,672,010 shares of common stock with exercise prices ranging from $0.55 to $4.96 per share, to employees, directors and consultants pursuant to our stock option plans. Of these options, 359,510 have been exercised for an aggregate consideration of $535,909 as of July 2, 2005. The issuance of common stock upon exercise of the options was exempt either pursuant to Rule 701, as a transaction pursuant to a compensatory benefit plan, or pursuant to Section 4(2), as a transaction by an issuer not involving a public offering. The common stock issued upon exercise of options are deemed restricted securities for the purposes of the Securities Act.

(c) Issuance of Warrant.

In January 2003, we issued a warrant to Silicon Valley Bank to purchase up to 18,000 shares of common stock at an exercise price of $3.7415 per share for an aggregate purchase price of $1.00 in connection with a financing agreement entered into with Silicon Valley Bank. This issuance was made in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act (and/ or Regulation D promulgated thereunder) for transactions by an issuer not involving a public offering. The common stock issued upon exercise of the warrant are deemed restricted securities for the purposes of the Securities Act.

Item 16. ***Exhibits.***

(a) See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules

None.

Item 17. ***Undertakings.***

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such

indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Burlington, Commonwealth of Massachusetts on September 12, 2005.

iROBOT CORPORATION

By: /s/ Colin M. Angle
Colin M. Angle
Chief Executive Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on September 12, 2005:

Signature	Title(s)
/s/ Helen Greiner Helen Greiner	Chairman of the Board
/s/ Colin M. Angle Colin M. Angle	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Geoffrey P. Clear Geoffrey P. Clear	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ Gerald C. Kent, Jr. Gerald C. Kent, Jr.	Vice President and Controller (Principal Accounting Officer)
* Ronald Chwang	Director
* Jacques S. Gansler	Director
* Rodney A. Brooks	Director
* Andrea Geisser	Director
* George C. McNamee	Director
* Peter Meekin	Director

*By: /s/ Geoffrey P. Clear
Geoffrey P. Clear
Attorney-in-fact

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EXHIBIT INDEX

Number	Description
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Certificate of Incorporation of the Registrant
3.2	Form of Second Amended and Restated Certificate of Incorporation of the Registrant (to be effective upon the completion of the offering)
3.3	Amended and Restated By-laws of the Registrant
4.1*	Specimen Stock Certificate for shares of the Registrant's Common Stock
4.2*	Shareholder Rights Agreement between the Registrant and Computershare Trust Company, Inc., as the Rights Agent
5.1*	Opinion of Goodwin Procter LLP
10.1**	Fifth Amended and Restated Registration Rights Agreement by and among the Registrant, the Investors and the Stockholders named therein, dated as of November 10, 2004
10.2*	Form of Indemnification Agreement between the Registrant and its Directors and Officers
10.3†	Registrant's 2005 Incentive Compensation Plan
10.4†**	Amended and Restated 1994 Stock Plan and forms of agreements thereunder
10.5†*	Amended and Restated 2001 Special Stock Option Plan and forms of agreements thereunder
10.6†	Amended and Restated 2004 Stock Option and Incentive Plan and forms of agreements thereunder
10.7	Lease Agreement between the Registrant and Burlington Crossing Office LLC for the premises located at 63 South Avenue, Burlington, Massachusetts, dated as of October 29, 2002, as amended
10.8**	Warrant to Purchase Common Stock of the Registrant issued to Silicon Valley Bank, dated as of January 30, 2003
10.9**	Loan and Security Agreement between the Registrant and Fleet National Bank, dated as of May 26, 2005
10.10†*	Employment Agreement between the Registrant and Colin Angle, dated as of January 1, 1997
10.11†*	Employment Agreement between the Registrant and Helen Greiner, dated as of January 1, 1997
10.12†*	Employment Agreement between the Registrant and Geoffrey P. Clear, dated as of March 28, 2003
10.13†*	Employment Agreement between the Registrant and Joseph W. Dyer, dated as of February 18, 2004
10.14†*	Employment Agreement between the Registrant and Gregory F. White, dated as of February 18, 2004
10.15†*	Independent Contractor Agreement between the Registrant and Rodney Brooks, dated as of December 30, 2002
10.16**	Government Contract DAAE07-03-9-F001 (Small Unmanned Ground Vehicle)
10.17**	Government Contract N00174-03-D-0003 (Man Transportable Robotic System)
10.18†	2005 Stock Option and Incentive Plan and forms of agreements thereunder
10.19#	Manufacturing and Services Agreement between the Registrant and Gem City Engineering Corporation, dated as of July 27, 2004
23.1*	Consent of Goodwin Procter LLP (included in Exhibit 5.1)
23.2	Consent of PricewaterhouseCoopers LLP
24.1**	Power of Attorney (included in page II-5)

* To be filed by amendment.

** Previously filed.

† Indicates a management contract or any compensatory plan, contract or arrangement.

Confidential treatment requested for portions of this document.

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

IROBOT CORPORATION

iRobot Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is iRobot Corporation. The date of the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was December 20, 2000 (the "Original Certificate"). The name under which the Corporation filed the Original Certificate was iRobot Corporation.

2. This Amended and Restated Certificate of Incorporation (the "Certificate") amends, restates and integrates the provisions of the Amended and Restated Certificate of Incorporation that was filed with the Secretary of State of the State of Delaware on November 10, 2004 (the "Amended and Restated Certificate"), and was duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law (the "DGCL").

3. The text of the Amended and Restated Certificate is hereby amended and restated in its entirety to provide as herein set forth in full.

ARTICLE I

The name of the Corporation is iRobot Corporation.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

CAPITAL STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares, of which (i) Ninety Million Four Hundred Forty-two Thousand Seven Hundred Fifty-four (90,442,754) shares shall be a class designated as common stock, par value $.01 per share (the "Common Stock"), (ii) 9,557,246 shares shall be a class designated as pre-IPO preferred stock, par value $.01 per share (the "pre-IPO Preferred Stock"), and (iii) Five Million (5,00,000) shares shall be a class designated as undesignated preferred stock, par value $0.01 per share (the "Undesignated Preferred Stock" and, together with the pre-IPO Preferred Stock, the "Preferred Stock").

Of the total number of authorized shares of pre-IPO Preferred Stock, 1,336,370 shares shall be designated as Series A Convertible Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock"), 668,185 shares shall be designated as Series B Convertible Preferred Stock, par value $0.01 per share (the "Series B Preferred Stock"), 1,470,000 shares shall be designated as Series C Convertible Preferred Stock, par value $0.01 per share (the "Series C Preferred Stock"), 1,870,908 shares shall be designated as Series D Convertible Preferred Stock, par value $0.01 per share (the "Series D Preferred Stock"), 2,799,353 shares shall be designated as Series E Convertible Preferred Stock, par value $0.01 per share (the "Series E Preferred Stock"), and 1,412,430 shares shall be designated as Series F Convertible Preferred Stock, par value $0.01 per share (the "Series F Preferred Stock"; the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock, the Series D Preferred Stock, the Series E Preferred Stock and the Series F Preferred Stock are together referred to herein as the "Series Preferred Stock").

The number of authorized shares of the class of Common Stock and Undesignated Preferred Stock may from time to time be increased or decreased (but not below the number of shares outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote, without a vote of the holders of the Preferred Stock (subject to the terms of the pre-IPO Preferred Stock and except as otherwise provided in any certificate of designations of any series of Undesignated Preferred Stock).

The powers, preferences and rights of, and the qualifications, limitations and restrictions upon, each class or series of stock shall be determined in accordance with, or as set forth below in, this Article IV.

A. COMMON STOCK

Subject to all the rights, powers and preferences of the Preferred Stock and except as provided by law or in this Article IV (or in any certificate of designations of any series of Undesignated Preferred Stock):

(a) the holders of the Common Stock shall have the exclusive right to vote for the election of directors of the Corporation (the "Directors") and on all other matters requiring stockholder action, each outstanding share entitling the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate (or on any amendment to a certificate of

designations of any series of Undesignated Preferred Stock) that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Undesignated Preferred Stock if the holders of such affected series are entitled to vote, either separately or together with the holders of one or more other such series, on such amendment pursuant to this Certificate (or pursuant to a certificate of designations of any series of Undesignated Preferred Stock) or pursuant to the DGCL;

(b) dividends may be declared and paid or set apart for payment upon the Common Stock out of any assets or funds of the Corporation legally available for the payment of dividends, but only when and as declared by the Board or any authorized committee thereof; and

(c) upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock.

B. PRE-IPO PREFERRED STOCK

1. Dividends.

(a) In the event that the Corporation shall at any time pay a dividend (other than a dividend payable solely in shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock) on the Common Stock, it shall pay to the holders of shares of Series Preferred Stock (on an as converted basis determined by calculating the number of whole shares of Common Stock into which the holders' shares of Series Preferred Stock are convertible pursuant to the provisions of Section 5 hereof) on a pari passu basis and in preference and priority to any payment to the holders of Common Stock, a dividend equal to such dividend on the Common Stock. Unless full dividends on the Series Preferred Stock have been paid or declared and a sum sufficient for the payment thereof set apart, no dividend whatsoever (other than a dividend payable solely in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of Common Stock) shall be paid or declared, and no distribution shall be made, on any Common Stock.

(b) The Corporation shall not at any time pay a dividend on any series of Series Preferred Stock unless at the same time an equivalent dividend is paid to the holders of all other series of Series Preferred Stock (on an as converted basis determined by calculating the number of whole shares of Common Stock into which the holders' shares of Series Preferred Stock are convertible pursuant to the provisions of Section 5 hereof) on a pari passu basis.

(c) The holders of the Series Preferred Stock shall be entitled to receive dividends only when, as and if declared by the Board of Directors of the Corporation.

2. Liquidation, Dissolution or Winding Up.

(a) Primary Distribution. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any distribution may be made with respect to the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock or the Series D Preferred Stock (collectively the "Junior Preferred Stock"), the Common Stock or any other series of capital stock, the holders of each share of Series E Preferred Stock and the holders of each share of Series F Preferred Stock (collectively, the "Senior Preferred Stock") shall be entitled to be paid out of the assets of the Corporation available for distribution to holders of the Corporation's capital stock of all classes, whether such assets are capital, surplus, or capital earnings, an amount equal to (i) with respect to each share of Series E Preferred Stock, the greater of (A) $4.66 per share of Series E Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series E Preferred Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common Stock which such holders of Series E Preferred Stock would have received if such holders had converted their shares of Series E Preferred Stock into Common Stock at the then effective Series E Conversion Price immediately prior to such event (the "Series E Liquidation Amount"), (ii) with respect to each share of Series F Preferred Stock, the greater of (A) $7.08 per share of Series F Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series F Preferred Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common stock which such holders of Series F Preferred Stock would have received if such holders had converted their shares of Series F Preferred Stock into Common Stock at the then effective Series F Conversion Price immediately prior to such event (the "Series F Liquidation Amount" and together with the Series E Liquidation Amount, the "Senior Preferred Liquidation Amount").

If, upon any liquidation, dissolution or winding up of the Corporation, the assets and funds of the Corporation legally available for distribution to the holders of the Senior Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of the Senior Preferred Stock in a manner such that each holder of the Senior Preferred Stock shall receive the amount obtained by multiplying the entire assets and funds of the Corporation legally available for distribution to the holders of the Senior Preferred Stock by a fraction, (i) the numerator of which shall be the product obtained by multiplying the number of shares of Senior Preferred Stock then held by such holder by the applicable Senior Preferred Liquidation Amount per each share of the Senior Preferred Stock, and (ii) the denominator of which shall be the product obtained by multiplying the total then outstanding number of shares of Senior Preferred Stock by the applicable Senior Preferred Liquidation Amount per each share of the Senior Preferred Stock.

After the payment of the Senior Preferred Liquidation Amount shall have been made in full to the holders of the Senior Preferred Stock or funds necessary for such payment shall have been set aside by the Corporation in trust for the account of such holders so as to be

available for such payments, the holders of the Senior Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation, and the remaining assets of the Corporation legally available for distribution to its stockholders shall be distributed among the holders of other classes of securities of the Corporation in accordance with their respective terms.

(b) Secondary Distribution. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, after the payment of the Senior Preferred Liquidation Amount shall have been made in full to the holders of the Senior Preferred Stock or funds necessary for such payment shall have been set aside by the Corporation in trust for the account of such holders so as to be available for such payments, and before any distribution may be made with respect to the Common Stock or any other series of capital stock, the holders of each share of Junior Preferred Stock shall be entitled to be paid out of the assets of the Corporation remaining available for distribution to holders of the Corporation's capital stock of all classes, whether such assets are capital, surplus, or capital earnings, an amount equal to (i) with respect to each share of Series A Preferred Stock, the greater of (A) $1.16 per share of Series A Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series A Preferred Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common Stock which such holders of Series A Preferred Stock would have received if such holders had converted their shares of Series A Preferred Stock into Common Stock at the then effective Series A Conversion Price immediately prior to such event (the "Series A Liquidation Amount"), (ii) with respect to each share of Series B Preferred Stock, the greater of (A) $1.4966 per share of Series B Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series B Preferred Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common Stock which such holders of Series B Preferred Stock would have received if such holders had converted their shares of Series B Preferred Stock into Common Stock at the then effective Series B Conversion Price immediately prior to such event (the "Series B Liquidation Amount"), (iii) with respect to each share of Series C Preferred Stock, the greater of (A) $3.7415 per share of Series C Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series C Preferred Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common Stock which such holders of Series C Preferred Stock would have received if such holders had converted their shares of Series C Preferred Stock into Common Stock at the then effective Series C Conversion Price immediately prior to such event (the "Series C Liquidation Amount") and (iv) with respect to each share of Series D Preferred Stock, the greater of (A) $3.7415 per share of Series D Preferred Stock (which amount shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event) plus all declared and unpaid dividends thereon since the date of issue up to and including the date full payment shall be tendered to the holders of the Series D Preferred

Stock with respect to such liquidation, dissolution or winding up and (B) the amount per share of Common Stock which such holders of Series D Preferred Stock would have received if such holders had converted their shares of Series D Preferred Stock into Common Stock at the then effective Series D Conversion Price immediately prior to such event (the "Series D Liquidation Amount")(the Series A Liquidation Amount, Series B Liquidation Amount, Series C Liquidation Amount and Series D Liquidation Amount are together referred to herein as the "Junior Preferred Liquidation Amount" and, together with the Senior Preferred Liquidation Amount, the "Series Liquidation Amount").

If, upon any liquidation, dissolution or winding up of the Corporation, the assets and funds of the Corporation legally available for distribution to the holders of Junior Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed among the holders of Junior Preferred Stock in a manner such that each holder of Junior Preferred Stock shall receive the amount obtained by multiplying the entire assets and funds of the Corporation legally available for distribution to the holders of Junior Preferred Stock by a fraction, (i) the numerator of which shall be the product obtained by multiplying the number of shares of Junior Preferred Stock then held by such holder by the applicable Junior Preferred Liquidation Amount per each share of the Junior Preferred Stock, and (ii) the denominator of which shall be the product obtained by multiplying the total then outstanding number of shares of Junior Preferred Stock by the applicable Junior Preferred Liquidation Amount per each share of the Junior Preferred Stock.

After the payment of the Junior Preferred Liquidation Amount shall have been made in full to the holders of the Junior Preferred Stock or funds necessary for such payment shall have been set aside by the Corporation in trust for the account of such holders so as to be available for such payments, the holders of the Junior Preferred Stock shall be entitled to no further participation in the distribution of the assets of the Corporation, and the remaining assets of the Corporation legally available for distribution to its stockholders shall be distributed among the holders of other classes of securities of the Corporation in accordance with their respective terms.

(c) Mergers, Consolidations and Sales of Assets. Upon the occurrence of a (i) consolidation, merger or acquisition of the Corporation (except (A) a merger or consolidation into or with a wholly-owned subsidiary of the Corporation with requisite stockholder approval or (B) in which the beneficial owners of the Corporation's capital stock immediately prior to such transaction continue to hold directly or indirectly not less than a majority of the voting power in the resulting entity) or (ii) a sale of all or substantially all of the assets of the Corporation or (iii) a sale of a majority of the voting securities of the Corporation in one transaction or a series of related transactions, a liquidation, dissolution or winding up of the affairs of the Corporation within the meaning of this Section 3 shall be deemed to have occurred and the holders of Series Preferred Stock shall be paid the Series Liquidation Amount for their shares in accordance with Section 3(a) and 3(b); provided, however, that each holder of Series Preferred Stock shall have the right to elect the benefits of the provisions of Section 5(i) hereof in lieu of receiving payment in liquidation, dissolution or winding up of the Corporation pursuant to this Section 3.

3. Voting Power.

(a) Series A Director. The holders of not less than a majority of the outstanding shares of Series A Preferred Stock shall, voting separately as a separate class, be entitled to elect one Director (the "Series A Director Designee"). At any meeting held for the purpose of electing Directors, the presence in person or by proxy of the holders of at least a majority in interest of the then outstanding shares of Series A Preferred Stock shall constitute a quorum of the Series A Preferred Stock for the election of Directors to be elected solely by the holders of the Series A Preferred Stock. If at any time when any share of Series A Preferred Stock is outstanding the Series A Director Designee should cease to be a Director for any reason, the vacancy shall only be filled by the vote or written consent of the holders of the outstanding shares of Series A Preferred Stock, voting separately as a separate class, in the manner and on the basis specified above. The holders of outstanding shares of Series A Preferred Stock shall also be entitled to vote for all other Directors of the Corporation (other than the Series B Director Designee, Series D Director Designee or Series E Director Designee, each as defined below) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(b) Series B Director. The holders of not less than a majority of the outstanding shares of Series B Preferred Stock shall, voting separately as a separate class, be entitled to elect one Director (the "Series B Director Designee"). At any meeting held for the purpose of electing Directors, the presence in person or by proxy of the holders of at least a majority in interest of the then outstanding shares of Series B Preferred Stock shall constitute a quorum of the Series B Preferred Stock for the election of Directors to be elected solely by the holders of the Series B Preferred Stock. If at any time when any share of Series B Preferred Stock is outstanding the Series B Director Designee should cease to be a Director for any reason, the vacancy shall only be filled by the vote or written consent of the holders of the outstanding shares of Series B Preferred Stock, voting separately as a separate class, in the manner and on the basis specified above. The holders of outstanding shares of Series B Preferred Stock shall also be entitled to vote for all other Directors of the Corporation (other than the Series A Director Designee, Series D Director Designee or Series E Director Designee) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(c) Series C. The holders of outstanding shares of Series C Preferred Stock shall be entitled to vote for all Directors of the Corporation (other than the Series A Director Designee, the Series B Director Designee, the Series D Director Designee or the Series E Director Designee) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(d) Series D Director. The holders of not less than a majority of the outstanding shares of Series D Preferred Stock shall, voting separately as a separate class, be entitled to elect one Director (the "Series D Director Designee"). At any meeting held for the

purpose of electing Directors, the presence in person or by proxy of the holders of at least a majority in interest of the then outstanding shares of Series D Preferred Stock shall constitute a quorum of the Series D Preferred Stock for the election of Directors to be elected solely by the holders of the Series D Preferred Stock. If at any time when any share of Series D Preferred Stock is outstanding the Series D Director Designee should cease to be a Director for any reason, the vacancy shall only be filled by the vote or written consent of the holders of the outstanding shares of Series D Preferred Stock, voting separately as a separate class, in the manner and on the basis specified above. The holders of outstanding shares of Series D Preferred Stock shall also be entitled to vote for all other Directors of the Corporation (other than the Series A Director Designee, Series B Director Designee or Series E Director Designee) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(e) Series E Director. The holders of not less than a majority of the outstanding shares of Series E Preferred Stock shall, voting separately as a separate class, be entitled to elect one Director (the "Series E Director Designee"). At any meeting held for the purpose of electing Directors, the presence in person or by proxy of the holders of at least a majority in interest of the then outstanding shares of Series E Preferred Stock shall constitute a quorum of the Series E Preferred Stock for the election of Directors to be elected solely by the holders of the Series E Preferred Stock. If at any time when any share of Series E Preferred Stock is outstanding the Series E Director Designee should cease to be a Director for any reason, the vacancy shall only be filled by the vote or written consent of the holders of the outstanding shares of Series E Preferred Stock, voting separately as a separate class, in the manner and on the basis specified above. The holders of outstanding shares of Series E Preferred Stock shall also be entitled to vote for all other Directors of the Corporation (other than the Series A Director Designee, Series B Director Designee or Series D Director Designee) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(f) Series F. The holders of outstanding shares of Series F Preferred Stock shall be entitled to vote for all Directors of the Corporation (other than the Series A Director Designee, Series B Director Designee, Series D Director Designee or Series E Director Designee) together with holders of all other shares of the Corporation's outstanding capital stock entitled to vote thereon, voting together as a single class, with each outstanding share entitled to the same number of votes specified in Section 4(f).

(g) Other Voting. Except as otherwise expressly provided in Section 6 hereof, or as required by law, each holder of Series Preferred Stock shall be entitled to vote on all matters, with each such holder entitled to that number of votes equal to the largest number of whole shares of Common Stock into which such holder's shares of Series Preferred Stock could be converted at the then effective Conversion Price pursuant to the provisions of Section 5 hereof, at the record date for the determination of stockholders entitled to vote on such matter or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited (such Common Stock equivalence being referred to as an "As Converted

Basis"). Except as otherwise expressly provided herein or as required by law, the holders of Series Preferred Stock and Common Stock shall vote together as a single class on all matters.

4. Conversion. The holders of the Series Preferred Stock shall have the following conversion rights:

(a) Voluntary Conversion.

(i) Series A Preferred Stock. Each holder of shares of Series A Preferred Stock may elect at any time and from time to time to convert the shares of Series A Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series A Preferred Stock to be converted by $1.16 and dividing the result by the Series A Conversion Price then in effect. If a holder of Series A Preferred Stock elects to convert Series A Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series A Conversion Price" shall be $1.16 subject to adjustment from time to time pursuant to this Section 5.

(ii) Series B Preferred Stock. Each holder of shares of Series B Preferred Stock may elect at any time and from time to time to convert the shares of Series B Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series B Preferred Stock to be converted by $1.4966 and dividing the result by the Series B Conversion Price then in effect. If a holder of Series B Preferred Stock elects to convert Series B Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series B Conversion Price" shall be $1.4966 subject to adjustment from time to time pursuant to this Section 5.

(iii) Series C Preferred Stock. Each holder of shares of Series C Preferred Stock may elect at any time and from time to time to convert the shares of Series C Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series C Preferred Stock to be converted by $3.7415 and dividing the result by the Series C Conversion Price then in effect. If a holder of Series C Preferred Stock elects to convert Series C Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series C Conversion Price" shall be $3.7415 subject to adjustment from time to time pursuant to this Section 5.

(iv) Series D Preferred Stock. Each holder of shares of Series D Preferred Stock may elect at any time and from time to time to convert the shares of Series D Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series D Preferred Stock to be converted by $3.7415 and dividing the result by the Series D Conversion Price then in effect. If a holder of Series D

Preferred Stock elects to convert Series D Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series D Conversion Price" shall be $3.7415 subject to adjustment from time to time pursuant to this Section 5.

(v) Series E Preferred Stock. Each holder of shares of Series E Preferred Stock may elect at any time and from time to time to convert the shares of Series E Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series E Preferred Stock to be converted by $4.66 and dividing the result by the Series E Conversion Price then in effect. If a holder of Series E Preferred Stock elects to convert Series E Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series E Conversion Price" shall be $4.66 subject to adjustment from time to time pursuant to this Section 5.

(vi) Series F Preferred Stock. Each holder of shares of Series F Preferred Stock may elect at any time and from time to time to convert the shares of Series F Preferred Stock then held by such holder into a number of shares of Common Stock computed by multiplying the number of shares of Series F Preferred Stock to be converted by $7.08 and dividing the result by the Series F Conversion Price then in effect. If a holder of Series F Preferred Stock elects to convert Series F Preferred Stock at a time when there are any declared and unpaid dividends or other amounts due on such shares, such dividends and other amounts shall be paid in full by the Corporation in connection with such conversion. The initial "Series F Conversion Price" shall be $7.08 subject to adjustment from time to time pursuant to this Section 5.

(b) Automatic Conversion. Each share of Series Preferred Stock outstanding shall automatically be converted into the number of shares of Common Stock into which such shares are convertible as computed according to the formula set forth in Section 5(A) hereof at the then effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion Price (together, the "Conversion Price"), as applicable, immediately prior to the closing of an underwritten public offering having total gross proceeds to the Corporation of at least twenty-five million dollars ($25,000,000), after which an established public trading market exists for such Common Stock on the New York Stock Exchange or the NASDAQ National Market System (a "Qualified Public Offering").

(c) Conversion Procedures. Any holder of Series Preferred Stock desiring to convert such shares into shares of Common Stock shall surrender the certificate or certificates representing the Series Preferred Stock being converted, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive office of the Corporation or the offices of the transfer agent for the Series Preferred Stock or such office or offices in the continental United States of an agent for conversion as may from time to time be designated by notice to the holders of the Series Preferred Stock by the

Corporation, accompanied by written notice of conversion. Such notice of conversion shall specify (i) the number of shares of Series Preferred Stock to be converted, (ii) the name or names in which such holder wishes the certificate or certificates for Common Stock and for any Series Preferred Stock not to be so converted to be issued and (iii) the address to which such holder wishes delivery to be made of such new certificates to be issued upon such conversion. Upon surrender of a certificate representing Series Preferred Stock for conversion, the Corporation shall, as soon as practicable, issue and send by hand delivery, by courier or by first class mail (postage prepaid) to the holder thereof or to such holder's designee, at the address designated by such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled upon conversion. In the event that there shall have been surrendered a certificate or certificates representing Series Preferred Stock, only part of which are to be converted, the Corporation shall issue and send to such holder or such holder's designee, in the manner set forth in the preceding sentence, a new certificate or certificates representing the number of shares of Series Preferred Stock which shall not have been converted.

(d) Effective Date of Conversion. The issuance by the Corporation of shares of Common Stock upon a conversion of Series Preferred Stock into shares of Common Stock made at the option of the holder thereof pursuant to Section 5(a) hereof shall be effective as of the close of business on the date on which the certificate or certificates for the Series Preferred Stock to be converted have been surrendered for conversion pursuant to Section 5(c) hereof. The issuance by the Corporation of shares of Common Stock upon a conversion of Series Preferred Stock into Common Stock pursuant to a Qualified Public Offering in accordance with Section 5(b) hereof shall not be deemed to be effective until immediately prior to the closing of the Qualified Public Offering. On and after the effective date of conversion, the person or persons entitled to receive the Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock and all rights with respect to the shares of Series Preferred Stock shall cease, except for the right of the holders thereof to receive certificates representing such shares of Common Stock and payment by the Corporation of any dividend declared but unpaid thereon.

(e) Fractional Shares. The Corporation shall not be obligated to deliver to holders of Series Preferred Stock any fractional share of Common Stock issuable upon any conversion of such Series Preferred Stock, but in lieu thereof may make a cash payment in respect thereof in any manner permitted by law.

(f) Reservation of Common Stock. The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for issuance upon the conversion of Series Preferred Stock as herein provided, free from any preemptive rights or other obligations, such number of shares of Common Stock as shall from time to time be issuable upon the conversion of all the Series Preferred Stock then outstanding provided that the shares of Common Stock so reserved shall not be reduced or affected in any manner whatsoever so long as any shares of Series Preferred Stock are outstanding. The Corporation shall prepare and shall use its best efforts to obtain and keep in force such governmental or regulatory permits or other authorizations as may be required by law, and shall comply with all requirements as to registration, qualification or listing of the Common Stock, in order to enable the Corporation lawfully to issue and deliver to each holder of record of Series Preferred Stock such number of

shares of its Common Stock as shall from time to time be sufficient to effect the conversion of all Series Preferred Stock then outstanding and convertible into shares of Common Stock.

(g) Adjustments to Conversion Price. The Conversion Price in effect from time to time shall be subject to adjustment as follows:

(i) Stock Dividends, Subdivisions and Combinations. Upon the issuance of additional shares of Common Stock as a dividend or other distribution on outstanding Common Stock, the subdivision of outstanding shares of Common Stock into a greater number of shares of Common Stock, or the combination of outstanding shares of Common Stock into a smaller number of shares of the Common Stock, the Conversion Price shall, simultaneously with the happening of such dividend, subdivision or split be adjusted by multiplying the then effective Series A Conversion Price, Series B Conversion Price, Series C Conversion Price, Series D Conversion Price, Series E Conversion Price or Series F Conversion price, as applicable, by a fraction, the numerator of which shall be the number of shares of Common Stock which are outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock which are outstanding immediately after such event. An adjustment made pursuant to this Section 5(g)(i) shall be given effect, upon payment of such a dividend or distribution, as of the record date for the determination of stockholders entitled to receive such dividend or distribution (on a retroactive basis) and in the case of a subdivision or combination shall become effective immediately as of the effective date thereof.

(ii) Sale of Common Stock. In the event the Corporation shall at any time or from time to time while the Series Preferred Stock is outstanding, issue, sell or exchange any shares of Common Stock (including shares held in the Corporation's treasury but excluding: (i) shares of Common Stock issued pursuant to Convertible Securities or Stock Rights outstanding as of the date hereof, (ii) any Common Stock which may be issued upon conversion of the Series Preferred Stock, (iii) (A) shares of Common Stock or Stock Rights (including Stock Rights outstanding as of the date hereof) issued or issuable to officers, directors, employees and consultants of the Corporation pursuant to stock and option plans (and any amendments thereto) approved by the Board of Directors, including the approval of a majority of the directors of the Corporation who are not employees of, or consultants to, the Corporation, and (B) securities issued or issuable with the approval of the Corporation's Board of Directors, including the approval of a majority of the directors of the Corporation who are not employees of, or consultants to, the Corporation that such securities shall constitute "Excluded Shares" for purposes of this Section 5, (iv) Common Stock issued to one or more Independent Third Parties (as defined in Section 9 hereof) engaged in business activities (other than financing) that are complementary to the business activities of the Corporation and which securities are issued to any such Independent Third Party after the date hereof in connection with a contractual arrangement between such Independent Third Party and the Corporation in which operational resources are exchanged between the parties, provided that (A) the number of such shares issued to any such Independent Third Party shall not exceed 100,000 and (B) the number of such shares issued to all such Independent Third Parties shall not exceed 500,000, (v) shares of Common Stock or securities convertible into Common Stock exempt from the provisions of this Section 5 by affirmative vote of the holders of 66.67% of the shares of Series A Preferred Stock, 66.67% of the shares of Series B Preferred Stock, 66.67% of the shares of Series C Preferred Stock,

66.67% of the shares of Series D Preferred Stock, 66.67% of the shares of Series E Preferred Stock and 66.67% of the shares of Series F Preferred Stock then outstanding, each voting as a separate series, and (vi) securities issued as a result of any stock split, stock dividend, reclassification or reorganization of the Corporation's capital stock for which an adjustment has been made pursuant to Section 5(g)(i) (the securities referred to in clauses (i) through (vi) shall be collectively referred to as the "Excluded Shares")), for a consideration per share less than the applicable Conversion Price in effect immediately prior to the issuance, sale or exchange of such shares (any such issuance, sale or exchange hereinafter referred to as a "Dilutive Transaction"), then, and thereafter successively upon the consummation of any Dilutive Transaction, the applicable Conversion Price in effect immediately prior to Dilutive Transaction shall forthwith be reduced to an amount determined by multiplying such Conversion Price by a fraction:

(A) the numerator of which shall be (i) the number of shares of Common Stock Outstanding immediately prior to the Dilutive Transaction, plus (ii) the number of shares of Common Stock which the net aggregate consideration received by the Corporation for the total number of such additional shares of Common Stock so issued in the Dilutive Transaction would purchase at such Conversion Price (prior to such adjustment), and

(B) the denominator of which shall be (i) the number of shares of Common Stock Outstanding immediately prior to the Dilutive Transaction, plus (ii) the number of such additional shares of Common Stock so issued in the Dilutive Transaction.

(iii) Sale of Stock Rights or Convertible Securities. In the event the Corporation shall at any time or from time to time while the Series Preferred Stock is outstanding, issue Stock Rights or Convertible Securities (other than any Excluded Shares), for a consideration per share (determined by dividing the Net Aggregate Consideration (as determined below) by the aggregate number of shares of Common Stock that would be issued if all such Stock Rights or Convertible Securities were exercised or converted to the fullest extent permitted by their terms) less than the applicable Conversion Price in effect immediately prior to the issuance of such Stock Rights or Convertible Securities, the applicable Conversion Price in effect immediately prior to the issuance of such Stock Rights or Convertible Securities shall be reduced to an amount determined by multiplying such Conversion Price by a fraction:

(A) the numerator of which shall be (i) the number of shares of Common Stock Outstanding immediately prior to the issuance of such Stock Rights or Convertible Securities, plus (ii) the number of shares of Common Stock which the total amount of consideration received by the Corporation for the issuance of such Stock Rights, or Convertible Securities plus the minimum amount set forth in the terms of such Stock Rights or Convertible Securities as payable to the Corporation upon the exercise or conversion thereof (the "Net Aggregate Consideration") would purchase at such Conversion Price (prior to such adjustment), and

(B) the denominator of which shall be (i) the number of shares of Common Stock Outstanding immediately prior to the issuance of such Stock Rights or Convertible Securities, plus (ii) the aggregate number of shares of Common Stock that would be issued if all such Stock Rights or Convertible Securities were exercised or converted.

(iv) Expiration or Change in Price. If the consideration per share provided for in any Stock Rights or Convertible Securities changes at any time, the Conversion Price in effect at the time of such change shall be readjusted to the Conversion Price which would have been in effect at such time had such Stock Rights or Convertible Securities provided for such changed consideration per share (determined as provided in Section 5(g)(iii) hereof), at the time initially granted, issued or sold; provided, that such adjustment of the Conversion Price will be made only as and to the extent that the Conversion Price effective upon such adjustment remains less than or equal to the Conversion Price that would be in effect if such Stock Rights or Convertible Securities had not been issued. No adjustment of the Conversion Price shall be made under this Section 5 upon the issuance of any additional shares of Common Stock which are issued pursuant to the exercise or conversion of any Stock Rights, Convertible Securities or other subscription or purchase rights or pursuant to the exercise of any conversion or exchange rights in any Stock Rights or Convertible Securities if an adjustment shall previously have been made upon the issuance of such Stock Rights or Convertible Securities. Any adjustment of the Conversion Price shall be disregarded if, as, and when the rights to acquire shares of Common Stock upon exercise or conversion of the Stock Rights or Convertible Securities which gave rise to such adjustment expire or are canceled without having been exercised, so that the Conversion Price effective immediately upon such cancellation or expiration shall be equal to the Conversion Price in effect at the time of the issuance of the expired or canceled Stock Rights or Convertible Securities, with such additional adjustments as would have been made to that Conversion Price had the expired or canceled Stock Rights or Convertible Securities not been issued.

(h) Other Adjustments. In the event the Corporation shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event lawful and adequate provision shall be made so that the holders of Series Preferred Stock shall receive upon conversion thereof in addition to the number of shares of Common Stock receivable thereupon, the number of securities of the Corporation which they would have received had their Series Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this Section 5 as applied to such distributed securities.

If the Common Stock issuable upon the conversion of the Series Preferred Stock shall be changed into the same or different number of shares of any class or classes of stock, whether by reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for above, or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 5), then and in each such event the holder of each share of Series Preferred Stock shall have the right thereafter to convert such share into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change, by holders of the number of shares of Common Stock into which such shares of Series Preferred Stock might have been converted immediately prior to such reorganization, reclassification or change, all subject to further adjustment as provided herein.

(i) Mergers and Other Reorganizations. If at any time or from time to time there shall be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 5) or a merger or consolidation of the Corporation with or into another corporation or the acquisition of the Corporation or the sale of all or substantially all of the Corporation's properties and assets to any other person or the sale of a majority of the voting securities of the Corporation in one or a series of related transactions (except (i) a merger or consolidation into or with a wholly-owned subsidiary of the Corporation with requisite stockholder approval or (ii) in which the beneficial owners of the Corporation's capital stock immediately prior to such transaction continue to hold directly or indirectly not less than a majority of the voting power of the resulting entity), then, as a part of and as a condition to the effectiveness of such reorganization, merger, consolidation, acquisition or sale, lawful and adequate provision shall be made so that the holders of the Series Preferred Stock shall thereafter be entitled to receive upon conversion of the Series Preferred Stock the number of shares of stock or other securities or property of the Corporation or of the successor Corporation resulting from such merger, consolidation, acquisition or sale, to which a holder of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation, acquisition or sale, and in such case, appropriate adjustment (as determined in good faith by the Corporation's Board of Directors) shall be made in the application of this Section 5 to the end that the provisions set forth in this Section 5 shall thereafter be applicable, as nearly as reasonably may be, in relation to shares of stock or other property thereafter deliverable upon conversion of the Series Preferred Stock.

Each holder of Series Preferred Stock upon the occurrence of a merger, consolidation or acquisition of the Corporation (except (i) a merger or consolidation into or with a wholly-owned subsidiary of the Corporation with requisite stockholder approval or (ii) in which the beneficial owners of the Corporation's capital stock immediately prior to such transaction continue to hold directly or indirectly not less than a majority of the voting power in the resulting entity) or the sale of all or substantially all its assets and properties or the sale of a majority of the voting securities of the Corporation in one or a series of related transactions, as such events are more fully set forth in Section 3(c) hereof, shall have the option of electing treatment of its shares of Series Preferred Stock under either this Section 5(i) or Section 3(c) hereof, notice of which election shall be submitted in writing to the Corporation at its principal offices no later than twenty (20) days before the effective date of such event, provided that any such notice shall be effective if given not later than fifteen (15) days after the date of the Corporation's notice, pursuant to Section 8, with respect to such event, and (ii) promptly upon the first, and only the first, receipt of any such election, the Corporation shall provide to all other holders of outstanding shares of Series Preferred Stock written notice of receipt of such election, and each such other holder shall have ten (10) days within receipt of the Corporation's notice to elect treatment of its shares of Series Preferred Stock under either this Section 5(i) or Section 3(c) hereof, provided, however, that in any event, notice of such election by such other holder must be submitted in writing to the Corporation at its principal offices no later than ten (10) days before the effective date of such event or fifteen (15) days after the date of the Corporation's initial notice pursuant to Section 8, whichever is later.

(j) No Impairment. The Corporation will not, by amendment of this Certificate or through any reorganization, transfer of assets, consolidation, merger, dissolution,

issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all of the provisions of this Section 5 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of the Series Preferred Stock against impairment.

(k) Notices of Adjustments. In each case of an adjustment or readjustment of the Conversion Price, the Corporation will furnish each holder of Series Preferred Stock with a certificate, prepared by the chief financial officer of the Corporation, showing such adjustment or readjustment, and stating in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Series Preferred Stock, furnish or caused to be furnished to such holder a certificate setting forth the Conversion Price then in effect and the number of shares of Common Stock and the amount, if any, of other securities, cash or property that would be received upon conversion thereof.

5. Restrictions and Limitations.

(a) Series A Preferred Stock. So long as any shares of Series A Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action would alter or change the rights, preferences, privileges or powers of the Series A Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series A Preferred Stock in any respect or issue any additional shares of Series A Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series A Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series A Conversion Price then in effect.

(b) Series B Preferred Stock. So long as any shares of Series B Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action would alter or change the rights, preferences, privileges or powers of the Series B Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series B Preferred Stock in any respect or issue any additional shares of Series B Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series B Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series B Conversion Price then in effect.

(c) Series C Preferred Stock. So long as any shares of Series C Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series C Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action would alter or change the rights, preferences, privileges or powers of the Series C Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series C Preferred Stock in any respect or issue any additional shares of Series C Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series C Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series C Conversion Price then in effect.

(d) Series D Preferred Stock. So long as any shares of Series D Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series D Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action

would alter or change the rights, preferences, privileges or powers of the Series D Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series D Preferred Stock in any respect or issue any additional shares of Series D Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series D Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series D Conversion Price then in effect.

(e) Series E Preferred Stock. So long as any shares of Series E Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series E Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action would alter or change the rights, preferences, privileges or powers of the Series E Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series E Preferred Stock in any respect or issue any additional shares of Series E Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series E Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series E Conversion Price then in effect.

(f) Series F Preferred Stock. So long as any shares of Series F Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series F Preferred Stock, voting as a separate class:

(i) amend, alter or repeal any provision of, or add any provision to, this Certificate, whether by merger, consolidation, reclassification or otherwise, if such action

would alter or change the rights, preferences, privileges or powers of the Series F Preferred Stock;

(ii) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities which has a preference over or being on a parity with the Series F Preferred Stock in any respect or issue any additional shares of Series F Preferred Stock;

(iii) amend or waive any provision of this Certificate or the Corporation's By-Laws, whether by merger, consolidation, reclassification or otherwise, that affects the rights of the holders of the Series F Preferred Stock; or

(iv) create, obligate itself to create, authorize or issue (whether by merger, consolidation, reclassification or otherwise) any new class or classes of securities at a per share price less than the Series F Conversion Price then in effect.

(g) Series Preferred Stock. So long as any shares of Series Preferred Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of at least a majority of the then outstanding shares of Series Preferred Stock, voting together as a single class on an As Converted Basis:

(i) apply any of its assets to the redemption, retirement, purchase or other acquisition of any of the outstanding capital stock of the Corporation, except for the repurchase of (A) shares from employees, directors or consultants pursuant to the terms of agreements providing for the original issuance of such capital stock (or options to purchase such capital stock), with the approval of the Board of Directors, provided that such repurchases by the Corporation do not exceed $100,000 in the aggregate in any one fiscal year and (B) shares of Common Stock pursuant to the exercise by the Corporation of its right of first refusal under Section 2.2 of the Fifth Amended and Restated Stockholders Agreement, dated on or about November 10, 2004, by and among the Corporation and the stockholders named therein, as amended from time to time;

(ii) liquidate, dissolve or wind up its affairs, or sell all or substantially all of the assets of the Corporation, or merge or consolidate the Corporation with or into any entity other than in the case where stockholders of the Corporation immediately prior to such merger or consolidation have the voting power to elect a majority of the members of the board of directors (or, in the case of a non-corporate entity, a majority of the members of the governing body) of the surviving entity;

(iii) declare or pay any dividends or make any distributions in cash, property or securities of the Corporation with respect to any shares of its Common Stock, Series Preferred Stock or any other class of its capital stock (other than dividends payable solely in Common Stock);

(iv) increase or decrease the total number of authorized shares of Common Stock (other than to increase such authorized shares (A) in connection with the

reservation of an additional number of shares of Common Stock under the stock option or stock issuance plans approved by the Board of Directors and the Corporation's stockholders or (B) to effect the Corporation's initial public offering of its Common Stock) or shares of Series Preferred Stock;

(v) effect a recapitalization or reclassification of its capital stock;

(vi) increase the size of the Board of Directors to more than nine (9);

(vii) authorize any subsidiary of the Corporation to sell, issue or transfer any class or series of stock of such subsidiary to any third party;

(viii) authorize the Corporation, or any subsidiary of the Corporation to (A) form a general or limited partnership or joint venture, (B) become the holder of a minority interest in any entity or (C) create a new subsidiary of the Corporation that is not wholly owned by the Corporation;

(ix) sell any division or line of business of the Corporation whether by sale, merger, consolidation or otherwise;

(x) sell any rights in or to intellectual property of the Corporation other than pursuant to licenses or similar arrangements entered into in the ordinary course of business; or

(xi) grant an exclusive license of all or a substantial portion of the intellectual property of the Corporation to any party other than a subsidiary.

6. No Reissuance of Series Preferred Stock. No share or shares of the Series Preferred Stock acquired by the Corporation by reason of redemption, purchase, conversion or otherwise shall be reissued, and all such shares shall be canceled, retired and eliminated from the shares which the Corporation shall be authorized to issue. The Corporation may from time to time take such appropriate corporate action as may be necessary to reduce the authorized number of shares of the Series Preferred Stock accordingly.

7. Notices of Record Date. In the event (i) the Corporation establishes a record date to determine the holders of any class of securities who are entitled to receive any dividend or other distribution or (ii) there occurs any capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation, any acquisition of the Corporation, any transfer of all or substantially all of the assets of the Corporation to any other Corporation entity or person, any sale of a majority of the voting securities of the Corporation in one or a series of related transactions or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series Preferred Stock at least ten (10) days prior to the record date specified therein, a notice specifying (A) the date of such record date for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such reorganization, reclassification, transfer,

consolidation, merger, acquisition, sale, dissolution, liquidation or winding up is expected to become effective, and (c) the time, if any, that is to be fixed, as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such reorganization, reclassification, transfer, consolidation, merger, acquisition, sale, dissolution, liquidation or winding up.

8. Certain Definitions. The following capitalized terms, as used herein, shall have the meanings set forth below.

(a) An "Affiliate" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

(b) "Common Stock Outstanding" shall mean the aggregate of all Common Stock outstanding and all Common Stock issuable upon conversion of all outstanding Convertible Securities and Common Stock issuable upon exercise of all Stock Rights (but excluding any treasury shares).

(c) "Convertible Securities" means evidences of indebtedness, shares of stock or other securities (including, without limitation, Preferred Stock) which are convertible into or exchangeable for, with or without payment of additional consideration, shares of Common Stock, either immediately or upon the arrival of a specified date or the happening of a specified event or both.

(d) "Director" means a member of the Board of Directors of the Corporation.

(e) "Fair Market Value" means with respect to a share of Common Stock on any given date:

(i) if shares of Common Stock are being sold pursuant to a public offering under an effective registration statement under the Securities Act of 1933, as amended which has been declared effective by the Securities and Exchange Commission and Fair Market Value is being determined as of the closing of the public offering, the per share "price to public" specified for such shares in the final prospectus for such public offering;

(ii) if shares of Common Stock are then listed or admitted to trading on any national securities exchange or traded on any national market system and Fair Market Value is not being determined as of the time described in clause (i) of this definition, the average of the daily closing prices for the five trading days before such date. The closing price for each day shall be the last sale price on such date or, if no such sale takes place on such date, the average of the closing bid and asked prices on such date, in each case as

officially reported on the principal national securities exchange or national market system on which such shares are then listed, admitted to trading or traded;

(iii) if no shares of Common Stock are then listed or admitted to trading on any national securities exchange or traded on any national market system or being offered to the public pursuant to a registration described in clause (i) of this definition, the average of the reported closing bid and asked prices thereof on such date in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. or, if such reports are not then available, as published by the National Quotation Bureau, Incorporated or any similar successor organization; or

(iv) if no shares of Common Stock are then listed or admitted to trading on any national securities exchange or traded on any national market system, if no closing bid and asked prices thereof are then so quoted or published in the over-the-counter market and if no such shares are being offered to the public pursuant to a registration described in clause (i) of this definition, the Fair Market Value of a share of such equity security shall be the fair market value thereof as reasonably determined by the Corporation's Board of Directors, acting in good faith.

(f) "Independent Third Party" means as of any date of determination any Person or group (as such term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) who (i) does not own 20% or more of the Common Stock Outstanding and who is not an Affiliate of any such 20% or more owner of Common Stock Outstanding and (ii) is not the Affiliate of any of Colin Angle, Helen Greiner, Rodney Brooks or any Person employed by the Corporation within five years prior to the date of determination.

(g) "Predecessor Corporation" means IS Robotics, Inc., a Massachusetts corporation.

(h) "Stock Right" means any right, warrant or option to subscribe for or purchase shares of Common Stock or Convertible Securities and any shares of Common Stock from time to time reserved by the Corporation for issuance as options or stock awards pursuant to any stock or option plan of the Corporation approved by the Board of Directors.

C. UNDESIGNATED PREFERRED STOCK

The Board of Directors or any authorized committee thereof is expressly authorized, to the fullest extent permitted by law, to provide for the issuance of the shares of Undesignated Preferred Stock in one or more series of such stock, and by filing a certificate pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof.

ARTICLE V

STOCKHOLDER ACTION

1. Action without Meeting. Except as otherwise provided herein, any action required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders and may not be taken or effected by a written consent of stockholders in lieu thereof.

2. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

ARTICLE VI

DIRECTORS

1. General. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided herein or required by law.

2. Election of Directors. Election of Directors need not be by written ballot unless the By-laws of the Corporation (the "By-laws") shall so provide.

3. Number of Directors; Term of Office. The number of Directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. The Directors, other than those who may be elected by the holders of any series or class of Preferred Stock, shall be classified, with respect to the term for which they severally hold office, into three classes, as nearly equal in number as reasonably possible. The initial Class I Directors of the Corporation shall be Colin M. Angle and Ronald Chwang; the initial Class II Directors of the Corporation shall be Helen Greiner, George C. McNamee and Peter Meekin; and the initial Class III Directors of the Corporation shall be Rodney A. Brooks, Andrea Geisser and Jacques S. Gansler. The initial Class I Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2006, the initial Class II Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2007, and the initial Class III Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2008. At each annual meeting of stockholders, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. Notwithstanding the foregoing, the Directors elected to each class shall hold office until their successors are duly elected and qualified or until their earlier resignation, death or removal.

Notwithstanding the foregoing, whenever, pursuant to the provisions of Article IV of this Certificate, the holders of any one or more series or class of Preferred Stock shall have the right, voting separately as a series or together with holders of other such series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate and any certificate of designations applicable thereto.

4. Vacancies. Subject to the rights, if any, of the holders of any series or class of Preferred Stock to elect Directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies in the Board of Directors, however occurring, including, without limitation, by reason of an increase in size of the Board of Directors, or the death, resignation, disqualification or removal of a Director, shall be filled solely and exclusively by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board of Directors, and not by the stockholders. Any Director appointed in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified or until his or her earlier resignation, death or removal. Subject to the rights, if any, of the holders of any series or class of Preferred Stock to elect Directors, when the number of Directors is increased or decreased, the Board of Directors shall, subject to Article VI.3 hereof, determine the class or classes to which the increased or decreased number of Directors shall be apportioned; provided, however, that no decrease in the number of Directors shall shorten the term of any incumbent Director.

5. Removal. Subject to the rights, if any, of any series or class of Preferred Stock to elect Directors and to remove any Director whom the holders of any such stock have the right to elect, any Director (including persons elected by Directors to fill vacancies in the Board of Directors) may be removed from office (i) only with cause and (ii) only by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of Directors. At least forty-five (45) days prior to any meeting of stockholders at which it is proposed that any Director be removed from office, written notice of such proposed removal and the alleged grounds thereof shall be sent to the Director whose removal will be considered at the meeting.

ARTICLE VII

LIMITATION OF LIABILITY

A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the Director derived an improper personal benefit. If the DGCL is amended after the effective date of this Certificate to authorize corporate action further eliminating or limiting the personal

liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of this Article VII by either of (i) the stockholders of the Corporation or (ii) an amendment to the DGCL, shall not adversely affect any right or protection existing at the time of such repeal or modification with respect to any acts or omissions occurring before such repeal or modification of a person serving as a Director at the time of such repeal or modification.

ARTICLE VIII

AMENDMENT OF BY-LAWS

1. Amendment by Directors. Except as otherwise provided by law, the By-laws of the Corporation may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the Directors then in office.

2. Amendment by Stockholders. The By-laws of the Corporation may be amended or repealed at any annual meeting of stockholders, or special meeting of stockholders called for such purpose as provided in the By-laws, by the affirmative vote of at least 75% of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class.

ARTICLE IX

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal this Certificate in the manner now or hereafter prescribed by statute and this Certificate, and all rights conferred upon stockholders herein are granted subject to this reservation. Whenever any vote of the holders of voting stock is required to amend or repeal any provision of this Certificate, and in addition to any other vote of holders of voting stock that is required by this Certificate or by law, such amendment or repeal shall require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, and the affirmative vote of the majority of the outstanding shares of each class entitled to vote thereon as a class, at a duly constituted meeting of stockholders called expressly for such purpose; provided, however, that the affirmative vote of not less than 75% of the outstanding shares entitled to vote on such amendment or repeal, and the affirmative vote of not less than 75% of the outstanding shares of each class entitled to vote thereon as a class, shall be required to amend or repeal any provision of Article V, Article VI, Article VII, Article VIII or Article IX of this Certificate.

[End of Text]

THIS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION is executed as of this ____ day of _____, 2005.

IROBOT CORPORATION

By:

Colin Angle,
Chief Executive Officer

Exhibit 3.2

SECOND
AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

IROBOT CORPORATION

iRobot Corporation, a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is iRobot Corporation. The date of the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware was December 20, 2000 (the "Original Certificate"). The name under which the Corporation filed the Original Certificate was iRobot Corporation.

2. This Second Amended and Restated Certificate of Incorporation (the "Certificate") amends, restates and integrates the provisions of the Amended and Restated Certificate of Incorporation that was filed with the Secretary of State of the State of Delaware on [DATE] (the "Amended and Restated Certificate"), and was duly adopted in accordance with the provisions of Sections 242 and 245 of the Delaware General Corporation Law (the "DGCL").

3. The text of the Amended and Restated Certificate is hereby amended and restated in its entirety to provide as herein set forth in full.

ARTICLE I

The name of the Corporation is iRobot Corporation.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is c/o Corporation Service Company, 2711 Centerville Road, Suite 400, City of Wilmington 19808, County of New Castle. The name of its registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

CAPITAL STOCK

The total number of shares of capital stock which the Corporation shall have authority to issue is One Hundred Five Million (105,000,000) shares, of which (i) One Hundred Million (100,000,000) shares shall be a class designated as common stock, par value $0.01 per share (the "Common Stock"), and (ii) Five Million (5,000,000) shares shall be a class designated as undesignated preferred stock, par value $0.01 per share (the "Undesignated Preferred Stock").

The number of authorized shares of the class of Common Stock and Undesignated Preferred Stock may from time to time be increased or decreased (but not below the number of shares outstanding) by the affirmative vote of the holders of a majority of the outstanding shares of Common Stock entitled to vote, without a vote of the holders of the Undesignated Preferred Stock (except as otherwise provided in any certificate of designations of any series of Undesignated Preferred Stock).

The powers, preferences and rights of, and the qualifications, limitations and restrictions upon, each class or series of stock shall be determined in accordance with, or as set forth below in, this Article IV.

A. COMMON STOCK

Subject to all the rights, powers and preferences of the Undesignated Preferred Stock and except as provided by law or in this Article IV (or in any certificate of designations of any series of Undesignated Preferred Stock):

(a) the holders of the Common Stock shall have the exclusive right to vote for the election of directors of the Corporation (the "Directors") and on all other matters requiring stockholder action, each outstanding share entitling the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate (or on any amendment to a certificate of designations of any series of Undesignated Preferred Stock) that alters or changes the powers, preferences, rights or other terms of one or more outstanding series of Undesignated Preferred Stock if the holders of such affected series are entitled to vote, either separately or together with the holders of one or more other such series, on such amendment pursuant to this Certificate (or pursuant to a certificate of designations of any series of Undesignated Preferred Stock) or pursuant to the DGCL;

(b) dividends may be declared and paid or set apart for payment upon the Common Stock out of any assets or funds of the Corporation legally available for the payment of dividends, but only when and as declared by the Board or any authorized committee thereof; and

(c) upon the voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock.

B. UNDESIGNATED PREFERRED STOCK

The Board of Directors or any authorized committee thereof is expressly authorized, to the fullest extent permitted by law, to provide for the issuance of the shares of Undesignated Preferred Stock in one or more series of such stock, and by filing a certificate pursuant to applicable law of the State of Delaware, to establish or change from time to time the number of shares of each such series, and to fix the designations, powers, including voting powers, full or limited, or no voting powers, preferences and the relative, participating, optional or other special rights of the shares of each series and any qualifications, limitations and restrictions thereof.

ARTICLE V

STOCKHOLDER ACTION

1. Action without Meeting. Except as otherwise provided herein, any action required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders and may not be taken or effected by a written consent of stockholders in lieu thereof.

2. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

ARTICLE VI

DIRECTORS

1. General. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided herein or required by law.

2. Election of Directors. Election of Directors need not be by written ballot unless the By-laws of the Corporation (the "By-laws") shall so provide.

3. Number of Directors; Term of Office. The number of Directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. The Directors, other than those who may be elected by the holders of

any series of Undesignated Preferred Stock, shall be classified, with respect to the term for which they severally hold office, into three classes, as nearly equal in number as reasonably possible. The initial Class I Directors of the Corporation shall be Colin M. Angle and Ronald Chwang; the initial Class II Directors of the Corporation shall be Helen Greiner, George C. McNamee and Peter Meekin; and the initial Class III Directors of the Corporation shall be Rodney A. Brooks, Andrea Geisser and Jacques S. Gansler. The initial Class I Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2006, the initial Class II Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2007, and the initial Class III Directors shall serve for a term expiring at the annual meeting of stockholders to be held in 2008. At each annual meeting of stockholders, Directors elected to succeed those Directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election. Notwithstanding the foregoing, the Directors elected to each class shall hold office until their successors are duly elected and qualified or until their earlier resignation, death or removal.

Notwithstanding the foregoing, whenever, pursuant to the provisions of Article IV of this Certificate, the holders of any one or more series of Undesignated Preferred Stock shall have the right, voting separately as a series or together with holders of other such series, to elect Directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate and any certificate of designations applicable thereto.

4. Vacancies. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock to elect Directors and to fill vacancies in the Board of Directors relating thereto, any and all vacancies in the Board of Directors, however occurring, including, without limitation, by reason of an increase in size of the Board of Directors, or the death, resignation, disqualification or removal of a Director, shall be filled solely and exclusively by the affirmative vote of a majority of the remaining Directors then in office, even if less than a quorum of the Board of Directors, and not by the stockholders. Any Director appointed in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of Directors in which the new directorship was created or the vacancy occurred and until such Director's successor shall have been duly elected and qualified or until his or her earlier resignation, death or removal. Subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock to elect Directors, when the number of Directors is increased or decreased, the Board of Directors shall, subject to Article VI.3 hereof, determine the class or classes to which the increased or decreased number of Directors shall be apportioned; provided, however, that no decrease in the number of Directors shall shorten the term of any incumbent Director. In the event of a vacancy in the Board of Directors, the remaining Directors, except as otherwise provided by law, shall exercise the powers of the full Board of Directors until the vacancy is filled.

5. Removal. Subject to the rights, if any, of any series of Undesignated Preferred Stock to elect Directors and to remove any Director whom the holders of any such stock have the right to elect, any Director (including persons elected by Directors to fill vacancies in the Board of Directors) may be removed from office (i) only with cause and (ii) only by the affirmative

vote of the holders of 75% or more of the shares then entitled to vote at an election of Directors. At least forty-five (45) days prior to any meeting of stockholders at which it is proposed that any Director be removed from office, written notice of such proposed removal and the alleged grounds thereof shall be sent to the Director whose removal will be considered at the meeting.

ARTICLE VII

LIMITATION OF LIABILITY

A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (a) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL or (d) for any transaction from which the Director derived an improper personal benefit. If the DGCL is amended after the effective date of this Certificate to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Any repeal or modification of this Article VII by either of (i) the stockholders of the Corporation or (ii) an amendment to the DGCL, shall not adversely affect any right or protection existing at the time of such repeal or modification with respect to any acts or omissions occurring before such repeal or modification of a person serving as a Director at the time of such repeal or modification.

ARTICLE VIII

AMENDMENT OF BY-LAWS

1. Amendment by Directors. Except as otherwise provided by law, the By-laws of the Corporation may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the Directors then in office.

2. Amendment by Stockholders. The By-laws of the Corporation may be amended or repealed at any annual meeting of stockholders, or special meeting of stockholders called for such purpose as provided in the By-laws, by the affirmative vote of at least 75% of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class.

ARTICLE IX

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right to amend or repeal this Certificate in the manner now or hereafter prescribed by statute and this Certificate, and all rights conferred upon stockholders herein are granted subject to this reservation. Whenever any vote of the holders of voting stock is required to amend or repeal any provision of this Certificate, and in addition to any other vote of holders of voting stock that is required by this Certificate or by law, such amendment or repeal shall require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, and the affirmative vote of the majority of the outstanding shares of each class entitled to vote thereon as a class, at a duly constituted meeting of stockholders called expressly for such purpose; provided, however, that the affirmative vote of not less than 75% of the outstanding shares entitled to vote on such amendment or repeal, and the affirmative vote of not less than 75% of the outstanding shares of each class entitled to vote thereon as a class, shall be required to amend or repeal any provision of Article V, Article VI, Article VII, Article VIII or Article IX of this Certificate.

[End of Text]

THIS AMENDED AND RESTATED CERTIFICATE OF INCORPORATION is executed as of this ____ day of _____, 2005.

IROBOT CORPORATION

By:

Colin Angle,
Chief Executive Officer

Exhibit 3.3

AMENDED AND RESTATED

BY-LAWS

OF

IROBOT CORPORATION

(the "Corporation")

ARTICLE I

Stockholders

SECTION 1. Annual Meeting. The annual meeting of stockholders (any such meeting being referred to in these By-laws as an "Annual Meeting") shall be held at the hour, date and place within or without the United States which is fixed by the Board of Directors, which time, date and place may subsequently be changed at any time by vote of the Board of Directors. If no Annual Meeting has been held for a period of thirteen months after the Corporation's last Annual Meeting, a special meeting in lieu thereof may be held, and such special meeting shall have, for the purposes of these By-laws or otherwise, all the force and effect of an Annual Meeting. Any and all references hereafter in these By-laws to an Annual Meeting or Annual Meetings also shall be deemed to refer to any special meeting(s) in lieu thereof.

SECTION 2. Notice of Stockholder Business and Nominations.

(a) Annual Meetings of Stockholders.

(1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an Annual Meeting (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this By-law, who is entitled to vote at the meeting, who is present (in person or by proxy) at the meeting and who complies with the notice procedures set forth in this By-law. In addition to the other requirements set forth in this By-law, for any proposal of business to be considered at an Annual Meeting, it must be a proper subject for action by stockholders of the Corporation under Delaware law.

(2) For nominations or other business to be properly brought before an Annual Meeting by a stockholder pursuant to clause (c) of paragraph (a)(1) of this By-law, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's Annual Meeting; provided, however, that in the event

that the date of the Annual Meeting is advanced by more than 30 days before or delayed by more than 60 days after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 90th day prior to such Annual Meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. Notwithstanding anything to the contrary provided herein, for the first Annual Meeting following the initial public offering of common stock of the Corporation, a stockholder's notice shall be timely if delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the later of the 90th day prior to the scheduled date of such Annual Meeting or the 10th day following the day on which public announcement of the date of such Annual Meeting is first made or sent by the Corporation. Such stockholder's notice shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made, and the names and addresses of other stockholders known by the stockholder proposing such business to support such proposal, and the class and number of shares of the Corporation's capital stock beneficially owned by such other stockholders; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner; (iii) a description of all arrangements or understanding between such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made; and (iv) a representation whether the beneficial owner intends or is part of a group that intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock requirement to elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such nomination.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this By-law to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 85 days prior to the first anniversary of the preceding year's Annual Meeting, a stockholder's notice required by this By-law shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) General.

(1) Only such persons who are nominated in accordance with the provisions of this By-law shall be eligible for election and to serve as directors and only such business shall be conducted at an Annual Meeting as shall have been brought before the meeting in accordance with the provisions of this By-law. The Board of Directors or a designated committee thereof shall have the power to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the provisions of this By-law. If neither the Board of Directors nor such designated committee makes a determination as to whether any stockholder proposal or nomination was made in accordance with the provisions of this By-law, the presiding officer of the Annual Meeting shall have the power and duty to determine whether the stockholder proposal or nomination was made in accordance with the provisions of this By-law. If the Board of Directors or a designated committee thereof or the presiding officer, as applicable, determines that any stockholder proposal or nomination was not made in accordance with the provisions of this By-law, such proposal or nomination shall be disregarded and shall not be presented for action at the Annual Meeting.

(2) Except as otherwise required by law, nothing in this Section 2 shall obligate the Corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the Corporation or the Board of Directors information with respect to any nominee for director submitted by a stockholder.

(3) Notwithstanding the foregoing provisions of this Section 2, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination, such nomination shall be disregarded, notwithstanding the proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 2, to be considered a qualified representative of the stockholder, a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, at the meeting of the stockholder.

(4) For purposes of this By-law, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(5) Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to affect any rights of (i) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the

Exchange Act or (ii) the holders of any series of Undesignated Preferred Stock to elect directors under specified circumstances.

SECTION 3. Special Meetings. Except as otherwise required by statute and subject to the rights, if any, of the holders of any series of Undesignated Preferred Stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors acting pursuant to a resolution approved by the affirmative vote of a majority of the Directors then in office. Only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders of the Corporation.

SECTION 4. Notice of Meetings; Adjournments. A notice of each Annual Meeting stating the hour, date and place, if any, of such Annual Meeting shall be given not less than ten (10) days nor more than sixty (60) days before the Annual Meeting, to each stockholder entitled to vote thereat by delivering such notice to such stockholder or by mailing it, postage prepaid, addressed to such stockholder at the address of such stockholder as it appears on the Corporation's stock transfer books.

Notice of all special meetings of stockholders shall be given in the same manner as provided for Annual Meetings, except that the notice of all special meetings shall state the purpose or purposes for which the meeting has been called.

Notice of an Annual Meeting or special meeting of stockholders need not be given to a stockholder if a waiver of notice is executed before or after such meeting by such stockholder or if such stockholder attends such meeting, unless such attendance is for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

The Board of Directors may postpone and reschedule any previously scheduled Annual Meeting or special meeting of stockholders and any record date with respect thereto, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 2 of this Article I of these By-laws or otherwise. In no event shall the public announcement of an adjournment, postponement or rescheduling of any previously scheduled meeting of stockholders commence a new time period for the giving of a stockholder's notice under Section 2 of this Article I of these By-laws.

When any meeting is convened, the presiding officer may adjourn the meeting if (a) no quorum is present for the transaction of business, (b) the Board of Directors determines that adjournment is necessary or appropriate to enable the stockholders to consider fully information which the Board of Directors determines has not been made sufficiently or timely available to stockholders, or (c) the Board of Directors determines that adjournment is otherwise in the best interests of the Corporation. When any Annual Meeting or special meeting of stockholders is adjourned to another hour, date or place, notice need not be given of the adjourned meeting other than an announcement at the meeting at which the adjournment is taken of the hour, date and

place, if any, to which the meeting is adjourned and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting; provided, however, that if the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given to each stockholder of record entitled to vote thereat and each stockholder who, by law or under the Certificate of Incorporation of the Corporation (as the same may hereafter be amended and/or restated, the "Certificate") or these By-laws, is entitled to such notice.

SECTION 5. Quorum. A majority of the shares entitled to vote, present in person or represented by proxy, shall constitute a quorum at any meeting of stockholders. If less than a quorum is present at a meeting, the holders of voting stock representing a majority of the voting power present at the meeting or the presiding officer may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 4 of this Article I. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed. The stockholders present at a duly constituted meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 6. Voting and Proxies. Stockholders shall have one vote for each share of stock entitled to vote owned by them of record according to the stock ledger of the Corporation, unless otherwise provided by law or by the Certificate. Stockholders may vote either (i) in person, (ii) by written proxy or (iii) by a transmission permitted by Section 212(c) of the Delaware General Corporation Law ("DGCL"). Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission permitted by Section 212(c) of the DGCL may be substituted for or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission. Proxies shall be filed in accordance with the procedures established for the meeting of stockholders. Except as otherwise limited therein or as otherwise provided by law, proxies authorizing a person to vote at a specific meeting shall entitle the persons authorized thereby to vote at any adjournment of such meeting, but they shall not be valid after final adjournment of such meeting. A proxy with respect to stock held in the name of two or more persons shall be valid if executed by or on behalf of any one of them unless at or prior to the exercise of the proxy the Corporation receives a specific written notice to the contrary from any one of them.

SECTION 7. Action at Meeting. When a quorum is present at any meeting of stockholders, any matter before any such meeting (other than an election of a director or directors) shall be decided by a majority of the votes properly cast for and against such matter, except where a larger vote is required by law, by the Certificate or by these By-laws. Any election of directors by stockholders shall be determined by a plurality of the votes properly cast on the election of directors.

SECTION 8. Stockholder Lists. The Secretary or an Assistant Secretary (or the Corporation's transfer agent or other person authorized by these By-laws or by law) shall prepare and make, at least 10 days before every Annual Meeting or special meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for a period of at least ten (10) days prior to the meeting in the manner provided by law. The list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law.

SECTION 9. Presiding Officer. The Chairman of the Board, if one is elected, or if not elected or in his or her absence, the President, shall preside at all Annual Meetings or special meetings of stockholders and shall have the power, among other things, to adjourn such meeting at any time and from time to time, subject to Sections 5 and 6 of this Article I. The order of business and all other matters of procedure at any meeting of the stockholders shall be determined by the presiding officer. SECTION 10. Inspectors of Elections. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer shall appoint one or more inspectors to act at the meeting. Any inspector may, but need not, be an officer, employee or agent of the Corporation. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall perform such duties as are required by the DGCL, including the counting of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. The presiding officer may review all determinations made by the inspectors, and in so doing the presiding officer shall be entitled to exercise his or her sole judgment and discretion and he or she shall not be bound by any determinations made by the inspectors. All determinations by the inspectors and, if applicable, the presiding officer, shall be subject to further review by any court of competent jurisdiction.

ARTICLE II

Directors

SECTION 1. Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors except as otherwise provided by the Certificate or required by law.

SECTION 2. Number and Terms. The number of directors of the Corporation shall be fixed solely and exclusively by resolution duly adopted from time to time by the Board of Directors. The directors shall hold office in the manner provided in the Certificate.

SECTION 3. Qualification. No director need be a stockholder of the Corporation.

SECTION 4. Vacancies. Vacancies in the Board of Directors shall be filled in the manner provided in the Certificate.

SECTION 5. Removal. Directors may be removed from office only in the manner provided in the Certificate.

SECTION 6. Resignation. A director may resign at any time by giving written notice to the Chairman of the Board, if one is elected, the President or the Secretary. A resignation shall be effective upon receipt, unless the resignation otherwise provides.

SECTION 7. Regular Meetings. The regular annual meeting of the Board of Directors shall be held, without notice other than this Section 7, on the same date and at the same place as the Annual Meeting following the close of such meeting of stockholders. Other regular meetings of the Board of Directors may be held at such hour, date and place as the Board of Directors may by resolution from time to time determine and publicize by means of reasonable notice given to any director who is not present at the meeting at which such resolution is adopted.

SECTION 8. Special Meetings. Special meetings of the Board of Directors may be called, orally or in writing, by or at the request of a majority of the directors, the Chairman of the Board, if one is elected, or the President. The person calling any such special meeting of the Board of Directors may fix the hour, date and place thereof.

SECTION 9. Notice of Meetings. Notice of the hour, date and place of all special meetings of the Board of Directors shall be given to each director by the Secretary or an Assistant Secretary, or in case of the death, absence, incapacity or refusal of such persons, by the Chairman of the Board, if one is elected, or the President or such other officer designated by the Chairman of the Board, if one is elected, or the President. Notice of any special meeting of the Board of Directors shall be given to each director in person, by telephone, or by facsimile, electronic mail or other form of electronic communication, sent to his or her business or home address, at least 24 hours in advance of the meeting, or by written notice mailed to his or her business or home address, at least 48 hours in advance of the meeting. Such notice shall be deemed to be delivered when hand delivered to such address, read to such director by telephone, deposited in the mail so addressed, with postage thereon prepaid if mailed, dispatched or transmitted if faxed, telexed or telecopied, or when delivered to the telegraph company if sent by telegram.

A written waiver of notice signed before or after a meeting by a director and filed with the records of the meeting shall be deemed to be equivalent to notice of the meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because such meeting is not lawfully called or convened. Except as otherwise required by law, by the Certificate or by these By-laws, neither

the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 10. Quorum. At any meeting of the Board of Directors, a majority of the total number of directors shall constitute a quorum for the transaction of business, but if less than a quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time, and the meeting may be held as adjourned without further notice, except as provided in Section 9 of this Article II. Any business which might have been transacted at the meeting as originally noticed may be transacted at such adjourned meeting at which a quorum is present. For purposes of this section, the total number of directors includes any unfilled vacancies on the Board of Directors.

SECTION 11. Action at Meeting. At any meeting of the Board of Directors at which a quorum is present, the vote of a majority of the directors present shall constitute action by the Board of Directors, unless otherwise required by law, by the Certificate or by these By-laws.

SECTION 12. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if all members of the Board of Directors consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the records of the meetings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. Such consent shall be treated as a resolution of the Board of Directors for all purposes.

SECTION 13. Manner of Participation. Directors may participate in meetings of the Board of Directors by means of conference telephone or other communications equipment by means of which all directors participating in the meeting can hear each other, and participation in a meeting in accordance herewith shall constitute presence in person at such meeting for purposes of these By-laws.

SECTION 14. Committees. The Board of Directors, by vote of a majority of the directors then in office, may elect one or more committees, including, without limitation, a Compensation Committee, a Nominating & Corporate Governance Committee and an Audit Committee, and may delegate thereto some or all of its powers except those which by law, by the Certificate or by these By-laws may not be delegated. Except as the Board of Directors may otherwise determine, any such committee may make rules for the conduct of its business, but unless otherwise provided by the Board of Directors or in such rules, its business shall be conducted so far as possible in the same manner as is provided by these By-laws for the Board of Directors. All members of such committees shall hold such offices at the pleasure of the Board of Directors. The Board of Directors may abolish any such committee at any time. Any committee to which the Board of Directors delegates any of its powers or duties shall keep records of its meetings and shall report its action to the Board of Directors.

SECTION 15. Compensation of Directors. Directors shall receive such compensation for their services as shall be determined by a majority of the Board of Directors, or a designated

committee thereof, provided that directors who are serving the Corporation as employees and who receive compensation for their services as such, shall not receive any salary or other compensation for their services as directors of the Corporation.

ARTICLE III

Officers

SECTION 1. Enumeration. The officers of the Corporation shall consist of a President, a Treasurer, a Secretary and such other officers, including, without limitation, a Chairman of the Board of Directors, a Chief Executive Officer and one or more Vice Presidents (including Executive Vice Presidents or Senior Vice Presidents), Assistant Vice Presidents, Assistant Treasurers and Assistant Secretaries, as the Board of Directors may determine.

SECTION 2. Election. At the regular annual meeting of the Board of Directors following the Annual Meeting, the Board of Directors shall elect the President, the Treasurer and the Secretary. Other officers may be elected by the Board of Directors at such regular annual meeting of the Board of Directors or at any other regular or special meeting.

SECTION 3. Qualification. No officer need be a stockholder or a director. Any person may occupy more than one office of the Corporation at any time.

SECTION 4. Tenure. Except as otherwise provided by the Certificate or by these By-laws, each of the officers of the Corporation shall hold office until the regular annual meeting of the Board of Directors following the next Annual Meeting and until his or her successor is elected and qualified or until his or her earlier resignation or removal.

SECTION 5. Resignation. Any officer may resign by delivering his or her written resignation to the Corporation addressed to the President or the Secretary, and such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

SECTION 6. Removal. Except as otherwise provided by law, the Board of Directors may remove any officer with or without cause by the affirmative vote of a majority of the directors then in office.

SECTION 7. Absence or Disability. In the event of the absence or disability of any officer, the Board of Directors may designate another officer to act temporarily in place of such absent or disabled officer.

SECTION 8. Vacancies. Any vacancy in any office may be filled for the unexpired portion of the term by the Board of Directors.

SECTION 9. President. The President shall, subject to the direction of the Board of Directors, have such powers and shall perform such duties as the Board of Directors may from time to time designate.

SECTION 10. Chairman of the Board. The Chairman of the Board, if one is elected, shall preside, when present, at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and shall perform such other duties as the Board of Directors may from time to time designate.

SECTION 11. Chief Executive Officer. The Chief Executive Officer, if one is elected, shall have such powers and shall perform such duties as the Board of Directors may from time to time designate. If there is no Chairman of the Board or if he or she is absent, the Chief Executive Officer shall preside, when present, at all meetings of stockholders and of the Board of Directors.

SECTION 12. Vice Presidents and Assistant Vice Presidents. Any Vice President (including any Executive Vice President or Senior Vice President) and any Assistant Vice President shall have such powers and shall perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 13. Treasurer and Assistant Treasurers. The Treasurer shall, subject to the direction of the Board of Directors and except as the Board of Directors or the Chief Executive Officer may otherwise provide, have general charge of the financial affairs of the Corporation and shall cause to be kept accurate books of account. The Treasurer shall have custody of all funds, securities, and valuable documents of the Corporation. He or she shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer.

Any Assistant Treasurer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 14. Secretary and Assistant Secretaries. The Secretary shall record all the proceedings of the meetings of the stockholders and the Board of Directors (including committees of the Board) in books kept for that purpose. In his or her absence from any such meeting, a temporary secretary chosen at the meeting shall record the proceedings thereof. The Secretary shall have charge of the stock ledger (which may, however, be kept by any transfer or other agent of the Corporation). The Secretary shall have custody of the seal of the Corporation, and the Secretary, or an Assistant Secretary, shall have authority to affix it to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or that of an Assistant Secretary. The Secretary shall have such other duties and powers as may be designated from time to time by the Board of Directors or the Chief Executive Officer. In the absence of the Secretary, any Assistant Secretary may perform his or her duties and responsibilities.

Any Assistant Secretary shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time designate.

SECTION 15. Other Powers and Duties. Subject to these By-laws and to such limitations as the Board of Directors may from time to time prescribe, the officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as from time to time may be conferred by the Board of Directors or the Chief Executive Officer.

ARTICLE IV

Capital Stock

SECTION 1. Certificates of Stock. Each stockholder shall be entitled to a certificate of the capital stock of the Corporation in such form as may from time to time be prescribed by the Board of Directors. Such certificate shall be signed by the Chairman of the Board of Directors, the President or a Vice President and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. The Corporation seal and the signatures by the Corporation's officers, the transfer agent or the registrar may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the time of its issue. Every certificate for shares of stock which are subject to any restriction on transfer and every certificate issued when the Corporation is authorized to issue more than one class or series of stock shall contain such legend with respect thereto as is required by law.

SECTION 2. Transfers. Subject to any restrictions on transfer and unless otherwise provided by the Board of Directors, shares of stock may be transferred only on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate theretofore properly endorsed or accompanied by a written assignment or power of attorney properly executed, with transfer stamps (if necessary) affixed, and with such proof of the authenticity of signature as the Corporation or its transfer agent may reasonably require.

SECTION 3. Record Holders. Except as may otherwise be required by law, by the Certificate or by these By-laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect thereto, regardless of any transfer, pledge or other disposition of such stock, until the shares have been transferred on the books of the Corporation in accordance with the requirements of these By-laws.

SECTION 4. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof or entitled to receive payment of any dividend or other distribution or allotment of any

rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (a) in the case of determination of stockholders entitled to vote at any meeting of stockholders, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting and (b) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

SECTION 5. Replacement of Certificates. In case of the alleged loss, destruction or mutilation of a certificate of stock, a duplicate certificate may be issued in place thereof, upon such terms as the Board of Directors may prescribe.

ARTICLE V

Indemnification

SECTION 1. Definitions. For purposes of this Article:

(a) "Corporate Status" describes the status of a person who is serving or has served (i) as a Director of the Corporation, (ii) as an Officer of the Corporation, or (iii) as a director, partner, trustee, officer, employee or agent of any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity which such person is or was serving at the request of the Corporation. For purposes of this Section 1(a), an Officer or Director of the Corporation who is serving or has served as a director, partner, trustee, officer, employee or agent of a Subsidiary shall be deemed to be serving at the request of the Corporation. Notwithstanding the foregoing, "Corporate Status" shall not include the status of a person who is serving or has served as a director, officer, employee or agent of a constituent corporation absorbed in a merger or consolidation transaction with the Corporation with respect to such person's activities prior to said transaction, unless specifically authorized by the Board of Directors or the stockholders of the Corporation;

(b) "Director" means any person who serves or has served the Corporation as a director on the Board of Directors of the Corporation;

(c) "Disinterested Director" means, with respect to each Proceeding in respect of which indemnification is sought hereunder, a Director of the Corporation who is not and was not a party to such Proceeding;

(d) "Expenses" means all attorneys' fees, retainers, court costs, transcript costs, fees of expert witnesses, private investigators and professional advisors (including, without

limitation, accountants and investment bankers), travel expenses, duplicating costs, printing and binding costs, costs of preparation of demonstrative evidence and other courtroom presentation aids and devices, costs incurred in connection with document review, organization, imaging and computerization, telephone charges, postage, delivery service fees, and all other disbursements, costs or expenses of the type customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, settling or otherwise participating in, a Proceeding;

(e) "Liabilities" means judgments, damages, liabilities, losses, penalties, excise taxes, fines and amounts paid in settlement.

(f) "Non-Officer Employee" means any person who serves or has served as an employee or agent of the Corporation, but who is not or was not a Director or Officer;

(g) "Officer" means any person who serves or has served the Corporation as an officer of the Corporation appointed by the Board of Directors of the Corporation.

(h) "Proceeding" means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, inquiry, investigation, administrative hearing or other proceeding, whether civil, criminal, administrative, arbitrative or investigative; and

(i) "Subsidiary" shall mean any corporation, partnership, limited liability company, joint venture, trust or other entity of which the Corporation owns (either directly or through or together with another Subsidiary of the Corporation) either (i) a general partner, managing member or other similar interest or (ii) (A) 50% or more of the voting power of the voting capital equity interests of such corporation, partnership, limited liability company, joint venture or other entity, or (B) 50% or more of the outstanding voting capital stock or other voting equity interests of such corporation, partnership, limited liability company, joint venture or other entity.

SECTION 2. Indemnification of Directors and Officers.

(a) Subject to the operation of Section 4 of this Article V of these By-laws, each Director and Officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) and to the extent authorized in this Section 2.

(1) Actions, Suits and Proceedings Other than By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses and Liabilities that are incurred or paid by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein (other than an action by or in the right of the Corporation), which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and,

with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

(2) Actions, Suits and Proceedings By or In the Right of the Corporation. Each Director and Officer shall be indemnified and held harmless by the Corporation against any and all Expenses that are incurred by such Director or Officer or on such Director's or Officer's behalf in connection with any Proceeding or any claim, issue or matter therein by or in the right of the Company, which such Director or Officer is, or is threatened to be made, a party to or participant in by reason of such Director's or Officer's Corporate Status, if such Director or Officer acted in good faith and in a manner such Director or Officer reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful; provided, however, that no indemnification shall be made under this Section 2(a)(2) in respect of any claim, issue or matter as to which such Director or Officer shall have been finally adjudged by a court of competent jurisdiction to be liable to the Company, unless, and only to the extent that, the Court of Chancery or another court in which such Proceeding was brought shall determine upon application that, despite adjudication of liability, but in view of all the circumstances of the case, such Director or Officer is fairly and reasonably entitled to indemnification for such Expenses that such court deem proper.

(3) The rights of indemnification provided by this Section 2 shall continue as to a Director or Officer after he or she has ceased to be a Director or Officer and shall inure to the benefit of his or her heirs, executors, administrators and personal representatives. Notwithstanding the foregoing, the Corporation shall indemnify any Director or Officer seeking indemnification in connection with a Proceeding initiated by such Director or Officer only if such Proceeding was authorized in advance by the Board of Directors of the Corporation, unless such Proceeding was brought to enforce an Officer or Director's rights to indemnification or, in the case of Directors, advancement of Expenses under these By-laws in accordance with the provisions set forth herein.

SECTION 3. Indemnification of Non-Officer Employees. Subject to the operation of Section 4 of this Article V of these By-laws, each Non-Officer Employee may, in the discretion of the Board of Directors of the Corporation, be indemnified by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against any or all Expenses and Liabilities that are incurred by such Non-Officer Employee or on such Non-Officer Employee's behalf in connection with any threatened, pending or completed Proceeding, or any claim, issue or matter therein, which such Non-Officer Employee is, or is threatened to be made, a party to or participant in by reason of such Non-Officer Employee's Corporate Status, if such Non-Officer Employee acted in good faith and in a manner such Non-Officer Employee reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. The rights of indemnification provided by this Section 3 shall exist as to a Non-Officer Employee after he or she has ceased to be a Non-Officer Employee and shall inure to the benefit of his or her heirs, personal representatives, executors and administrators. Notwithstanding the foregoing, the Corporation may indemnify any Non-Officer Employee

seeking indemnification in connection with a Proceeding initiated by such Non-Officer Employee only if such Proceeding was authorized in advance by the Board of Directors of the Corporation.

SECTION 4. Good Faith. Unless ordered by a court, no indemnification shall be provided pursuant to this Article V to a Director, to an Officer or to a Non-Officer Employee unless a determination shall have been made that such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal Proceeding, such person had no reasonable cause to believe his or her conduct was unlawful. Such determination shall be made by (a) a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors, (b) a committee comprised of Disinterested Directors, such committee having been designated by a majority vote of the Disinterested Directors (even though less than a quorum), (c) if there are no such Disinterested Directors, or if a majority of Disinterested Directors so directs, by independent legal counsel in a written opinion, or (d) by the stockholders of the Corporation.

SECTION 5. Advancement of Expenses to Directors Prior to Final Disposition.

(a) The Corporation shall advance all Expenses incurred by or on behalf of any Director in connection with any Proceeding in which such Director is involved by reason of such Director's Corporate Status within thirty (30) days after the receipt by the Corporation of a written statement from such Director requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Director and shall be preceded or accompanied by an undertaking by or on behalf of such Director to repay any Expenses so advanced if it shall ultimately be determined that such Director is not entitled to be indemnified against such Expenses. Notwithstanding the foregoing, the Corporation shall advance all Expenses incurred by or on behalf of any Director seeking advancement of expenses hereunder in connection with a Proceeding initiated by such Director only if such Proceeding was (i) authorized by the Board of Directors of the Corporation, or (ii) brought to enforce Director's rights to indemnification or advancement of Expenses under these By-laws.

(b) If a claim for advancement of Expenses hereunder by a Director is not paid in full by the Corporation within thirty (30) days after receipt by the Corporation of documentation of Expenses and the required undertaking, such Director may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and if successful in whole or in part, such Director shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such advancement of Expenses under this Article V shall not be a defense to the action and shall not create a presumption that such advancement is not permissible. The burden of proving that a Director is not entitled to an advancement of expenses shall be on the Corporation.

(c) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such

expenses upon a final adjudication that the Director has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 6. Advancement of Expenses to Officers and Non-Officer Employees Prior to Final Disposition.

(a) The Corporation may, at the discretion of the Board of Directors of the Corporation, advance any or all Expenses incurred by or on behalf of any Officer or any Non-Officer Employee in connection with any Proceeding in which such is involved by reason of the Corporate Status of such Officer or Non-Officer Employee upon the receipt by the Corporation of a statement or statements from such Officer or Non-Officer Employee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by such Officer and Non-Officer Employee and shall be preceded or accompanied by an undertaking by or on behalf of such to repay any Expenses so advanced if it shall ultimately be determined that such Officer or Non-Officer Employee is not entitled to be indemnified against such Expenses.

(b) In any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the Officer or Non-Officer Employee has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 7. Contractual Nature of Rights.

(a) The foregoing provisions of this Article V shall be deemed to be a contract between the Corporation and each Director and Officer entitled to the benefits hereof at any time while this Article V is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any Proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

(b) If a claim for indemnification hereunder by a Director or Officer is not paid in full by the Corporation within 60 days after receipt by the Corporation of a written claim for indemnification, such Director or Officer may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, such Director or Officer shall also be entitled to be paid the expenses of prosecuting such claim. The failure of the Corporation (including its Board of Directors or any committee thereof, independent legal counsel, or stockholders) to make a determination concerning the permissibility of such indemnification under this Article V shall not be a defense to the action and shall not create a presumption that such indemnification is not permissible. The burden of proving that a Director or Officer is not entitled to indemnification shall be on the Corporation.

(c) In any suit brought by a Director or Officer to enforce a right to indemnification hereunder, it shall be a defense that such Director or Officer has not met any applicable standard for indemnification set forth in the DGCL.

SECTION 8. Non-Exclusivity of Rights. The rights to indemnification and to advancement of Expenses set forth in this Article V shall not be exclusive of any other right which any Director, Officer, or Non-Officer Employee may have or hereafter acquire under any statute, provision of the Certificate or these By-laws, agreement, vote of stockholders or Disinterested Directors or otherwise.

SECTION 9. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer or Non-Officer Employee against any liability of any character asserted against or incurred by the Corporation or any such Director, Officer or Non-Officer Employee, or arising out of any such person's Corporate Status, whether or not the Corporation would have the power to indemnify such person against such liability under the DGCL or the provisions of this Article V.

SECTION 10. Other Indemnification. The Corporation's obligation, if any, to indemnify any person under this Article V as a result of such person serving, at the request of the Corporation, as a director, partner, trustee, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or enterprise.

ARTICLE VI

Miscellaneous Provisions

SECTION 1. Fiscal Year. The fiscal year of the Corporation shall be determined by the Board of Directors.

SECTION 2. Seal. The Board of Directors shall have power to adopt and alter the seal of the Corporation.

SECTION 3. Execution of Instruments. All deeds, leases, transfers, contracts, bonds, notes and other obligations to be entered into by the Corporation in the ordinary course of its business without director action may be executed on behalf of the Corporation by the Chairman of the Board, if one is elected, the President or the Treasurer or any other officer, employee or agent of the Corporation as the Board of Directors or Executive Committee may authorize.

SECTION 4. Voting of Securities. Unless the Board of Directors otherwise provides, the Chairman of the Board, if one is elected, the President or the Treasurer may waive notice of and act on behalf of this Corporation, or appoint another person or persons to act as proxy or attorney in fact for this Corporation with or without discretionary power and/or power of substitution, at any meeting of stockholders or shareholders of any other corporation or organization, any of whose securities are held by this Corporation.

SECTION 5. Resident Agent. The Board of Directors may appoint a resident agent upon whom legal process may be served in any action or proceeding against the Corporation.

SECTION 6. Corporate Records. The original or attested copies of the Certificate, By-laws and records of all meetings of the incorporators, stockholders and the Board of Directors and the stock transfer books, which shall contain the names of all stockholders, their record addresses and the amount of stock held by each, may be kept outside the State of Delaware and shall be kept at the principal office of the Corporation, at the office of its counsel or at an office of its transfer agent or at such other place or places as may be designated from time to time by the Board of Directors.

SECTION 7. Certificate. All references in these By-laws to the Certificate shall be deemed to refer to the Second Amended and Restated Certificate of Incorporation of the Corporation, as amended and in effect from time to time.

SECTION 8. Amendment of By-laws.

(a) Amendment by Directors. Except as provided otherwise by law, these By-laws may be amended or repealed by the Board of Directors by the affirmative vote of a majority of the directors then in office.

(b) Amendment by Stockholders. These By-laws may be amended or repealed at any Annual Meeting, or special meeting of stockholders called for such purpose, by the affirmative vote of at least 75% of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class; provided, however, that if the Board of Directors recommends that stockholders approve such amendment or repeal at such meeting of stockholders, such amendment or repeal shall only require the affirmative vote of the majority of the outstanding shares entitled to vote on such amendment or repeal, voting together as a single class. Notwithstanding the foregoing, stockholder approval shall not be required unless mandated by the Certificate, these By-laws, or other applicable law.

SECTION 9. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the DGCL.

SECTION 10. Waivers. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver.

Adopted _____, 2005 and effective as of _____, 2005.

2005 IROBOT INCENTIVE COMPENSATION PLAN

2005 STRATEGIC GOAL

In 2005, our goal is to become a great company capable of leading a skeptical world into a new era of practical automation - the era of Commercial Robotics. We commit to four strategic objectives in support of this overarching goal:

1. Improved Customer Experience. We will continually improve our products focusing on reducing defects, increasing product lifetime and delivering out-of-the-box experiences that exceed customer expectations.

2. Public Financial Performance. We will demonstrate to the world that we have a solid business model with predictable revenue and profit growth.

3. Talent Leadership. This year we will increase our capabilities at recruiting and developing high-caliber talent, and improve our work environment.

4. Boundary-less Innovation. We will strive to create broader and richer products that contain interfaces to, and integrate technologies from, other companies and academia.

INCENTIVE PLAN OVERVIEW

The 2005 Incentive Compensation Plan (the "Plan") rewards and recognizes our employees for company and divisional performance. The Plan is designed to align our compensation with the multidimensional objectives of iRobot, encourage whole-company thinking and enable employees to share in the Company's success. By focusing the Company on a few, measurable objectives that we can all impact, we will succeed at what is most important in 2005. Although there are four strategic objectives, the Plan rewards us for those objectives that we can impact and that are measurable: improved customer experience and public financial performance.

As a corporation, we have two financial objectives and one process objective:

- Revenue growth -- As a growth company, we must increase our top line revenue and maintain our leadership position. iRobot is the industry pioneer and we must demonstrate that we have a predictable business model.

- Profitability -- Profitability is the most important criteria in a company's valuation, and meeting our business plan profit goals will give us credibility in the investment community.

- Act like a public company -- We intend to conduct ourselves as if we were a public company and that means that we must develop business policies and procedures that can pass the test of the requirements of Sarbanes-Oxley. To meet these requirements, we must improve our financial process and provide speedy, accurate financial results to our managers and investors.

Our divisions also have strategic objectives:

- Total gross profit -- To fund our innovation, we must achieve superior total gross profit, an important financial metric. Total gross profit is revenue less total cost of revenue including product cost, contract cost and overhead as a percent of revenue. This metric, which is used by the financial community in determining our valuation, demonstrates our ability to scale product and earn money.

- Customer loyalty and quality -- We are also committed to improving our customer experience as measured by customer loyalty and improved product and quality. We are putting the spotlight on our customers to improve the experience they have with our products, increasing brand value, word of mouth sales, and our reputation in the marketplace. We must continually improve our product performance and product quality to maintain our value proposition over the long term.

- Innovate great products -- We must earn our leadership position every day by continuing to innovate. Our future depends on "adding legs to the stool;" a successful 2005 includes the introduction of several new products in each division.

On a quarterly basis, we will provide employees and the Board a report card of how we are doing relative to each objective. This will enable each of us to make changes that will contribute to performance improvements enabling our success.

METRICS AND HOW THE PLAN WORKS

The Plan is funded when iRobot meets key metrics that demonstrate we have achieved our objectives. The summary below describes the metrics, the weightings for each metric and the funding formula.

The Company-wide metrics apply to incentives for all employees. The Consumer and Government and Industrial (G & I) metrics are used to determine employee incentives in those divisions. Employees in the Corporate Division receive divisional bonuses based on an average achievement score of the Consumer and G&I Divisions.

COMPANY-WIDE

Weighting	Metric	Funding Threshold & Funding Formula below Objective	100% Funding At Objective	Funding Formula above Objective
[REDACTED]%	Pre-tax earnings	$[REDACTED] is the funding threshold. Funding increases ratably between $[REDACTED] and $[REDACTED]	$[REDACTED]	At $[REDACTED] funding is 110% of target. For every $[REDACTED] increase in pre-tax earnings above $[REDACTED], funding increases by another 10% pts. Funding increases ratably between each threshold.
[REDACTED]%	Revenue	$[REDACTED] is the funding threshold. Funding increases ratably between $[REDACTED] and $[REDACTED]	$[REDACTED]	For every 1% pt increase in revenue there is a 1% pt increase in funding until $[REDACTED] is attained (funding is 120%). At $[REDACTED] for every 1% pt increase in revenue, there is a 2% pt increase in funding.
[REDACTED]%	Sarbanes-Oxley Compliance based on third party testing	Discretionary based on Board	100% compliance based on third party testing.	N/A

CONSUMER DIVISION

Weighting	Metric	Funding Threshold & Formula below Objective	100% Funding At Objective
[REDACTED]%	Total gross profit (1)	At [REDACTED]% total gross profit, 50% of the fund will be paid. Funding increases ratably between [REDACTED]% and [REDACTED]%.	[REDACTED]%
[REDACTED]% (4)	Net Promoter Score (2)	NA	[REDACTED] annual average
	Return Expense as % of Accrued Return Expense (3)	At [REDACTED]%, no bonus will be paid. Funding increases ratably between 0 at [REDACTED]% and 100% at [REDACTED]%.	[REDACTED]%
[REDACTED]%	Scooba(TM)	NA	[REDACTED]
[REDACTED]%	Scheduler		[REDACTED]

(1) Total gross profit is defined as total revenue less total cost of revenues including product cost, contract cost and overhead as a percent of revenue.

(2) Net Promoter Score is a metric used to determine our customer loyalty, eg the likelihood that a customer will buy an iRobot product again. Customers are asked the question "How likely is it that you would recommend iRobot to a friend or colleague?" on a scale of 0 (not likely at all) to ten (extremely likely). Then, the percentage of detractors, those who respond with zero to six, is subtracted from the percentage of promoters, those who respond with nine or ten and the remaining number is known as the net promoter score. Across all industries the baseline score is 16-18. As a growth company iRobot must have a score exceeding industry norms. We have a corporate goal of achieving a net promoter score of [REDACTED] for 2005, which represents a [REDACTED]% improvement over the score of [REDACTED] achieved in 2004.

(3) Unlike other metrics which are based on our fiscal year, this calculation will be done on the basis of Feb 1, 2005 to Jan. 31, 2006 to reflect the impact of returns from the Christmas buying season.

G&I Division

Weighting	Metric	Funding Threshold & Formula below Objective	100% Funding at Objective
[REDACTED]%	Total gross profit	At [REDACTED]% total gross profit, 50% of the fund will be paid. Funding increases ratably between [REDACTED]% and [REDACTED]%.	[REDACTED]%
[REDACTED]%	Funded R&D	Funding begins at $[REDACTED]	$[REDACTED]
[REDACTED]% (2)	Customer Satisfaction Index	NA	Q1 establish metric Q2 baseline Q3 measure relative to baseline Q4 score of "good"
	Warranty Costs	$[REDACTED] is 0 funding and increases ratably to $[REDACTED](3)	$[REDACTED]
[REDACTED]% (2)	rGator PackBot(R) MTRS PackBot(R) Explorer	NA	In 2005, [REDACTED] In 2005, [REDACTED] In 2005, [REDACTED]

(1) Total gross profit is defined as revenue less total cost of revenue including product cost, contract cost and overhead as a percent of revenue.

(2) Each metric is weighted equally.

(3) The warranty cost goal will be adjusted as appropriate based on the unit volume sold vs the unit volume budgeted for the year.

PLAN ADMINISTRATION

Eligibility - Regular, full-time iRobot employees hired before September 30, 2005, are eligible to participate in the 2005 Incentive Compensation Plan.

Regular Pay - Awards are calculated using regular pay (base salary for exempt employees or hourly rate x forty hours for nonexempt employees) earned during the year.

Hires in 2005 - Employees hired during 2005 fiscal year (on or before September 30, 2005) will receive awards calculated using their regular pay earned during the year. Employees hired on or after October 1, 2005, are not eligible for a 2005 award.

Leaves of Absence - Employees who have taken a leave of absence during the year will receive awards calculated using their regular pay earned during the year.

Transfers between Divisions - All employees have been assigned to a division and the divisional portion of the award is calculated based on that assignment. If an employee transfers between divisions during the year, their bonus will be handled on a case-by-case basis.

Award Payout - Awards are paid in March 2006, and you must be an active iRobot employee in good standing on the date of the incentive payout to receive an award. This means that you must have a performance rating of 2 or better to receive an award.

The Incentive Compensation Plan and its funding are subject to approval by the Board of Directors. All decisions regarding administration of the Plan are at the sole discretion of the Company's Top Management.

iRobot reserves the right in its absolute discretion to abolish the Plan at any time or to alter the terms and conditions under which incentive compensation will be paid. Such discretion may be exercised any time during 2005 or in 2006 prior to payment of incentive compensation. No participant shall have any vested right to receive any compensation hereunder until actual delivery of such compensation.

Exhibit 10.6

IROBOT CORPORATION

AMENDED AND RESTATED 2004 STOCK OPTION AND INCENTIVE PLAN

1. Purpose and Eligibility

The purpose of this Amended and Restated 2004 Stock Option and Incentive Plan (the "Plan") of iRobot Corporation (the "Company") is to amend and restate in its entirety the Company's 2004 Stock Option and Incentive Plan (as originally adopted and approved, the "Original Plan") and to provide stock options and other equity interests in the Company (each an "Award") to employees, officers, directors, consultants and advisors of the Company and its Subsidiaries, all of whom are eligible to receive Awards under the Plan. Any person to whom an Award has been granted under the Plan is called a "Participant." Additional definitions are contained in Section 8.

2. Administration

a. Administration by Board of Directors. The Plan will be administered by the Board of Directors of the Company (the "Board"). The Board, in its sole discretion, shall have the authority to grant and amend Awards, to adopt, amend and repeal rules relating to the Plan and to interpret and correct the provisions of the Plan and any Award. All decisions by the Board shall be final and binding on all interested persons. Neither the Company nor any member of the Board shall be liable for any action or determination relating to the Plan.

b. Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean such Committee or the Board.

c. Delegation to Executive Officers. To the extent permitted by applicable law, the Board may delegate to one or more executive officers of the Company the power to grant Awards and exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the maximum number of Awards to be granted and the maximum number of shares issuable to any one Participant pursuant to Awards granted by such executive officers.

3. Stock Available for Awards

a. Number of Shares. Subject to adjustment under Section 3(c), the aggregate number of shares of Common Stock of the Company, par value $.01 per share (the "Common Stock") that may be issued pursuant to the Plan is (i) 1,189,423 shares plus (ii) such number of shares as equals that number of stock options returned to the Company's Amended and Restated 1994 Stock Plan, as amended, in accordance there with, after November 16, 2004, as a result of the expiration, cancellation or termination; provided, however, that such aggregate number of shares that may be issued pursuant to the Plan shall not exceed 3,695,223 shares. If any Award expires, or is terminated, surrendered, cancelled or forfeited, in whole or in part, the unissued

Common Stock covered by such Award shall again be available for the grant of Awards under the Plan. If shares of Common Stock issued pursuant to the Plan are repurchased by, or are surrendered or forfeited to, the Company at no more than cost, such shares of Common Stock shall again be available for the grant of Awards under the Plan; provided, however, that the cumulative number of such shares that may be so reissued, together with all other shares that may be issued, under the Plan will not exceed 3,695,223 shares. Shares issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares.

b. Per-Participant Limit. Subject to adjustment under Section 3(c), no Participant may be granted Awards during any one fiscal year to purchase more than 2,586,656 shares of Common Stock.

c. Adjustment to Common Stock. In the event of any stock split, stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off, split-up, or other similar change in capitalization or event, (i) the number and class of securities available for Awards under the Plan and the per-Participant share limit, (ii) the number and class of securities, vesting schedule and exercise price per share subject to each outstanding Option, (iii) the repurchase price per security subject to repurchase, and (iv) the terms of each other outstanding stock-based Award shall be adjusted by the Company (or substituted Awards may be made) to the extent the Board shall determine, in good faith, that such an adjustment (or substitution) is appropriate. If Section 7(e)(i) applies for any event, this Section 3(c) shall not be applicable. The adjustments by the Board shall be final, binding and conclusive.

4. Stock Options

a. General. The Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option and the Common Stock issued upon the exercise of each Option, including vesting provisions, repurchase provisions and restrictions relating to applicable federal or state securities laws, as it considers advisable.

b. Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be granted only to employees of the Company and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. The Board and the Company shall have no liability if an Option or any part thereof that is intended to be an Incentive Stock Option does not qualify as such. An Option or any part thereof that does not qualify as an Incentive Stock Option is referred to herein as a "Nonstatutory Stock Option".

c. Exercise Price. The Board shall establish the exercise price (or determine the method by which the exercise price shall be determined) at the time each Option is granted and specify it in the applicable option agreement.

d. Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement.

e. Exercise of Option. Options may be exercised only by delivery to the Company of a written notice of exercise signed by the proper person together with payment in full as specified in Section 4(f) for the number of shares for which the Option is exercised.

f. Payment Upon Exercise. Common Stock purchased upon the exercise of an Option shall be paid for by one or any combination of the following forms of payment:

(i) by cash or check payable to the order of the Company;

(ii) except as otherwise explicitly provided in the applicable option agreement, and only if the Common Stock is then publicly traded, delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) to the extent explicitly provided in the applicable option agreement, by (x) delivery of shares of Common Stock owned by the Participant valued at fair market value (as determined by the Board or as determined pursuant to the applicable option agreement), (y) delivery of a promissory note of the Participant to the Company (and delivery to the Company by the Participant of a check in an amount equal to the par value of the shares purchased), or (z) payment of such other lawful consideration as the Board may determine.

5. Restricted Stock

a. Grants. The Board may grant Awards entitling recipients to acquire shares of Common Stock, subject to (i) delivery to the Company by the Participant of cash or other lawful consideration in an amount at least equal to the par value of the shares purchased, and (ii) the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price from the Participant in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award (each, a "Restricted Stock Award").

b. Terms and Conditions. The Board shall determine the terms and conditions of any such Restricted Stock Award. Any stock certificates issued in respect of a Restricted Stock Award shall be registered in the name of the Participant and, unless otherwise determined by the Board, deposited by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). After the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or, if the Participant has died, to the beneficiary designated by a Participant, in a manner determined by the Board, to receive amounts due or exercise rights of the Participant in the event of the Participant's death (the "Designated Beneficiary"). In the absence of an effective designation by a Participant, Designated Beneficiary shall mean the Participant's estate.

6. Other Stock-Based Awards

The Board shall have the right to grant other Awards based upon the Common Stock having such terms and conditions as the Board may determine, including, without limitation, the grant of shares based upon certain conditions, the grant of securities convertible into Common Stock and the grant of stock appreciation rights, phantom stock awards or stock units.

7. General Provisions Applicable to Awards

a. Transferability of Awards. Except as the Board may otherwise determine or provide in an Award, Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the life of the Participant, shall be exercisable only by the Participant. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

b. Documentation. Each Award under the Plan shall be evidenced by a written instrument in such form as the Board shall determine or as executed by an officer of the Company pursuant to authority delegated by the Board. Each Award may contain terms and conditions in addition to those set forth in the Plan provided that such terms and conditions do not contravene the provisions of the Plan.

c. Board Discretion. The terms of each type of Award need not be identical, and the Board need not treat Participants uniformly.

d. Termination of Status. The Board shall determine the effect on an Award of the disability, death, retirement, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

e. Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 7(e)(i), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Common Stock in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the shares of Common Stock subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding

Options, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options shall terminate, or provide that one or more Options then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole discretion) for the shares subject to such Options over the exercise price thereof; provided, however, that before terminating any portion of an Option that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the shareholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor); or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction) or (z) any other acquisition of the business of the Company, as determined by the Board.

(iii) Assumption of Options Upon Certain Events. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards under the Plan in substitution for stock and stock-based awards issued by such entity or an affiliate thereof. The substitute Awards shall be granted on such terms and conditions as the Board considers appropriate in the circumstances.

f. Withholding. Each Participant shall pay to the Company, or make provisions satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with Awards to such Participant no later than the date of the event creating the tax liability. The Board may allow Participants to satisfy such tax obligations in whole or in part by transferring shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (as determined by the Board or as determined pursuant to the applicable option agreement). The Company may, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to a Participant.

g. Amendment of Awards. The Board may amend, modify or terminate any outstanding Award including, but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant.

h. Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

i. Acceleration. The Board may at any time provide that any options shall become immediately exercisable in full or in part, that any Restricted Stock Awards shall be free of some or all restrictions, or that any other stock-based Awards may become exercisable in full or in part or free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be, despite the fact that the foregoing actions may (i) cause the application of Sections 280G and 4999 of the Code if a change in control of the Company occurs, or (ii) disqualify all or part of the Option as an Incentive Stock Option. In the event of the acceleration of the exercisability of one or more outstanding Options, including pursuant to paragraph (e)(i), the Board may provide, as a condition of full exercisability of any or all such Options, that the Common Stock or other substituted consideration, including cash, as to which exercisability has been accelerated shall be restricted and subject to forfeiture back to the Company at the option of the Company at the cost thereof upon termination of employment or other relationship, with the timing and other terms of the vesting of such restricted stock or other consideration being equivalent to the timing and other terms of the superseded exercise schedule of the related Option.

8. Miscellaneous

a. Definitions.

(i) "Company," for purposes of eligibility under the Plan, shall include any present or future subsidiary corporations of iRobot Corporation, as defined in Section 424(f) of the Code (a " Subsidiary"), and any present or future parent corporation of iRobot Corporation, as defined in Section 424(e) of the Code. For purposes of Awards other than Incentive Stock Options, the term " Company" shall include any other business venture in which the Company has a direct or indirect significant interest, as determined by the Board in its sole discretion.

(ii) "Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

(iii) "employee" for purposes of eligibility under the Plan (but not for purposes of Section 4(b)) shall include a person to whom an offer of employment has been extended by the Company.

b. No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan.

c. No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder thereof.

d. Effective Date and Term of Plan. The Plan became effective on November 12, 2004, the date on which the Original Plan was adopted by the Board. No Awards shall be granted under the Plan after November 12, 2014, but Awards previously granted may extend beyond that date.

e. Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time.

f. Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of Delaware, without regard to any applicable conflicts of law.

Original Plan adopted by the Board of Directors on November 12, 2004

Original Plan approved by the stockholders on November 29, 2004

Amendment and Restatement Approved by Board of Directors on February 9, 2005

Amendment and Restatement Approved by stockholders on February 28, 2005

IROBOT CORPORATION

INCENTIVE STOCK OPTION AGREEMENT

iRobot Corporation (the "Company") hereby grants the following stock option pursuant to its 2004 Stock Option and Incentive Plan, as amended from time to time. The terms and conditions attached hereto are also a part hereof.

Name of optionee (the "Optionee")*:
Date of this option grant:
Number of shares of the Company's Common
Stock subject to this option ("Shares"):
Option exercise price per share:
Number, if any, of Shares that may be purchased
on or after the grant date:
Shares that are subject to vesting schedule:
Vesting Start Date:

Vesting Schedule:

One year from Vesting Start Date:	___% of the Shares
Two years from Vesting Start Date:	___% of the Shares
Three years from Vesting Start Date:	___% of the Shares
Four years from Vesting Start Date:	___% of the Shares
Five years from Vesting Start Date:	___% of the Shares

All vesting is dependent on the continuation of a Business Relationship with the Company, as provided herein.
Payment alternatives: Section 7(a)(i) through (iii)

This option satisfies in full all commitments that the Company has to the Optionee with respect to the issuance of stock, stock options or other equity securities.

IROBOT CORPORATION

- ----------
Signature of Optionee

By:

Name of Officer:

- ----------
Street Address

Title:

- ----------
City/State/Zip Code

- ----------
* N.B.: This form of agreement is designed for grants of "incentive stock options" to employees who, at time of grant, are not 10% stockholders.

IROBOT CORPORATION

INCENTIVE STOCK OPTION AGREEMENT -- INCORPORATED TERMS AND CONDITIONS

1. Grant Under Plan. This option is granted pursuant to and is governed by the Company's 2004 Stock Option and Incentive Plan, as amended from time to time (the "Plan") and, unless the context otherwise requires, terms used herein shall have the same meaning as in the Plan.

2. Grant as Incentive Stock Option. This option is intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code").

3. Vesting of Option.

(a) Vesting if Business Relationship Continues. The Optionee may exercise this option on or after the date of this option grant for the number of shares of Common Stock, if any, set forth (or, to the extent applicable, derived from the percentages set forth) on the cover page hereof. If the Optionee has continuously maintained a Business Relationship (as defined below) with the Company through the dates listed on the vesting schedule set forth on the cover page hereof, the Optionee may exercise this option for the additional number of shares of Common Stock set opposite the applicable vesting date. Notwithstanding the foregoing, the Board may, in its discretion, accelerate the date that any installment of this option becomes exercisable. The foregoing rights are cumulative and may be exercised only before the date which is ten years from the date of this option grant.

(b) For purposes hereof, "Business Relationship" shall mean service to the Company or its successor in the capacity of an employee, officer, director or consultant.

4. Termination of Business Relationship.

(a) Termination. If the Optionee's Business Relationship with the Company ceases, voluntarily or involuntarily, with or without cause, no further installments of this option shall become exercisable, and this option shall expire (may no longer be exercised) after the passage of 90 days from the date of termination, but in no event later than the scheduled expiration date. Any determination under this agreement as to the status of a Business Relationship or other matters referred to above shall be made in good faith by the Board of Directors of the Company.

(b) Employment Status. For purposes hereof, with respect to employees of the Company, employment shall not be considered as having terminated during any leave of absence if such leave of absence has been approved in writing by the Company and if such written approval contractually obligates the Company to continue the employment of the Optionee after the approved period of absence; in the event of such an approved leave of absence, vesting of this option shall be suspended (and the period of the leave of

absence shall be added to all vesting dates) unless otherwise provided in the Company's written approval of the leave of absence. For purposes hereof, a termination of employment followed by another Business Relationship shall be deemed a termination of the Business Relationship with all vesting to cease unless the Company enters into a written agreement related to such other Business Relationship in which it is specifically stated that there is no termination of the Business Relationship under this agreement. This option shall not be affected by any change of employment within or among the Company and its Subsidiaries so long as the Optionee continuously remains an employee of the Company or any Subsidiary.

5. Death; Disability.

(a) Death. Upon the death of the Optionee while the Optionee is maintaining a Business Relationship with the Company, this option may be exercised, to the extent otherwise exercisable on the date of the Optionee's death, by the Optionee's estate, personal representative or beneficiary to whom this option has been transferred pursuant to Section 10, only at any time within 180 days after the date of death, but not later than the scheduled expiration date.

(b) Disability. If the Optionee ceases to maintain a Business Relationship with the Company by reason of his or her disability, this option may be exercised, to the extent otherwise exercisable on the date of cessation of the Business Relationship, only at any time within 180 days after such cessation of the Business Relationship, but not later than the scheduled expiration date. For purposes hereof, "disability" means "permanent and total disability" as defined in Section 22(e)(3) of the Code.

6. Partial Exercise. This option may be exercised in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share.

7. Payment of Exercise Price.

(a) Payment Options. The exercise price shall be paid by one or any combination of the following forms of payment that are applicable to this option, as indicated on the cover page hereof:

(i) by cash or check payable to the order of the Company; or

(ii) if the Common Stock is then traded on a national securities exchange or on the Nasdaq National Market (or successor trading system), delivery of an irrevocable and unconditional undertaking, satisfactory in form and substance to the Company, by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Optionee to the Company of a copy of irrevocable and unconditional instructions, satisfactory in form and substance to the Company, to a

creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) subject to Section 7(b) below, if the Common Stock is then traded on a national securities exchange or on the Nasdaq National Market (or successor trading system), by delivery of shares of Common Stock having a fair market value equal as of the date of exercise to the option price.

In the case of (iii) above, fair market value as of the date of exercise shall be determined as of the last business day for which such prices or quotes are available prior to the date of exercise and shall mean (i) the last reported sale price (on that date) of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market (or successor trading system), if the Common Stock is not then traded on a national securities exchange.

(b) Limitations on Payment by Delivery of Common Stock. If Section 7(a)(iii) is applicable, and if the Optionee delivers Common Stock held by the Optionee ("Old Stock") to the Company in full or partial payment of the exercise price and the Old Stock so delivered is subject to restrictions or limitations imposed by agreement between the Optionee and the Company, an equivalent number of Shares shall be subject to all restrictions and limitations applicable to the Old Stock to the extent that the Optionee paid for the Shares by delivery of Old Stock, in addition to any restrictions or limitations imposed by this agreement. Notwithstanding the foregoing, the Optionee may not pay any part of the exercise price hereof by transferring Common Stock to the Company unless such Common Stock has been owned by the Optionee free of any substantial risk of forfeiture for at least six months.

8. Securities Laws Restrictions on Resale. Until registered under the Securities Act of 1933, as amended, or any successor statute (the "Securities Act"), the Shares will be illiquid and will be deemed to be "restricted securities" for purposes of the Securities Act. Accordingly, such shares must be sold in compliance with the registration requirements of the Securities Act or an exemption therefrom and may need to be held indefinitely. Unless the Shares have been registered under the Securities Act, each certificate evidencing any of the Shares shall bear a restrictive legend specified by the Company.

9. Method of Exercising Option. Subject to the terms and conditions of this agreement, this option may be exercised by written notice to the Company at its principal executive office, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of Shares for which it is being exercised and shall be signed by the person or persons so exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate or certificates representing such shares as soon as practicable after the notice shall be received. Such certificate or certificates shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Optionee and if the

Optionee shall so request in the notice exercising this option, shall be registered in the name of the Optionee and another person jointly, with right of survivorship). In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option.

10. Option Not Transferable. This option is not transferable or assignable except by will or by the laws of descent and distribution. During the Optionee's lifetime only the Optionee can exercise this option.

11. No Obligation to Exercise Option. The grant and acceptance of this option imposes no obligation on the Optionee to exercise it.

12. No Obligation to Continue Business Relationship. Neither the Plan, this agreement, nor the grant of this option imposes any obligation on the Company to continue the Optionee in employment or other Business Relationship.

13. Adjustments. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to such date of exercise.

14. Withholding Taxes. If the Company in its discretion determines that it is obligated to withhold any tax in connection with the exercise of this option, or in connection with the transfer of, or the lapse of restrictions on, any Common Stock or other property acquired pursuant to this option, the Optionee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the appropriate amount of tax. At the discretion of the Company, the amount required to be withheld may be withheld in cash from such wages or other remuneration or in kind from the Common Stock or other property otherwise deliverable to the Optionee on exercise of this option. The Optionee further agrees that, if the Company does not withhold an amount from the Optionee's wages or other remuneration sufficient to satisfy the withholding obligation of the Company, the Optionee will make reimbursement on demand, in cash, for the amount underwithheld.

15. Restrictions on Transfer; Company's Right of First Refusal.

(a) Exercise of Right. Shares may not be transferred without the Company's written consent except by will, by the laws of descent and distribution or in accordance with the further provisions of this Section 15. If the Optionee desires to transfer all or any part of the Shares to any person other than the Company (an "Offeror"), the Optionee shall: (i) obtain in writing an irrevocable and unconditional bona fide offer (the "Offer") for the purchase thereof from the Offeror; and (ii) give written notice (the "Option Notice") to the Company setting forth the Optionee's desire to transfer such shares, which Option Notice shall be accompanied by a photocopy of the Offer and shall set forth at least the name and address of the Offeror and the price and terms of the Offer. Upon receipt of the Option Notice, the Company shall have an assignable option to purchase any or all of such Shares (the "Offered Shares") specified in the Option Notice,

such option to be exercisable by giving, within 30 days after receipt of the Option Notice, a written counter-notice to the Optionee. If the Company elects to purchase all of such Offered Shares, it shall be obligated to purchase, and the Optionee shall be obligated to sell to the Company or its assignee, such Offered Shares at the price and terms indicated in the Offer within 30 days from the date of delivery by the Company of such counter-notice. To the extent that the consideration proposed to be paid by the Offeror for the shares consists of property other than cash or a promissory note, the consideration required to be paid by the Company may consist of cash equal to the fair market value of such property, as determined in good faith by the Board of Directors of the Company.

(b) Sale of Shares to Offeror. The Optionee may, for 60 days after the expiration of the 30-day option period as set forth in Section 15(a), sell to the Offeror, pursuant to the terms of the Offer, all of such Offered Shares not purchased or agreed to be purchased by the Company or its assignee; provided, however, that the Optionee shall not sell such Shares to such Offeror if such Offeror is a competitor of the Company and the Company gives written notice to the Optionee, within 30 days of its receipt of the Option Notice, stating that the Optionee shall not sell his or her Shares to such Offeror; and provided, further, that prior to the sale of such Shares to an Offeror, such Offeror shall execute an agreement with the Company pursuant to which such Offeror agrees to be subject to the restrictions set forth in this Section 15. If any or all of such Shares are not sold pursuant to an Offer within the time permitted above, the unsold Shares shall remain subject to the terms of this Section 15.

(c) Failure to Deliver Shares. If the Optionee (or his or her legal representative) who has become obligated to sell Shares hereunder shall fail to deliver such shares to the Company in accordance with the terms of this agreement, the Company may, at its option, in addition to all other remedies it may have, mail to the Optionee the purchase price for such shares as is herein specified. Thereupon, the Company: (i) shall cancel on its books the certificate or certificates representing such Shares to be sold; and (ii) shall issue, in lieu thereof, a new certificate or certificates in the name of the Company representing such Shares (or cancel such Shares), and thereupon all of such Optionee's rights in and to such Shares shall terminate.

(d) Expiration of Company's Right of First Refusal and Transfer Restrictions. The first refusal rights of the Company and the transfer restrictions set forth in this Section 15 shall expire as to Shares immediately prior to the closing of an underwritten public offering of Common Stock by the Company pursuant to an effective registration statement filed under the Securities Act. In addition, if the Company and the Optionee are parties to an agreement containing first refusal provisions similar to the foregoing, such other agreement shall control.

16. Early Disposition. The Optionee agrees to notify the Company in writing immediately after the Optionee transfers any Shares, if such transfer occurs on or before the later of (a) the date that is two years after the date of this agreement or (b) the date that is one year after the date on which the Optionee acquired such Shares. The Optionee also agrees to provide

the Company with any information concerning any such transfer required by the Company for tax purposes.

17. Lock-up Agreement. The Optionee agrees that, in the event that the Company effects an initial underwritten public offering of Common Stock registered under the Securities Act, he, she or it shall not sell, offer for sale or otherwise dispose of, directly or indirectly, the Shares, or any other shares of Common Stock or any securities convertible into or exchangeable for Common Stock held immediately prior to the effectiveness of the Securities Act registration for such offering, without the prior written consent of the managing underwriter(s) of the offering, for such period of time after the execution of an underwriting agreement in connection with such offering that all of the Company's then directors and executive officers agree to be similarly bound. The underwriters of the offering are intended third-party beneficiaries of this Section 17 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Optionee further agrees to execute such agreements as may be reasonably requested by the underwriters of the offering that are consistent with this Section 17 or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares subject to the foregoing restrictions (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

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

19. Provision of Documentation to Optionee. By signing this agreement the Optionee acknowledges receipt of a copy of this agreement and a copy of the Plan.

20. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by mail, if to the Optionee, to the address set forth on the cover page or at the address shown on the records of the Company, and if to the Company, to the Company's principal executive offices, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This agreement constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all proposals, written or oral, and all other communications between the parties relating to the subject matter of this agreement. This agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

(c) Fractional Shares. If this option becomes exercisable for a fraction of a share because of the adjustment provisions contained in the Plan, such fraction shall be rounded down.

(d) Issuances of Securities; Changes in Capital Structure. Except as expressly provided herein or in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to this option. No adjustments need be made for dividends paid in cash or in property other than securities of the Company. If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, spin-off, split-up or other similar change in capitalization or event, the restrictions contained in this agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, Shares, except as otherwise determined by the Board.

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

(f) Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 10 hereof.

(g) Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the state of Delaware, without giving effect to the principles of the conflicts of laws thereof.

IROBOT CORPORATION

NON-QUALIFIED STOCK OPTION AGREEMENT

iRobot Corporation (the "Company") hereby grants the following stock option pursuant to its 2004 Stock Option and Incentive Plan, as amended from time to time. The terms and conditions attached hereto are also a part hereof.

Name of optionee (the "Optionee"):
Date of this option grant:
Number of shares of the Company's Common Stock subject to this option ("Shares"):
Option exercise price per share:
Number, if any, of Shares that may be purchased on or after the grant date:
Shares that are subject to vesting schedule:
Vesting Start Date:

Vesting Schedule:

One year from Vesting Start Date:	___% of the Shares
Two years from Vesting Start Date:	___% of the Shares
Three years from Vesting Start Date:	___% of the Shares
Four years from Vesting Start Date:	___% of the Shares
Five years from Vesting Start Date:	___% of the Shares

All vesting is dependent on the continuation of a Business Relationship with the Company, as provided herein.
Payment alternatives: Section 7(a)(i) through (iii)

This option satisfies in full all commitments that the Company has to the Optionee with respect to the issuance of stock, stock options or other equity securities.

IROBOT CORPORATION

By:

- ----------
Signature of Optionee

Name of Officer:

- ----------

- ----------
Street Address

Title:

- ----------

- ----------
City/State/Zip Code

IROBOT CORPORATION

NON-QUALIFIED STOCK OPTION AGREEMENT -- INCORPORATED TERMS AND CONDITIONS

1. Grant Under Plan. This option is granted pursuant to and is governed by the Company's 2004 Stock Option and Incentive Plan, as amended from time to time (the "Plan") and, unless the context otherwise requires, terms used herein shall have the same meaning as in the Plan.

2. Designation of Option. This Option is intended to be a Nonstatutory Stock Option and is not intended to qualify as an Incentive Stock Option as defined in Section 422 of the Internal Revenue Code of 1986, as amended and the regulations thereunder (the "Code").

3. Vesting of Option.

(a) Vesting if Business Relationship Continues. The Optionee may exercise this option on or after the date of this option grant for the number of shares of Common Stock, if any, set forth (or, to the extent applicable, derived from the percentages set forth) on the cover page hereof. If the Optionee has continuously maintained a Business Relationship (as defined below) with the Company through the dates listed on the vesting schedule set forth on the cover page hereof, the Optionee may exercise this option for the additional number of shares of Common Stock set opposite the applicable vesting date. Notwithstanding the foregoing, the Board may, in its discretion, accelerate the date that any installment of this option becomes exercisable. The foregoing rights are cumulative and may be exercised only before the date which is ten years from the date of this option grant.

(b) For purposes hereof, "Business Relationship" shall mean service to the Company or its successor in the capacity of an employee, officer, director or consultant.

4. Termination of Business Relationship.

(a) Termination. If the Optionee's Business Relationship with the Company ceases, voluntarily or involuntarily, with or without cause, no further installments of this option shall become exercisable, and this option shall expire (may no longer be exercised) after the passage of three months from the date of termination, but in no event later than the scheduled expiration date. Any determination under this agreement as to the status of a Business Relationship or other matters referred to above shall be made in good faith by the Board of Directors of the Company.

(b) Employment Status. For purposes hereof, with respect to employees of the Company, employment shall not be considered as having terminated during any leave of absence if such leave of absence has been approved in writing by the Company and if such written approval contractually obligates the Company to continue the employment of the Optionee after the approved period of absence; in the event of such an approved leave

of absence, vesting of this option shall be suspended (and the period of the leave of absence shall be added to all vesting dates) unless otherwise provided in the Company's written approval of the leave of absence. For purposes hereof, a termination of employment followed by another Business Relationship shall be deemed a termination of the Business Relationship with all vesting to cease unless the Company enters into a written agreement related to such other Business Relationship in which it is specifically stated that there is no termination of the Business Relationship under this agreement. This option shall not be affected by any change of employment within or among the Company and its Subsidiaries so long as the Optionee continuously remains an employee of the Company or any Subsidiary.

5. Death; Disability.

(a) Death. Upon the death of the Optionee while the Optionee is maintaining a Business Relationship with the Company, this option may be exercised, to the extent otherwise exercisable on the date of the Optionee's death, by the Optionee's estate, personal representative or beneficiary to whom this option has been transferred pursuant to Section 10, only at any time within 180 days after the date of death, but not later than the scheduled expiration date.

(b) Disability. If the Optionee ceases to maintain a Business Relationship with the Company by reason of his or her disability, this option may be exercised, to the extent otherwise exercisable on the date of cessation of the Business Relationship, only at any time within 180 days after such cessation of the Business Relationship, but not later than the scheduled expiration date. For purposes hereof, "disability" means "permanent and total disability" as defined in Section 22(e)(3) of the Code.

6. Partial Exercise. This option may be exercised in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share.

7. Payment of Exercise Price.

(a) Payment Options. The exercise price shall be paid by one or any combination of the following forms of payment that are applicable to this option, as indicated on the cover page hereof:

(i) by cash or check payable to the order of the Company; or

(ii) if the Common Stock is then traded on a national securities exchange or on the Nasdaq National Market (or successor trading system), delivery of an irrevocable and unconditional undertaking, satisfactory in form and substance to the Company, by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Optionee to the Company of a copy of irrevocable and unconditional

instructions, satisfactory in form and substance to the Company, to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) subject to Section 7(b) below, if the Common Stock is then traded on a national securities exchange or on the Nasdaq National Market (or successor trading system), by delivery of shares of Common Stock having a fair market value equal as of the date of exercise to the option price.

In the case of (iii) above, fair market value as of the date of exercise shall be determined as of the last business day for which such prices or quotes are available prior to the date of exercise and shall mean (i) the last reported sale price (on that date) of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market (or successor trading system), if the Common Stock is not then traded on a national securities exchange.

(b) Limitations on Payment by Delivery of Common Stock. If Section 7(a)(iii) is applicable, and if the Optionee delivers Common Stock held by the Optionee ("Old Stock") to the Company in full or partial payment of the exercise price and the Old Stock so delivered is subject to restrictions or limitations imposed by agreement between the Optionee and the Company, an equivalent number of Shares shall be subject to all restrictions and limitations applicable to the Old Stock to the extent that the Optionee paid for the Shares by delivery of Old Stock, in addition to any restrictions or limitations imposed by this agreement. Notwithstanding the foregoing, the Optionee may not pay any part of the exercise price hereof by transferring Common Stock to the Company unless such Common Stock has been owned by the Optionee free of any substantial risk of forfeiture for at least six months.

8. Securities Laws Restrictions on Resale. Until registered under the Securities Act of 1933, as amended, or any successor statute (the "Securities Act"), the Shares will be illiquid and will be deemed to be "restricted securities" for purposes of the Securities Act. Accordingly, such shares must be sold in compliance with the registration requirements of the Securities Act or an exemption therefrom and may need to be held indefinitely. Unless the Shares have been registered under the Securities Act, each certificate evidencing any of the Shares shall bear a restrictive legend specified by the Company.

9. Method of Exercising Option. Subject to the terms and conditions of this agreement, this option may be exercised by written notice to the Company at its principal executive office, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of Shares for which it is being exercised and shall be signed by the person or persons so exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate or certificates representing such shares as soon as practicable after the notice shall be

received. Such certificate or certificates shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Optionee and if the Optionee shall so request in the notice exercising this option, shall be registered in the name of the Optionee and another person jointly, with right of survivorship). In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option.

10. Option Not Transferable. This option is not transferable or assignable except by will or by the laws of descent and distribution. During the Optionee's lifetime only the Optionee can exercise this option.

11. No Obligation to Exercise Option. The grant and acceptance of this option imposes no obligation on the Optionee to exercise it.

12. No Obligation to Continue Business Relationship. Neither the Plan, this agreement, nor the grant of this option imposes any obligation on the Company to continue the Optionee in employment or other Business Relationship.

13. Adjustments. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to such date of exercise.

14. Withholding Taxes. If the Company in its discretion determines that it is obligated to withhold any tax in connection with the exercise of this option, or in connection with the transfer of, or the lapse of restrictions on, any Common Stock or other property acquired pursuant to this option, the Optionee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the appropriate amount of tax. At the discretion of the Company, the amount required to be withheld may be withheld in cash from such wages or other remuneration or in kind from the Common Stock or other property otherwise deliverable to the Optionee on exercise of this option. The Optionee further agrees that, if the Company does not withhold an amount from the Optionee's wages or other remuneration sufficient to satisfy the withholding obligation of the Company, the Optionee will make reimbursement on demand, in cash, for the amount underwithheld.

15. Restrictions on Transfer; Company's Right of First Refusal.

(a) Exercise of Right. Shares may not be transferred without the Company's written consent except by will, by the laws of descent and distribution or in accordance with the further provisions of this Section 15. If the Optionee desires to transfer all or any part of the Shares to any person other than the Company (an "Offeror"), the Optionee shall: (i) obtain in writing an irrevocable and unconditional bona fide offer (the "Offer") for the purchase thereof from the Offeror; and (ii) give written notice (the "Option Notice") to the Company setting forth the Optionee's desire to transfer such shares, which Option Notice shall be accompanied by a photocopy of the Offer and shall set forth at

least the name and address of the Offeror and the price and terms of the Offer. Upon receipt of the Option Notice, the Company shall have an assignable option to purchase any or all of such Shares (the "Offered Shares") specified in the Option Notice, such option to be exercisable by giving, within 30 days after receipt of the Option Notice, a written counter-notice to the Optionee. If the Company elects to purchase all of such Offered Shares, it shall be obligated to purchase, and the Optionee shall be obligated to sell to the Company or its assignee, such Offered Shares at the price and terms indicated in the Offer within 30 days from the date of delivery by the Company of such counter-notice. To the extent that the consideration proposed to be paid by the Offeror for the shares consists of property other than cash or a promissory note, the consideration required to be paid by the Company may consist of cash equal to the fair market value of such property, as determined in good faith by the Board of Directors of the Company.

(b) Sale of Shares to Offeror. The Optionee may, for 60 days after the expiration of the 30-day option period as set forth in Section 15(a), sell to the Offeror, pursuant to the terms of the Offer, all of such Offered Shares not purchased or agreed to be purchased by the Company or its assignee; provided, however, that the Optionee shall not sell such Shares to such Offeror if such Offeror is a competitor of the Company and the Company gives written notice to the Optionee, within 30 days of its receipt of the Option Notice, stating that the Optionee shall not sell his or her Shares to such Offeror; and provided, further, that prior to the sale of such Shares to an Offeror, such Offeror shall execute an agreement with the Company pursuant to which such Offeror agrees to be subject to the restrictions set forth in this Section 15. If any or all of such Shares are not sold pursuant to an Offer within the time permitted above, the unsold Shares shall remain subject to the terms of this Section 15.

(c) Failure to Deliver Shares. If the Optionee (or his or her legal representative) who has become obligated to sell Shares hereunder shall fail to deliver such shares to the Company in accordance with the terms of this agreement, the Company may, at its option, in addition to all other remedies it may have, mail to the Optionee the purchase price for such shares as is herein specified. Thereupon, the Company: (i) shall cancel on its books the certificate or certificates representing such Shares to be sold; and (ii) shall issue, in lieu thereof, a new certificate or certificates in the name of the Company representing such Shares (or cancel such Shares), and thereupon all of such Optionee's rights in and to such Shares shall terminate.

(d) Expiration of Company's Right of First Refusal and Transfer Restrictions. The first refusal rights of the Company and the transfer restrictions set forth in this Section 15 shall expire as to Shares immediately prior to the closing of an underwritten public offering of Common Stock by the Company pursuant to an effective registration statement filed under the Securities Act. In addition, if the Company and the Optionee are parties to an agreement containing first refusal provisions similar to the foregoing, such other agreement shall control.

16. Early Disposition. The Optionee agrees to notify the Company in writing immediately after the Optionee transfers any Shares, if such transfer occurs on or before the later of (a) the date that is two years after the date of this agreement or (b) the date that is one year after the date on which the Optionee acquired such Shares. The Optionee also agrees to provide the Company with any information concerning any such transfer required by the Company for tax purposes.

17. Lock-up Agreement. The Optionee agrees that, in the event that the Company effects an initial underwritten public offering of Common Stock registered under the Securities Act, he, she or it shall not sell, offer for sale or otherwise dispose of, directly or indirectly, the Shares, or any other shares of Common Stock or any securities convertible into or exchangeable for Common Stock held immediately prior to the effectiveness of the Securities Act registration for such offering, without the prior written consent of the managing underwriter(s) of the offering, for such period of time after the execution of an underwriting agreement in connection with such offering that all of the Company's then directors and executive officers agree to be similarly bound. The underwriters of the offering are intended third-party beneficiaries of this Section 17 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Optionee further agrees to execute such agreements as may be reasonably requested by the underwriters of the offering that are consistent with this Section 17 or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the shares subject to the foregoing restrictions (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

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

19. Provision of Documentation to Optionee. By signing this agreement the Optionee acknowledges receipt of a copy of this agreement and a copy of the Plan.

20. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by mail, if to the Optionee, to the address set forth on the cover page or at the address shown on the records of the Company, and if to the Company, to the Company's principal executive offices, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This agreement constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all proposals, written or oral, and all other communications between the parties relating to the subject matter of this agreement. This agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

(c) Fractional Shares. If this option becomes exercisable for a fraction of a share because of the adjustment provisions contained in the Plan, such fraction shall be rounded down.

(d) Issuances of Securities; Changes in Capital Structure. Except as expressly provided herein or in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to this option. No adjustments need be made for dividends paid in cash or in property other than securities of the Company. If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, spin-off, split-up or other similar change in capitalization or event, the restrictions contained in this agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, Shares, except as otherwise determined by the Board.

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

(f) Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 10 hereof.

(g) Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the state of Delaware, without giving effect to the principles of the conflicts of laws thereof.

EXHIBIT 10.7

LEASE BETWEEN
BURLINGTON CROSSING OFFICE LLC
AND
iROBOT CORPORATION
FOR
63 SOUTH AVENUE
BURLINGTON, MASSACHUSETTS

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(CONTINUED)

Date of Lease Execution October 29, 2002

REFERENCE DATA

1.1. SUBJECTS REFERRED TO

Each reference in this Lease to any of the following subjects shall incorporate the data stated for that subject in this Section 1.1

Landlord	Burlington Crossing Office LLC
Managing Agent	The Gutierrez Company
Landlord's and Managing Agent's Address	Burlington Office Park One Wall Street Burlington, Massachusetts 01803
Landlord's Representative	John A Cataldo, Executive Vice President
Tenant	iRobot Corporation
Tenant's Address (for Notice & Billing)	Twin City Office Center 22 McGrath Highway, Suite 6 Somerville, MA 02143
Tenant's Representative	Glen Weinstein
Building	63 South Avenue Burlington, Massachusetts
Floor	First
Tenant's Space	Such space shown on the plan attached hereto as Exhibit "A" located within the Building on the Floor
Rentable Floor Area of Tenant's Space	24,004 Square Feet
Total Rentable Floor Area of the Building	81,685 Square Feet
Commencement Date	December 1, 2002
Free Rent Period	See Section 4.1

Term Expiration Date	December 31, 2008
Term	Six years, and one month
Fixed Rent	Months 1-2 No rent due $0.00 monthly Months 3-8 $9.90/RSF $19,803.30 monthly Months 9-14 $11.90/RSF $23,803.97 monthly Months 15-25 $17.40/RSF $34,805.80 monthly Months 26-37 $19.40/RSF $38,806.47 monthly Months 38-49 $20.40/RSF $40,806.80 monthly Months 50-61 $21.40/RSF $42,807.13 monthly Months 62-73 $22.40/RSF $44,807.47 monthly
Monthly Fixed Rent	For each month during the Term, the monthly Fixed Rent amount set forth above
Annual Estimated Operating Costs	Actuals CY 2003 (approximately $7.25/RSF - included in the Fixed Rent)
Estimated Cost of Electrical Service to Tenant's Space	To be separately submetered in accordance with Exhibit "D" The anticipated cost of such electricity is 90 cents ($0.90) per rentable square foot
First Fiscal Year for Tenant's Paying Operating Costs Escalation	Year beginning January 1, 2004
Security Deposit	See Article 11
Guarantor	None
Permitted Uses	The development, marketing, manufacturing, machining, sale and delivery of robots and associated technology and the providing of professional services in connection therewith
Real Estate Broker(s)	CB Richard Ellis/Whittier Partners, Inc Richards Barry Joyce & Partners
Public Liability Insurance - Bodily Injury and Property Damage	Each Occurrence $1,000,000 Aggregate $2,000,000

Special Provisions	Exhibit "H"	Option to Extend
	Exhibit "T"	Expansion Rights/ Right of First Refusal
	Exhibit "K"	Subordination, Non-Disturbance and Attornment Agreement

1.2. EXHIBITS

The Exhibits listed below in this Section are incorporated in this Lease by reference and are to be construed as part of this Lease:

EXHIBIT A	Plan Showing Tenant's Space
EXHIBIT B	Legal Description of Lot
EXHIBIT C	Intentionally Deleted
EXHIBIT D	Landlord's Services
EXHIBIT E	Rules and Regulations
EXHIBIT F	Intentionally Deleted
EXHIBIT G	Estoppel Certificate
EXHIBIT H	Option to Extend
EXHIBIT I	Expansion Rights / Right of First Refusal
EXHIBIT J	Intentionally Deleted
EXHIBIT K	Subordination, Non-Disturbance and Attornment Agreement

ARTICLE 2.
PREMISES AND TERM.

2.1. PREMISES.

Subject to and with the benefit of the provisions of this Lease and any ground lease or land disposition agreement relating to that certain parcel of land on which the Building is located known as Lot 14 on Land Court Plan 6728J, as more particularly described on Exhibit "B" attached hereto and made a part hereof (the "Lot"), Landlord hereby leases to Tenant and Tenant leases from Landlord, Tenant's Space in the Building, excluding exterior faces of exterior walls, the common facilities area and building service fixtures and equipment serving exclusively or in common other parts of the Building Tenant's Space, with such exclusions, is hereinafter referred to as the "Premises".

Tenant shall have, as appurtenant to the Premises, the right to use in common with others entitled thereto, subject to reasonable rules of general applicability to tenants of the Building from time to time made by Landlord of which Tenant is given notice(a) the common facilities included in the Building or on the Lot, including the parking facilities (which currently consists of 362 parking spaces and which at all times during the Term shall consist of at least 3.3 spaces per 1,000 square feet of leased area, the parking facilities shall be used by Tenant on a "non-reserved" basis with all other tenants in the Building, including their employees and/or invitees, and for which use there shall not be an additional charge to Tenant, its employees or invitees), bathrooms and other facilities, to the extent from time to time designated by Landlord, and (b) the Building service fixtures and equipment serving the Premises Other tenants of the Building have been provided use of the parking spaces on the same non-reserved basis as provided to Tenant pursuant to subparagraph (a) above.

Landlord reserves the right from time to time, without unreasonable interference with Tenant's use (a) to install, repair, replace, use, maintain and relocate for service to the Premises and to other parts of the Building or either, building service fixtures and equipment wherever located in the Building, and (b) to alter or relocate any other common facility provided that substitutions are substantially equivalent or better.

2.2. TERM.

To have and to hold for a period (the 'Term") commencing on the Commencement Date and continuing until the Term Expiration Date, unless sooner terminated as provided in Section 7 1 or in Article 9, or unless extended as provided in Exhibit "H" hereto.

ARTICLE 3.
CONSTRUCTION.

3.1. INTENTIONALLY DELETED.

3.2. INTENTIONALLY DELETED.

3.3. GENERAL PROVISIONS APPLICABLE TO CONSTRUCTION.

All construction work required or permitted by this Lease, shall be done in a good and workmanlike manner and in compliance with all applicable laws and all lawful ordinances, regulations and orders of governmental authority and insurers of the Building Landlord may inspect any work of Tenant at reasonable times and shall promptly give notice of observed defects.

3.4. PREPARATION OF PREMISES FOR OCCUPANCY.

Landlord shall deliver the Premises on an "as-is" basis subject to a general clean-up of the space to include "touch up" painting where necessary. Landlord represents that the Building's systems are in good working order and fully functional.

ARTICLE 4.
RENT.

4.1. RENT.

Tenant agrees to pay, without any offset or reduction whatever, fixed rent equal to l/12th of the Fixed Rent in equal installments in advance on the first day of each calendar month included in the Term, and for any portion of a calendar month at the beginning or end of the Term, at the pro rata rate payable for such portion in advance. The term "Rent" shall at all times be used herein to mean Fixed Rent plus additional rent payable under this Lease Notwithstanding the foregoing, Fixed Rent shall be abated from December 1, 2002 through January 31, 2003.

4.2. OPERATING COST ESCALATION.

With respect to the First Fiscal Year for Tenant's Paying Operating Cost Escalation, or fraction thereof, and any Fiscal Year (as such term shall refer to the successive twelve (12) month periods commencing on January 1st and ending on December 31st included within the Term) or fraction thereafter, Tenant shall pay to Landlord, as additional rent, Operating Cost Escalation (as defined below), if any, on or before the thirtieth (30th) day following receipt by Tenant of Landlord's Statement (as defined below) As soon as practicable after the end of each Fiscal Year ending during the Term and after Lease termination, Landlord shall render a statement ("Landlord's Statement") in reasonable detail and according to usual accounting.

practices certified by Landlord and showing for the preceding Fiscal Year or fraction thereof, as the case may be, "Landlord's Operating Costs", and specifying Tenant's "Pro Rata Share" (which such term shall refer to the fraction, the numerator of which is the Rentable Floor Area of Tenant's Space, and the denominator of which is the Total Rentable Floor Area of the Building) for such Fiscal Year,

EXCLUDING the interest and amortization on mortgages for the Building and Lot or leasehold interests therein and the cost of special services rendered to tenants (including Tenant) for which a special charge is made, depreciation of buildings and other improvements, improvements, repairs or alterations to spaces leased to other tenants, costs of any items to the extent Landlord receives reimbursement from insurance proceeds or from a third party, and expenses for capital items other than those permitted for purposes of reducing Landlord's Operating Costs pursuant to the following paragraph,

BUT INCLUDING, without limitation real estate taxes on the Building and Lot, installments and interest on assessments for public betterments or public improvements, expenses of any proceedings for abatement of taxes and assessments with respect to any Fiscal Year or fraction of a Fiscal Year, provided, however, that any tax refunds shall be applied to reduce Landlord's Operating Costs, premiums for insurance, compensation and all fringe benefits, workmen's compensation, insurance premiums and payroll taxes paid by Landlord to, for or with respect to all persons engaged in the operating, maintaining, or cleaning of the Building and Lot, steam, water, sewer, electric, gas, telephone, and other utility charges not billed directly to tenants by Landlord or the utility, but not including the cost to Landlord of electricity furnished for lighting, electrical facilities, equipment, machinery, fixtures and appliances used by Tenant in Tenant's Space (other than Building heating, ventilating and air conditioning equipment) as set forth in Paragraph VII of Exhibit "D", costs of building and cleaning supplies and equipment (including rental), cost of maintenance, cleaning and repairs, cost of snow plowing or removal, or both, and care of landscaping, payments to independent contractors under service contracts for cleaning, operating, managing (not to exceed five percent (5%) of collected gross rents of the Building), maintaining and repairing the Building and Lot (which payments may be to affiliates of Landlord provided the same are at reasonable rates consistent with the type of occupancy and the services rendered), the cost of providing amenities to the Building, and all other reasonable and necessary expenses paid in connection with the operation, cleaning, maintenance, and repair of the Building and Lot, or either, and properly chargeable against income, it being agreed that if Landlord installs a new or replacement capital item for the purpose of reducing Landlord's Operating Costs, the annual costs thereof as reasonably amortized by Landlord over the useful life of the item so installed in accordance with generally accepted accounting principles, with legal interests on the unamortized amount, shall be included in Landlord's Operating Costs.

In case of services which are not rendered to all areas on a comparable basis or in case service consumption vanes among tenants in the Building, the proportion allocable to the Premises shall be the same proportion which the Rentable Floor Area of Tenant's Space bears to the total rentable floor area to which such service is so rendered, or to which such

disproportionate service or use is rendered (such latter area to be determined in the same manner as the Total Rentable Floor Area of the Building).

Notwithstanding anything contained herein to the contrary, Tenant is not obligated to pay its Pro Rata Share of Landlord's Operating Costs which is included in Fixed Rent at such amount equal to the actual Landlord's Operating Costs for CY 2003 (approximately $7.25 per RSF, but shall only be obligated to pay the increase above such amount (i.e Operating Cost Escalation) as herein provided.

"Operating Cost Escalation" shall be equal to (a) less (b).

(a) the product of Landlord's Operating Costs per rentable square foot (based upon the Total Rentable Floor Area of the Building as set forth in Section 1.1 hereof) as indicated in Landlord's Statement times the Rentable Floor Area of Tenant's Space, and

(b) the product of the Annual Estimated Operating Costs per rentable square foot (based upon the Total Rentable Floor Area of the Building as set forth in Section 1.1 hereof) times the Rentable Floor Area of Tenant's Space, which shall never be less than such amount equal to the actual Landlord's Operating Costs for CY 2003 (approximately $7.25 RSF and which is already included in Fixed Rent).

If, with respect to any Fiscal Year or fraction thereof during the Term, Tenant is obligated to pay Operating Cost Escalation, then Tenant shall pay, as additional rent, on the first day of each month of each ensuing Fiscal Year thereafter, until Landlord's Statement for an ensuing Fiscal Year reflects that Tenant is not obligated to pay Operating Cost Escalation, Estimated Monthly Escalation Payments equal to 1/12th of the annualized Operating Cost Escalation for the immediately preceding Fiscal Year, Estimated Monthly Escalation Payments for each ensuing Fiscal Year shall be made retroactively from the first day of such Fiscal Year. In no event shall Tenant be obligated to pay more than the actual Operating Cost Escalation during any Fiscal Year. Therefore, for any Fiscal Year, such Estimated Monthly Escalation Payments shall be credited towards Tenant's obligation to pay an Operating Cost Escalation for such Fiscal Year, with an additional payment made by Tenant or credit issued by Landlord, as applicable.

The term "real estate taxes" as used above shall mean all taxes of every kind and nature assessed by any governmental authority on the Lot, the Building and improvements, or both, which the Landlord shall become obligated to pay because of or in connection with the ownership, leasing and operation of the Lot, the Building and improvements, or both, subject to the following There shall be excluded for such taxes all income taxes, excess profits taxes, excise taxes, franchise taxes, estate, succession, inheritance and transfer taxes, provided, however, that if at any time during the Term the present system of ad valorem taxation of real property shall be changed so that in lieu of the whole or any part of the ad valorem tax on real property, there shall be assessed on Landlord a capital levy or other tax on the gross rents.

received with respect to the Lot, Building and improvements, or both, a federal, state, county, municipal, or other local income, franchise, excise or similar tax, assessment, levy or charge (distinct from any now in effect) measured by or based, in whole or in part, upon any such gross rents, then any and all of such taxes, assessments, levies or charges, to the extent so measured or based, shall be deemed to be included within the term "real estate taxes." Upon Tenant's reasonable request, Landlord shall furnish to Tenant copies of receipted real estate tax bills showing payment in full of the real estate taxes applicable to the Lot (and all improvements thereon) for the preceding tax fiscal year. Under no circumstance will "real estate taxes" include any taxes now due or which become due for a period prior to the Commencement Date.

Landlord shall have the right from time to time during the Term hereof, but not more than once per lease year, to change the periods of accounting under this Section 4.2 to any annual period other than the Fiscal Year and upon any such change all items referred to in this Section shall be appropriately apportioned. In all Landlord's Statements, rendered under this Section, amounts for periods partially within and partially without the accounting periods shall be appropriately apportioned, and any items which are not determinable at the time of a Landlord's Statement shall be included therein on the basis of Landlord's estimate, and with respect thereto Landlord shall render promptly after determination a supplemental Landlord's Statement, and appropriate adjustment shall be made according thereto. All Landlord's Statements shall be prepared on an accrual basis of accounting.

All records that the Landlord is required to maintain hereunder shall be maintained by the Landlord for a period of two (2) years following the expiration of the Fiscal Year to which such records relate. Tenant shall have the right, through its employees or representatives, to examine and audit such records at reasonable times, but no more than once per Fiscal Year, upon not less than five (5) days prior written notice. Such records shall be maintained at Landlord's Address set forth in Section 1.1, or such other place within the Commonwealth of Massachusetts as Landlord shall designate from time to time for the keeping of such records. The costs of such audits shall be borne by Tenant, provided, however, that if such audit establishes that the actual Operating Cost Escalation for the Fiscal Year in question is less than the Landlord's final determination of the Operating Cost Escalation as set forth in Landlord's Statement submitted to Tenant by at least five percent (5%), then Landlord shall pay the reasonable cost of such audit. If as a result of such audit, it is determined that Tenant must pay additional amounts to Landlord on account of the Operating Cost Escalation, or that Tenant has overpaid Landlord on account of the Operating Cost Escalation, then the undercharged or overpaid party shall reimburse the other party for the payment due, together with interest thereon from the date of Landlord's Statement at the interest rate set forth in Section 4.3 hereof.

Notwithstanding any other provision of this Section 4.2, if the Term expires or is terminated as of a date other than the last day of a Fiscal Year at the end of the Term, Tenant's last payment to Landlord under this Section 4.2 shall be made on the basis of Landlord's best estimate of the items otherwise includable in Landlord's Statement and shall be made on or before the later of (a) ten (10) days after Landlord delivers such estimate to Tenant, or (b) the last day of the Term, with an appropriate payment or refund to be made upon submission of Landlord's Statement.

4.3 PAYMENTS.

All payments of fixed and additional rent shall be made to Managing Agent, or to such other person as Landlord may from time to time designate. If any installment of Rent, fixed or additional, or on account of leasehold improvements performed by Landlord or its contractor on Tenant's behalf, pursuant to Article 3 hereof, is paid more than ten (10) days after written notice that such payment is due (provided, however, that Tenant shall not be entitled to written notice more than two (2) times in any twelve (12) month period), at Landlord's election, it shall bear interest at the rate of 18% per annum from such due date, which interest shall be immediately due and payable as further additional rent.

ARTICLE 5
LANDLORD'S COVENANTS/REPRESENTATIONS

5.1 LANDLORD'S COVENANTS DURING THE TERM.

Landlord covenants during the Term

5.1.1 Building Services - To furnish, through Landlord's employees or independent contractors, the services listed in Exhibit "D", because of U.S. Department of Defense requirements particular to Tenant's Permitted Uses, Landlord further agrees that services provided outside of business hours may only be performed by citizens of the United States or permanent residents or refugees under 8 U.S.C. Section 1324b(a)(3),

5.1.2 Additional Building Services - To furnish, through Landlord's employees or independent contractors, reasonable additional Building operation services upon reasonable advance request of Tenant at equitable rates from time to time established by Landlord to be paid by Tenant,

5.1.3 Repairs - Except as otherwise provided in Article 7, to make such repairs to the roof, exterior walls, floor slabs, HVAC (where repairs are not due to Tenant's negligence) and common facilities of the Building as may be necessary to keep them in serviceable condition and in the condition set forth in Section 5.1.5 below,

5.1.4 Quiet Enjoyment - That Landlord has the right to make this Lease and that Tenant, on paying the Rent and performing its obligations hereunder, shall peacefully and quietly have, hold and enjoy the Premises throughout the Term without any manner of hindrance or molestation from Landlord or anyone claiming under Landlord, subject, however, to all the terms and provisions hereof,

5.1.5 Common Areas - To keep and maintain the common areas and parking facilities of the Building in good order, condition and repair, including, without limitation, to snowplow and sand the parking areas and sidewalks located upon the Lot up to the entrances of the Building, and in a safe, clean, sightly and sanitary condition in accordance with good and accepted Building practices and in a manner consistent with first-class buildings of a similar size and nature to that of the Building,

5.1.6 Insurance - Throughout the Term of this Lease, Landlord shall purchase and keep in force and effect, or cause to be purchased and kept in force and effect, Commercial General Liability Insurance, written on an occurrence and not on a claims-made basis, containing provisions adequate to protect Landlord from and against claims for bodily injury, and claims for property damage occurring upon the Lot or the Building located thereon and/or occurring on the Premises due to the acts or omissions of Landlord or its officers, agents, employees or independent contractors, or due to Landlord's failure to comply with, or default or other breach of, the provisions of this Lease, such insurance having bodily injury and property damage combined limits of liability of not less than $1,000,000 per occurrence, which coverage may be provided by supplementing the Commercial General Liability policy with an Umbrella Liability policy.

Landlord shall also purchase and keep in force, or cause to be purchased and kept in force, insurance upon the Lot and Building (including the Premises) against loss or damage by a hazard insured under a so-called "Special Form" policy and such additional insurance as would customarily be carried by prudent owners of similar buildings in the same locale as the Building, and in all events including collapse, vandalism, water damage and sprinkler leakage, comprehensive boiler and machinery insurance, in an amount equal to the actual replacement cost of the Building (including the Premises), including the value of all additions, alterations, replacements and repairs thereto made by Landlord, as well as machinery, equipment and their systems forming a part thereof, or in such greater amount as shall be required to prevent Landlord or Tenant or other tenants of the Building from becoming a co-insurer within the terms of the applicable policies. The phrase "actual replacement cost" shall mean the actual replacement cost (excluding cost of excavations, foundations, and footings) without diminution of such cost for depreciation or obsolescence. The foregoing policy shall contain an agreed-amount clause waiving co-insurance, and Landlord shall annually update the amount of insurance coverage and arrange to continue the agreed-amount clause. The foregoing policy shall also contain, to the extent applicable, endorsements providing coverage for demolition costs, increased cost of construction, and contingent liability from operation of building laws.

Landlord shall also maintain the requisite flood insurance as is customary and as may be required by Landlord's mortgagee(s).

The annual costs paid by Landlord in maintaining the foregoing insurance during the Term shall be included in Landlord's Operating Costs set forth in Article 4 hereof, and Tenant shall pay its pro rata share as specified in said Article 4.

All insurance required in this Section or elsewhere in this Lease shall be effected under valid and enforceable policies issued by insurers of recognized responsibility licensed to do business in the State in which the Building is located and rated by Best's Insurance Reports or any successor publication of comparable standing and carrying a rating of A-VII or better, or the then equivalent of such rating. All such policies shall be written as primary policies not contributing with or in excess of coverage which Landlord may carry.

Nothing contained in this Article or elsewhere in this Lease shall prohibit a party from obtaining a policy or policies of blanket insurance which may cover other property of the insuring party provided that (x) any such blanket policy expressly allocates to the properties hereunder to be insured not less than the amount of insurance required hereunder, and (y) such blanket policy shall not diminish the obligations of the insuring party so that the proceeds from such policies shall be an amount no less than the amount of the proceeds that would be available if the insuring obtained the required insurance under policies separately insuring the risks which this Lease requires to be insured.

Each party agrees to have included in each of its insurance policies a waiver of the insurer's rights of subrogation against the other party set forth in Section 10.13 hereof to the extent applicable without payment of any additional premiums.

Landlord agrees to furnish evidence of the foregoing insurance by providing Tenant with Certificate(s) of Insurance on or before the Commencement Date hereunder and from time to time hereafter during the Term of this Lease upon the reasonable request of Tenant,

5.1.7 Tenant's Costs - In case Tenant shall, without any fault on its part, be made party to any litigation commenced by or against Landlord or by or against any parties in possession of the Premises or any part thereof claiming under Landlord, Landlord shall pay all costs including, without implied limitation, reasonable counsel fees (at rates standard to the Boston market rates) and judgments or amounts incurred by or imposed upon Tenant in connection with such litigation and also to pay all such costs and fees incurred by Tenant in

connection with the successful enforcement by Tenant of any obligations of Landlord under this Lease,

5.1.8 Additional Storage Space - Landlord's affiliate, Burlington Crossing LLC, agrees to allow Tenant to use additional space, without additional rent, within the adjacent 6,000 square foot building owned by Landlord and further described in Exhibit "T" hereof for the purposes of storing one or more electric or diesel powered vehicles (provided, however, that all fuel is removed prior to storage), or other equipment related to Tenant's Permitted Uses. Use of such space is subject to all of the terms and provisions of this Lease other than the payment of Base Rent. Landlord may, in its sole discretion, require Tenant to remove the vehicles on forty-five (45) days prior written notice (i.e. such use shall be until such time as notified by Landlord hereunder). It is hereby acknowledged and agreed that Landlord shall use good faith, diligent efforts to provide alternate on-site storage space to Tenant, and

5.1.9 Indemnity - To defend, with counsel reasonably acceptable to Tenant, save harmless, and indemnify Tenant from any liability for injury, loss, accident or damage to any person or property and from any claims, actions, proceedings and expenses and costs in connection therewith (including, without implied limitation, reasonable counsel fees) arising directly from the negligent or willful acts, omissions and/or misconduct of Landlord and not caused directly by the negligent or willful acts, omissions and/or misconduct of Tenant. In no event shall Landlord be obligated to indemnify Tenant for any willful or negligent act or omission of Tenant or any of Tenant's employees, agents, contractors or licensees.

5.2 INTERRUPTIONS.

Landlord shall not be liable to Tenant for any compensation or reduction of rent by reason of inconvenience or annoyance or for loss of business arising from power losses or shortages or from the necessity of Landlord's entering the Premises for any of the purposes in this Lease authorized, or for repairing the Premises or any portion of the Building or Lot. After the Commencement Date, in case Landlord is prevented or delayed from making any repairs, alterations or improvements, or furnishing any service or performing any other covenant or duty to be performed on Landlord's part, by reason of any cause reasonably beyond Landlord's control, Landlord shall not be liable to Tenant therefore, nor, except as expressly otherwise provided in Article 7, shall Tenant be entitled to any abatement or reduction of rent by reason thereof, nor shall the same give rise to a claim in Tenant's favor that such failure constitutes, actual or constructive, total or partial, eviction from the Premises.

Landlord reserves the right to stop any service or utility system when necessary by reason of accident or emergency or until necessary repairs have been completed. Except in case of emergency repairs, Landlord will give Tenant reasonable advance notice of any contemplated

stoppage and will use reasonable efforts to avoid unnecessary inconvenience to Tenant by reason thereof.

Notwithstanding the foregoing, after the Commencement Date, if a total interruption that has been caused by the negligence or willful misconduct of Landlord, or by construction of improvements (as opposed to repairs) continues for more than thirty (30) consecutive business days, Tenant shall be allowed to abate the Rent by 50% for the pro rata portion of the month in which the interruption takes place and continues.

5.3 LANDLORD'S REPRESENTATIONS.

Landlord hereby represents and warrants to Tenant that the existing certificate of occupancy for the Building and the zoning classification and local laws and ordinances applicable to the Premises as of the date of execution of this Lease permit the use of the Premises for the Permitted Uses and allow a sign to be placed on the Building as provided in Section 6.1.18 hereof.

ARTICLE 6
TENANT'S COVENANTS

6.1 TENANT'S COVENANTS DURING THE TERM.

Tenant covenants during the Term and such further time as Tenant occupies any part of the Premises.

6.1.1 Tenant's Payments - To pay when due (a) all Fixed Rent and additional rent, (b) all taxes which may be imposed on Tenant's personal property in the Premises (including, without limitation, Tenant's fixtures and equipment) regardless to whomever assessed, (c) all charges by public utility for telephone and other utility services (including service inspections therefor) rendered to the Premises not otherwise required hereunder to be furnished by Landlord without charge and not consumed in connection with any services required to be furnished by Landlord without charge, and (d) as additional rent, all charges of Landlord for services rendered pursuant to Section 5.1.2 hereof,

6.1.2 Repairs and Yielding Up - Except as otherwise provided in Article 7 and Section 5.1.3, to keep the Premises in good order, repair and condition, reasonable wear only excepted, and at the expiration or termination of this Lease peaceably to yield up the Premises and all changes and additions therein in such order, repair and condition, first removing all goods and effects of Tenant and any items, the removal of which is required by agreement or specified therein to be removed at Tenant's election and which Tenant elects to remove, and repairing all damage caused by such

removal and restoring the Premises and leaving them clean and neat, any property not so removed shall be deemed abandoned and may be removed and disposed of by Landlord, in such manner as Landlord shall determine, and Tenant shall pay Landlord the entire cost and expense incurred by it by effecting such removal and disposition and any damage resulting therefrom, it being agreed that the acceptance of reasonable use and wear shall not apply so as to permit Tenant to keep the Premises in anything less than suitable, tenantable and usable condition, considering the nature of the Premises and the use reasonably made thereof, or in less than good and tenantable repair,

6.1.3 Occupancy and Use - From the Commencement Date, to use and occupy the Premises only for the Permitted Uses, and not to injure or deface the Premises, Building or Lot, and not to permit in the Premises any auction sale, nuisance, or the emission from the Premises of any objectionable noise or odor, nor any use thereof which is improper, offensive, contrary to law or ordinances, or liable to invalidate or increase the premiums for any insurance on the Building or its contents or liable to render necessary any alteration or addition to the Building,

6.1.4 Rules and Regulations - To comply with the Rules and Regulations set forth in Exhibit "E" and all other reasonable Rules and Regulations hereafter made by Landlord, of which Tenant has been given notice, for the care and use of the Building and Lot and their facilities and approaches, it being understood that Landlord shall not be liable to Tenant for the failure of other tenants of the Building to conform to such Rules and Regulations,

6.1.5 Safety Appliances - To keep the Premises equipped with all safety appliances required by law or ordinance or any other regulation of any public authority because of any use made by Tenant and to procure all licenses and permits so required because of such use and, if requested by Landlord, to do any work so required because of such use, it being understood that the foregoing provisions shall not be construed to broaden in any way Tenant's Permitted Uses,

6.1.6 Assignment and Subletting - Not without prior written consent of Landlord (which consent shall not be unreasonably withheld or delayed by Landlord) to assign this Lease, to make any sublease, or to permit occupancy of the Premises or any part thereof by anyone other than Tenant, voluntarily or by operation of law, it being understood that Tenant shall, as additional rent, reimburse Landlord promptly for reasonable legal and other expenses incurred by Landlord in connection with any request by Tenant for consent to assignment or subletting. No assignment or subletting shall affect the continuing primary liability of Tenant (which,

following assignment, shall be joint and several with the assignee). No consent to any of the foregoing in a specific instance shall operate as waiver in any subsequent instance. If Tenant requests Landlord's consent to assign this Lease or sublet more than forty percent (40%) of the Premises, Landlord shall have the option, exercisable by written notice to Tenant given within thirty (30) days after receipt of such request, to terminate this Lease as of a date specified in such notice which shall be not less than forty-five (45), or more than sixty (60) days after the date of such notice, and any rental received by Tenant from sub-tenant must be remitted to Landlord, provided, however, in the event Landlord notifies Tenant of its right to recapture as aforesaid, Tenant shall have the right, exercisable by written notice within fifteen (15) days of receipt of Landlord's notice, to withdraw its request to so assign or sublet the Premises. Landlord and Tenant hereby further agree that if Landlord approves a sublease or assignment with a total rentable amount greater than the total rent due from Tenant to Landlord under this Lease, then Tenant shall pay to Landlord forthwith upon Tenant's receipt of each such installment of such excess rent during the term of any approved sublease or assignment, as additional rent hereunder, an amount equal to fifty percent (50%) of the positive excess between all fixed rent and additional rent received by Tenant under the sublease or assignment (after reimbursement to Tenant of all reasonable brokerage fees, reasonable attorney fees, reasonable tenant improvement allowances and any other subletting costs reasonably incurred by Tenant) and the Fixed Rent and additional rent to Landlord under this Lease. In the event the sublease is less than the full Premises hereunder, the above rent adjustment shall be equally prorated on a square foot basis.

Notwithstanding the foregoing, Tenant shall have the right, without Landlord's consent, to sublet, assign or otherwise transfer its interest in this Lease to any parent, affiliate or operating subsidiary of Tenant, or subsidiary or affiliate of Tenant's parent, or to a corporation with which it may merge or consolidate, provided, however, that such sublessee, assignee, or transferee agrees to be bound by all the terms and provisions of this Lease and written documentation evidencing same is provided to Landlord.

Anything contained in the foregoing provisions of this section to the contrary notwithstanding, neither Tenant nor any other person having interest in the possession, use, occupancy or utilization of the Premises shall enter into any lease, sublease, license, concession or other agreement for use, occupancy or utilization of space in the Premises which provides for rental or other payment for such use, occupancy or utilization based, in whole or in part, on the net income or profits derived by any person from the Premises leased, used, occupied or utilized (other than an amount

based on a fixed percentage or percentages of receipts or sales), and any such purported lease, sublease, license, concession or other agreement shall be absolutely void and ineffective as a conveyance of any right or interest in the possession use, occupancy or utilization of any part of the Premises,

6.1.7 Indemnity - To defend, with counsel reasonably acceptable to Landlord, save harmless, and indemnify Landlord from any liability for injury, loss, accident or damage to any person or property and from any claims, actions, proceedings and expenses and costs in connection therewith (including, without implied limitation, reasonable counsel fees) (i) arising from the omission, fault, willful act, negligence or other misconduct of Tenant or from any use made or thing done or occurring on the Premises not due to the omission, fault, willful act, negligence or other misconduct of Landlord, or (ii) resulting from the failure of Tenant to perform and discharge its covenants and obligations under this Lease,

6.1.8 Tenant's Liability Insurance - To maintain public liability insurance in the Premises in amounts which shall, at the beginning of the Term, be at least equal to the limits set forth in Section 1.1 and from time to time during the Term, shall be for such higher limits, if any, as are customarily carried in the area in which the Premises are located on property similar to the Premises and used for similar purposes and to furnish Landlord with the certificates thereof,

6.1.9 Tenant's Workmen's Compensation Insurance - To keep all Tenant's employees working in the Premises covered by workmen's compensation insurance in statutory amounts and to furnish Landlord with certificates thereof,

6.1.10 Landlord's Right of Entry - To permit Landlord and Landlord's agents entry, to examine the Premises at reasonable times upon notice to Tenant (except in the event of an emergency where notice shall be given as soon as possibly practicable) and, if Landlord shall so elect, to make repairs or replacements, to remove, at Tenant's expense, any changes, additions, signs, curtains, blinds, shades, awnings, aerials, flagpoles, or the like not consented to in writing, and to show the Premises to prospective tenants during the six (6) months preceding expiration of the Term and to prospective purchasers and mortgagees at all reasonable times. Any such entry by Landlord (or its contractors) hereunder shall be conducted in such a manner as to reasonably minimize any disruption to Tenant's operations therein. Landlord hereby acknowledges that in connection with any such entry, Landlord (or its contractors or invitees as hereinabove permitted) may come into contact with sensitive and confidential material of Tenant, and therefore Landlord agrees to enter (and/or have its contractors or

invitees enter) into reasonable disclosure documents regarding the non-disclosure of such sensitive and confidential material of Tenant,

6.1.11 Loading - Not to place a load upon the Premises exceeding an average rate of one hundred and fifty (150) pounds of live load per square foot of floor area, and not to move any safe, vault or other heavy equipment in, about or out of the Premises except in such a manner and at such times as Landlord shall in each instance approve, Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other leased space in the Building shall be placed and maintained by Tenant in settings of cork, rubber, spring, or other types of vibration eliminators sufficient to eliminate such vibration or noise,

6.1.12 Landlord's Costs - In case Landlord shall, without any fault on its part, be made party to any litigation commenced by or against Tenant or by or against any parties in possession of the Premises or any part thereof claiming under Tenant, Tenant shall pay, as additional rent, all costs including, without implied limitation, reasonable counsel fees (at rates standard to the Boston market rates) and judgments or amounts incurred by or imposed upon Landlord in connection with such litigation and as additional rent, also to pay all such costs and fees incurred by Landlord in connection with the successful enforcement by Landlord of any obligations of Tenant under this Lease,

6.1.13 Tenant's Property - All the furnishings, fixtures, equipment, effects and property of every kind, nature and description of Tenant and of all persons claiming by, through or under Tenant which, during the continuance of this Lease or any occupancy of the Premises by Tenant or anyone claiming under Tenant, may be on the Premises or elsewhere in the Building or on the Lot shall be at the sole risk and hazard of Tenant, and if the whole or any part thereof shall be destroyed or damaged by fire, water or otherwise, or by the leakage or bursting of water pipes, steam pipes, or other pipes, by theft, or from any other cause, no part of said loss or damage is to be charged to or to be borne by Landlord, except to the extent that such damage is directly caused by Landlord's negligence or willful misconduct,

6.1.14 Labor or Materialmen's Liens - To pay promptly when due the entire cost of any work done on the premises by Tenant, its agents, employees, or independent contractors, not to cause or permit any liens for labor or material performed or furnished in connection therewith to attach to the Premises, and upon receipt of written notice of such liens, to timely discharge any such liens which may so attach,

6.1.15 Changes or Additions - Not to make any changes or additions to the Premises without Landlord's prior written consent (which consent shall, in the instances of non-structural changes or additions only, not be unreasonably withheld or delayed),

6.1.16 Holdover - To pay to Landlord twice the Fixed and additional rent then applicable for each month or portion thereof Tenant shall retain possession of the Premises or any part thereof after the termination of this Lease, whether by lapse of time or otherwise, and also to pay all damages sustained by Landlord on account thereof, the provisions of this subsection shall not operate as a waiver by Landlord of any right of re-entry provided in this Lease,

6.1.17 Hazardous Materials - Tenant shall not (either with or without negligence) cause or permit the escape, disposal or release of any biologically or chemically active or other hazardous substances, or materials onto or in the vicinity of the Premises. Tenant shall not allow the storage or use of such substances or materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such substances or materials, nor allow to be brought into the Premises any such materials or substances except to use in the ordinary course of Tenant's business. Tenant agrees to furnish, upon Landlord's request, a written inventory of the identity of such substances or materials used in the ordinary course of Tenant's business. Without limitation, hazardous substances and materials shall include those described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901 et seq, the Massachusetts Hazardous Waste Management Act, as amended, M G L c 21C, the Massachusetts Oil and Hazardous Material Release Prevention and Response Act, as amended, M G L c 21E, any applicable local ordinance or bylaw, and the regulations adopted under these acts (collectively, the "Hazardous Waste Laws"). If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials, then the reasonable costs thereof shall be reimbursed by Tenant to Landlord upon demand as additional charges if such requirement applies to the Premises and only if such release is determined by a third party consultant to have been caused by Tenant. If Tenant receives from any federal, state or local governmental agency any notice of violation or alleged violation of any Hazardous Waste Law, or if Tenant is obligated to give any notice under any Hazardous Waste Law, Tenant agrees to forward to Landlord a copy of any such notice within three (3) business days of Tenant's receipt or transmittal thereof. In addition, Tenant shall execute affidavits, representations and the like from time to time at Landlord's request

concerning Tenant's best knowledge or belief regarding the presence of hazardous substances or materials on the Premises. In all events, Tenant shall indemnify Landlord in the manner provided in Section 6.1.7 of this Lease from any release of hazardous substances or materials if caused by Tenant or persons acting under Tenant on the Premises or in the Building or on the Lot. Landlord retains the right to inspect the Premises at all reasonable times, upon reasonable notice to Tenant, to ensure compliance with this paragraph. The within covenants shall survive the expiration or earlier termination of the Term,

6.1.18 Signs and Advertising - Except as hereinafter expressly provided, Tenant will not place or suffer to be placed or maintained on the exterior or roof of the Premises any sign, decoration, lettering or advertising matter or any other thing of any kind Tenant will, at its sole cost and expense, maintain such sign, decoration, lettering, advertising matter, or other thing as may be permitted hereunder in good condition and repair at all times.

Tenant shall have the right, at its sole cost and expense, subject to applicable sign ordinances and to Landlord's prior approval, to install a clean and professionally lettered sign customary or appropriate in the conduct of Tenant's business designating iRobot Corporation on the South Avenue side of the Building (in such location as designated on Exhibit "A" of this Lease). Landlord will fully cooperate with Tenant in filing any required signage application, permit and/or variance for said signage as described in this Section 6.1.18. Tenant is responsible for any permitting or variance fees. It is hereby acknowledged by and between Landlord and Tenant that Tenant shall also be entitled to standard building signage at the entries to the Premises and on the lobby directory of the Building,

6.1.19 Security - All security shall be the Tenant's sole responsibility. In no event shall Landlord be responsible for providing any security to the Premises or to the Building's common areas and parking facilities,

6.1.20 Rooftop Communication Equipment - Subject to the provisions hereinafter provided, Tenant shall have the right from time to time during the Term hereof to install rooftop communication equipment (i.e. satellite or antenna devices or GPS systems) on the roof of the Building. Subject to applicable law, matters of title, and the consent of Landlord (which consent shall not be unreasonably withheld or delayed), Tenant, at its sole cost and expense, has the right to install such equipment on the roof of the Building. The size and location of the installation shall be at a site acceptable to Landlord, and the approval of any such size and location shall not be reasonably withheld or delayed by Landlord. Tenant shall install the equipment in accordance with sound construction practices, and in accordance with all applicable laws, rules, codes and ordinances, and in a

good and workmanlike manner. Tenant shall use such roofing contractor required to comply with the existing roof warranties, as designated by Landlord. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all liability or loss arising from or out of the installation or removal of such rooftop communication equipment. Upon expiration of the Term, Tenant shall be responsible for the removal of the same and for repairing any damage caused therefrom, and

6.1.21 Access - Subject to the terms and provisions of this Lease, applicable law and so long as Tenant's use is conducted in such a manner as to minimize any disruption to other tenants of the Building (including their employees, agents, invitees, licensees and the like), Tenant shall have the right to use (i) certain common areas as "testing areas" (specifically such areas as are designated as such on Exhibit "A" attached hereto), and (ii) the side door of the Building for purposes of bringing robots in and out of the Building.

6.2 APPROVAL BY TENANT'S BOARD OF DIRECTORS.

Tenant's obligation to perform its covenants and agreements hereunder is subject to the condition precedent that this Lease be approved by Tenant's Board of Directors. Unless Tenant gives Landlord written notice within ten (10) days after the date hereof that the Board disapproves this Lease, then this condition shall be deemed to have been satisfied or waived and the provisions of this Section 6.2 shall be of no further force or effect. If Tenant provides such notice of disapproval to Landlord, then all of Landlord's and Tenant's obligations hereunder shall be deemed terminated and this Lease shall terminate without recourse to the parties hereto.

ARTICLE 7
CASUALTY AND TAKING

7.1 CASUALTY AND TAKING.

In case during the Term all or any substantial part of the Premises, the Building, or Lot or any one or more of them, are damaged materially by fire or any other cause or by action of public or other authority in consequence thereof or are taken by eminent domain or Landlord receives compensable damage by reason of anything lawfully done in pursuance of public or other authority, this Lease shall terminate at Landlord's or Tenant's election, which may be made, notwithstanding. Landlord's entire interest may have been divested, by notice given to Tenant, or Landlord as applicable, within thirty (30) days after the occurrence of the event giving rise to the election to terminate, which notice shall specify the effective date of termination which shall be not less than thirty (30) nor more than sixty (60) days after the date of notice of such termination. If in any such case the Premises are rendered unfit for use and occupation and the Lease is not so terminated, Landlord shall use due diligence to put the Premises, or in case of taking, what may remain thereof (excluding any items installed or paid for by Tenant which Tenant may be required or permitted to remove) into proper condition for use and occupation to

the extent permitted by the net award of insurance or damages, and a just proportion of the Fixed Rent and additional rent according to the nature and extent of the injury shall be abated until the Premises or such remainder shall have been put by Landlord in such condition, and in case of a taking or any other aforementioned cause which permanently reduces the area of the Premises, a just proportion of the Fixed Rent and additional rent shall be abated for the remainder of the Term and an appropriate adjustment shall be made to the Annual Estimated Operating Costs.

7.2 RESERVATION OF AWARD.

Landlord reserves to itself any and all rights to receive awards made for damages to the Premises, Building or Lot and the leasehold hereby created, or any one or more of them, accruing by reason of exercise of eminent domain or by reason of anything lawfully done in pursuance of public or other authority. Tenant hereby releases and assigns to Landlord all Tenant's rights to such awards, and covenants to deliver such further assignments and assurances thereof as Landlord may from time to time request, hereby irrevocably designating and appointing Landlord as its attorney-in-fact to execute and deliver in Tenant's name and behalf all such further assignments thereof. It is agreed and understood, however, that Landlord does not reserve to itself, and Tenant does not assign to Landlord, any damages payable for (i) movable trade fixtures installed by Tenant or anybody claiming under Tenant, at its own expense, or (ii) relocation expenses recoverable by Tenant from such authority in a separate action.

ARTICLE 8
RIGHTS OF MORTGAGEE

8.1 PRIORITY OF LEASE

Landlord shall have the option to subordinate this Lease to any mortgagee or deed of trust of the Lot or Building, or both ("the mortgaged premises"), provided that the holder thereof enters into an agreement (substantially in the form attached hereto as Exhibit "K" or such other form requested by such mortgagee and reasonably acceptable to Tenant) with Tenant by the terms of which the holder will agree to recognize the rights of Tenant under this Lease and to accept Tenant as tenant of the Premises under the terms and conditions of this Lease in the event of acquisition of title by such holder through foreclosure proceedings or otherwise and Tenant will agree to recognize the holder of such mortgage as Landlord in such event, which agreement shall be made to expressly bind and inure to the benefit of the successors and assigns of Tenant and of the holder and upon anyone purchasing the mortgaged premises at any foreclosure sale. Any such mortgage to which this Lease shall be subordinated may contain such terms, provisions and conditions as the holder deems usual or customary. Unless Landlord exercises such option, this Lease shall be superior to and shall not be subordinated to any mortgage or other voluntary lien or other encumbrance on the mortgaged premises. Landlord agrees to obtain and furnish to Tenant a Subordination and Non-Disturbance Agreement in said form attached hereto as Exhibit "K" within thirty (30) days after execution of this Lease by both parties hereto. Landlord acknowledges that Paragraph 4 of Exhibit K requires that Tenant pay rent directly to the Mortgagee in the event demand is made upon Tenant by Mortgagee.

8.2 LIMITATION ON MORTGAGEE'S LIABILITY.

Upon entry and taking possession of the mortgaged premises for any purpose other than foreclosure, the holder of a mortgage shall have all rights of Landlord, and during the period of such possession, the duty to perform all Landlord's obligations hereunder. Except during such period of possession, no such holder shall be liable, either as mortgagee or as holder of a collateral assignment of this Lease, to perform, or be liable in damages for failure to perform any of the obligations of Landlord unless and until such holder shall enter and take possession of the mortgaged premises for the purpose of foreclosing a mortgage. Upon entry for the purpose of foreclosing a mortgage, such holder shall be liable to perform all of the obligations of Landlord, provided that a discontinuance of any foreclosure proceeding shall be deemed a conveyance under the provisions of Section 10.5 to the owner of the equity of the mortgaged premises.

8.3 INTENTIONALLY DELETED.

8.4 NO PREPAYMENT OR MODIFICATION, ETC.

No Fixed Rent, additional rent, or any other charge shall be paid more than one (1) month prior to the due dates thereof, and payments made in violation of this provision shall (except to the extent that such payments are actually received by a mortgagee in possession or in the process of foreclosing its mortgage) be a nullity as against such mortgagee, and Tenant shall be liable for the amount of such payments to such mortgagee. No assignment of this Lease and no agreement to make or accept any surrender, termination or cancellation of this Lease and no agreement to modify so as to reduce the rent, change the Term, or otherwise materially change the rights of Landlord under this Lease, or to relieve Tenant of any obligations or liability under this Lease, shall be valid unless consented to in writing by Landlord's mortgagees of record, if any.

8.5 NO RELEASE OR TERMINATION.

No act or failure to act on the part of Landlord which would entitle. Tenant under the terms of this Lease, or by law, to be relieved of Tenant's obligations hereunder or to terminate this Lease, shall result in a release or termination of such obligations or a termination of this Lease unless (i) Tenant shall have first given written notice of Landlord's act or failure to act to Landlord's mortgagees of record, if any, specifying the act or failure to act on the part of Landlord which could or would give basis to Tenant's rights, and (ii) such mortgagees, after receipt of such notice, have failed or refused to correct or cure the condition complained of within a reasonable time thereafter, but nothing contained in this Section 8.5 shall be deemed to impose any obligation on any such mortgagee to correct or cure any such condition. "Reasonable time" as used above means and includes a reasonable time to obtain possession of the mortgaged premises, if the mortgagee elects to do so, and a reasonable time to correct or cure the condition if such condition is determined to exist.

8.6 CONTINUING OFFER.

The covenants and agreements contained in this Lease with respect to the rights, powers and benefits of a mortgagee (particularly, without limitation thereby, the covenants and agreements contained in this Article 8) constitute a continuing offer to any person, corporation or other entity, which by accepting or requiring an assignment of this Lease or by entry or foreclosure assumes the obligations herein set forth with respect to such mortgagee, and such mortgagee shall be entitled to enforce such provisions in its own name. Tenant agrees on request of Landlord to execute and deliver from time to time any agreement which may reasonably be deemed necessary to implement the provisions of this Article 8.

8.7 MORTGAGEE'S APPROVAL.

Landlord's obligation to perform its covenants and agreements hereunder is subject to the condition precedent that this Lease be approved by the holder of any mortgage of which the Premises are a part and by the issuer of any commitment to make a mortgage loan which is in effect on the date hereof. Unless Landlord gives Tenant written notice within ten (10) days after the date hereof that such holder or issuer, or both, disapprove this Lease, then this condition shall be deemed to have been satisfied or waived and the provisions of this Section 8.7 shall be of no further force or effect. If Landlord provides such notice of disapproval to Tenant, then all of Landlord's and Tenant's obligations hereunder shall be deemed terminated and this Lease shall terminate without recourse to the parties hereto.

8.8 SUBMITTAL OF FINANCIAL STATEMENT.

Subject to reasonable confidentiality restrictions, at any time and from time to time during the Term of this Lease (but not more than quarterly), within fifteen (15) days after request therefor by Landlord, Tenant shall supply to Landlord and/or any Mortgagee a current financial statement (i.e. , unaudited quarterly and audited for annual statements) or such other financial information as may be reasonably required by any such party.

ARTICLE 9
DEFAULT

9.1 EVENTS OF DEFAULT.

If any default by Tenant continues after written notice, in case of Fixed Rent or additional rent for more than ten (10) days, or in any other case for more than thirty (30) days and such additional time, if any, as is reasonably necessary to cure the default if the default is of such a nature that it cannot reasonably be cured in thirty (30) days, or if Tenant makes any assignment for the benefit of creditors, or files a petition under any bankruptcy or insolvency law, or if such a petition is filed against Tenant and is not dismissed within ninety (90) days, or if a receiver or similar officer becomes entitled to Tenant's leasehold hereunder and it is not returned to Tenant within ninety (90) days, or if such leasehold is taken on execution or other process of law in any

action against Tenant, then, and in any such cases, Landlord and the agents and servants of Landlord may, in addition to and not in derogation of any remedies for any preceding breach of covenant, immediately or at any time thereafter while such default continues and without further notice and with or without process of law, if permitted by applicable law, enter into and upon the Premises or any part thereof in the name of the whole or mail a notice of termination addressed to Tenant at the Premises and repossess the same as of Landlord's former estate and expel. Tenant and those claiming through or under Tenant and remove its and their effects (forcibly, if necessary) without being deemed guilty of any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or prior breach of covenant, and upon such entry or mailing as aforesaid, this Lease shall terminate, but Tenant shall remain liable as hereinafter provided. Tenant hereby waives all statutory rights (including, without limitation, rights of redemption, if any) to the extent such rights may be lawfully waived, and Landlord, without notice to Tenant, may store Tenant's effects and those of any person claiming through or under Tenant at the expense and risk of Tenant and, if Landlord so elects, may sell such effects at public auction or private sale and apply the net proceeds to the payment of all sums due to Landlord from Tenant, if any, and pay over the balance, if any, to Tenant. Notwithstanding the foregoing provisions of this Section 9.1, Landlord shall not have the right to sell or otherwise alienate Tenant's computers or any robotic equipment or government owned equipment.

9.2 TENANT'S OBLIGATIONS AFTER TERMINATION.

In the event that this Lease is terminated under any of the provisions contained in Section 9.1 or shall be otherwise terminated for breach of any obligation of Tenant, Tenant covenants to pay forthwith to Landlord, as compensation, the excess of the total rent reserved for the residue of the Term over the rental value of the Premises for said residue of the Term. In calculating the rent reserved, there shall be included, in addition to the Fixed Rent and all additional rent, the value of all other consideration agreed to be paid or performed by Tenant for said residue. Tenant further covenants as an additional and cumulative obligation after any such ending to pay punctually to Landlord all the sums and perform all the obligations which Tenant covenants in this Lease to pay and to perform in the same manner and to the same extent and at the same time as if this Lease had not been terminated. In calculating the amounts to be paid by Tenant under the next foregoing covenant, Tenant shall be credited with any amount paid to Landlord as compensation as provided in the first sentence of this Section 9.2 and also with the net proceeds of any rents obtained by Landlord by reletting the Premises, after deducting all Landlord's reasonable expenses in connection with such reletting, including, without implied limitation, all repossession costs, brokerage commissions, fees for legal services and expense of preparing the Premises for such reletting, it being agreed by Tenant that Landlord may (i) relet the Premises or any part or parts thereof for a term or terms which may, at Landlord's option, be equal to or less than or exceed the period which would otherwise have constituted the balance of the Term and may grant such concessions and free rent as Landlord in its sole reasonable judgment considers advisable or necessary to relet the same, and (ii) make such alterations, repairs and decorations in the Premises as Landlord in its sole judgment considers advisable or necessary to relet the same, and no action of Landlord in accordance with the foregoing or failure to relet or to collect rent under reletting shall operate or be construed to release or reduce Tenant's liability as aforesaid.

Nothing contained in this Lease shall, however, limit or prejudice the right of Landlord to prove and obtain in proceedings for bankruptcy or insolvency by reason of the termination of this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount be greater, equal to, or less than the amount of the loss or damages referred to above.

ARTICLE 10
MISCELLANEOUS

10.1 TITLES.

The titles of the Articles are for convenience and are not to be considered in construing this Lease.

10.2 NOTICE OF LEASE.

Simultaneously, upon the execution of this Lease, both parties shall execute and deliver a short form of this Lease in a form appropriate for recording or registration, and if this Lease is terminated before the Term expires, an instrument in such form acknowledging the date of termination. Landlord hereby agrees to coordinate the execution and recording of such short form of this Lease, at its sole cost and expense.

10.3 INTENTIONALLY DELETED.

10.4 NOTICES FROM ONE PARTY TO THE OTHER.

No notice, approval, consent requested or election required or permitted to be given or made pursuant to this Lease shall be effective unless the same is in writing. Communications shall be addressed, if to Landlord, at Landlord's Address, together with a copy to Gloria M. Gutierrez, Esq., Hinckley, Allen & Snyder LLP, 28 State Street, Boston, MA 02109, or at such other address or addresses as may have been specified by prior notice to Tenant and, if to Tenant, at Tenant's Address until the Commencement Date, and thereafter at the Premises, and in either event with a copy to Glen D. Weinstein, Esq., at the same address as Tenant, or at such other place or places as may have been specified by prior notice to Landlord. Any communication so addressed shall be deemed duly served if mailed by registered or certified mail, return receipt requested, delivered by hand, or by overnight express service by a carrier providing a receipt of delivery.

10.5 BIND AND INURE.

The obligations of this Lease shall run with the land, and this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns,

except that the Landlord named herein and each successive owner of the Premises shall be liable only for the obligations accruing during the period of its ownership. Neither the Landlord named herein nor any successive owner of the Premises whether an individual, trust, a corporation or otherwise shall have any personal liability beyond their equity interest in the Premises.

10.6 NO SURRENDER.

The delivery of keys to any employees of Landlord or to Landlord's agent or any employee thereof shall not operate as a termination of this Lease or a surrender of the Premises.

10.7 NO WAIVER, ETC.

The failure of Landlord or of Tenant to seek redress for violation of, or to insist upon the strict performance of any covenant or condition of this Lease or, with respect to such failure of Landlord, any of the Rules and Regulations referred to in Section 6.1.4, whether heretofore or hereafter adopted by Landlord, shall not be deemed a waiver of such violation nor prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation, nor shall the failure of Landlord to enforce any of said Rules and Regulations against any other tenant in the Building be deemed a waiver of any such Rules or Regulations. The receipt by Landlord of Fixed Rent or additional rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach by Landlord, unless such waiver be in writing signed by Landlord. No consent or waiver, express or implied, by Landlord or Tenant to or of any breach of any agreement or duty shall be construed as a waiver or consent to or of any other breach of the same or any other agreement or duty.

10.8 NO ACCORD AND SATISFACTION.

No acceptance by Landlord of a lesser sum than the Fixed Rent and additional rent then due shall be deemed to be other than on account of the earliest installment of such rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed as accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or pursue any other remedy in this Lease provided.

10.9 CUMULATIVE REMEDIES.

The specific remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by Tenant of any provisions of this Lease. In addition to the other remedies provided in this Lease, Landlord shall be entitled to seek the restraint by injunction of the violation or attempted or threatened violation of any of the covenants, conditions or provisions of this Lease or to seek a decree compelling specific performance of any such covenants, conditions or provisions.

10.10 PARTIAL INVALIDITY.

If any term of this Lease, or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of this Lease shall be valid and enforceable to the fullest extent permitted by law.

10.11(a) LANDLORD'S RIGHT TO CURE.

If Tenant shall at any time default in the performance of any obligation under this Lease which default shall remain uncured after the expiration of any applicable notice and cure periods therefor, Landlord shall have the right, but shall not be obligated, to enter upon the Premises and to perform such obligation, notwithstanding the fact that no specific provision for such substituted performance by Landlord is made in this Lease with respect to such default. In performing such obligation, Landlord may make any payment of money or perform any other act. All sums so paid by Landlord (together with interest at the rate of 4% per annum in excess of the then prime rate of interest being charged by a majority of the banks in Boston), and all necessary incidental costs and expenses in connection with the performance of any such acts by Landlord, shall be deemed to be additional rent under this Lease and shall be payable to Landlord immediately on demand. Landlord may exercise the foregoing rights without waiving any other of its rights or releasing Tenant from any of its obligations under this Lease.

10.11(b) TENANT'S RIGHT TO CURE.

If Landlord shall at any time default in the performance of any obligation under this Lease beyond all applicable notice and cure periods, if expressly provided herein, otherwise after written notice and Landlord's failure to cure the same within twenty (20) days of receipt of such notice or such additional time if such cure is of such nature that cannot be cured within twenty (20) days and Landlord is diligently prosecuting such cure to completion, then Tenant shall have the right, but shall not be obligated, to perform such obligation on Landlord's behalf, provided that such obligation applies solely to the Premises and not to (i) the Common Areas and, (ii) the structural components of the Building, or (ii) the Building service fixtures and equipment not exclusively serving the Premises. Landlord shall (within thirty (30) days of receipt thereof showing satisfactory evidence of Tenant's payment of same) reimburse Tenant for such costs in performing Landlord's obligations (with interest accruing if not reimbursed by Landlord as herein required at the rate set forth in Paragraph (a) above).

10.12 ESTOPPEL CERTIFICATE.

Tenant and Landlord agree on the Commencement Date, and from time to time thereafter, upon not less than fifteen (15) days' prior written request by the other, to execute, acknowledge and deliver to the other a statement in writing in the form attached hereto as Exhibit "G", certifying that this Lease is unmodified and in full force and effect, that Tenant has no defenses, offsets or counterclaims against its obligations to pay the Fixed Rent and additional

rent and to perform its other covenants under this Lease, that there are no uncured defaults of Landlord or Tenant under this Lease (or, if there are any defenses, offsets, counterclaims, or defaults, setting them forth in reasonable detail), and the dates to which the Fixed Rent, additional rent and other charges have been paid. Any such statements delivered pursuant to this Section 10.12 may be relied upon by any prospective purchaser or mortgage of premises which include the Premises or any prospective assignee of any such mortgagee, and any persons specified in the notice requesting such certificate.

10.13 WAIVER OF SUBROGATION.

Landlord and Tenant mutually agree, with respect to any hazard which is covered by casualty or property insurance then being carried by them, or required to be carried hereunder (whether or not such insurance is then in effect) to release each other from any and all claims with respect to such loss, and they further mutually agree that their respective insurance companies shall have no rights of subrogation against the other on account thereof. Landlord and Tenant agree that any policies presently existing or to be obtained on or after the date hereof (including renewals of present policies) shall, to the extent available without payment of any additional premium, include a clause or endorsement to the effect that any such release shall not adversely affect or impair said policies or prejudice the right of the insured to recover thereunder. The parties further agree that if said waiver of subrogation shall be unobtainable or unenforceable or shall void the respective policies, then their respective policies shall not be invalidated, and said waiver shall become null and void and of no further force and effect.

10.14 BROKERAGE.

Tenant and Landlord represent and warrant that they have dealt with no broker in connection with this transaction other than those listed in Section 1.1, and agrees to defend, indemnify and save Landlord or Tenant, as the case may be, harmless from and against any and all claims for a commission arising out of this Lease made by anyone other than those listed in Section 1.1. Landlord agrees to pay all brokerage commissions or fees due to said brokers listed in Section 1.1.

10.15 CONFIDENTIALITY.

This Lease document is a confidential document by and between Landlord and Tenant and shall not be disclosed, copied, distributed or circulated to any person(s) other than to such parties and their respective mortgagees, successors or assigns, their legal counsel or their accountants, without prior written consent of the Landlord. In no event, however, shall the foregoing prevent Tenant from disclosing the existence of the Lease or a general description of its contents.

ARTICLE 11
SECURITY DEPOSIT

A "Security Deposit" in the initial amount of One Hundred Twelve Thousand ($112,000.00) Dollars shall be delivered to Landlord prior to the Commencement Date. Such Security Deposit shall be held by Landlord without liability for interest and as security for the performance of Tenant's obligations under this Lease.

The Security Deposit may at Tenant's election, be in the form of (a) cash escrow or (b) a letter of credit, which letter of credit shall (i) be in form reasonably acceptable to Landlord, (ii) name Landlord as its beneficiary, (iii) expire not less than one (1) year after the issuance thereof, and (iv) be drawn on an FDIC-insured financial institution reasonably satisfactory to Landlord. Landlord hereby approves of Silicon Valley Bank. Tenant shall from time to time, as necessary, renew or replace or amend the original and any subsequent letter of credit no less than ten (10) days prior to the stated expiration date of the letter of credit then held by Landlord, and if Tenant fails to renew or replace or amend said letter of credit by not later than ten (10) days prior to expiration, Landlord may draw upon such letter of credit and hold the proceeds thereof in a segregated account as a Security Deposit pursuant to the terms of this Article 1.1. Any renewal of or replacement for the original or any subsequent letter of credit shall meet the requirements for the original letter of credit as set forth above.

Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to cure any default by Tenant that remains uncured after the expiration of any applicable notice and grace periods, including, without limitation, any uncured default in connection with any arrearages of Fixed Rent, costs incurred by Landlord to repair damage to the Premises caused by Tenant, and any costs incurred by Landlord to clean (other than normal wear and tear) the Premises upon termination of this Lease. Following any such application of the Security Deposit, Tenant shall, upon demand, provide Landlord with an additional cash security deposit in an amount equal to the amount of Security Deposit applied by Landlord, or, if the Security Deposit is in the form of a letter of credit, then restore the letter of credit to its full amount. If Tenant is not in default as of December 31, 2007 and if Landlord has not previously had to draw down the Security Deposit, then Landlord shall reduce the Security Deposit to an amount of Seventy-Five Thousand ($75,000.00) Dollars, and the remaining Thirty-Seven Thousand ($37,000.00) Dollars shall be returned to Tenant. If the Security Deposit is in the form of a letter of credit, then such reduction shall be effected as follows. Landlord shall return the letter of credit to Tenant provided that Tenant has delivered a replacement (or amended) letter of credit, in an amount reduced by Thirty-Seven Thousand ($37,000.00) Dollars from the amount of the previous letter of credit, which replacement (or amended) letter of credit shall comply with the foregoing requirements. If Tenant is not in default at the termination of this Lease, after Tenant surrenders the Premises to Landlord in accordance with this Lease and all amounts due Landlord from Tenant are finally determined and paid by Tenant or through application of the Security Deposit, the balance of the Security Deposit shall be returned to Tenant.

Notwithstanding the foregoing, the parties hereby agree that Tenant may withhold up to Thirty Thousand Dollars ($30,000.00) from the Security Deposit that, as described above, is

due to Landlord prior to the Commencement Date, but only so long as the amount withheld is applied toward the cost of constructing tenant improvements in the Premises (any such construction to be performed in accordance with the terms of this Lease) However, the amount so withheld shall subsequently be repaid to Landlord in order to replenish the Security Deposit to its originally intended amount of One Hundred Twelve Thousand ($112,000.00) Dollars. Such repayment shall occur as follows beginning on the first day of the first full month of the Term of the Lease, Tenant shall remit to Landlord, in the same manner as, and together with, Tenant's payment of Base Rent, at least one/twelfth (1/12th) of the total amount of the Security Deposit that was withheld, with such payments to continue until the full amount of the Security Deposit has been restored.

(Signatures on next page)

EXECUTED as a sealed instrument in two or more counterparts on the day and year first above written.

TENANT	LANDLORD
iROBOT CORPORATION	BURLINGTON CROSSING OFFICE LLC BY THE GUTIERREZ COMPANY, ITS MANAGING MEMBER
By /s/ Geoffrey P. Clear --- Geoffrey P. Clear Chief Financial Officer	By /s/ Arturo J. Gutierrez --- Arturo J. Gutierrez President
	As to Section 5.1.8 and Exhibit I only
	BURLINGTON CROSSING LLC BY THE GUTIERREZ Company, ITS MANAGING MEMBER
	By /s/ Arturo J. Gutierrez --- Arturo J. Gutierrez President

EXHIBIT "A"

PLAN SHOWING TENANT'S SPACE AND LOCATION OF PROPOSED SIGNAGE AND TESTING AREAS

(To be Supplied)

EXHIBIT "B"

LEGAL DESCRIPTION OF LOT

That certain parcel of land, together with the buildings and improvements thereon, situated in the Town of Burlington, County of Middlesex, Commonwealth of Massachusetts, and described as follows.

Said parcel is shown as Lot 14 on Land Court Plan 6728J and contains 7.781 acres, more or less, according to said Land Court Plan.

EXHIBIT "C"

[INTENTIONALLY DELETED]

EXHIBIT "D"

LANDLORD'S SERVICES

I. CLEANING.

A. General.

1. All cleaning work will be performed between 6:00 PM and midnight, Monday through Friday, unless otherwise necessary for stripping, waxing, etc.

2. Abnormal waste removal (e.g., bulk packaging, wood or cardboard crates, refuse from cafeteria operation, etc.) shall be Tenant's responsibility. Tenant's lunch room shall not be deemed to be a cafeteria for purposes of this paragraph.

B. Daily Operations (once each weekday).

1. Tenant Areas.

a. Empty and clean all waste receptacles. Wash receptacles as necessary.

b. Vacuum all rugs and carpeted areas.

c. Empty, damp-wipe and dry all ashtrays.

2. Lavatories.

a. Sweep and wash floors with disinfectant.

b. Wash both sides of toilet seats with disinfectant.

c. Wash all mirrors, basins, bowls, urinals.

d. Spot-clean toilet partitions.

e. Empty and disinfect sanitary napkin disposal receptacles.

f. Refill toilet tissue, towel, soap and sanitary napkin dispensers.

3. Public Areas.

a. Wipe down entrance doors and clean glass (interior and exterior).

b. Vacuum elevator carpets and wipe down doors and walls.

C. Operations as Needed (but not less than every other day).

1. Tenant and Public Areas.

a. Buff all resilient floor areas every other day.

b. Clean water coolers.

D. Weekly Operations.

1. Tenant Areas, Lavatories, Public Areas

a. Hand dust and wipe clean all horizontal surfaces with treated cloths to include exposed furniture, office equipment, window sills, door ledges, chair rails, baseboards, convector tops, etc within normal reach.

b. Remove finger marks from private entrance doors, light switches, and doorways.

c. Sweep all stairways.

E. Monthly Operations.

1. Tenant and Public Areas.

a. Thoroughly vacuum seat cushions on chairs, sofas, etc.

b. Vacuum and dust grillwork.

2. Lavatories.

a. Wash down interior walls and toilet partitions.

F. As Required and Weather Permitting (but not less than three times per year).

1. Entire Building.

a. Clean inside of all windows.

b. Clean outside of all windows.

G. Yearly.

1. Tenant and Public Areas.

a. Strip and wax all resilient tile floor areas.

II. HEATING, VENTILATING AND AIR CONDITIONING.

1. Landlord shall provide and maintain in good order and repair during the Term heating, ventilation and air conditioning as required to provide reasonably comfortable temperatures for normal business day occupancy (except holidays), Monday through Friday, from 8:00 AM to 8:00 PM, and Saturday from 8:00 AM to 1:00 PM if so requested by Tenant by providing 24 hour notice. HVAC services beyond the aforesaid hours of operation can be made available to Tenant, if so requested by Tenant by providing 24 hour notice, at a cost of approximately $15 per hour per unit.

2. Maintenance on any additional or special air conditioning equipment and the associated operating cost will be at Tenant's expense.

III. WATER.

Hot water for lavatory purposes and cold water for drinking, lavatory and toilet purposes.

IV. ELEVATORS (If building is elevated).

Elevators for the use of all tenants and the general public for access to and from all floors of the Building, programming of elevators (including, but not limited to, service elevators), shall be as Landlord from time to time determines best for the Building as a whole.

V. RELAMPING OF LIGHT FIXTURES.

Relamping, ballasts and starters within the Premises.

VI. CAFETERIA, VENDING AND PLUMBING INSTALLATIONS.

1. Any space to be used primarily for lunchroom or cafeteria operation shall be Tenant's responsibility to keep clean and sanitary. Cafeteria, vending machines or refreshment service installations by Tenant must be approved by Landlord in writing. All maintenance, repairs and additional cleaning necessitated by such installations shall be at Tenant's expense.

2. Except for restrooms contained in the Premises, Tenant is responsible for the maintenance and repair of plumbing fixtures and related equipment installed in the leased premises for its exclusive use (such as in coffee room, cafeteria or employee exercise area).

3. Landlord shall be responsible to provide and maintain in good order and repair during the Term hereof all plumbing and electrical systems servicing the Premises.

VII. ELECTRICITY.

1. Tenant shall pay for all electricity consumed in Tenant's Space. The consumption shall be measured by a separate submeter, and Tenant shall pay for such consumption directly to Landlord. Tenant's use of electrical energy in Tenant's Space shall not at any time exceed the capacity of any of the electrical conductors or equipment in or otherwise serving Tenant's Space. To ensure that such capacity is not exceeded and to avert possible adverse effects upon the Building's electrical system, Tenant shall not, without prior written notice to Landlord in each instance, connect to the Building electric distribution system any fixtures, appliances or equipment which operates on a voltage in excess of 120 volts nominal, or make any alteration or addition to the electric system of the Tenant's Space. Tenant hereby further agrees (i) not to exceed the amperage for the service panel without Landlord's prior written consent, and (ii) to notify Landlord in the event. Tenant requires excess voltage, whereupon the parties will cooperate and work with each other to provide Tenant with such excess voltage, at Tenant's cost and expense Unless Landlord shall reasonably object to the connection of any such fixtures, appliances

or equipment, all additional risers or other equipment required therefore shall be provided by Landlord and the cost thereto shall be paid by Tenant upon Landlord's demand.

2. It is understood that the electrical service to the Premises may be furnished by one or more suppliers of electricity and that the cost of electricity may be billed as a single charge or divided into and billed in a variety of categories such as distribution charges, transmission charges, generation charges, public good charges and other similar categories and may also include a reasonable fee, commission or other charge by a broker, aggregator or other intermediary for obtaining or arranging the supply of electricity. Landlord shall, upon providing prior written notice to Tenant, have the right to select the supplier of electricity to the Building, Premises and Lot, and, as Tenant's agent, to designate the same to a local utility, to aggregate the supply of electricity for the Building, Premises and Lot with other buildings, to purchase electricity for the Building, Premises and Lot through a broker, aggregator or other intermediary and/or buyers group or other group and to change the supplier of electricity and/or manner of purchasing electricity from time to time.

   If Landlord undertakes activities for the purpose of reducing Landlord's or Tenant's operating costs, provided Landlord reasonably anticipates such activities should reduce Landlord's or Tenant's operating costs, (such as negotiating an agreement with a utility or another energy supplier or engaging an energy consultant or undertaking conservation or other energy efficient measures that may require capital expenditures), Tenant shall pay its proportionate share of all costs and expenses associated with such actions (including but not limited to brokers' commissions, legal fees and capital expenditures which shall be amortized in accordance with the provisions of Section 4.2 of the Lease), as additional rent, as and when payment is made by Landlord, so long as Tenant's approval has been obtained by Landlord in advance, which such approval shall not be unreasonably withheld or delayed by Tenant and which such approval of Tenant shall only be required so long as Tenant remains the sole tenant of the Building.

3. Utility lines and other facilities that supply the Premises, whenever installed, may be the subject of a requirement that the owner of the Premises make payments for the lines or other facilities upon the occurrence of certain events, if, for example, a tenant utilizing such facilities discontinues purchasing energy from the provider of the facilities, Landlord may be required to enter into agreements that would obligate it to make such payments in the future. Landlord agrees to notify the Tenant of any such agreements, any amendments, modifications, replacements or substitutions thereto, Landlord hereby acknowledging that there are no such agreements currently in force or effect. If such payments are required, whether based on contract or tariff, from Landlord with respect to such facilities that are utilized by the Tenant, the Landlord shall so inform Tenant in writing, and the Tenant thereby agrees that it shall reimburse the Landlord for its proportionate share of all such payments as additional rent, when and as made by the Landlord, with no profit to Landlord.

4. As used in this Section VII, the term "supplier(s) of electricity" shall mean one or more companies (including but not limited to an electric utility, generator, independent or non-regulated company or intermediary or broker or group) that provides electricity to the Premises or to the Landlord to be provided to the Premises, as the case may be.

EXHIBIT "E"

RULES AND REGULATIONS

1. The entrance, lobbies, passages, corridors, elevators and stairways shall not be encumbered or obstructed by Tenant, Tenant's agents, servants, employees, licensees, and visitors be used by them for any purpose other than for ingress and egress to and from the Premises. The moving in or out of all safes, freight, furniture, or bulky matter of any description must take place during the hours which Landlord may determine from time to time. Landlord reserves the right to inspect all freight and bulky matter to be brought into the Building and to exclude from the Building all freight and bulky matter which violates any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part.

2. No curtains, blinds, shades, screens, or signs other than those furnished by Landlord shall be attached to, hung in, or used in connection with any window or door of the Premises without the prior written consent of the Landlord. Interior signs on doors shall be painted or affixed for Tenant by Landlord or by sign painters first approved by Landlord, at the expense of Tenant, and shall be of a size, color and style acceptable to Landlord.

3. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof without the prior written consent of Landlord. Tenant must, upon the termination of its tenancy, restore to Landlord all keys of stores, shops, booths, stands, offices and toilet rooms, either furnished to or otherwise procured by Tenant, and in the event of the loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

4. Canvassing, soliciting and peddling in the Building are prohibited, and Tenant shall cooperate to prevent the same.

5. Tenant may request heating and/or air conditioning during other periods in addition to normal working hours by submitting their request in writing to the Building Manager's office no later than 2:00 PM the preceding workday (Monday through Friday) on forms available from the Building Manager. The request shall clearly state the start and stop hours of the "off-hour" service. Tenant shall submit to the Building Manager a list of personnel who are authorized to make such requests. Charges are to be determined by the Building Manager on the additional hours of operations and shall be fair and reasonable and reflect the additional operating costs involved.

6. Tenant shall comply with all security measures from time to time established by Landlord for the Building.

7. The Building is a non-smoking building.

EXHIBIT "F"

[INTENTIONALLY DELETED]

EXHIBIT "G"

ESTOPPEL CERTIFICATE

(This may be edited for estoppel certificates requested of Landlord by Tenant)

THIS CERTIFICATE is made to

with respect to a Lease between as Landlord and the undersigned, covering a building located in , such lease being dated , as amended by (list all amendments).

The undersigned has been advised that (the "Bank"), is about to enter into a transaction whereby the Bank is making a loan secured by the aforesaid real estate and the Lease to the undersigned, and under which the Bank may acquire an ownership interest in such real estate. In connection with this transaction, the entire interest of the Landlord under the Lease to the undersigned will be assigned to the Bank. The undersigned acknowledges that the Bank is and will be relying upon the truth, accuracy and completeness of this letter in proceeding with the transaction described above.

The undersigned, for the benefit of the bank, their successors and assigns, hereby certifies, represents, warrants, agrees and acknowledges that

1. The Lease is in full force and effect in accordance with its terms without modification or amendment except as noted above and the undersigned is the holder of the Tenant's/Landlord's interest under the Lease.

2. The undersigned is in possession of all of the Premises described in the Lease under and pursuant to the Lease and is doing business thereon, and the premises are completed as required by the Lease.

3. The undersigned has no claims or offsets with respect to any of its obligations as Tenant/Landlord under the Lease, and neither the undersigned nor the Landlord/Tenant is claimed to be in default under the Lease.

4. The undersigned Tenant has not paid any rental or installments thereof in advance of the due date as set forth in the Lease.

5. The undersigned Tenant/Landlord has no notice of prior assignment, hypothecation or pledge of rents of the Lease or the Landlord's interest thereunder or of the Tenant's interest thereunder.

6. The term of the Lease has commenced and is presently scheduled to expire on _____. If there are any rights of extension or renewal under the terms of the Lease, the same have not, as of the date of this letter, been exercised.

7. Until such time as the Bank shall become the Landlord, if the undersigned should assert a claim that the Landlord has failed to perform an obligation to the undersigned under the

terms of the Lease or otherwise, notice thereof shall promptly be furnished to the Bank, and the undersigned agrees that the undersigned will not exercise any rights which the undersigned might otherwise have on account of any such failure until notice thereof has been given to the Bank, and the Bank has had the same opportunity to cure any such failure as the Landlord may have under the terms of the Lease.

8. Each of the statements set forth in Paragraphs 1 through 7 are true, accurate and complete except as follows (state specifically any exception).

DATED:

ATTEST:

By:_____

By:_____

EXHIBIT "H"

OPTION TO EXTEND

Provided Tenant is not then in default under this Lease at the time of the exercise thereof, Tenant shall have one (1) option to extend the term of this Lease for a period of three (3) years. Such option to extend is to be exercised by Tenant, notifying Landlord in writing thereof, at least twelve (12) months prior to the end of the initial Term of this Lease. The exercise of such option shall automatically extend the Term of this Lease, except that (i) there shall be no additional option to extend after the termination of this option, and (ii) the applicable Fixed Rent payable by Tenant during such extended term shall be at ninety-five percent (95%) of the "Market Rent" as set forth herein.

The Market Rent for the Premises shall be determined as follows:

(a) The Market Rent shall be proposed by Landlord within ten (10) days of receipt of Tenant's notice that it intends to exercise its option to extend the Term (the "Landlord's Proposed Market Rent"). The Landlord's Proposed Market Rent shall be the Market Rent unless Tenant notifies Landlord, within ten (10) days of Tenant's receipt of Landlord's Proposed Market Rent, that Landlord's Proposed Market Rent is not satisfactory to Tenant (such notice being referred to as "Tenant's Rejection Notice").

(b) If the Market Rent is not otherwise agreed upon by Landlord and Tenant within ten (10) days after Landlord's receipt of Tenant's Rejection Notice, then the Market Rent shall be determined by the following appraisal procedure. Tenant shall provide Landlord with notice specifying the name and address of the appraiser designated by Tenant (the "Tenant's Appraisal Notice").

Landlord shall, within five (5) days after receipt of Tenant's Appraisal Notice, notify Tenant of the name and address of the appraiser designated by Landlord. Such two appraisers shall, within twenty (20) days after the designation of the second appraiser, make their determinations of the Market Rent in writing and give notice thereof to each other and to Landlord and Tenant. Such two appraisers shall have ten (10) days after the receipt of notice of each other's determination to confer with each other and to attempt to reach agreement as to the determination of the Market Rent. If such appraisers shall concur in such determination, they shall give notice thereof to Landlord and Tenant and such concurrence shall be final and binding upon Landlord and Tenant. If such appraisers shall fail to concur as to such determination within said ten (10) day period, they shall give notice thereof to Landlord and Tenant and such appraisers shall immediately designate a third appraiser. If the two appraisers shall fail to agree upon the designation of such third appraiser within ten (10) days after said ten (10) day period, then they or either of them shall give notice of such failure to agree to Landlord and Tenant, and if Landlord and Tenant fail to agree upon the selection of such third appraiser within five (5) days after the appraiser(s) appointed by the parties give notice as aforesaid, then either party on behalf of both may apply to the American Arbitration Association, or any successor thereto, or on his or her failure, refusal, or inability to act, to a court of competent jurisdiction, for the designation of such third appraiser

All appraisers shall be real estate appraisers or consultants who shall have had at least seven (7) years continuous experience in the business of appraising real estate in the suburban Boston area.

The third appraiser shall conduct such hearings and investigations as he or she may deem appropriate and shall, within ten (10) days after the date of his or her designation, make an independent determination of the Market Rent.

(c) If none of the determinations of the appraisers varies from the average of the determinations of the other appraisers by more than ten percent (10%), the average of the determinations of the three appraisers shall be the Market Rent for the Premises. If, on the other hand, the determination of any single appraiser varies from the average of the determinations of the other two appraisers whose determinations are closest in number by more than ten percent (10%), then the average of the determinations of the two closest appraisers shall be the Market Rent. The determination of the appraisers, as provided above, shall be conclusive and binding upon the parties and shall have the same force and effect as a judgment made in a court of competent jurisdiction. Each party shall pay the fees, costs and expenses of the appraiser selected by it pursuant to this Exhibit "H" (and its own counsel fees) and one-half (1/2) of all other expenses and fees of any such third appraiser.

(d) In no event, however, shall Fixed Rent during the extension term be less than $22 40 per square foot.

(e) In the event the Market Rent is not determined prior to the date on which the extension term commences, Tenant shall pay the Fixed Rent at the rate set forth in Landlord's Proposed Market Rent of Paragraph (a) until the Market Rent is so determined in accordance with the terms and conditions of this Exhibit "H". At the time Market Rent is determined, Tenant shall pay to Landlord the excess (if any) of the Market Rent over the Fixed Rent under Landlord's Proposed Market Rent of Paragraph (a), for the portion of such time period then having elapsed, or Landlord shall pay to Tenant or shall credit Tenant's next installment of Fixed Rent due hereunder with the excess (if any) of the Rent under Landlord's Proposed Market Rent of Paragraph (a) over the Market Rent for the portion of such time period then having elapsed.

EXHIBIT "I"

EXPANSION RIGHTS / RIGHT OF FIRST REFUSAL

In the event that, during the Term of this Lease, Tenant enters into a direct lease with Landlord (or its affiliates, including without limitation, affiliates of The Gutierrez Company) for at least 36,004 rentable square feet in another building owned by Landlord or one of said affiliates, and further provided that the rent under said new lease is at then Market Rent, as defined in Exhibit "H" of this Lease, then Tenant shall be permitted to vacate the Premises (as such term is described in this Lease) upon the commencement date of the new lease, as though said commencement date where the originally contemplated expiration date under this Lease. The foregoing provision shall be binding upon the successors and assigns of Landlord and Tenant, expressly excluding, however, any mortgagee of Landlord.

Additionally (but subject to Landlord's or The Gutierrez Company's or either of their respective affiliates' own use of the Offer Space (defined below) or plans for redevelopment of the building containing the Offer Space, as more particularly described below), in no event shall Landlord decide to lease, agree to lease, or accept any offer to lease additional space within the adjacent 6,000 square foot building owned by Landlord's affiliate, Burlington Crossing LLC, having an address of 33 Second Avenue, Burlington, MA (the "Offer Space") unless Landlord first affords Tenant an opportunity to lease the Offer Space in accordance with the provisions of this Exhibit "I" and only after written notice to Tenant. Such notice shall contain the proposed essential terms with respect to the Offer Space (Landlord's summary thereof shall herein be referred to as the "Offer"). The Offer shall set forth all of the essential terms and conditions upon which Landlord proposes to lease the Offer Space to Tenant. Upon receipt of the Offer from Landlord, and provided further that there does not then exist an uncured, continuing Event of Default under this Lease and provided further that the Tenant specified in Section 1.1 hereof or an entity that controls Tenant, or is controlled by or with Tenant, is then leasing and occupying at least 75% of the rentable square feet of the Premises, then Tenant shall have a right to lease the Offer Space by giving notice to Landlord to such effect within fourteen (14) days after Tenant's receipt of Landlord's notice of such Offer. If such notice is not so timely given by Tenant, then Landlord shall be free to lease the Offer Space, or portion thereof, to any third party on any terms and conditions it determines in its sole discretion at any time after the expiration of said fourteen (14) day period.

Notwithstanding anything to the contrary in this Exhibit "I", if Tenant notifies Landlord of its election to lease the Offer Space and then fails to execute and deliver the required amendment to this Lease (or separate lease agreement, as applicable) once the same has been mutually agreed upon by Landlord and Tenant in accordance with this Exhibit "I" then (i) Tenant shall be deemed to have waived its rights to lease the Offer Space under this Exhibit "I," (ii) Landlord shall have the unrestricted right to lease such space upon whatever terms and conditions as are negotiated by Landlord in its sole discretion, and (iii) Tenant's right of first offer under this Exhibit "I" shall become null and void and of no further force and effect. The recording by the Landlord of an affidavit to such effect shall be conclusive evidence of the termination or waiver of Tenant's first offer option hereunder. Otherwise, if the Landlord and Tenant, each acting reasonably and in good faith, fail to agree on a mutually agreeable form of amendment to this Lease (or separate lease agreement, as the case may be) within said thirty (30) day period upon receipt of Landlord's proposed form of agreement, unless such date is extended by mutual agreement of both parties hereto, then such failure shall be treated as a non-exercise by Tenant of its right of first refusal, with the consequence that Landlord shall be free to lease the Offer Space or any

portion thereof to any third party, but if the Offer Space should once again become available thereafter, then at that time Tenant shall once again have the right of first refusal set forth in this Exhibit "I".

As aforesaid, Tenant's right hereunder are expressly subject and subordinate to Landlord's (or its affiliates') own use of the Offer Space or plans for redevelopment of the building containing the Offer Space. Landlord agrees that either Landlord, The Gutierrez Company, or either of their respective affiliates', as the case may be, shall notify Tenant in writing of any such exercise of this reserved right, whereupon Tenant's right of first refusal on the Offer Space shall become null and void

EXHIBIT "J"

[INTENTIONALLY DELETED]

EXHIBIT "K"

LESSEE'S LEASE STATEMENT AND
SUBORDINATION, NON-DISTURBANCE AND
ATTORNMENT AGREEMENT

THIS AGREEMENT made as of the 29th day of October, 2002, by and between iRobot Corporation, having an address of Twin City Office Center, Suite 6, 22 McGrath Highway Somerville, MA 02143 (hereinafter referred to as "Lessee") and Fleet National Bank, having a place of business at _____ (hereinafter referred to as "Mortgagee").

WHEREAS, Mortgagee has made a mortgage loan to Burlington Crossing Office LLC, as successor in title to Burlington Crossing LLC, (hereinafter referred to as "Lessor"), secured by a Mortgage and Security Agreement dated May 31, 1996, and filed with the Middlesex South District Registry of Deeds (Registered Land Section) as Document No. 1004035, as affected by an Intercreditor Agreement dated May 31, 1996, and filed with said Deeds as Document No. 1004039, as affected by a Modification to Construction Mortgage and Security Agreement and Collateral Assignment of Leases and Rents dated as of December 23, 1997, and filed with said Deeds as Document No. 1050675, and as further affected by an Assumption Agreement and Consent of Mortgagee dated as of April 7, 1998, and filed with said Deeds as Document No. 1062313 (collectively, the "Mortgage") on land owned by Lessor located at 63 South Avenue, Burlington, Massachusetts (the "Premises"), upon which is located a building containing approximately eighty-one thousand six hundred and eighty-five (81,685) square feet (hereinafter referred to as the "Building").

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Lessee and Mortgagee do hereby agree as follows

1. Lessee hereby certified and represents to Mortgagee that

(i) it has entered into a written lease with Lessor (the "Lease") dated October 29, 2002, for a portion of the Building (the "Demised Premises") to be located on the Premises, notice of which Lease is recorded with the Middlesex South District Registry of Deeds (Registered Land Section) herewith,

(ii) there presently exists no default in the performance of the Lease by the Lessor, and the Lease is presently in full force and effect, and

(iii) Lessee holds no claim against the Lessor when might be set-off against accruing rentals.

2. Lessee and Mortgagee hereby consent and agree that

(i) the Lease shall be, and the same hereby is, made subordinate in each and every respect to the lien of the Mortgage and to all advances made thereunder (and under the Construction Loan Agreement executed simultaneously therewith), and

(ii) any of the foregoing notwithstanding, if the interests of Lessor in the Premises shall be acquired by Mortgagee by reason of foreclosure of the Mortgage or other proceedings

brought to enforce the rights of Mortgagee, by deed in lieu of foreclosure or by and other method, or acquired by any other purchaser or purchasers pursuant to the foreclosure sale (Mortgagee or such purchaser(s), as the case may be, being referred to as "Purchaser"), the Lease and the rights of Lessee thereunder shall continue in full force and effect and shall not be terminated or disturbed, except in accordance with the terms of the Lease. Lessee shall be bound to Purchaser under all the terms, covenants, and conditions of the Lease for the balance of the term thereof remaining, and any extensions or renewals thereof which may be effected in accordance with any option therefor contained in the Lease, with the same force and effect as if Purchaser were the Lessor under the Lease provided.

(a) Lessee is not in default after expiration of any applicable grace or notice periods under the Lease under any provision of the Lease or this Agreement at the time Mortgagee exercises any such right, remedy or privilege,

(b) the Lease at that time is in force and effect according to its original terms or with such amendments or modifications as Mortgagee shall have approved as provided below,

(c) Lessee thereafter continues to fully and punctually perform all of its obligations under the Lease without default thereunder, and

(d) Lessee attorns to Purchaser as provided below, and

(iii) in the event of any foreclosure of the Mortgage by Mortgagee, its successors or assigns, or at the request of Mortgagee at any time pursuant to the assignment of the Lease to Mortgagee, Lessee will recognize Mortgagee, its successors and assigns, or any Purchaser, as the new lessor under the Lease will attorn to and continue to be bound by each and every term of the Lease, and upon such attornment, the Lease and the rights of Lessee shall continue in full force and effect as if it were a direct Lease between Mortgagee, or any Purchaser, and Lessee upon all of the terms, covenants and conditions of the Lease for the balance of the term thereof remaining, provided, however, Mortgagee, or any Purchaser, shall not be:

(a) liable for any act or omission of any prior landlord (including Lessor), or

(b) responsible for the cure of any default under the Lease arising prior to the time Mortgagee or such Purchaser takes possession of the Premises, or

(c) subject to any offsets or defenses which Lessee might have against any prior landlord (including Lessor), or

(d) bound by any rent or additional rent which Lessee might have paid for more than the then current month and/or month immediately following the then current month to any prior landlord (including Lessor), or

(e) bound by any agreement or modification of the Lease made without Mortgagee's written consent, or

(f) liable for any security deposit or other sums held by any prior landlord (including Lessor) unless the same was actually received by Mortgagee, or

(g) required to rebuild the Building or any part thereof in the event of casualty damage to or condemnation of any material portion of the Building or the Demised Premises, or

(h) required to complete any construction of or renovations to the Demised Premises and/or the Building, notwithstanding any obligations of the Lessor with respect thereto under the Lease.

(iv) Mortgagee may at any time unilaterally subordinate (or cause to be subordinated) the lien of the Mortgage on the Premises to the Lease.

3. Lessee hereby acknowledges receipt of notice that pursuant to an Assignment of Leases and Rents from Lessor, all leases and rents involving the Building, including the Lease of Lessee, are assigned to the Mortgagee as security for its loan, hereby acknowledges that it has received no notice of any sale, transfer or assignment of the Lease or of rentals thereunder by Lessor, other than pursuant to said Assignment of Leases and Rents, and hereby agrees that it will not (i) join in any material change or modification of the Lease so as to reduce the rent, change the Term, or otherwise materially change the rights of Landlord under the Lease, or to relieve Tenant of any obligations or liability under the Lease, (ii) anticipate rentals thereunder, or (iii) agree to terminate or cancel the Lease or surrender said Premises, without the prior written consent of Mortgagee.

4. Lessee hereby agrees that upon Mortgagee's demand, it will make all payments of rent then and thereafter due to Lessor directly to Mortgagee and not to Lessor or any independent rental agent which Lessor might at any time utilize.

5. Lessee hereby agrees that the interest of the Lessor in the Lease has been assigned to Mortgagee solely as security for the purposes indicated in the said Assignment of Leases and Rents, and that, until such time as Mortgagee has taken possession of the Premises and exercised its rights under said Assignment of Leases and Rents, Mortgagee assumes no duty, liability or obligation whatever under the Lease, or any extension or renewal thereof, by virtue of said Assignment of Leases and Rents.

6. Lessee hereby agrees to notify Mortgagee, its successors and assigns of any default on the part of Lessor under the Lease and grants to Mortgagee, it successors and assigns, the right and opportunity to cure any such default.

7. This Agreement shall be binding upon and shall more to the benefit of Lessee and Mortgagee and their respective heirs, executors, administrators, successors and assigns, as the case may be.

[Signatures continue on next consecutive page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, under seal, as of the day and year first written above

WITNESS

/s/ Helen Greiner
- ----------

/s/ M. David Adler
- ----------

LESSEE

iROBOT CORPORATION

By Helen Greiner

Title President

By M. David Adler

Title Treasurer & Sr. Vice President

WITNESS

/s/ Colleen Mclarty
- ----------

MORTGAGEE

FLEET NATIONAL BANK

By /s/ Aidan home

Title vice president

By_____

Title_____

STATE OF MASSACHUSETTS

COUNTY OF MIDDLESEX

10/29, 2002

THEN personally appeared before me Helen Greiner, as President of iRobot Corporation, and acknowledged the foregoing instrument to be his/her free act and deed as _____, as aforesaid, and the free act and deed of said corporation

/s/ Mary Ellen DeAngelis

NOTARY PUBLIC

My Commission Expires

[Notarial acknowledgements continue on next consecutive page]

MARY ELLEN DeANGELIS
NOTARY PUBLIC
Commonwealth of Massachusetts
My Commission Expires Sept. 4, 2009

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF _____ 10/29, 2002

THEN personally appeared before me M. David Adler, as Treasurer of iRobot Corporation, and acknowledged the foregoing instrument to be his/her free act and deed as _____, as aforesaid, and the free act and deed of said corporation

/s/ Mary Ellen DeAngelis

NOTARY PUBLIC
My Commission Expires

MARY ELLEN DeANGELIS
NOTARY PUBLIC
Commonwealth of Massachusetts
My Commission Expires Sept. 4, 2009

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK 11/8, 2002

THEN personally appeared before me Aidan Hume, as Vice President, of Fleet National Bank, and acknowledged the foregoing instrument to be his/her free act and deed as Vice President, as aforesaid, and the free act and deed of said Fleet National Bank

/s/ Kathleen L. Whalen

NOTARY PUBLIC
Commonwealth of
My Commission Expires Kathleen L. Whalen
NOTARY PUBLIC
My commission expires Mar 4, 2005

COMMONWEALTH OF MASSACHUSETTS

COUNTY OF SUFFOLK _____ , 2002

THEN personally appeared before me_____, as _____ of Fleet National Bank, and acknowledged the foregoing instrument to be his/her free act and deed as _____, as aforesaid, and the free act and deed of said Fleet National Bank

_____
NOTARY PUBLIC
My Commission Expires

Instrument No. 1241646
recorded 11/27/02

NOTICE OF LEASE

In accordance with the provisions of Massachusetts General Laws (Ter Ed) Chapter 183, Section 4, as amended, notice is hereby given of a certain lease (hereinafter referred to as the "Lease") dated as of October 29, 2002 by and between BURLINGTON CROSSING OFFICE, LLC (hereinafter referred to as "Landlord") and iROBOT CORPORATION (hereinafter referred to as "Tenant").

WITNESSETH

1. The address of the Landlord is c/o The Gutrerrez Company, Burlington Office Park, One Wall Street, Burlington, Massachusetts 01803, Attention John A Cataldo.

2. The address of the Tenant is Twin City Office Center, 22 McGrath Highway, Suite 6 Somerville, MA 02143, Attention Glen Weinstein.

3. The Lease was executed on October 29, 2002.

4. The Term of the Lease is six (6) years and one (1) month, beginning on the Commencement Date, which is December 1, 2002.

5. The demised premises is approximately 24,004 square feet of space on the 1st floor of the building (the "Building") located at 63 South Avenue, Burlington, County of Middlesex, Commonwealth of Massachusetts, commonly known at 63 South Avenue, more particularly described on Exhibit "A" attached hereto and made a part hereof.

6. Subject to the provisions of Exhibit "H" of the Lease, the Tenant has the option to extend the Term of the Lease for one (1) additional period of three (3) years.

7. Subject to the provisions of Section "I" of the Lease, Tenant has a right of first offer for space within the adjacent 6,000 square foot building owned by Landlord's affiliate, Burlington Crossing LLC, having an address of 33 Second Avenue, Burlington, MA

(Continued on next page)

This Notice of Lease has been executed merely to give notice of the Lease, and all of the terms, conditions and covenants of which are incorporated herein by reference. The parties hereto do not intend this Notice of Lease to modify or amend the terms, conditions and covenants of the Lease which are incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have duly executed this Notice of Lease as of this 29th day of October, 2002.

TENANT	LANDLORD
iROBOT CORPORATION	BURLINGTON CROSSING OFFICE LLC BY THE GUTIERREZ COMPANY, ITS MANAGING MEMBER
By. /s/ Helen Greiner ----------	By. /s/ John A Cataldo ----------
Name Helen Greiner Title President	Name John A Cataldo Title EVP and Assistant Treasurer
By /s/ M David Adler ----------	
Name M David Adler Title Treasurer	

COMMONWEALTH OF MASSACHUSETTS

middlesex, ss 10/29/2002

Then personally appeared before me Helen Greiner the President of iRobot Corporation, and acknowledged the foregoing instrument to be his free act and deed, and the free act and deed of iRobot Corporation.

/s/ Mary Ellen DeAngelis

NOTARY PUBLIC
My Commission Expires

MARY ELLEN DeANGELIS
NOTARY PUBLIC
Commonwealth of Massachusetts
My Commission Expires Sept. 4, 2009

COMMONWEALTH OF MASSACHUSETTS

middlesex, ss 10/29/2002

Then personally appeared before me John A Cataldo, the Executive Vice President and Assistant Treasurer of Burlington Crossing office LLC, and acknowledged the foregoing instrument to be his free act and deed, and the free act and deed of Burlington Crossing Office LLC

/s/ Theresa L. Borelli

NOTARY PUBLIC
My Commission Expires 4-9-04

EXHIBIT "A"

That certain parcel of land, together with the buildings and improvements thereon, situated in the Town of Burlington, County of Middlesex, Commonwealth of Massachusetts, and described as follows.

Said parcel is shown as Lot 14 on Land Court Plan 6728J and contains 7.781 acres, more or less, according to said Land Court Plan.

For title reference see Certificate of Title No 211190, Book 1186, Page 40
414048 vl

FIRST AMENDMENT TO LEASE

This First Amendment to Lease (this "Amendment") is made as of April 23, 2003 between BURLINGTON CROSSING OFFICE LLC, a Massachusetts limited liability company, having its offices located at c/o. The Gutierrez Company, One Wall Street, Burlington, Massachusetts 01803 (hereinafter referred to as "Landlord") and iROBOT CORPORATION, a Delaware corporation, having its offices located at 63 South Avenue, Burlington, Massachusetts 01803 (hereinafter referred to as "Tenant")

WITNESSETH THAT

WHEREAS, by instrument dated October 29,2002 (the "Lease"), the Landlord demised to Tenant 24,004 rentable square feet located on a portion of the first (1st) floor of the building (the "Building") known as 63 South Avenue, Burlington, Massachusetts (said 24,004 rentable square feet of space being defined in Section 2.1 of the Lease as the "Premises"), and

WHEREAS, Landlord and Tenant desire to amend the Lease to expand the Premises to include 10,210 rentable square feet of additional space located on another portion of the first (1st) floor of the Building (the "Additional Premises"),

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged and the mutual covenants and agreements herein contained, Landlord and Tenant hereby agree as follows:

1. Initial capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Lease.

2. The following amendments are hereby made to the Lease, which amendments shall be effective as of June 1,2003.

   (a) Article 1 of the Lease is amended by deleting Article 1 in its entirety and by replacing the same with Article 1 attached hereto as Schedule 1.

   (b) Schedule 2 of this Amendment is added to the Lease as a new Exhibit "A-1".

   (c) Section 2.1 of the Lease is amended by deleting the last sentence of the first paragraph thereof and replacing it with the following:

   "The Premises is depicted on the plans attached hereto as Exhibit "A" and Exhibit A-1". The portion of the Premises depicted on Exhibit "A" is hereafter referred to as the "Original Premises," and the portion of the Premises depicted on Exhibit A-1" is hereafter referred to as the "Additional Premises" Commencing on June 1,2003, the

term "Premises" shall mean the Original Premises together with the Additional Premises".

(d) Article 3 is amended by adding thereto a new Section 3.5, as follows:

"3.5. ADDITIONAL PREMISES

The Additional Premises shall be delivered to Tenant on June 1,2003, in "as is" condition, subject to a general clean-up of the space to include "touch-up" painting where necessary and the construction of two double door wide passage ways between the Original Premises and the Additional Premises Landlord represents that the Building's systems are in good working condition".

3. Landlord and Tenant each represent and warrant that it has dealt with no broker, other than Richards Barry Joyce & Partners, in connection with this Amendment and agree to defend, indemnify and save the other party harmless from and against any and all claims for a commission arising out of this Lease made by anyone other than the aforementioned broker.

4. Except as modified by this Amendment, the Lease is hereby ratified and confirmed.

5. This Amendment may be signed in any number of counterparts and each thereof shall be deemed to be an original and all such counterparts shall be but one and the same agreement.

6. Landlord's obligations to perform hereunder are subject to the condition precedent that Landlord's Mortgagee approves of this Amendment by executing and delivering to Landlord the Mortgagee's Consent form attached hereto as Schedule 3.

7. Tenant's obligation to perform its covenants and agreements hereunder is subject to the condition precedent that this First Amendment to Lease be approved by Tenant's Board of Directors Unless Tenant gives Landlord written notice within ten (10) days after the date hereof that the Board disapproves this First Amendment to Lease, then this condition shall be deemed to have been satisfied or waived and the provisions of this Section 7 shall be of no further force or effect. If Tenant provides such notice of disapproval to Landlord, then all of Landlord's and Tenant's obligations hereunder shall be deemed terminated and this First Amendment to Lease shall terminate without recourse to the parties hereto.

Executed as an instrument under seal as of the date first above written

TENANT

iROBOT CORPORATION

By /s/ Geoffrey P. Clear

Name GEOFFREY P. CLEAR
Title CHIEF FINANCIAL OFFICER

LANDLORD

BURLINGTON CROSSING OFFICE LLC
A Massachusetts limited liability company,
BY THE GUTIERREZ COMPANY,
Managing Member

By /s/ John A. Cataldo

Name John A. Cataldo
Title Executive Vice President

SCHEDULE 1

Date of Lease Execution October 29, 2002

REFERENCE DATA

1.1. SUBJECTS REFERRED TO.

Each reference in this Lease to any of the following subjects shall incorporate the data stated for that subject in this Section 1.1.

LANDLORD	Burlington Crossing Office LLC
MANAGING AGENT	The Gutierrez Company
LANDLORD'S AND MANAGING AGENT'S ADDRESS	Burlington Office Park One Wall Street Burlington, Massachusetts 01803
LANDLORD'S REPRESENTATIVE	John A Cataldo
TENANT	iRobot Corporation
TENANT'S ADDRESS (FOR NOTICE & BILLING)	63 South Avenue Burlington, Massachusetts 01803
TENANT'S REPRESENTATIVE	Glen Weinstein
BUILDING	63 South Avenue Burlington, Massachusetts
FLOOR	1
TENANT'S SPACE	Such space shown on the plans attached hereto as Exhibit "A" and Exhibit "A-1", located within the Building on Floor 1
RENTABLE FLOOR AREA OF TENANT'S SPACE	(a) As to the Original Premises 24,004 square feet on the First Floor (b) As to the Additional Premises 10,210 square feet on the First Floor (c) Total "Rentable Floor Area of Tenant's Space" 34,214 square feet

TOTAL RENTABLE FLOOR AREA OF THE BUILDING	81,685 square feet
SCHEDULED TERM COMMENCEMENT DATE	December 1, 2002
TERM EXPIRATION DATE	December 31, 2008
APPROXIMATE TERM	Six years and one month from the Commencement Date for the Original Premises
FIXED RENT	June 2003 - July 2003 $9.90/RSF /Annum $28,226.55 Monthly August 2003 - January 2004 $11.90/RSF /Annum $33,928.88 Monthly February 2004-December 2004 $17.40/RSF/Annum $49,610.30 Monthly January 2005-December 2005 $19.40/RSF/Annum $55,312.63 Monthly January 2006-December 2006 $20.40/RSF/Annum $58,163.80 Monthly January 2007-December 2007 $21.40/RSF/Annum $61,014.97 Monthly January 2008-December 2008 $22.40/RSF/Annum $63,866.13 Monthly
MONTHLY FIXED RENT	For each month during the Term, the Monthly Fixed Rent amount set forth above
ANNUAL ESTIMATED OPERATING COSTS	Actual current year 2003 (approximately $7.25 per rentable square foot included in the Fixed Rent)
ESTIMATED COST OF ELECTRICAL SERVICE TO TENANT'S SPACE	To be separately sub-metered in accordance with Exhibit "D". The anticipated cost of such electricity is $0.90 per rentable square foot per annum
FIRST FISCAL YEAR FOR TENANT'S PAYING OPERATING COST ESCALATION	Year beginning January 1, 2004
SECURITY DEPOSIT	See Article 1.1
GUARANTOR(S)	None

PERMITTED USES	The development, marketing, manufacturing, machining, sale and delivery of robots and associated technology and the providing of professional services in connection therewith
REAL ESTATE BROKER(S)	Richards Barry Joyce & Partners
PUBLIC LIABILITY INSURANCE	BODILY INJURY AND PROPERTY DAMAGE
EACH COVERAGE	$1,000,000.00
AGGREGATE	$2,000,000.00

1.2. EXHIBITS.

The Exhibits listed below in this Section are incorporated in this Lease by reference and are to be construed as part of this Lease.

EXHIBIT A	Plan Showing Tenant's Space
EXHIBIT A-1	Plan Showing Tenant's Additional Space
EXHIBIT B	Legal Description of Lot
EXHIBIT C	Intentionally Deleted
EXHIBIT D	Landlord's Services
EXHIBIT E	Rules and Regulations
EXHIBIT F	Intentionally Deleted
EXHIBIT G	Estoppel Certificate
EXHIBIT H	Option to Extend
EXHIBIT I	Expansion Rights / Right of First Refusal*
EXHIBIT J	Intentionally Deleted
EXHIBIT K	Subordination, Non-Disturbance and Attornment Agreement

SCHEDULE 2

EXHIBIT A-1.1

Plan Showing Tenant's Space (Additional Premises)

[TO BE PROVIDED]

SCHEDULE 3

CONSENT OF MORTGAGEE

The undersigned Mortgagee hereby consents and approves the terms and provisions set forth in this First Amendment to Lease dated as of April 23, 2003 by and between BURLINGTON CROSSING OFFICE LLC ("Landlord") and iROBOT CORPORATION ("Tenant").

MORTGAGEE

FLEET NATIONAL BANK

/s/ [ILLEGIBLE]
- ----------
Witness

By /s/ Aidan E. Hume

Name AIDAN E. HUME
Title VICE PRESIDENT
Date 5/5/03

EXHIBIT "I"

EXPANSION RIGHTS / RIGHT OF FIRST REFUSAL

In the event that, during the Term of this Lease, Tenant enters into a direct lease with Landlord (or its affiliates, including without limitation, affiliates of The Gutierrez Company) for at least 51,321 rentable square feet in another building owned by Landlord or one of said affiliates, and further provided that the rent under said new lease is at then Market Rent, as defined in Exhibit "H" of this Lease, then Tenant shall be permitted to vacate the Premises (as such term is described in this Lease) upon the commencement date of the new lease, as though said commencement date where the originally contemplated expiration date under this Lease. The foregoing provision shall be binding upon the successors and assigns of Landlord and Tenant, expressly excluding, however, any mortgagee of Landlord.

Additionally (but subject to Landlord's or The Gutierrez Company's or either of their respective affiliates' own use of the Offer Space (defined below) or plans for redevelopment of the building containing the Offer Space, as more particularly described below), in no event shall Landlord decide to lease, agree to lease, or accept any offer to lease additional space within the adjacent 6,000 square foot building owned by Landlord's affiliate, Burlington Crossing LLC, having an address of 33 Second Avenue, Burlington, MA (the "Offer Space") unless Landlord first affords Tenant an opportunity to lease the Offer Space in accordance with the provisions of this Exhibit "I" and only after written notice to Tenant Such notice shall contain the proposed essential terms with respect to the Offer Space (Landlord's summary thereof shall herein be referred to as the "Offer"). The Offer shall set forth all of the essential terms and conditions upon which Landlord proposes to lease the Offer Space to Tenant. Upon receipt of the Offer from Landlord, and provided further that there does not then exist an uncured, continuing Event of Default under this Lease and provided further that the Tenant specified in Section 1.1 hereof or an entity that controls Tenant, or is controlled by or with Tenant, is then leasing and occupying at least 75% of the rentable square feet of the Premises, then Tenant shall have a right to lease the Offer Space by giving notice to Landlord to such effect within fourteen (14) days after Tenant's receipt of Landlord's notice of such Offer. If such notice is not so timely given by Tenant, then Landlord shall be free to lease the Offer Space or portion thereof, to any third party on any terms and conditions it determines in its sole discretion at any time after the expiration of said fourteen (14) day period.

Notwithstanding anything to the contrary in this Exhibit "I", if Tenant notifies Landlord of its election to lease the Offer Space and then fails to execute and deliver the required amendment to this Lease (or separate lease agreement, as applicable) once the same has been mutually agreed upon by Landlord and Tenant in accordance with this Exhibit "I," then (i) Tenant shall be deemed to have waived its rights to lease the Offer Space under this Exhibit "I," (ii) Landlord shall have the unrestricted right to lease such space upon whatever terms and conditions as are negotiated by Landlord in its sole discretion, and (iii) Tenant's right of first offer under this Exhibit "I" shall become null and void and of no further force and effect. The recording by the Landlord of an affidavit to such effect shall be conclusive evidence of the termination or waiver of Tenant's first offer option hereunder. Otherwise, if the Landlord and Tenant, each acting reasonably and in good faith, fail to agree on a mutually agreeable form of amendment to this Lease (or separate lease agreement, as the case may be) within said thirty (30) day period upon receipt of Landlord's proposed form of agreement, unless such date is extended by mutual agreement of both parties hereto, then such failure shall be treated as a non-exercise by Tenant of its right of first refusal, with the consequence that Landlord shall be free to lease the Offer Space or any

portion thereof to any third party, but if the Offer Space should once again become available thereafter, then at that time Tenant shall once again have the right of first refusal set forth in this Exhibit "I".

As aforesaid, Tenant's right hereunder are expressly subject and subordinate to Landlord's (or its affiliates') own use of the Offer Space or plans for redevelopment of the building containing the Offer Space. Landlord agrees that either Landlord, The Gutierrez Company, or either of their respective affiliates', as the case may be, shall notify Tenant in writing of any such exercise of this reserved right, whereupon Tenant's right of first refusal on the Offer Space shall become null and void.

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease (this "Amendment") is made as of the 22nd day of February, 2005, between Burlington Crossing Office LLC, a Massachusetts limited liability company, having its offices at c/o The Gutierrez Company, One Wall Street, Burlington, Massachusetts 01803 (hereinafter referred to as "Landlord") and iRobot Corporation, a Delaware corporation, having its offices located at 63 South Avenue, Burlington, Massachusetts 01803 (hereinafter referred to as the "Tenant").

WITNESSETH THAT

WHEREAS, by instrument dated October 29, 2002, as amended by a First Amendment to Lease dated April 23, 2003 (collectively, the "Lease") Landlord demised to Tenant certain premises consisting of 34,314 rentable square feet of tenant space (the "Premises"), located at 63 South Avenue, Burlington, Massachusetts, and as more particularly described in the Lease (the "Building"), and.

WHEREAS, Landlord and Tenant desire to amend the Lease to expand the Premises to (i) include the balance of the first floor consisting of 24,120 square feet currently occupied by Lahey Clinic Hospital, Inc ("Lahey"), except for a communications closet shown on Schedule 1 attached hereto and made a part hereof (the "Data Closet"), which shall be used by Tenant on a non-exclusive basis with other tenant(s) of the Building, currently Lahey, pursuant to the terms of a separate agreement between Tenant and Lahey, as hereinafter provided in Paragraph 5(i) below (the "First Floor Space"), (ii) to provide for the modification to and lease of the 6,150 square foot 33 Second Avenue building for Tenant's use, (iii) to provide for a possible expansion workshop of 3,000 square feet to the 33 Second Avenue building, (iv) to provide for the use of temporary space at 33 Second Avenue, and (v) to address certain other matters as set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and the mutual covenants and agreements herein contained, Landlord and Tenant hereby agree as follows:

1. Initial capitalized terms used herein, but not defined herein, shall have the meanings ascribed to them in the Lease.

2. Section 2.1 of the Lease is hereby amended by adding the following paragraphs at the end of said Section.

"2.1.1 Temporary Space - Landlord and Tenant hereby acknowledge and agree that Tenant shall have the right to use and occupy the Temporary Space (as hereinafter defined), subject to all the terms and provisions of this Section or elsewhere in this Lease, except as otherwise provided herein to the contrary, until such time as the full renovations to 33 Second

Avenue ("33 Second Avenue Work") (as hereinafter defined in Section 2.1.1A below) is completed and ready for Tenant's occupancy, or in the event that Landlord is unable to obtain the required permits for the 33 Second Avenue Work, as hereinafter provided, until December 31, 2005. Alternatively, in the event that Landlord is unable to obtain the required permits necessary to fully renovate the entire 33 Second Avenue building, then Tenant shall have the option, exercisable within thirty (30) days of receipt of Landlord's notice that it has been unsuccessful in obtaining the necessary permits for the construction of the Workshop, to continue to use and occupy the Temporary Space, subject to the terms and provisions of this Lease, except that the Fixed Rent due for Tenant's continued occupancy of the Temporary Space shall be $1.00 per square foot per annum paid monthly in advance, and Tenant shall be responsible to make any such additional improvements to the Temporary Space as may be required by the Building Inspector or other applicable authorities of the Town of Burlington. Any additional improvements requested by Tenant, and so required as aforesaid, shall be performed by GCCI, at Tenant's cost, specifically at cost plus ten percent (10%). Otherwise, Tenant shall vacate and surrender the Temporary Space in accordance with the provisions of Section 6.1.2 hereof. The parties hereby further agree to execute an amendment to this Lease, upon the request of either party, confirming the permanent addition of the Temporary Space to the "Premises" hereunder in the event that Tenant elects to continue its occupancy thereof (i.e., the term "Premises" shall be expanded to include the Temporary Space and a new rent schedule shall be provided). Landlord has made certain temporary renovation improvements to approximately 2,755 square feet of the building located at 33 Second Avenue (the "Temporary Space"). Landlord has been paid by Tenant for the cost of such Temporary Space improvements. Except for the $1.00 per square foot set forth previously in this section, Tenant shall not be required to pay Fixed Rent on the Temporary Space, but will reimburse Landlord its pro rata share of taxes and utilities allocable to the Temporary Space, as additional rent, on a monthly basis from November 1, 2004 until the 33 Second Avenue Work is completed, or until its lease of the Temporary Space is terminated as provided in this Section 2.1.1, after which event Section 2.1.1A shall apply.

2.1.1A 33 Second Avenue Work - Tenant has requested Landlord renovate the 6,150 square foot 33 Second Avenue building and provide an exclusive adjacent area in the current parking lot for testing of an additional approximately 8,500 square feet (such testing area to be protected by jersey barriers and/or fencing) and other rough terrain testing space on the slopes and drive at the southwest corner of the lot to also be made available for Tenant's use until the end of the Term, as hereinafter provided in this Section 2.1.1A. A portion of the 33 Second Avenue building is currently being used as the Temporary Space. Landlord has provided Tenant with initial plans titled "33 Second Avenue/63. South Avenue iRobot - Expansion Building Options, Drawing A -1 (Tenant Review & Pricing) 1/6/05," attached as Schedule 3, and Site Plan - Proposed Option "B", 33 Second Avenue, Burlington, MA, dated 12/8/04, attached as Schedule 3-A, and an initial estimate of the approximate cost of such 33 Second Avenue Work of one hundred eighty-three thousand four hundred seventy-nine ($183,479) dollars and, if requested by Tenant, an additional two hundred fourteen thousand five hundred ninety-nine ($214,599) dollars for the Workshop. Upon execution of this Amendment and receiving Tenant's electrical requirements from Tenant, Landlord, or at Tenant's option and sole expense a third party architect, reasonably acceptable to Landlord, will prepare more detailed plans for construction and bidding for the 33 Second Avenue Work and will present them to Tenant for

approval. Once such construction plans have been approved by Tenant, Landlord will obtain bids for such work and will present Tenant with a not to exceed cost for such work ("Cost of the Work"). Included in the Cost of the Work shall be general conditions and the cost of GCCI's overhead and profit equal to seven percent (7%) of such work, and a five percent (5%) contingency reserve. Landlord will not expend the five percent (5%) contingency reserve without first informing Tenant. Tenant agrees to reimburse Landlord as set forth later in this Section 2.1.1A for the actual cost of said work not to exceed the Cost of the Work unless there is a change in scope or Tenant approved change order. Upon written approval by Tenant of the Cost of the Work, Landlord agrees to use reasonable efforts to have the 33 Second Avenue Work completed so that the work is completed within three (3) months following approval by Tenant of Landlord's construction and bidding plans and Cost of the Work (the "Scheduled Completion Date"), which completion date shall, however, be extended for a period equal to that of any delays due to governmental regulations, unusual scarcity of or inability to, obtain labor or materials, labor difficulties, casualty or other causes reasonably beyond Landlord's control. The 33 Second Avenue Work shall be deemed completed, and rent payable thereon shall commence on the earlier of (a) the date on which Tenant occupies any part of the 33 Second Avenue building other than the Temporary Space, (b) the date on which the 33 Second Avenue Work is substantially completed as certified by Landlord ("33 Second Avenue Rent Commencement Date"). Landlord shall permit Tenant access for installing its own equipment furnishings in the 33 Second Avenue building if it can be done without material interference with Landlord's remaining work. Notwithstanding the foregoing provisions, if the 33 Second Avenue Work is not complete and the building is not ready for occupancy on or before a date which is sixty (60) days after the Scheduled Completion Date stated above for whatever reason other than Tenant's fault or the allowable delays set forth above, Tenant may elect not to lease said 33 Second Avenue building and not to reimburse Landlord for Landlord's costs by giving notice to Landlord of such election. Upon receipt of such election, Landlord shall have an additional fifteen (15) days to complete said work. If said work is completed within such fifteen (15) day period, then Tenant's election above shall be null and void, it being understood that said election by it shall be Tenant's sole remedy at law and in equity for Landlord's failure to have the 33 Second Avenue building ready for Tenant's occupancy. Tenant agrees to use and occupy the 33 Second Avenue building subject to the terms and conditions of this Lease, except as otherwise set forth herein to the contrary.

Tenant shall reimburse Landlord for the actual cost of the 33 Second Avenue Work but not, without Tenant's prior written consent, in excess of the Tenant approved Cost of the Work Parties agree that such reimbursement shall be paid by an adjustment to the Fixed Rent under the Lease. Specifically such actual cost shall be amortized over a term of five (5) years at a seven percent (7%) rate, i.e., a constant annual payment of 23.77% of the actual cost of the 33 Second Avenue Work, plus twelve thousand two hundred ($12,200) dollars per year. Thus, for example, if the cost of the 33 Second Avenue Work were two hundred sixty thousand ($260,000) dollars, then the additional Annual Fixed Rent would be equal to two hundred sixty thousand ($260,000) dollars times 2377 which equals sixty-one thousand eight hundred two ($61,802) dollars, plus twelve thousand two hundred ($12,200) dollars, for a total additional Fixed Rent of seventy-three thousand eight hundred two ($73,802) dollars per year, six thousand one hundred fifty dollars and sixteen cents ($6,150.16) per month. Any increase in Operating Costs or real estate taxes or additional Landlord's services called for in Section 5.1 required because of Tenant's occupancy

of the 33 Second Avenue building shall be paid for by Tenant (i.e., 100% of such costs shall be allocable to Tenant) on a monthly basis, as additional rent. It is hereby expressly understood and agreed that any such costs shall not be included within the "Operating Cost Base" for the Building. Landlord and Tenant agree that they shall enter into a mutually satisfactory amendment to this Lease in order to reflect Tenant's occupancy of the 33 Second Avenue building, adding it to the Premises, and the rent adjustments hereunder. Upon termination of this Lease for any reason prior to five (5) years after the 33 Second Avenue Rent Commencement Date, Tenant shall pay Landlord the unamortized balance of such costs within ten (10) days of receipt of an invoice therefor. However, in the event that, within three (3) years of the termination of the Lease for any reason, except by reason of Tenant's default, Landlord subsequently leases 33 Second Avenue to others, then, at such time as such new 33 Second Avenue tenant makes its first rent payment thereon, Landlord will rebate to Tenant the following amount of the unamortized balance of the 33 Second Avenue Cost of the Work previously paid by Tenant to Landlord upon termination of this Lease ("Unamortized Balance"). Such rebate to be calculated as follows:

1. Any Landlord costs associated with the re-leasing of 33 Second Avenue to include, but not be limited to broker commissions, tenant improvements, other concessions, shall be added to the Unamortized Balance. The resulting subtotal shall be amortized over the new lease term at eight percent (8%). To that amortized subtotal total shall be added one ($1.00) dollar per rentable square foot times the square footage of space leased under the new lease for 33 Second Avenue. That grand total of the amortized subtotal plus one ($1.00) dollar per rentable square foot total to be divided into the average annual triple net rent of the leased space. If the quotient of such division equals or exceeds 1.0, then Landlord shall rebate to Tenant total amount of the Unamortized Balance. If the resulting quotient is less than 1.0, then Landlord shall return that portion represented by the quotient times the Unamortized Balance. Example follows:

Assuming the following facts and conditions.

A	Landlord leased 6,150 square feet of 33 Second Avenue for five (5) years @ average rent triple net of $7.50/SF		=	$ 46,125/ year
B	Lease Up Costs Total		=	$104,550
	1B Commissions @ $6.00/SF	$36,900		
	2B Tenant Improvements @ $10.00/SF	$61,500		
	3B Other @$1.00/SF	$ 6,150		
C	Unamortized Balance of 33 Second Avenue Work		=	$ 87,700
D	Subtotal Costs		=	$192,250
E	D x 5-year amortization @ 8% = $192,250 x 0.2434		=	$ 46,794
F	$1.00 per Square Foot Re-leased Space		=	$ 6,150
G	Grand Total of Amortized Costs + $1.00/SF		=	$ 52,944
H	A/G = $46,125/$52,944 = 0.871			

Landlord rebates Tenant H x C = 0.871 x $87,700 = $76,387

The provisions of this section shall survive termination of this Lease.

2.1.2. Workshop - As requested by Tenant, Landlord hereby agrees to use good faith, diligent efforts to obtain any and all approvals and permits necessary for the construction of a prefab steel building as an expansion to the rear of 33 Second Avenue located as shown on the plan attached hereto as Schedules 3 and 3-A, containing approximately 3,000 square feet (the "Workshop" and at times, the "Workshop Work") Tenant shall provide Landlord with specifications for the Workshop on or before April 1, 2005. Landlord will not approve any alterations that will require unusual expense to demolish the Workshop on lease termination Landlord agrees to develop, at Tenant's cost, the modification of the Site Plan and all other plans and/or studies required for Landlord to obtain the necessary state and local permits and approvals for the construction of the Workshop and the bidding of the work necessary to construct the Workshop. Tenant acknowledges that Landlord has indicated a variance shall be required for such expansion. Landlord agrees to try to obtain such permits, using the efforts as aforesaid, on or before June 30, 2005. Landlord and Tenant agree to work and cooperate with each other so as to reach mutual agreement on any modifications to the plans as may be requested by the applicable permit granting authorities. In the event that Landlord is unsuccessful in obtaining all necessary permits and approvals for the construction of the Workshop by September 30, 2005, Landlord's obligations under this Section 2.1.2 shall terminate, and such failure shall not be deemed to be a default by Landlord hereunder. Tenant agrees to reimburse Landlord for its permitting expenses incurred hereunder, up to a maximum of five thousand ($5,000) dollars, within thirty (30) days of receipt of Landlord's invoice therefor, containing reasonable backup documentation evidencing the same.

In the event that Landlord obtains all of such permits, then Landlord shall then obtain bids for the construction of said Workshop and present to Tenant a not to exceed cost to construct such Workshop ("Cost of the Workshop Work") and a scheduled completion date for such work ("Scheduled Completion Date"). Included in the Cost of the Workshop Work shall be general conditions, the cost of GCCI's overhead and profit, equal to seven percent (7%) of the work, and a five percent (5%) contingency reserve. Landlord will not expend the five percent (5%) contingency reserve without first informing Tenant. After approval of the plans for the Cost of the Workshop Work by Tenant, Landlord shall commence construction of the Workshop and diligently prosecute the same to completion (i.e., the parties further agreeing that no overtime shall be required). The Workshop Work shall be deemed completed and Fixed and additional Rent payable thereon shall commence on the earlier of (a) the date on which Tenant occupies any part of the Workshop, (b) the date on which the Workshop Work shown on the Workshop plans accepted by Tenant is substantially completed as certified by Landlord's architect ("Workshop Rent Commencement Date"). Landlord shall permit Tenant access for installing its own equipment and furnishings in the Workshop if it can be done without material interference with Landlord's remaining work. Notwithstanding the foregoing provisions, if the Workshop is not complete and the building ready for occupancy on or before a date which is ninety (90) days after the Scheduled Completion Date for whatever reason other than Tenant's fault or the allowable delays previously set forth in 2.1.1A, Tenant may elect not to lease said Workshop and not to reimburse Landlord for Landlord's costs by giving notice to Landlord of

such election. Upon receipt of such election, Landlord shall have an additional fifteen (15) days to complete said work. If said work is completed within such fifteen (15) day period, then Tenant's election above shall be null and void, it being understood that said election by it shall be Tenant's sole remedy at law and in equity for Landlord's failure to have the Workshop ready for Tenant's occupancy. Upon Landlord's substantial completion and obtaining a certificate of occupancy (which may be temporary) for the Workshop and providing Tenant with a copy thereof, Tenant agrees to use and occupy the Workshop subject to the terms and conditions of this Lease, except as otherwise set forth herein to the contrary.

Tenant shall reimburse Landlord for the actual cost of construction of the Workshop, not to exceed the Cost of the Workshop Work unless there is a change in scope or Tenant approved change order. The parties agree that such reimbursement shall be paid by Tenant in the form of an adjustment to the Fixed Rent under this Lease. Specifically, such costs shall be amortized over the remaining Term of this Lease at a per annum rate of seven percent (7%), plus six thousand ($6,000) dollars per year, to be paid monthly in advance as additional Fixed Rent. Any increase in Operating Costs or real estate taxes or additional Landlord's services called for by Section 5.1 required because of Tenant's occupancy of the Workshop shall be paid for by Tenant (i.e., 100% of such costs shall be allocable to Tenant) on a monthly basis, as additional rent. It is hereby expressly understood and agreed that any such costs shall not be included within the "Operating Cost Base" for the Building. Landlord and Tenant agree that they shall enter into a mutually satisfactory amendment to this Lease in order to reflect Tenant's occupancy of the Workshop, adding it to the Premises, and the Rent adjustments hereunder. In the event that this Lease terminates prior to December 31, 2008, then Tenant shall be required to make a Termination Payment equal to the unamortized balance of the actual costs of the construction of the Workshop. In the event that, within three (3) years of the termination of the Lease for any reason, except by reason of Tenant's default, Landlord subsequently leases the Workshop to others, then, at such time as such new Workshop tenant makes its first rent payment thereon, Landlord will rebate to Tenant the following amount of the unamortized balance of the Workshop Cost of the Work previously paid by Tenant to Landlord upon termination of this Lease ("Unamortized Balance") Such rebate to be calculated as follows:

1. Any Landlord costs associated with the re-leasing of the Workshop to include, but not be limited to broker commissions, tenant improvements, other concessions, shall be added to the Unamortized Balance. The resulting subtotal shall be amortized over the new lease term at eight percent (8%). To that amortized subtotal total shall be added one ($1.00) dollar per rentable square foot times the square footage of space leased under the new lease for the Workshop. That grand total of the amortized subtotal plus one ($1.00) dollar per rentable square foot total to be divided into the average annual triple net rent of the leased space. If the quotient of such division equals or exceeds 1.0, then Landlord shall rebate to Tenant total amount of the Unamortized Balance. If the resulting quotient is less than 1.0, then Landlord shall return that portion represented by the quotient times the Unamortized Balance Example follows:

Assuming the following facts and conditions.

A.	Landlord leased 3,000 square feet of the Workshop for three (3) years @ average rent triple net of $5.00/ SF		=	$15,000/ year
B.	Lease Up Costs Total		=	$19,000
	1B. Commissions @ $3.33/SF	$10,000		
	2B. Tenant Improvements @ $3.00/SF	$ 9,000		
	3B. Other @ $-0-/SF	$ -0-		
C.	Unamortized Balance of the Workshop Work		=	$70,700
D.	Subtotal Costs		=	$89,700
E.	D x 3-year amortization @ 8% = $89,700 x 0.3761		=	$33,736
F.	$1.00 per Square Foot Re-leased Space		=	$ 3,000
G.	Grand Total of Amortized Costs + $1.00/ SF		=	$36,736
H.	A/G = $15,000/ $36,736 = 0.408			

Landlord rebates Tenant H x C = 0.408 x $70,700 = $28,846

The provisions of this section shall survive termination of this Lease".

3. Landlord and Tenant hereby agree that references in the Lease to "Lot" or "Premises" shall include any and all testing areas or other areas, such as parking areas permitted to be used and/or occupied by Tenant under this Lease, should such areas not be within the definition of "Lot" hereunder (for example, but not by way of limitation, the provisions of Sections 6.1.3, 6.1.4, 6.1.5, 6.1.7, 6.1.8, 6.1.9, 6.1.12, and 6.1.13 shall apply to all of said additional areas).

4. Article 10 of the Lease is hereby amended by inserting the following as a new Section 10.16.

"Section 10.16. (Covenants Independent). Each provision hereof constitutes an independent covenant, enforceable separately from each other covenant hereof. To the extent any provision hereof or any application of any provision hereof may be declared unenforceable, such provision or application shall not affect any other provision hereof or other application of such provision. Tenant acknowledges and agrees that Tenant's obligation to pay Fixed Rent and additional rent is independent of any and all obligations of Landlord hereunder, with the result that Tenant's sole remedy for any alleged breach by Landlord of its obligation hereunder shall be to commence a judicial proceeding against Landlord seeking specific performance, and not to deduct or set off Fixed Rent or additional rent or terminate this Lease".

5. Upon the later to occur of all of the foregoing events (the "Expansion Events" or such date upon which the Expansion Events occur hereinafter being referred to as the "Expansion Date") (i) the termination of the existing Lahey lease with respect to the First Floor Space subject to Lahey's right to use the Data Closet, in common with Tenant, pursuant to the terms of a separate agreement between Tenant and Lahey as aforesaid, or a future tenant of

Landlord as applicable (the "Expansion Space"), (ii) Landlord's receipt of the applicable termination payments from Lahey, (iii) Lahey vacating said space in accordance with the terms and provisions of its lease with Landlord, and (iv) Tenant hereby accepting such space in its then "as is" condition, then Landlord and Tenant hereby agree that the term "Premises" as used in this Lease shall include the Expansion Space. Accordingly, upon the occurrence of the Expansion Events, (A) Section 1.1 of the Lease shall be amended as follows (i) the definition of "Rentable Floor Area of Tenant's Space" shall be amended by deleting the existing language in its entirety and by replacing the same with "58,334 square feet, subject to further expansion as provided in Sections 2.1.1 and 2.1.2 hereof, and (ii) the definition of "Fixed Rent" set forth in Section 1.1 of the Lease shall be amended by deleting the same in its entirety and by replacing the same with a new Fixed Rent schedule reflecting the addition of the Expansion Space (i.e., 24,120 square feet) and Landlord's agreement that the Fixed Rent allocable to the Expansion Space shall be $18.50 per rentable square foot for the period commencing upon the occurrence of the Expansion Events and ending on September 30, 2007, and thereafter (i) $21.40 per rentable square foot from October 1, 2007 through and including December 31, 2007, and (ii) $22.40 per rentable square foot from January 1, 2008 through and including December 31, 2008, and (B) Section 1.2 of the Lease shall be amended by adding the plan attached hereto as Exhibit "A-3" as a new Exhibit "A-3" thereto. As aforesaid in Paragraphs 2.1.1A and 2.1.2 above, Landlord and Tenant hereby agree that they shall enter into a mutually satisfactory amendment to this Lease in order to reflect the necessary Rent adjustments hereunder and any other relevant provisions of the Lease necessitated by the events outlined in this Amendment.

6. Section 1.2 of the Lease is hereby amended by deleting Exhibit "D" of the Lease and by replacing the same with Exhibit "D-l" attached hereto and made a part hereof Accordingly, all references in the Lease to Exhibit "D" shall now refer to Exhibit "D-1" attached hereto.

7. Effective on the Expansion Date, Section 8.2 of the Lease shall be amended by adding the following at the beginning of the second sentence thereof, "Except as otherwise provided in Exhibit "I" hereof, and".

8. Effective on the Expansion Date (as hereinbefore defined in Section 5 above), Exhibit "I" of the Lease is hereby amended by (i) deleting the square footage figure of "51,321" and by replacing the same with "87,000", (ii) adding the following after the words. " Market Rent as defined in Exhibit "H" of this Lease" in line 4 thereof, "but in no event lower than (a) $22.40 (quoted on a gross basis) plus tenant electricity, or (b) rent which is sufficient in Landlord's reasonable and good faith opinion, to finance the non-land project costs of such expansion building, and further provided that the term of the new expansion building lease is not for less than ten (10) years", (iii) adding the following at the end of the first sentence after the words "under this Lease", the following "and upon payment by Tenant to Landlord of any unamortized cost of the 33 Second Avenue Work and/or the Workshop Work (as defined in Sections 2.1.1A and 2.1.2 hereof), which such cost figures either shall be furnished by Landlord to Tenant within forty-five (45) days of completion of the 33 Second Avenue Work and/or the Workshop Work and again within five (5) days of receipt of Tenant's termination notice together with reasonable supporting documentation evidencing the same (the "Termination Payment")", and (iv) replacing the entire second sentence with the following "The foregoing provision (and

the provisions with respect to the permitting and construction of the Temporary Space or the 33 Second Avenue Work and/or the Workshop Work pursuant to Sections 2.1.1, 2.1.1A, and 2.1.2 hereof) shall be binding upon the successors and assigns of Landlord and Tenant, expressly excluding, however, any mortgagee of Landlord, its successors and/or assigns, and shall not constitute a default by Landlord of its obligations under this Exhibit "I" (or Section 2.1.1 or 2.1.2, as it relates to the Temporary Space, 33 Second Avenue Work, or Workshop as aforesaid)".

9. The Lease is hereby amended by adding Exhibit "J" attached hereto and made a part hereof as the new Exhibit "J" to the Lease Accordingly, Section 1.2 of the Lease is hereby amended by deleting the words "Intentionally Deleted" after Exhibit "J" and by replacing the same with "Right of First Offer".

10. Landlord and Tenant each represent and warrant that is has dealt with no broker, other than Richards Barry Joyce & Partners, in connection with this Amendment and agree to defend, indemnify and save the other party harmless from and against any and all claims for a commission arising out of this Lease made by anyone other than the aforementioned broker. The parties further agree that Landlord's compensation obligation to said broker shall be limited to the lease of the Expansion Space from July 31, 2007 to December 31, 2008.

11. Except as modified by this Amendment, the Lease is hereby ratified and confirmed.

12. This Amendment may be signed in any number of counterparts and each thereof shall be deemed to be an original, and all such counterparts shall be but one and the same agreement.

13. Landlord's obligations to perform hereunder are subject to the condition precedent that Landlord's mortgagee approves of this Amendment by executing and delivering to Landlord the Mortgagee's Consent form attached hereto as Schedule 4, unless Landlord gives Tenant written notice within thirty (30) days after the date hereof that Landlord's mortgagee disapproves this Amendment, then this condition shall be deemed to have been satisfied or waived, and the provisions of this Section 13 shall be of no further force or effect. If Landlord's mortgagee provides such notice of disapproval to Landlord, then all of Landlord's and Tenant's obligations hereunder shall be deemed terminated, and this Amendment shall terminate without recourse to the parties hereto.

14. Tenant's obligation to perform its covenants and agreements hereunder is subject to the condition precedent that this Amendment be approved by Tenant's Board of Directors Unless Tenant gives Landlord written notice within ten (10) days after the date hereof that the Board disapproves this Amendment, then this condition shall be deemed to have been satisfied or waived, and the provisions of this Section 14 shall be of no further force or effect. If Tenant provides such notice of disapproval to Landlord, then all of Landlord's and Tenant's obligations hereunder shall be deemed terminated, and this Amendment shall terminate without recourse to the parties hereto.

EXECUTED as an instrument under seal as of the date first written above

TENANT	LANDLORD
iRobot Corporation	Burlington Crossing Office LLC A Massachusetts limited liability company By The Gutierrez Company, Managing Member
By /s/ Geoffrey P. Clear	By /s/ Arturo J. Gutierrez
Name: GEOFFREY P. CLEAR	Arturo J. Gutierrez
Title: CHIEF FINANCIAL OFFICER & TREASURER	President

SCHEDULE - 1

DATA CLOSET

[FLOOR PLAN]

SCHEDULE - 3

[FLOOR PLAN]

SCHEDULE 3-A

I-ROBOT
33 SECOND AVENUE
OPTION "B" - NO EXPANSION
02/18/05 - REV (2)

1.	REROOF EXISTING BLDG. (INCLU. REPAIR ROOF DECK, ETC.) 5,700 S.F. @ 2.50/S.F.	=	14,250.00
2.	SELECT DEMO IN EXISTING BLDG.	=	15,000.00
3.	INSULATE & SHEETROCK PERIMETER WALLS 320 L.F.X10'=3,200 S.F @$6/S.F.	=	7,200.00
4.	STORM WINDOW (INSIDE) AT EXISTING 92'X6'= 552 S.F. @	=	10,000.00
5.	REMOVE & PROVIDE RAMP AT ENTRANCE.	=	1,500.00
6.	NEW OPENING AT MASONRY BEARING WALL 1 EA.	=	500.00
7.	FURR & SHEETROCK INTERIOR MASONRY WALL AND PATCH EXISTING	=	8,370.00
8.	NEW TOILET ROOM - PLUMBING & TRENCHING	=	20,000.00
9.	NEW DECK HIGH PARTITIONS 106 L.F. @ $55.00/L.F.	=	5,830.00
10.	NEW DOORS, FRAMES & HDWR. 8 EA. @ $600/EA.	=	4,800.00
11.	ACOUSTICAL CEILINGS 1,200 S.F. @ $2/S.F.	=	2,400.00
12.	CARPET, VCT&BASE	=	3,500.00
13.	PAINTING	=	3,000.00
14.	HVAC 6,000 S.F.	=	20,000.00
15.	SPRINKLERS NOT REQUIRED	=	_____
16.	ELECTRICAL, LIGHTS, POWER, LIFE SAFETY & FIRE ALARM 6,000 S.F.	=	20,000.00
17.	BUILDING PERMIT $10/1,000	=	1,250.00
18.	SUPERVISION $2,860/WK.	=	8,580.00

SCHEDULE 3-A

I-ROBOT
33 SECOND AVENUE
OPTION "B" - NO EXPANSION
02/18/05 - REV (2)

19.	PROJECT MANAGER @ $4,207/WK. @ 50%	=	12,621.00
20.	CLEAN-UP & GENERAL LABOR @ 1,000/WK.	=	3,000.00
21.	DUMPSTERS 6 EA. @ 600/DUMP	=	1,800.00
22.	POSTAGE, DRWG. REPRO., FAX, ETC.	=	1,250.00
	SUBTOTAL	=	$164,851.00
	6% FEE		9,891.00
	SUBTOTAL	=	$174,742.00
	CONTINGENCY 5%	=	8,737.00
	TOTAL BUDGET	=	$183,479.00

CHERYL/IROBOT-NOEXPANSION

SCHEDULE 3-A

I-ROBOT
33 SECOND AVENUE
OPTION "B" - 3000 S.F. EXPANSION
02/18/05 - REV (2)

1.	ADD CATCH BASIN	=	$3,000.00
2.	CHAIN LINK DOUBLE GATE 2 EA. @ $2,000 EA.	=	4,000.00
3.	JERSEY BARRIES 10 EA. @ 200 EA.	=	2,000.00
4.	RECLAIM BIT. PAVEMENT 225 TONS @ $10/TON	=	2,250.00
5.	EXCAVATE & BACKFILL FOOTINGS 4 DAYS @ $1,000/DAY	=	4,000.00
6.	GRAVEL BASE FOR SLAB ON GRADE 130 CYDS. @ $18/C.Y.	=	2,340.00
7.	NEW UTILITIES NOT REQUIRED		_____
8.	CONCRETE FOUNDATIONS 40 C.Y. @175/C.Y.	=	7,000.00
9.	CONCRETE SLAB ON GRAD 50 C.Y. @ 200/C.Y.	=	10,000.00
10.	PREFAB. PACKAGED BLDG. MATERIAL	=	26,000.00
11.	PREFAB. PACKAGED BLDG. ERECTION 3,000 S.F. @ 2.25/S.F.	=	18,000.00
12.	HVAC 3,0000 S.F.	=	40,000.00
13.	SPRINKLERS NOT REQUIRED	=	_____
14.	ELECTRICAL, LIGHTS, POWER, LIFE SAFETY & FIRE ALARM 3,000 S.F.	=	40,000.00
15.	BUILDING PERMIT $10/1,000	=	1,250.00
16.	SUPERVISION @$2,860/WK.	=	14,300.00
17.	PROJECT MANAGER @ $4,207/WK. @ 50%	=	12,621.00
18.	CLEAN-UP & GENERAL LABOR @ 1,000/WK.	=	3,000.00
19.	DUMPSTERS 3 EA. @ 600/DUMP.	=	1,800.00

SCHEDULE 3-A

I-ROBOT
33 SECOND AVENUE
OPTION "B" - 3,000 S.F. EXPANSION
02/18/05 - REV (2)

19.	POSTAGE, DRWG. REPRO., FAX, ETC.	=	1,250.00
	SUBTOTAL	=	$192,811.00
	6% FEE	=	11,569.00
	SUBTOTAL	=	$204,380.00
	CONTINGENCY 5%	=	10,219.00
	TOTAL BUDGET	=	$214,599.00

CHERYL/IROBOTREVISED2/18

SCHEDULE 4

CONSENT OF MORTGAGEE

The undersigned Mortgagee hereby consents and approves the terms and provisions set forth in this Second Amendment to Lease dated as of_____, 2005, by and between Burlington Crossing Office LLC ("Landlord') and iRobot Corporation ("Tenant")

MORTGAGEE

BANK OF AMERICA

_____ By _____

Witness

Name_____

Title_____

Date_____

EXHIBIT "A-3"

PLAN OF EXPANSION SPACE

(TO BE SUPPLIED)

EXHIBIT "D-1"

LANDLORD'S SERVICES

I. CLEANING.

A. BUILDING LOBBIES AND COMMON AREAS.

1. Entrance doors and partition glass to be cleaned nightly. Wipe down frames and fixtures as needed.

2. Remove entrance mats and clean sand and dirt from pits and floors, clean and replace mats nightly.

3. Floors to be swept and washed nightly. Maintain a high luster finish following manufacturer's specifications.

4. Walls to be dusted and spot cleaned as necessary, thoroughly washed twice a year.

5. Empty and wipe clean trash receptacles nightly including exterior smoker's stations.

6. Dust, with treated cloth, security desks, window sills, directory frames, planters, etc, nightly.

7. Clean director glass nightly.

8. Vacuum all carpeted areas nightly, treat and spot clean stains, clean fully as needed.

9. Vinyl tile floors to be dry mopped nightly, spot washed with clean water as needed and spray buffed weekly.

10. Sweep all stairwells in building nightly and keep in clean condition, washing same as necessary.

11. Do all high dusting (not reached in nightly cleaning) quarterly, which includes the following.

(a) Dust all pictures, frames, charts, graphs and similar wall hangings.

(b) Dust exposed piped, ventilation and air conditioning grilles, louvers, ducts and high molding, as needed.

12. Clean and maintain luster on ornamental metal work as needed within arm's reach.

13. Dust all drapes and blinds as needed.

14. Wash and disinfect drinking fountains using a non-scented disinfectant nightly. Polish all metal surfaces on the unit nightly.

15. Strip and wax all resilient tile floors yearly.

16. Shampoo all common area carpets at additional contract price at least once per year.

B. LAVATORIES - NIGHTLY.

1. Empty paper towel receptacles, bag and transport waste paper to designated area, disinfect receptacle and add new liner.

2. Empty sanitary napkin disposal receptacles, bag and transport waste, disinfect receptacle and add new liner.

3. Refill toilet tissue, hand towel dispensers, and sanitary napkin dispensers.

4. Scour, wash and disinfect all basins, bowls and urinals using non-scented disinfectants.

5. Wash, disinfect and wipe dry both sides of toilet seat using non-scented disinfectants.

6. Wash and polish all mirrors, counters, faucets, flushometers, bright work and enameled surfaces.

7. Spot clean toilet partitions, doors, door frames, walls, lights and light switches.

8. Remove all cobwebs from walls and ceilings.

9. Sweep and wash all floors, using proper non-scented disinfectants.

10. Add water to floor drains weekly, disinfect monthly.

11. Turn off lights.

C. ELEVATORS - NIGHTLY.

1. Thoroughly clean walls.

2. Wipe clean control panels, door frames and mirrors.

3. Vacuum cab and floor door tracks.

4. Vacuum floors, shampoo as needed, wash stone floors.

5. Dust ceilings.

D. GENERAL CLEANING (MONDAY THROUGH FRIDAY - HOLIDAYS EXCLUDED) TENANT AREAS NIGHTLY - UNLESS NOTED.

1. Empty and clean all waste receptacles nightly and remove waste paper and waste materials, including folded paper boxes and cartons, to designated area Replace liners as needed Check and wash waste baskets if soiled. Abnormal waste removal (e.g. computer installation paper, bulk packaging, wood or cardboard crates, refuse from cafeteria operation, etc.) shall be Tenant's responsibility.

2. Weekly hand dust with treated cloth and wipe clean or feather dust[er] all accessible areas on furniture, desks, files, telephones, fixtures and window sills.

3. Clean all glass table tops and tenant entrance glass. Spot clean glass partitions.

4. Spot clean all walls, door frames and light switches.

5. Wipe clean and polish all bright metal work as needed within arm's reach.

6. All stone, ceramic, tile, marble, terrazzo and other unwaxed flooring to be swept, using approved dust-down preparation.

7. All wood, linoleum, rubber asphalt, vinyl and other similar type of floors to be swept, using approved dust-down preparation and mopped or cleaned with dry system cleaner nightly.

8. Reception areas, halls, high traffic areas to be vacuumed nightly.

9. Offices and cubicles to be spot vacuumed nightly. Complete vacuum weekly.

10. Spot clean carpet stains.

11. Wash and clean all water fountains and coolers nightly. Sinks and floors adjacent to sinks to be washed nightly.

12. Dust blinds as needed.

13. Vinyl tile floors to be dry mopped nightly, spot washed with clean water as needed and spray buffed every two weeks.

E. SHOWERS.

1. Wash shower walls and floors nightly, using proper non-scented disinfectants.

2. Clean and disinfect shower curtains weekly.

3. Scrub showers with bleach weekly.

4. Wash tile walls with proper grout cleaning compound as needed.

5. Add water to floor drains weekly, disinfect monthly.

6. Turn off lights.

II. HEATING, VENTILATING AND AIR CONDITIONING.

1. Heating, ventilation and air conditioning as required to provide reasonably comfortable temperatures for normal business day occupancy (except holidays), Monday through Friday, from 8:00 AM to 6:00 PM, and Saturday from 8:00 AM to 1:00 PM, if so requested by Tenant, by providing at least 24 hours notice HVAC services beyond the aforesaid hours of operation can be made available to Tenant, if so requested by Tenant, by providing at least 24 hours prior written notice and at a cost of $25.00 per hour per unit.

2. Maintenance on any additional or special air conditioning equipment, and the associated operating cost thereof, will be at Tenant's expense.

III. WATER.

Hot water for lavatory purposes and cold water for drinking, lavatory and toilet purposes.

IV. ELEVATORS.

Elevators for the use of all tenants and the general public for access to and from all floors of the Building, programming of elevators (including, but not limited to, service elevators), shall be as Landlord from time to time determines best for the Building as a whole.

V. SECURITY/ACCESS.

Twenty-four (24) hour entry to the Building is available to Tenant and Tenant's employees, after normal Building hours of operation. Tenant shall have unresticted access to its Premises at all times, and not just during normal building hours and operation. All security within the Premises shall be the responsibility of the Tenant.

VI. BUILDING HOURS.

Normal building hours of operation are Monday through Friday from 8:00 AM to 6:00 PM. The Building operates on Saturday from 8:00 AM to 1:00 PM, with access to the Building subject to the provisions as outlined in Item V contained herein. Except for the heating, ventilating and air conditioning system, which operates in accordance with the schedule as described in Item II contained herein, all Building systems, including but not limited to electrical, mechanical, elevator, fire safety and sprinkler, and water, operates 24 hours per day, 7 days per week, subject to repairs, failures and interrupted service beyond Landlord's control.

VII. CAFETERIA, VENDING AND PLUMBING INSTALLATIONS.

1. Any space to be used primarily for lunchroom or cafeteria operation shall be Tenant's responsibility to keep clean and sanitary. Cafeteria, vending machines or refreshment service installations by Tenant must be approved by Landlord in writing. All maintenance, repairs and additional cleaning necessitated by such installations shall be at Tenant's expense.

2. Tenant is responsible for the maintenance and repair of plumbing fixtures and related equipment installed in the Premises for its exclusive use (such as in coffee room, cafeteria or employee exercise area).

VIII. SIGNAGE.

Tenant shall be entitled to such signage currently in place as of the date hereof.

IX. ELECTRICITY.

Tenant shall pay for all electricity consumed in the Premises. Landlord shall invoice Tenant for the cost of Tenant's electricity on a monthly basis based on the sub-meter readings measuring Tenant's actual electrical consumption. Tenant shall reimburse Landlord for such consumption within thirty (30) days upon receipt of Landlord's invoice therefor.

Tenant's use of electrical service in the Premises shall not at any time exceed the capacity of any of the electrical conductors or other equipment in or otherwise serving the Premises or the Building standard, as hereinafter provided. To ensure that such capacity is not exceeded and to avert possible adverse effects upon the Building's electrical system, Tenant shall not, without at least thirty (30) days prior written notice to and consent of Landlord in each instance, connect to the Building electric distribution system any fixtures, appliances or equipment which operates on a voltage in excess of 277/480 volts nominal, or make any alteration or addition to the electric system of the Premises. In the event Tenant shall use (or request that it be allowed to use) electrical service in excess of that deemed by Landlord to be standard for the Building, Landlord may refuse to provide such excess usage or refuse to consent to such usage or may consent upon such conditions as Landlord reasonably elects (including, but not limited to, the installation of utility service upgrades, sub-meters, air handlers or cooling units), and all such additional usage (except to the extent prohibited by law), installation and maintenance thereof shall be paid for by Tenant, as additional rent, upon Landlord's demand.

It is understood that the electrical generated service to the Premises may be furnished by one or more generators of electrical power and that the cost of electricity may be billed as a single charge or divided into and billed in a variety of categories, such as distribution charges, transmission charges, generation charges, congestion charges, public good charges, and other similar categories, and may also include a fee, commission or other charge by a broker, aggregator or other intermediary for obtaining or arranging the supply of generated electricity. Landlord shall have the right to select the generator of electricity to the Premises and to purchase generated electricity for the Premises through a broker, aggregator or other intermediary and/or buyers group or other group and to change the generator of electricity and/or manner of purchasing electricity from time to time.

If Landlord undertakes activities for the purpose of reducing Tenant's operating costs (such as negotiating an agreement with a utility or another energy generator or engaging an energy consultant or undertaking conservation or other energy efficient measures that may require capital expenditures), Tenant shall pay its proportionate share of all costs and expenses associated with such actions (including, but not limited to, brokers' commissions, legal fees and capital expenditures), as additional rent, if, as and when payment is made by Landlord.

As used herein, the term "generator of electricity" shall mean one or more companies (including, but not limited to, an electric utility, generator, independent or non-regulated company) that provides generated power to the Premises or to the Landlord to be provided to the Premises, as the case may be.

X. OTHER UTILITIES.

Tenant shall be responsible for the payment of all other utilities consumed by Tenant in the Premises, including telephone, cable, other communications, and gas (if applicable). Tenant shall pay for such consumption directly to the provider of such utilities.

EXHIBIT "J"
RIGHT OF FIRST OFFER

In no event shall Landlord, during the initial Term of the Lease, decide to lease space, agree to lease or offer to lease space that becomes available in the Building, unless Landlord first affords Tenant an opportunity to lease such area in accordance with the provisions of this Exhibit "J" and only after written notice to Tenant. Upon receipt of such notice from Landlord, and provided further that there does not then exist an uncured, continuing Event of Default under this Lease, then Tenant shall have the one-time right to lease any such space, on an "as is" basis, by giving notice to Landlord to such effect within sixty (60) days after Tenant's receipt of Landlord's notice of such availability. If such notice is not so timely given by Tenant, then Landlord shall be free to lease the subject space on whatever terms and conditions as Landlord desires at any time after the expiration of said sixty (60) day period. The non-exercise by Tenant of its rights under this Exhibit "J" as to any one offer, shall be deemed to waive Tenant's rights of first offer as to any offers or space availability within the Building, as the parties acknowledge and agree that this is a one-time right of first offer only.

In the event that Tenant exercises its right of first offer to lease such rentable space in the Building when it becomes available, then Landlord and Tenant hereby agree that they shall enter into a mutually acceptable amendment to this Lease, specifying that such rentable area is a part of the Premises under this Lease and demising said premises to Tenant pursuant to the same terms and conditions contained in this Lease, with the exception that as part of such amendment, and as a condition of Tenant's right to exercise its right of first offer for any such space Tenant shall agree to and such amendment shall reflect (i) that the Rent for such space shall be as set forth in Section 1.1 of this Lease, as amended by this Amendment, specifically excluding the $ 18.50 per square foot Fixed Rent from the Expansion Date to September 30, 2007 (the Expansion Space as defined in this Amendment) including the current tax and operating base of $7.37 per square foot included within said Rent, and (ii) that Tenant's right to lease such new rentable space shall be for the then remaining Term under the Lease. Such amendment shall also contain other appropriate terms and provisions relating to the addition of such rentable space to this Lease, and as mutually agreed upon by the parties, and shall be signed by Tenant within thirty (30) days of receipt of the proposed amendment from the Landlord in the form as hereinabove required.

Notwithstanding anything to the contrary in this Exhibit "J", if Tenant notifies Landlord of its election to lease such available rentable space in the Building which was the subject of Landlord's notice and then fails to execute and deliver the required amendment to this Lease once the same has been mutually agreed upon by Landlord and Tenant in accordance with this Exhibit "J", then (i) Tenant shall be deemed to have waived its rights under this Exhibit "J", (ii) Landlord shall have the unrestricted right to lease such space to any third party upon any terms as it desires, and (iii) Tenant's right of first offer hereunder shall automatically terminate and be of no further and effect. The recording by the Landlord of an affidavit to such effect shall be conclusive evidence of the termination or waiver of Tenant's right of first offer option hereunder. Otherwise, if the Landlord and Tenant, each acting reasonably and in good faith, fail to agree on a mutually agreeable form of amendment to this Lease within said thirty (30) day period upon

receipt of Landlord's proposed form of amendment, unless such date is extended by mutual agreement of both parties hereto, then such failure shall be treated as a non-exercise by Tenant of its right of first offer in accordance with the first paragraph of this Exhibit "J".

Exhibit 10.18

IROBOT CORPORATION

2005 STOCK OPTION AND INCENTIVE PLAN

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the iRobot Corporation 2005 Stock Option and Incentive Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, Non-Employee Directors and other key persons (including consultants and prospective employees) of iRobot Corporation (the "Company") and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company and its stockholders, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

"Act" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Administrator" is defined in Section 2(a).

"Award" or "Awards," except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Deferred Stock Awards and Restricted Stock Awards.

"Board" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"Committee" means the compensation committee of the Board or a similar committee performing the functions of the compensation committee and which is comprised of not less than two Non-Employee Directors who are independent.

"Covered Employee" means an employee who is a "Covered Employee" within the meaning of Section 162(m) of the Code.

"Deferred Stock Award" means Awards granted pursuant to Section 8.

"Effective Date" means the date on which the Plan is approved by stockholders as set forth in Section 17.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Fair Market Value" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is admitted to quotation on the National Association of Securities Dealers Automated Quotation System ("NASDAQ"), NASDAQ National System or a national securities exchange, the determination shall be made by reference to market quotations. If there are no market quotations for such date, the determination shall be made by reference to the last date preceding such date for which there are market quotations; provided further, however, that if the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on NASDAQ or on a national securities exchange, the Fair Market Value shall be the "Price to the Public" (or equivalent) set forth on the cover page for the final prospectus relating to the Company's Initial Public Offering.

"Incentive Stock Option" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"Initial Public Offering" means the consummation of the first fully underwritten, firm commitment public offering pursuant to an effective registration statement under the Act covering the offer and sale by the Company of its equity securities, or such other event as a result of or following which the Stock shall be publicly held.

"Non-Employee Director" means a member of the Board who is not also an employee of the Company or any Subsidiary.

"Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

"Option" or "Stock Option" means any option to purchase shares of Stock granted pursuant to Section 5.

"Performance Cycle" means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more performance criteria will be measured for the purpose of determining a grantee's right to and the payment of a Restricted Stock Award or Deferred Stock Award.

"Restricted Stock Award" means Awards granted pursuant to Section 7.

"Section 409A" means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"Stock" means the Common Stock, par value $0.01 per share, of the Company, subject to adjustments pursuant to Section 3.

"Stock Appreciation Right" means any Award granted pursuant to Section 6.

"Subsidiary" means any corporation or other entity (other than the Company) in which the Company has a controlling interest, either directly or indirectly.

"Ten Percent Owner" means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation.

SECTION 2. ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Committee. The Plan shall be administered by either the Board or the Committee (the "Administrator").

(b) Powers of Administrator. The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards and Deferred Stock Awards, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of shares of Stock to be covered by any Award;

(iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of written instruments evidencing the Awards;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised; and

(vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

(c) Delegation of Authority to Grant Awards. The Administrator, in its discretion, may delegate to any executive officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards to employees who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or Covered Employees. Any

such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Stock Option or Stock Appreciation Right, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

(d) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION

(a) Stock Issuable. The maximum number of shares of Stock reserved and available for issuance under the Plan shall be the sum of (i) 1,500,000 shares, (ii) such number of shares as equals that number of stock options or awards returned to (A) the Company's Amended and Restated 1994 Stock Plan, as amended, after the Effective Date, (B) the Company's Amended and Restated 2001 Special Stock Option Plan, after the Effective Date, and (C) the Company's Amended and Restated 2004 Stock Option and Incentive Plan, after the Effective Date, in each case as a result of the expiration, cancellation or termination of such stock options or awards and (iii) as of January 1, 2007 and each January 1, thereafter, a number of shares equal to four and one-half percent (4.5%) of the Company's outstanding Stock on such date, subject to adjustment as provided in Section 3(c). For purposes of this limitation, the shares of Stock underlying any Awards that are forfeited, canceled, held back upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) shall be added back to the shares of Stock available for issuance under the Plan. In no event may shares of Stock granted in the form of Incentive Stock Options exceed 10,000,000 shares. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company.

(b) Per-Participant Limit. Subject to adjustment under Section 3(c), no grantee may be granted Awards during any one fiscal year to purchase more than 2,500,000 shares of Stock.

(c) Changes in Stock. Subject to Section 3(d) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or

other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for a different number or kind of securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan and the maximum number of shares of Stock that may be granted in the form of Incentive Stock Options, (ii) the number of Awards that can be granted to any one individual grantee during any one fiscal year, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price, if any, per share subject to each outstanding Restricted Stock Award, and (v) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

The Administrator may also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Administrator that such adjustment is appropriate to avoid distortion in the operation of the Plan, provided that no such adjustment shall be made in the case of a Stock Option or Stock Appreciation Right, without the consent of the grantee, if it would constitute a modification, extension or renewal of the Option within the meaning of Section 424(h) of the Code.

(d) Acquisition of the Company

(i) Consequences of an Acquisition. Upon the consummation of an Acquisition, the Board or the board of directors of the surviving or acquiring entity (as used in this Section 3(d), also the "Board"), shall, as to outstanding Awards (on the same basis or on different bases as the Board shall specify), make appropriate provision for the continuation of such Awards by the Company or the assumption of such Awards by the surviving or acquiring entity and by substituting on an equitable basis for the shares then subject to such Awards either (a) the consideration payable with respect to the outstanding shares of Stock in connection with the Acquisition, (b) shares of stock of the surviving or acquiring corporation or (c) such other securities or other consideration as the Board deems appropriate, the fair market value of which (as determined by the Board in its sole discretion) shall not materially differ from the fair market value of the shares of Stock subject to such Awards immediately preceding the Acquisition. In addition to or in lieu of the foregoing, with respect to outstanding Options and Stock Appreciation Rights, the Board may, on the same basis or on different bases as the Board shall specify, upon written notice to the affected optionees, provide that one or more Options and Stock Appreciation Rights then outstanding must be exercised, in whole or in part, within a specified number of days of the date of such notice, at the end of which period such Options and Stock Appreciation Rights shall terminate, or provide that one or more Options and Stock Appreciation Rights then outstanding, in whole or in part, shall be terminated in exchange for a cash payment equal to the excess of the fair market value (as determined by the Board in its sole

discretion) for the shares subject to such Options and Stock Appreciation Rights over the exercise price thereof; provided, however, that before terminating any portion of an Option or Stock Appreciation Right that is not vested or exercisable (other than in exchange for a cash payment), the Board must first accelerate in full the exercisability of the portion that is to be terminated. Unless otherwise determined by the Board (on the same basis or on different bases as the Board shall specify), any repurchase rights or other rights of the Company that relate to an Option, Stock Appreciation Right or other Award shall continue to apply to consideration, including cash, that has been substituted, assumed or amended for an Option, Stock Appreciation Right or other Award pursuant to this paragraph. The Company may hold in escrow all or any portion of any such consideration in order to effectuate any continuing restrictions.

(ii) Acquisition Defined. An "Acquisition" shall mean: (x) the sale of the Company by merger in which the stockholders of the Company in their capacity as such no longer own a majority of the outstanding equity securities of the Company (or its successor), or (y) any sale of all or substantially all of the assets or capital stock of the Company (other than in a spin-off or similar transaction), or (z) any other acquisition of the business of the Company, as determined by the Board.

(e) Substitute Awards. The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

SECTION 5. STOCK OPTIONS

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) Grants of Stock Options. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable.

(i) Exercise Price. The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but shall not be less than one hundred percent (100%) of the Fair Market Value on the date of grant. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the option price of such Incentive Stock Option shall be not less than one hundred ten percent (110%) of the Fair Market Value on the grant date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than ten years after the date the Stock Option is granted. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the date of grant.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. The Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

(iv) Method of Exercise. Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award agreement:

(A) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(B) Through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the optionee on the open market or that are beneficially owned by the optionee and are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date. To the extent required to avoid variable accounting treatment under FAS 123R or other applicable accounting rules, such surrendered shares shall have been owned by the optionee for at least six months; or

(C) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the

Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award agreement or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of shares attested to.

(v) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. STOCK APPRECIATION RIGHTS

(a) Nature of Stock Appreciation Rights. A Stock Appreciation Right is an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price of the Stock Appreciation Right, which price shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant (or more than the option exercise price per share, if the Stock Appreciation Right was granted in tandem with a Stock Option) multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

(b) Grant and Exercise of Stock Appreciation Rights. Stock Appreciation Rights may be granted by the Administrator in tandem with, or independently of, any Stock Option granted pursuant to Section 5 of the Plan. In the case of a Stock Appreciation Right granted in tandem with a Non-Qualified Stock Option, such Stock Appreciation Right may be granted either at or after the time of the grant of such Option. In the case of a Stock Appreciation Right granted in tandem with an Incentive Stock Option, such Stock Appreciation Right may be granted only at the time of the grant of the Option.

A Stock Appreciation Right or applicable portion thereof granted in tandem with a Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Option.

(c) Terms and Conditions of Stock Appreciation Rights. Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator, subject to the following:

(i) Stock Appreciation Rights granted in tandem with Options shall be exercisable at such time or times and to the extent that the related Stock Options shall be exercisable.

(ii) Upon exercise of a Stock Appreciation Right, the applicable portion of any related Option shall be surrendered.

SECTION 7. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. A Restricted Stock Award is an Award entitling the recipient to acquire, at such purchase price (which may be zero) as determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the grantee executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon execution of a written instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock are vested as provided in Section 7(d) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company such instruments of transfer as the Administrator may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award agreement. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, if any, if a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other service relationship), and thereafter shall cease to represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

(d) Vesting of Restricted Stock. The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed "vested." Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a grantee's rights in

any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the provisions of Section 7(c) above.

SECTION 8. DEFERRED STOCK AWARDS

(a) Nature of Deferred Stock Awards. A Deferred Stock Award is an Award of phantom stock units to a grantee, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Deferred Stock Award is contingent on the grantee executing the Deferred Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the grantee in the form of shares of Stock.

(b) Election to Receive Deferred Stock Awards in Lieu of Compensation. The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of future cash compensation otherwise due to such grantee in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate. Any such deferred compensation shall be converted to a fixed number of phantom stock units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee but for the deferral.

(c) Rights as a Stockholder. During the deferral period, a grantee shall have no rights as a stockholder; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

(d) Termination. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 14 below, in writing after the Award agreement is issued, a grantee's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

SECTION 9. PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES

Notwithstanding anything to the contrary contained herein, if any Restricted Stock Award or Deferred Stock Award granted to a Covered Employee is intended to qualify as "Performance-based Compensation" under Section 162(m) of the Code and the regulations promulgated thereunder (a "Performance-based Award"), such Award shall comply with the provisions set forth below:

(a) Performance Criteria. The performance criteria used in performance goals governing Performance-based Awards granted to Covered Employees may include any or all of the following: (i) the Company's return on equity, assets, capital or investment: (ii) pre-tax or after-tax profit levels of the Company or any Subsidiary, a division, an operating unit or a business segment of the Company, or any combination of the foregoing; (iii) cash flow, funds from operations or similar measure; (iv) total stockholder return; (v) changes in the market price of the Stock; (vi) sales or market share; or (vii) earnings per share.

(b) Grant of Performance-based Awards. With respect to each Performance-based Award granted to a Covered Employee, the Committee shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the performance criteria for such grant, and the achievement targets with respect to each performance criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The performance criteria established by the Committee may be (but need not be) different for each Performance Cycle and different goals may be applicable to Performance-based Awards to different Covered Employees.

(c) Payment of Performance-based Awards. Following the completion of a Performance Cycle, the Committee shall meet to review and certify in writing whether, and to what extent, the performance criteria for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-based Awards earned for the Performance Cycle. The Committee shall then determine the actual size of each Covered Employee's Performance-based Award, and, in doing so, may reduce or eliminate the amount of the Performance-based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

SECTION 10. TRANSFERABILITY OF AWARDS

(a) Transferability. Except as provided in Section 10(b) below, during a grantee's lifetime, his or her Awards shall be exercisable only by the grantee, or by the grantee's legal representative or guardian in the event of the grantee's incapacity. No Awards shall be sold, assigned, transferred or otherwise encumbered or disposed of by a grantee other than by will or by the laws of descent and distribution. No Awards shall be subject, in whole or in part, to attachment, execution, or levy of any kind, and any purported transfer in violation hereof shall be null and void.

(b) Committee Action. Notwithstanding Section 10(a), the Administrator, in its discretion, may provide either in the Award agreement regarding a given Award or by subsequent written approval that the grantee (who is an employee or director) may transfer his or her Awards (other than any Incentive Stock Options) to his or her immediate family members, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award.

(c) Family Member. For purposes of Section 10(b), "family member" shall mean a grantee's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the grantee's household (other than a tenant of the grantee), a trust in which these persons (or the grantee) have more than 50 percent of the beneficial interest, a foundation in which these persons (or the grantee) control the management of assets, and any other entity in which these persons (or the grantee) own more than 50 percent of the voting interests.

(d) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

SECTION 11. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. Subject to approval by the Administrator, a grantee may elect to have the Company's minimum required tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock owned by the grantee with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

SECTION 12. ADDITIONAL CONDITIONS APPLICABLE TO NONQUALIFIED DEFERRED COMPENSATION UNDER SECTION 409A.

In the event any Stock Option or Stock Appreciation Right under the Plan is granted with an exercise price of less than one hundred percent (100%) of the Fair Market Value on the date of grant (regardless of whether or not such exercise price is intentionally or unintentionally priced at less than Fair Market Value), or such grant is materially modified and deemed a new grant at a time when the Fair Market Value exceeds the exercise price, or any other Award is otherwise determined to constitute "nonqualified deferred compensation" within the meaning of

Section 409A (a "409A Award"), the following additional conditions shall apply and shall supersede any contrary provisions of this Plan or the terms of any agreement relating to such 409A Award.

(a) Exercise and Distribution. Except as provided in Section 12(b) hereof, no 409A Award shall be exercisable or distributable earlier than upon one of the following:

(i) Specified Time. A specified time or a fixed schedule set forth in the written instrument evidencing the 409A Award, but not later than after the expiration of ten years from the date such Award was granted.

(ii) Separation from Service. Separation from service (within the meaning of Section 409A) by the 409A Award grantee; provided, however, that if the 409A Award grantee is a "key employee" (as defined in Section 416(i) of the Code without regard to paragraph (5) thereof) and any of the Company's Stock is publicly traded on an established securities market or otherwise, exercise or distribution under this Section 12(a)(ii) may not be made before the date that is six months after the date of separation from service.

(iii) Death. The date of death of the 409A Award grantee.

(iv) Disability. The date the 409A Award grantee becomes disabled (within the meaning of Section 12(c)(ii) hereof).

(v) Unforeseeable Emergency. The occurrence of an unforeseeable emergency (within the meaning of Section 12(c)(iii) hereof), but only if the net value (after payment of the exercise price) of the number of shares of Stock that become issuable does not exceed the amounts necessary to satisfy such emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the exercise, after taking into account the extent to which the emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the grantee's other assets (to the extent such liquidation would not itself cause severe financial hardship).

(vi) Change in Control Event. The occurrence of a Change in Control Event (within the meaning of Section 12(c)(i) hereof), including the Company's discretionary exercise of the right to accelerate vesting of such grant upon a Change in Control Event or to terminate the Plan or any 409A Award granted hereunder within 12 months of the Change in Control Event.

(b) No Acceleration. A 409A Award may not be accelerated or exercised prior to the time specified in Section 12(a) hereof, except in the case of one of the following events:

(i) Domestic Relations Order. The 409A Award may permit the acceleration of the exercise or distribution time or schedule to an individual other than the grantee as may be necessary to comply with the terms of a domestic relations order (as defined in Section 414(p)(1)(B) of the Code).

(ii) Conflicts of Interest. The 409A Award may permit the acceleration of the exercise or distribution time or schedule as may be necessary to comply with the terms of a certificate of divestiture (as defined in Section 1043(b)(2) of the Code).

(iii) Change in Control Event. The Administrator may exercise the discretionary right to accelerate the vesting of such 409A Award upon a Change in Control Event or to terminate the Plan or any 409A Award granted thereunder within 12 months of the Change in Control Event and cancel the 409A Award for compensation.

(c) Definitions. Solely for purposes of this Section 12 and not for other purposes of the Plan, the following terms shall be defined as set forth below:

(i) "Change in Control Event" means the occurrence of a change in the ownership of the Company, a change in effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (as defined in IRS Notice 2005-1, Q&A-11, Q&A-12, Q&A-13 and Q&A-14 or any subsequent guidance).

(ii) "Disabled" means a grantee who (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company or its Subsidiaries.

(iii) "Unforeseeable Emergency" means a severe financial hardship to the grantee resulting from an illness or accident of the grantee, the grantee's spouse, or a dependent (as defined in Section 152(a) of the Code) of the grantee, loss of the grantee's property due to casualty, or similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the grantee.

SECTION 13. TRANSFER, LEAVE OF ABSENCE, ETC.

For purposes of the Plan, the following events shall not be deemed a termination of employment:

(a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or

(b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

SECTION 14. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or

for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(c) or 3(d), in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect repricing through cancellation and re-grants. Any material Plan amendments (other than amendments that curtail the scope of the Plan), including any Plan amendments that (i) increase the number of shares reserved for issuance under the Plan, (ii) expand the type of Awards available under, materially expand the eligibility to participate in, or materially extend the term of, the Plan, or (iii) materially change the method of determining Fair Market Value, shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. In addition, to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 14 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(d).

SECTION 15. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

SECTION 16. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company,

notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records).

(c) Other Compensation Arrangements; No Employment Rights. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to such Company's insider trading policy and procedures, as in effect from time to time.

(e) Forfeiture of Awards under Sarbanes-Oxley Act. If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then any grantee who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company for the amount of any Award received by such individual under the Plan during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

SECTION 17. EFFECTIVE DATE OF PLAN

This Plan shall become effective upon approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present or pursuant to a written consent of stockholders. No grants of Stock Options and other Awards may be made hereunder after the tenth (10th) anniversary of the Effective Date and no grants of Incentive Stock Options may be made hereunder after the tenth (10th) anniversary of the date the Plan is approved by the Board.

SECTION 18. GOVERNING LAW

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS:

DATE APPROVED BY STOCKHOLDERS:

IROBOT CORPORATION

INCENTIVE STOCK OPTION AGREEMENT

iRobot Corporation (the "Company") hereby grants the following stock option pursuant to its 2005 Stock Option and Incentive Plan, as amended from time to time. The terms and conditions attached hereto are also a part hereof.

Name of optionee (the "Optionee")*:
Date of this option grant:
Number of shares of the Company's Common Stock subject to this option ("Shares"):
Option exercise price per share:
Number, if any, of Shares that may be purchased on or after the grant date:
Shares that are subject to vesting schedule:
Vesting Start Date:

Vesting Schedule:

One year from Vesting Start Date:	___% of the Shares
Two years from Vesting Start Date:	___% of the Shares
Three years from Vesting Start Date:	___% of the Shares
Four years from Vesting Start Date:	___% of the Shares
Five years from Vesting Start Date:	___% of the Shares

All vesting is dependent on the continuation of a Business Relationship with the Company, as provided herein.
Payment alternatives: Section 7(a)(i) through (iii)

This option satisfies in full all commitments that the Company has to the Optionee with respect to the issuance of stock, stock options or other equity securities.

IROBOT CORPORATION

By:
- ----------
Signature of Optionee

Name of Officer:

- ----------
Street Address

Title:

- ----------
City/State/Zip Code

- ----------
* N.B.: This form of agreement is designed for grants of "incentive stock options" to employees who, at time of grant, are not 10% stockholders.

IROBOT CORPORATION

INCENTIVE STOCK OPTION AGREEMENT -- INCORPORATED TERMS AND CONDITIONS

1. Grant Under Plan. This option is granted pursuant to and is governed by the Company's 2005 Stock Option and Incentive Plan, as amended from time to time (the "Plan") and, unless the context otherwise requires, terms used herein shall have the same meaning as in the Plan.

2. Grant as Incentive Stock Option. This option is intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "Code").

3. Vesting of Option.

(a) Vesting if Business Relationship Continues. The Optionee may exercise this option on or after the date of this option grant for the number of shares of Common Stock, if any, set forth (or, to the extent applicable, derived from the percentages set forth) on the cover page hereof. If the Optionee has continuously maintained a Business Relationship (as defined below) with the Company through the dates listed on the vesting schedule set forth on the cover page hereof, the Optionee may exercise this option for the additional number of shares of Common Stock set opposite the applicable vesting date. Notwithstanding the foregoing, the Board may, in its discretion, accelerate the date that any installment of this option becomes exercisable. The foregoing rights are cumulative and may be exercised only before the date which is seven years from the date of this option grant.

(b) For purposes hereof, "Business Relationship" shall mean service to the Company or its successor in the capacity of an employee, officer, director or consultant.

4. Termination of Business Relationship.

(a) Termination. If the Optionee's Business Relationship with the Company ceases, voluntarily or involuntarily, with or without cause, no further installments of this option shall become exercisable, and this option shall expire (may no longer be exercised) after the passage of 90 days from the date of termination, but in no event later than the scheduled expiration date. Any determination under this agreement as to the status of a Business Relationship or other matters referred to above shall be made in good faith by the Board of Directors of the Company.

(b) Employment Status. For purposes hereof, with respect to employees of the Company, employment shall not be considered as having terminated during any leave of absence if such leave of absence has been approved in writing by the Company and if such written approval contractually obligates the Company to continue the employment of the Optionee after the approved period of absence; in the event of such an approved leave of absence, vesting of this option shall be suspended (and the period of the leave of written approval of the leave of absence. For purposes hereof, a termination of

employment followed by another Business Relationship shall be deemed a termination of the Business Relationship with all vesting to cease unless the Company enters into a written agreement related to such other Business Relationship in which it is specifically stated that there is no termination of the Business Relationship under this agreement. This option shall not be affected by any change of employment within or among the Company and its Subsidiaries so long as the Optionee continuously remains an employee of the Company or any Subsidiary.

5. Death; Disability.

(a) Death. Upon the death of the Optionee while the Optionee is maintaining a Business Relationship with the Company, this option may be exercised, to the extent otherwise exercisable on the date of the Optionee's death, by the Optionee's estate, personal representative or beneficiary to whom this option has been transferred pursuant to Section 9, only at any time within 180 days after the date of death, but not later than the scheduled expiration date.

(b) Disability. If the Optionee ceases to maintain a Business Relationship with the Company by reason of his or her disability, this option may be exercised, to the extent otherwise exercisable on the date of cessation of the Business Relationship, only at any time within 180 days after such cessation of the Business Relationship, but not later than the scheduled expiration date. For purposes hereof, "disability" means "permanent and total disability" as defined in Section 22(e)(3) of the Code.

6. Partial Exercise. This option may be exercised in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share.

7. Payment of Exercise Price. The exercise price shall be paid by one or any combination of the following forms of payment that are applicable to this option, as indicated on the cover page hereof:

(i) by cash, certified check or bank check payable to the order of the Company; or

(ii) by delivery of an irrevocable and unconditional undertaking, satisfactory in form and substance to the Company, by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Optionee to the Company of a copy of irrevocable and unconditional instructions, satisfactory in form and substance to the Company, to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) by delivery of shares of Common Stock having a fair market value equal as of the date of exercise to the option price. To the extent required to avoid variable accounting treatment under FAS 123R or other applicable

accounting rules, such shares shall have been owned by the Optionee free of any substantial forfeiture for at least six months.

In the case of (iii) above, fair market value as of the date of exercise shall be determined as of the last business day for which such prices or quotes are available prior to the date of exercise and shall mean (i) the last reported sale price (on that date) of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market (or successor trading system), if the Common Stock is not then traded on a national securities exchange.

8. Method of Exercising Option. Subject to the terms and conditions of this agreement, this option may be exercised by written notice to the Company at its principal executive office, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of Shares for which it is being exercised and shall be signed by the person or persons so exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate or certificates representing such shares as soon as practicable after the notice shall be received. Such certificate or certificates shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Optionee and if the Optionee shall so request in the notice exercising this option, shall be registered in the name of the Optionee and another person jointly, with right of survivorship). In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option.

9. Option Not Transferable. This option is not transferable or assignable except by will or by the laws of descent and distribution. During the Optionee's lifetime only the Optionee can exercise this option.

10. No Obligation to Exercise Option. The grant and acceptance of this option imposes no obligation on the Optionee to exercise it.

11. No Obligation to Continue Business Relationship. Neither the Plan, this agreement, nor the grant of this option imposes any obligation on the Company to continue the Optionee in employment or other Business Relationship.

12. Adjustments. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to such date of exercise.

13. Withholding Taxes. If the Company in its discretion determines that it is obligated to withhold any tax in connection with the exercise of this option, or in connection with the transfer of, or the lapse of restrictions on, any Common Stock or other property acquired pursuant to this option, the Optionee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the appropriate amount of tax. At the discretion of the

Company, the amount required to be withheld may be withheld in cash from such wages or other remuneration or in kind from the Common Stock or other property otherwise deliverable to the Optionee on exercise of this option. The Optionee further agrees that, if the Company does not withhold an amount from the Optionee's wages or other remuneration sufficient to satisfy the withholding obligation of the Company, the Optionee will make reimbursement on demand, in cash, for the amount underwithheld. In the event withholding is satisfied in kind, only the minimum amount of required withholding shall be made.

14. Early Disposition. The Optionee agrees to notify the Company in writing immediately after the Optionee transfers any Shares, if such transfer occurs on or before the later of (a) the date that is two years after the date of this agreement or (b) the date that is one year after the date on which the Optionee acquired such Shares. The Optionee also agrees to provide tax purposes.

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

16. Provision of Documentation to Optionee. By signing this agreement the Optionee acknowledges receipt of a copy of this agreement and a copy of the Plan.

17. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by mail, if to the Optionee, to the address set forth on the cover page or at the address shown on the records of the Company, and if to the Company, to the Company's principal executive offices, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This agreement constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all proposals, written or oral, and all other communications between the parties relating to the subject matter of this agreement. This agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

(c) Fractional Shares. If this option becomes exercisable for a fraction of a share because of the adjustment provisions contained in the Plan, such fraction shall be rounded down.

(d) Issuances of Securities; Changes in Capital Structure. Except as expressly provided herein or in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to this option. No adjustments need be made for dividends paid in cash or in property other than securities of the Company. If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization,

recapitalization, stock dividend, stock split, combination or exchange of shares, spin-off, split-up or other similar change in capitalization or event, the restrictions contained in this agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, Shares, except as otherwise determined by the Board.

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

(f) Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 9 hereof.

(g) Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the state of Delaware, without giving effect to the principles of the conflicts of laws thereof.

IROBOT CORPORATION

NON-QUALIFIED STOCK OPTION AGREEMENT

iRobot Corporation (the "Company") hereby grants the following stock option pursuant to its 2005 Stock Option and Incentive Plan, as amended from time to time. The terms and conditions attached hereto are also a part hereof.

Name of optionee (the "Optionee"):
Date of this option grant:
Number of shares of the Company's
Common Stock subject to this option ("Shares"):
Option exercise price per share:
Number, if any, of Shares that may be purchased
on or after the grant date:
Shares that are subject to vesting schedule:
Vesting Start Date:

Vesting Schedule:

One year from Vesting Start Date: ___% of the Shares
Two years from Vesting Start Date: ___% of the Shares
Three years from Vesting Start Date: ___% of the Shares
Four years from Vesting Start Date: ___% of the Shares
Five years from Vesting Start Date: ___% of the Shares
All vesting is dependent on the continuation of a Business Relationship with the Company, as provided herein.
Payment alternatives: Section 7(a)(i) through (iii)

This option satisfies in full all commitments that the Company has to the Optionee with respect to the issuance of stock, stock options or other equity securities.

IROBOT CORPORATION

By:

- ----------
Signature of Optionee

Name of Officer:

- ----------
Street Address

Title:

- ----------
City/State/Zip Code

IROBOT CORPORATION

NON-QUALIFIED STOCK OPTION AGREEMENT -- INCORPORATED TERMS AND CONDITIONS

1. Grant Under Plan. This option is granted pursuant to and is governed by the Company's 2005 Stock Option and Incentive Plan, as amended from time to time (the "Plan") and, unless the context otherwise requires, terms used herein shall have the same meaning as in the Plan.

2. Designation of Option. This Option is intended to be a Nonstatutory Stock Option and is not intended to qualify as an Incentive Stock Option as defined in Section 422 of the Internal Revenue Code of 1986, as amended and the regulations thereunder (the "Code").

3. Vesting of Option.

(a) Vesting if Business Relationship Continues. The Optionee may exercise this option on or after the date of this option grant for the number of shares of Common Stock, if any, set forth (or, to the extent applicable, derived from the percentages set forth) on the cover page hereof. If the Optionee has continuously maintained a Business Relationship (as defined below) with the Company through the dates listed on the vesting schedule set forth on the cover page hereof, the Optionee may exercise this option for the additional number of shares of Common Stock set opposite the applicable vesting date. Notwithstanding the foregoing, the Board may, in its discretion, accelerate the date that any installment of this option becomes exercisable. The foregoing rights are cumulative and may be exercised only before the date which is seven years from the date of this option grant.

(b) For purposes hereof, "Business Relationship" shall mean service to the Company or its successor in the capacity of an employee, officer, director or consultant.

4. Termination of Business Relationship.

(a) Termination. If the Optionee's Business Relationship with the Company ceases, voluntarily or involuntarily, with or without cause, no further installments of this option shall become exercisable, and this option shall expire (may no longer be exercised) after the passage of three months from the date of termination, but in no event later than the scheduled expiration date. Any determination under this agreement as to the status of a Business Relationship or other matters referred to above shall be made in good faith by the Board of Directors of the Company.

(b) Employment Status. For purposes hereof, with respect to employees of the Company, employment shall not be considered as having terminated during any leave of absence if such leave of absence has been approved in writing by the Company and if such written approval contractually obligates the Company to continue the employment of the Optionee after the approved period of absence; in the event of such an approved leave

of absence, vesting of this option shall be suspended (and the period of the leave of absence shall be added to all vesting dates) unless otherwise provided in the Company's written approval of the leave of absence. For purposes hereof, a termination of employment followed by another Business Relationship shall be deemed a termination of the Business Relationship with all vesting to cease unless the Company enters into a written agreement related to such other Business Relationship in which it is specifically stated that there is no termination of the Business Relationship under this agreement. This option shall not be affected by any change of employment within or among the Company and its Subsidiaries so long as the Optionee continuously remains an employee of the Company or any Subsidiary.

5. Death; Disability.

(a) Death. Upon the death of the Optionee while the Optionee is maintaining a Business Relationship with the Company, this option may be exercised, to the extent otherwise exercisable on the date of the Optionee's death, by the Optionee's estate, personal representative or beneficiary to whom this option has been transferred pursuant to Section 9, only at any time within 180 days after the date of death, but not later than the scheduled expiration date.

(b) Disability. If the Optionee ceases to maintain a Business Relationship with the Company by reason of his or her disability, this option may be exercised, to the extent otherwise exercisable on the date of cessation of the Business Relationship, only at any time within 180 days after such cessation of the Business Relationship, but not later than the scheduled expiration date. For purposes hereof, "disability" means "permanent and total disability" as defined in Section 22(e)(3) of the Code.

6. Partial Exercise. This option may be exercised in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share.

7. Payment of Exercise Price. The exercise price shall be paid by one or any combination of the following forms of payment that are applicable to this option, as indicated on the cover page hereof:

(i) by cash, certified check or bank check payable to the order of the Company; or

(ii) by delivery of an irrevocable and unconditional undertaking, satisfactory in form and substance to the Company, by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price, or delivery by the Optionee to the Company of a copy of irrevocable and unconditional instructions, satisfactory in form and substance to the Company, to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price; or

(iii) by delivery of shares of Common Stock having a fair market value equal as of the date of exercise to the option price. To the extent required to avoid variable accounting treatment under FAS 123R or other applicable accounting rules, such shares shall have been owned by the Optionee free of any substantial risk of forfeiture for at least six months.

In the case of (iii) above, fair market value as of the date of exercise shall be determined as of the last business day for which such prices or quotes are available prior to the date of exercise and shall mean (i) the last reported sale price (on that date) of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market (or successor trading system), if the Common Stock is not then traded on a national securities exchange.

8. Method of Exercising Option. Subject to the terms and conditions of this agreement, this option may be exercised by written notice to the Company at its principal executive office, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of Shares for which it is being exercised and shall be signed by the person or persons so exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate or certificates representing such shares as soon as practicable after the notice shall be received. Such certificate or certificates shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Optionee and if the Optionee shall so request in the notice exercising this option, shall be registered in the name of the Optionee and another person jointly, with right of survivorship). In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Optionee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option.

9. Option Not Transferable. This option is not transferable or assignable except by will or by the laws of descent and distribution. During the Optionee's lifetime only the Optionee can exercise this option.

10. No Obligation to Exercise Option. The grant and acceptance of this option imposes no obligation on the Optionee to exercise it.

11. No Obligation to Continue Business Relationship. Neither the Plan, this agreement, nor the grant of this option imposes any obligation on the Company to continue the Optionee in employment or other Business Relationship.

12. Adjustments. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to such date of exercise.

13. Withholding Taxes. If the Company in its discretion determines that it is obligated to withhold any tax in connection with the exercise of this option, or in connection with the transfer of, or the lapse of restrictions on, any Common Stock or other property acquired pursuant to this option, the Optionee hereby agrees that the Company may withhold from the Optionee's wages or other remuneration the appropriate amount of tax. At the discretion of the Company, the amount required to be withheld may be withheld in cash from such wages or other remuneration or in kind from the Common Stock or other property otherwise deliverable to the Optionee on exercise of this option. The Optionee further agrees that, if the Company does not withhold an amount from the Optionee's wages or other remuneration sufficient to satisfy the withholding obligation of the Company, the Optionee will make reimbursement on demand, in cash, for the amount underwithheld. In the event withholding is satisfied in kind, only the minimum amount of required withholding shall be made.

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

15. Provision of Documentation to Optionee. By signing this agreement the Optionee acknowledges receipt of a copy of this agreement and a copy of the Plan.

16. Miscellaneous.

(a) Notices. All notices hereunder shall be in writing and shall be deemed given when sent by mail, if to the Optionee, to the address set forth on the cover page or at the address shown on the records of the Company, and if to the Company, to the Company's principal executive offices, attention of the Corporate Secretary.

(b) Entire Agreement; Modification. This agreement constitutes the entire agreement between the parties relative to the subject matter hereof, and supersedes all proposals, written or oral, and all other communications between the parties relating to the subject matter of this agreement. This agreement may be modified, amended or rescinded only by a written agreement executed by both parties.

(c) Fractional Shares. If this option becomes exercisable for a fraction of a share because of the adjustment provisions contained in the Plan, such fraction shall be rounded down.

(d) Issuances of Securities; Changes in Capital Structure. Except as expressly provided herein or in the Plan, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares subject to this option. No adjustments need be made for dividends paid in cash or in

property other than securities of the Company. If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares, spin-off, split-up or other similar change in capitalization or event, the restrictions contained in this agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, Shares, except as otherwise determined by the Board.

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

(f) Successors and Assigns. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, subject to the limitations set forth in Section 9 hereof.

(g) Governing Law. This agreement shall be governed by and interpreted in accordance with the laws of the state of Delaware, without giving effect to the principles of the conflicts of laws thereof.

WHENEVER CONFIDENTIAL INFORMATION IS OMITTED HEREIN (SUCH OMISSIONS ARE DENOTED BY AN ASTERISK*), SUCH CONFIDENTIAL INFORMATION HAS BEEN SUBMITTED SEPARATELY TO THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

The Gem City Engineering Co. / iRobot Corporation
Manufacturing and Services Agreement

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* Confidential Treatment Requested.

This Agreement is dated as of July 27, 2004 ("EFFECTIVE DATE"), between iRobot Corporation, a Delaware corporation with a principal place of business at 63 South Avenue, Burlington, MA 01803 ("BUYER", "CUSTOMER" OR "IROBOT") and The Gem City Engineering Co. ("SUPPLIER", "SUPPLIER" OR "GCE"), a Ohio corporation with a principal place of business at 401 Leo St., Dayton, OH, 45404 establishes the basis for a procurement relationship under which Supplier will provide Buyer the Products and Services in Statements of Work and/or Purchase Orders issued under this Agreement.

1.0 DEFINITIONS

a) AGREEMENT: this Agreement and any relevant Statements of Work ("SOW"), Purchase Order ("PO"), and other attachments or appendices specifically referenced in this Agreement.

b) BUYER: iRobot Corporation.

c) BUYER PERSONNEL: agents, employees, or contractors engaged by Buyer.

d) CONFIGURATION: means specific arrangement of sub-assemblies as defined in the SOW as it pertains to Deliverables.

e) DELIVERABLES: items that Supplier prepares for or provides to Buyer as described in a SOW.

f) DEVELOPED WORKS: Deliverables including their Externals, developed in the performance of this Agreement that the parties agree that Buyer will own, and does not include Preexisting Materials, Tools, or items specifically excluded in a SOW.

g) ECO: Engineering Change Order -- a method of submitting and controlling engineering changes to the configuration of products, while in production.

h) EXTERNALS: any pictorial, graphic, or audiovisual works generated by execution of code and any programming interfaces, languages or protocols implemented in code to enable interaction with other computer programs or end users. Externals do no include the code that implements them.

i) FORECAST: means the quantity and configuration of Products or Services that Buyer plans to purchase during a specific time.

j) INVENTORY: all work in process for items subject to a valid Purchase Order including all items of Standard Inventory and Long Lead Time Inventory.

k) LONG LEAD TIME INVENTORY: items of inventory that need to be ordered more than sixty (60) days in advance to assure timely delivery.

l) PREEXISTING MATERIALS: items including their Externals, contained within a Deliverable, in which the copyrights are owned by a third party or that Supplier prepared or had prepared outside the scope of the Agreement. Preexisting Materials exclude Tools, but may include material that is created by the use of Tools.

m) PRICES: the agreed upon payment and currency for Deliverables and Services, including all applicable fees, payments and taxes, as specified in the relevant SOW.

n) PURCHASE ORDER ("PO"): Customer may order Products by issuing purchase orders to Supplier. Such purchase orders are subject to Suppliers acceptance. Purchase orders may be delivered to Supplier by any reasonable means, including but not limited to postal delivery, courier delivery, facsimile transmission, and electronic mail.

* Confidential Treatment Requested.

o) SCHEDULE: Buyers written delivery requirements as defined in the Forecast, POs and SOW.

p) SERVICES: contract manufacturing, warranty and/or spare parts services that Supplier provides the Buyer pursuant to the Purchase Order.

q) STANDARD INVENTORY: inventory identified in the PO.

r) STATEMENT OF WORK OR "SOW": any document attached to or included in this Agreement by the mutual agreement of Buyer and Supplier, which describes the Deliverables and Services, including any requirements, specifications, or schedules.

s) SUPPLIER: The Gem City Engineering Co. (GCE)

t) SUPPLIER PERSONNEL: means agents, employees or subcontractors engaged by Supplier.

u) TMI: Temporary Manufacturing Instruction. Formal instructions to deviate from released documentation. Supplied by Buyer.

2.0 ORDER FULFILLMENT AND FORECASTING

2.1 STATEMENT OF WORK

Supplier will provide the Deliverables and Services as specified in the SOW and Purchase Order. Buyer may request changes to a SOW and Supplier will submit to Buyer the impact of such changes, if any, on both price and schedule, pursuant to Section 2.3. Changes accepted by Buyer will be specified in an amended SOW, ECO or TMI accepted by both parties.

2.2 INSPECTION AND QUALITY CONTROLS

(a) The Deliverables will be manufactured by the Supplier with services performed with the best workmanship practices in accordance with IPC-A 610 requirements for qualified, careful, trained and efficient workers, and in conformity with the best standard manufacturing practices.

(b) Buyer has the right to dispatch at its own expense, a Quality Control Engineer to assist the Supplier's Quality Control Engineers for purposes of inspection and supervision of the product being delivered by the Supplier. The Supplier will allow the Buyer unrestricted access to portions of Supplier's plant and facilities in accordance with Supplier visitation guidelines where the Deliverables are manufactured, and shall have the right to exercise quality control with respect to the material and workmanship of the Deliverables. In addition, Buyer shall have the right, during the term of this Agreement, to send its engineers at its own cost and expense to inspect the plant and facilities of the Supplier and to make recommendations to the Supplier regarding Quality Control issues/finding of there process and procedures. Any finding or issues will be documented on the Suppliers Corrective Action Form and disposition through the CAR process. Any recommendations will not be unreasonably rejected by the Supplier without the Buyers concurrence.

(c) Accurate Quality Control documentation, including all test data/reports will be issued

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by the Supplier in accordance with this agreement. Reports in the form agreed to by the parties will be sent to Buyer concurrent with each shipment of Deliverables by the Supplier.

2.3 ENGINEERING CHANGE PROCESS

Engineering Change Order (ECO) can be initiated and prepared by the Supplier and Buyer. Once an ECO request is received from the Buyer, Supplier must submit to Buyer within five (5) business days all cost and delivery impacts associated with the proposed ECO change. Prior to implementation of the proposed change by the Supplier, NO changes of any type are allowed without Buyers written authorization in the form of an ECO or Temporary Manufacturing Instruction (TMI) Written authorization may be transmitted as a facsimile or electronically. The Supplier may only accept authorization from the Buyers Purchasing Dept.

All effected changes (documentation, Purchase Orders) by the Supplier must be changed/approved and implemented prior to shipment.

2.4 FORECAST

Buyer will supply a rolling twelve-month forecast, and issue a PO covering the first ninety (90) days of the forecast. The PO will have the flexibility as described in TABLE (1). The rolling Forecast will be updated at least once per month. Forecast reductions will be negotiated with Supplier if orders have been placed based on a previous forecast.

Table (1)

Forecast	Suppliers Movement (Pushout)
0 to 30 days	No change in schedule or configuration
31 to 60 days	*% of forecasted units can change in schedule only
61 to 90 days	*% of forecasted units can change in schedule and configuration

* When changing a configuration from "Scout" to an "EOD" leadtimes will be based upon current inventory levels availability of long lead items.

Buyer may make Configuration and Schedule changes as defined in Table (1) with a maximum pushout of 30 days, all relevant charges to rescheduling and reconfiguring will revert to termination charges described in Section 3.3.

Supplier agrees to support Forecast and demand increases, at a minimum, to the following levels: *% increase over the baseline Forecast with twelve (12) weeks notice from Buyer; *% increase over the baseline Forecast with sixteen (16) weeks notice from Buyer. Increase of demand above the *% level is to be negotiated on an as needed basis. Prices set forth on SOW are based upon Forecast. To the extent the Forecast is accelerated, the prices may be subject to adjustment as outlined in Section 4.

All Forecasts and revisions thereto will be transmitted by Buyer.

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Buyer may, at its option, require Supplier to "ship in place," Product scheduled for delivery within one (1) weeks, and shall pay Supplier per the standard payment terms of this Agreement, as if Product had been delivered. Any products shipped in place, Buyer will assume risk of ownership.

3. TERM AND TERMINATION

3.1 TERM

All SOW's and PO's with respect to Deliverables and Services acquired by Buyer on or after the Effective Date will be covered by this Agreement. This Agreement will remain in effect for two (2) calendar years. This Agreement may be renewed by a written amendment consented to by Supplier and Buyer, which written amendment shall specify the renewal period and the terms and conditions to be applicable during the renewal period.

3.2 TERMINATION OF THIS AGREEMENT

Either party may terminate this Agreement, without any cancellation charge, for (i) a material breach of this Agreement by the other party if such breach is not cured within thirty (30) days of receipt of written notice of such material breach or, (ii) if the other party becomes insolvent or files or has filed against it a petition in bankruptcy, to the extent permitted by law. Such termination will be effective at the end of a thirty (30) day written notice period if the petition in bankruptcy remains uncured or if Supplier has not provided an action plan acceptable to the Buyer.

3.3 TERMINATION OF A SOW OR PO

Buyer may terminate a SOW or a PO with cause effective immediately or without cause with ninety (90) days written notice. Upon termination, in accordance with Buyer's written direction, Supplier will immediately: (i) cease work; (ii) prepare and submit to Buyer an itemization of all completed and partially completed Deliverables and Services; (iii) deliver to Buyer, deliverables satisfactorily completed up to the date of termination at the agreed upon Prices in the relevant SOW; and (iv) deliver upon request any work in process. In the event Buyer terminates, Buyer will compensate Supplier for the actual and reasonable expenses incurred by Supplier for work in process up to and including the date of termination, including the value of all unused Standard Inventory and Long Lead Time Inventory.

4.0 PRICING

4.1 INITIAL PRICING. Prices for the Deliverables shall be as set forth in EXHIBIT A and are priced based on the date of delivery pursuant to Section 7. The prices for the Spares will be consistent with prices in the costed BOM for the system; provided the spares are forecast and ordered in conjunction with systems, Spares lists including prices for spares ordered with system or separately are set forth in EXHIBIT C and EXHIBIT D. Any discrepancy between the forecasted quantity and the actual purchase quantity may

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constitute a price change. The Supplier in good faith will make all attempts to minimize Buyers exposure. Additional pricing for Deliverables described in any SOW or PO will be based on Buyers annual Forecast. Prices quoted by the Supplier include testing as defined by Buyer. All prices are in U.S. dollars and all invoices and payments shall be calculated and paid in U.S. dollars.

4.2 PRICING. Beginning for orders to be delivered on or after January 2, 2005, the Buyer and Supplier will review prices every three (3) months. Any approved change to prices shall be in writing and added to EXHIBIT A.

4.3 NON-CANCELABLE/NON-RETURNABLE ITEMS. Buyer and Supplier will agree upon a list of Non-Cancelable/Non-Returnable items listed in EXHIBIT B, each with a corresponding minimum purchase quantity. Exhibit B will be reviewed and revised on an as needed basis. On January 15th of each year, Price will be consistent with the cost in the system's costed BOM. Supplier may request in writing that Buyer address any Non-Cancelable/Non-Returnable items. Within thirty (30) days after receipt of notification, Buyer shall in good faith notify GCE when it will prepare for disposition of the Deliverable(s) by negotiating carrying costs with Supplier and making payment to Supplier. Supplier shall provide evidence in written form and supporting documentation and substance reasonably satisfactory to Buyer.

4.4 LONG LEAD ITEMS. To meet required lead times as defined in Buyers forecast Supplier may be required to procure long lead items for Standard Material.-. To minimize potential Buyer's exposure Supplier should provide the required list for review and agreement between Buyer and Supplier prior to Supplier procuring long lead items.

4.5 COST SAVINGS. Both Buyer and Supplier are committed to reducing the costs of manufacturing the Deliverables, and thereby reducing the prices for the Deliverables. These cost savings shall be pursued by the parties individually and collectively and shall be handled as follows:

4.5.1 BUYER IDENTIFIED NON-ECO CHANGES. If Buyer identifies cost savings that do not require an ECO, the Supplier will lower the price on EXHIBIT A an equivalent amount for all purchases for which the change is implemented.

4.5.2 BUYER INITIATED ECO CHANGES. If Buyer identifies an ECO that it believes should reduce the cost to manufacture a Deliverables, it shall provide to Supplier information pursuant to Section 2.3. The Supplier will then submit to Buyer within * (*) business days all cost and delivery impacts associated with the described change. Buyer will then, in its sole discretion, provide written authorization to proceed with the change. If Buyer authorizes the change, Supplier will lower the price on EXHIBIT A an equivalent amount for all purchases for which the change is implemented.

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4.5.3 SUPPLIER IDENTIFIED NON-ECO CHANGES. If the Supplier identifies cost savings that do not require an ECO, the price on Exhibit A will be adjusted accordingly.

4.5.4 Supplier and Buyer jointly identify design or manufacturing changes, the Buyer and/or Supplier shall provide to Supplier information pursuant to Section 2.3 necessary to evaluate the change. The Supplier will then submit to Buyer within * (*) business days all cost and delivery impacts associated with the described change. Buyer will then, in its sole discretion, provide written authorization to proceed with the change. If Buyer authorizes the change, the Supplier will lower the price on EXHIBIT A an amount for all purchases for which the change is implemented as follows:

Month of Delivery	Reduction in Price in Exhibit A
July-August 2004	*% of identified cost saving
Sept.-Nov. 2004	*% of identified cost saving
Dec. 2004 - March 2005	*% of identified cost saving

The above reductions in Price will apply for the 3 months worth of production following implementation of the cost savings. After 3 months, 100% of the cost savings will be applied to the Prices in Exhibit A.

4.5.5 COST SAVINGS AND MATERIAL MARKUP. Supplier charges a * percent (*%) mark-up on material purchases. This markup percentage including markup on Supplier non-value added subassemblies (e.g. batteries, PCC) will be reviewed and may be adjusted based on agreement between Buyer and Seller on January 15 and July 15 of each year. Where Buyer consigns a component or subsystem Supplier shall reduce its mark-up to Buyer to *%.

4.5.6 LABOR RATE REVIEW. Labor rates will be reviewed and adjusted accordingly on April 1 and October 1 of each year.

4.6 ADDITIONAL COST ADDERS. Buyer will approve in writing the expenditure of any additional cost adders.

4.6.1 OVERTIME LABOR CHARGES. Overtime labor charges may only be charged to Buyer where Buyer, in writing, authorizes the use of overtime labor to accelerate the delivery of Deliverables. Overtime labor charges are defined as those hours spent per employee in excess of 8 hours per day (but not including Sundays or holidays) and may be billed at 1.5 times the current rate. Sunday and holiday hours will be billed at 2 times current rate.

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4.6.2 TRIP CHARGES. Charges for any travel must be pre-approved in writing by Buyer. Under no circumstance shall meal per diems exceed $50 per day per person.

4.7 MONTHLY REPORTING. On the first Monday of each calendar month, Supplier shall provide an accurate and complete costed bill of materials (BOM) including all applicable markup and labor rates, and labor times for each subassembly.: Frequency of reporting will be reviewed on a quarterly basis.

5. PAYMENTS AND ACCEPTANCE

Terms for payment will be specified in the relevant SOW or PO. Payment of invoices will not be deemed acceptance of Deliverables or Services, but rather such Deliverables or Services will be subject to inspection, test, and rejection in accordance with the acceptance or completion criteria as specified in the relevant SOW, product and process documentation. Buyer may, at its option, either reject Deliverables or Services that do not comply with the acceptance or completion criteria, or require Supplier, upon Buyer's written instruction, to repair or replace such Deliverables or re-perform such Service, without charge and in a timely manner.

- Terms for payment will be * days from receipt of invoice through September 2004.

- Terms for payment will be * days from receipt of invoice from October 2004 through December 2004.

- Terms for payment will be * days from receipt of invoice will be considered starting January 1, 2005

- In the case of time and material engineering efforts, invoices will be submitted every two weeks and payment will be *.

6. WARRANTIES

6.1. ONGOING WARRANTIES

Supplier warrants to Buyer that, for a period of twelve (12) months from delivery, each Deliverable will conform in all material respects to Buyer's written specifications for the item and will be free from defects in materials and workmanship. Supplier's obligation under this warranty is limited to, at Supplier's option, repairing or replacing, at Supplier's option, at Supplier's facility or at the then current location of the Deliverable, any Deliverable or parts thereof that Supplier determines not to conform to this warranty. Buyer shall promptly notify Supplier in writing of any alleged defects in the Deliverables and specifically describe the problem. Supplier will pay the costs of transporting repaired or replaced Deliverables back to Buyer or Buyer's customer and will reimburse Buyer for costs of transporting items to Supplier.

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Supplier makes the following ongoing representations and warranties: (i) it has the right to enter into this Agreement and its performance of the Agreement will not violate the terms of any contract, obligation, law, regulation or ordinance to which it is or becomes subject; (ii) no claim, lien, or action exists or is threatened against Supplier that would interfere with Buyer's rights under this Agreement; (iii) workmanship for a period of one year from the date of acceptance and will conform to the warranties, specifications and requirements in this Agreement for the time period from the date of final acceptance as specified in the relevant SOW; and (iv) Services will be performed using reasonable care and skill and in accordance with the relevant SOW.

7. DELIVERY

7.1. DELIVERY LOGISTICS

Delivery will be FOB: Dayton, Ohio

7.2. ON-TIME DELIVERY

Deliverables and Services will be delivered as specified in the relevant SOW. Starting January 1, 2005, if Supplier cannot comply with a delivery commitment, Supplier will promptly notify Buyer of a revised delivery date. By no fault of Supplier, late deliveries of any Deliverables except for unforecasted Deliverables and Spare Parts (as measured by adherence to the Ship Date on the most recent Release or contractual committed lead-time) will result in, at Buyer's option, a price reduction (or debit to Supplier's account) on such late Deliverables of * percent (*%) after two (2) calendar days late, with an addition * percent (*%) after ten (10) calendar days late, with a cap of * percent (*%) of the value of the late deliverable.

8 INTELLECTUAL PROPERTY

8.1 USE OF TRADEMARKS

Use of Buyer's trademark or trademarks and model names by which the Deliverables shall be known shall be limited for use by Supplier on units of the Deliverables as will be manufactured and sold to Buyer, and the Supplier agrees that it shall not use any such trademarks or model names on any other products of Supplier or on any publicly available information, including but not limited to press releases, without the prior written consent of Buyer. The provisions herein shall not be construed as the grant of a license on such trademarks or model names to Supplier, and Buyer shall be and remain the sole owner of such trademarks and/or model names, whether registered or unregistered.

9. INDEMNIFICATION

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9.1. GENERAL INDEMNIFICATION

Supplier will defend, hold harmless and indemnify, including attorney's fees, Buyer and Buyer Personnel against claims that arise or are alleged to arise as a result of negligent or intentional acts or omissions of Supplier or Supplier Personnel or breach by Supplier of any term of this Agreement. Buyer will defend, hold harmless, and indemnify, including Attorney's fees, Supplier and Supplier's Personnel against claims that arise or are alleged to arise as a result of negligence or intentional acts or omissions of Buyer or Buyer personnel or breach by Buyer of any term of this Agreement.

9.2. INTELLECTUAL PROPERTY INDEMNIFICATION

Supplier will defend, or at Buyer's option cooperate in the defense of, hold harmless and indemnify, including attorney's fees, Buyer and Buyer Personnel from claims that Supplier's Deliverables or Services infringe the intellectual property rights of a third party, including the use of such Deliverables or Services as instructed by Supplier. If such a claim is or is likely to be made, Supplier will, at its own expense, exercise the first of the following remedies that is practicable: (i) obtain for Buyer the right to continue to use and sell the Deliverables and Services consistent with this Agreement; (ii) modify, or have Buyer, modify the Deliverables or Services so they are non-infringing and in compliance with this Agreement.

9.3. EXCEPTIONS TO INDEMNIFICATION

Supplier will have no obligation to indemnify Buyer or Buyer Personnel for claims that Supplier's Deliverables or Services infringe the intellectual property rights of a third party to the extent such claims arise as a result of: (i) Buyer's combination of Deliverables or Services with other products or services not foreseeable by Supplier; (ii) Supplier's implementation of a design originated solely by Buyer; or (iii) Buyer's modification of the Deliverables except for intended modifications required for use of the Deliverables. Buyer will defend, hold harmless and indemnify, including attorneys fees, Supplier and Supplier Personnel from all claims of third party's arising under the claims described above in this Section 9.3.

10. LIMITATION OF LIABILITY

Except for liability under Section 9 (entitled Indemnification), in no event will either party be liable to the other for any lost revenues, incidental indirect, consequential, special or punitive damages. In no event will either party be liable for the respective actions or omissions of its Affiliates under this Agreement.

11. SUPPLIER AND SUPPLIER PERSONNEL

Supplier is an independent contractor and this Agreement does not create an agency relationship between Buyer and Supplier or Buyer and Buyer Personnel. Buyer assumes no liability or

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responsibility for Supplier Personnel. Supplier will: (i) ensure it and Supplier Personnel are in compliance with all laws, regulations, ordinances, and licensing requirements; (ii) be responsible for the supervision, control, compensation, withholdings, health and safety of Supplier Personnel; (iii) ensure Supplier Personnel performing Services on Buyer's premises comply with Buyer's On Premises Guidelines; and (iv) inform Buyer if a former employee of Buyer will be assigned work under this Agreement, such assignment subject to Buyer approval.

12. INSURANCE

Supplier will maintain at its expense: (i) comprehensive general or public liability insurance with a minimum limit per occurrence or accident of $1,000,000; (ii) workers' compensation or employer's liability as required by local law, such policies waiving any subrogation rights against Buyer; and (iii) automobile liability insurance as required by local statute but not less than $1,000,000 if a vehicle will be used in the performance of this Agreement. Insurance required under this Subsection will name Buyer as an additional insured with respect to Buyer's insurable interest, will be primary or non-contributory regarding insured damages or expenses, and will be purchased from insurers of sound internationally recognized financial standing.

13. GENERAL

13.1. AMENDMENT

This Agreement may only be amended by a writing specifically referencing this Agreement which has been signed by authorized officers of the parties.

13.2. ASSIGNMENT

Neither party will assign their rights or delegate or subcontract their duties under this Agreement to third parties or affiliates without the prior written consent of the other party, such consent not to be withheld unreasonably, except that either party may assign this Agreement in conjunction with the sale of a substantial part of its business utilizing or performing this Agreement. Any unauthorized assignment of this Agreement is void.

13.3. CHOICE OF LAW AND FORUM; WAIVER OF JURY TRIAL; LIMITATION OF ACTION

This Agreement and the performance of transactions under this Agreement will be governed by the laws of the Commonwealth of Massachusetts. Subject to the Dispute Resolution portion of this Agreement, the parties expressly waive any right to a jury trial regarding disputes related to this Agreement. Unless otherwise provided by applicable law without the possibility of contractual waiver or limitation, any legal or other action related to this Agreement must be commenced no later than two (2) years from the date on which the cause of action arose.

13.4. COMMUNICATIONS

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All communications between the parties regarding this Agreement will be conducted through the parties' representatives as specified in the relevant SOW.

Any notice or report required or permitted to be given or made under this Agreement by one of the parties hereto to the other shall be in writing, electronic, delivered personally or by facsimile (and promptly confirmed by personal delivery or courier) or courier, postage prepaid, addressed to such other party at its address indicated below, or to such other address as the addressee shall have last furnished in writing to the addressor and shall be effective upon receipt by the addressee.

FOR IROBOT:
Mr. Robert "Knob" Moses
iRobot Corporation
63 South Avenue
Burlington, MA 01803

FOR GCE:
Mr. David D. Harry
The Gem City Engineering Co.
401 Leo St.
Dayton, Ohio 45404

WITH A COPY TO:

iRobot Corporation
63 South Avenue
Burlington, MA 01803
Attn: Legal Department

Mr. Timothy E. O'Meara
The Gem City Engineering Co.
401 Leo St.
Dayton, Ohio 45404

NOTICES FOR ECOS OR CHANGES TO A SOW:

iRobot Corporation
63 South Avenue
Burlington, MA 01803
Attn: G&I, Director of Manufacturing

Mr. David Meyer
The Gem City Engineering Co.
401 Leo St.
Dayton, Ohio 45404

13.5. EXCHANGE OF INFORMATION

Unless required otherwise by law, all information exchanged by the parties will be considered non-confidential. If the parties require the exchange of confidential information, such exchange will be made under a confidentiality agreement. The parties will not publicize the terms or conditions of this Agreement in any advertising, marketing, or promotional materials, except as may be required by law, provided the party publicizing obtains any confidentiality available. Supplier will use information regarding this Agreement only in the performance of this Agreement. For any business personal information relating to Supplier Personnel that Supplier provides to Buyer, Supplier has obtained the agreement of the Supplier Personnel to release the information to Buyer and to allow Buyer to use such information in connection with this Agreement.

13.6. FORCE MAJEURE

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Neither party will be in default or liable for any delay or failure to comply with this Agreement due to any act beyond the control of the affected party, excluding labor disputes, provided such party immediately notifies the other.

13.7. PRIOR COMMUNICATIONS AND ORDER OF PRECEDENCE

This Agreement replaces any prior oral or written agreements or other communication between the parties with respect to the subject matter of this Agreement, excluding any confidential disclosure agreements. In the event of any conflict in these documents, the order of precedence will be: (i) the quantity, payment and delivery terms of the relevant PO; (ii) the relevant SOW; (iii) this agreement; and (iv) the remaining terms of the relevant PO.

13.8. RECORD KEEPING AND AUDIT RIGHTS

Supplier will maintain (and provide to Buyer upon request) relevant accounting records to support invoices under this Agreement and proof of required permits and professional licenses, for a period of time as required by local law, but not for less than three (3) years following the completion or termination of the relevant SOW. All accounting records will be maintained in accordance with generally accepted accounting principles.

13.9. SURVIVAL

The provisions set forth in the following Sections and Subsections of this Agreement will survive after termination of this Agreement and will remain in effect until fulfilled: "Ongoing Warranties", "Warranty Remedies", "Intellectual Property", "Indemnification", "Limitation of Liability", "Record Keeping and Audit Rights", "Choice of Law and Forum; Waiver of Jury Trial; Limitation of Action", "Exchange of Information", and "Prior Communications and Order of Precedence".

13.10. WAIVER

An effective waiver under this Agreement must be in writing signed by the party waiving its right. A waiver by either party of any instance of the other party's noncompliance with any obligation or responsibility under this Agreement will not be deemed a waiver of subsequent instances.

13.12 DISPUTE RESOLUTION

Supplier and Buyer mutually agree to the settlement by arbitration of all claims or controversies each party may have against the other relating in any manner whatsoever to this Agreement or its terms. Except for the right to obtain provisional remedies or interim relief, which right is preserved without any waiver of the right to arbitration, arbitration under this Agreement shall be the exclusive remedy for all such arbitrable claims. Supplier and Buyer also agree that arbitration

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shall be held in Boston, Massachusetts, and shall be in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitrator(s) shall have the authority to award or grant both legal, equitable and declaratory relief. Such arbitration shall be final and binding on the parties. Supplier and Buyer agree that in the event that any action, either civil or arbitral is brought to enforce this Agreement by either Supplier or Buyer, the prevailing party shall be entitled to an award of all attorneys' fees and legal costs, in addition to other relief. Notwithstanding the use of AAA, discovery will be conducted under the federal rules of evidence.

13.13 COMPLIANCE WITH LAWS

The Supplier and Supplier Personnel shall not use or disclose any Proprietary Information or other information furnished hereunder in any manner contrary to the laws and regulations of the United States of America, or any agency thereof, including but not limited to, the Export Administration Regulations of the U.S. Department of Commerce, the International Traffic in Arms Regulation of the U. S. Department of State, and the Industrial Security Manual for Safeguarding Classified Information of the Department of Defense. It is understood that certain Deliverables under this Agreement are "controlled" under the Export Administration Regulations of the U.S. Department of Commerce, and/or the International Traffic in Arms Regulation of the U. S. Department of State, and therefore restrictions on employees may apply.

ACCEPTED AND AGREED TO:		ACCEPTED AND AGREED TO:	
IROBOT CORPORATION		THE GEM CITY ENGINEERING CO.	
By: /s/ R.L. Moses	7/27/04	By /s/ Timothy E. O'Meara	7/27/04
Signature	Date	Signature	Date
R.L. Moses		Timothy E. O'Meara	
Printed Name		Printed Name	
Director of Operations		V.P. Sales & Marketing	
Title & Organization		Title & Organization	
63 South Ave. Burlington, MA 01803		401 Leo St. Dayton, OH 45404	
Buyer Address		Supplier Address	

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EXHIBIT A
PRICING

EOD PRICING SCHEDULE

	JUNE 2004	JULY 2004	AUG. 2004	SEPT. 2004	OCT. 2004	NOV. 2004	DEC. 2004	JAN. 2005	FEB. 2005	MAR. 2005
SELLING PRICE	$*	$*	$*	$*	$*	$*	$*	$*	$*	$*

SCOUT PRICING SCHEDULE

	JUNE 2004	JULY 2004	AUG. 2004	SEPT. 2004	OCT. 2004	NOV. 2004	DEC. 2004	JAN. 2005	FEB. 2005	MAR. 2005
SELLING PRICE	$*	$*	$*	$*	$*	$*	$*	$*	$*	$*

- - Price for a complete Scout for April 2005 - XXX $*

- - Orders for Scouts must be received with EOD's orders per the forecast

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EXHIBIT B
NON-CANCELABLE/NON-RETURNABLE, LONG LEAD ITEMS

LONG LEAD ITEMS

PN	DESCRIPTION	MANUFACTURER	QUANTITY	UNIT COST**	EXTENDED**
*	*	*	*	*	*

** PRICING WILL BE REVIEWED AND APPROVED ON AN ITEM BY ITEM BASIS, AND WILL BE CONSISTENT WITH SYSTEM'S COST IN SUPPLIER'S COSTED BOM

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EXHIBIT C
EOD SPARE PARTS PRICING

PN	DESCRIPTION	KIT QTY	UNIT COST**	KIT COST**
*	*	*	*	*
11065	TOTAL EOD SPARES KIT COST			$*

EOD SPARES KIT

** PRICING TABLE WILL BE MODIFIED TO ADD COLUMNS TO REFLECT WHETHER SPARES ARE PURCHASED AT THE TIME OF SYSTEM'S PURCHASE OR SEPARATELY. ABOVE PRICING REFLECT SEPARATE SINGLE UNIT PURCHASE.

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EXHIBIT D
SCOUT SPARE PARTS PRICING

SCOUT SPARES KIT

PN	DESCRIPTION	KIT QTY	UNIT COST**	KIT COST**
*	*	*	*	*
8244-02	TOTAL SCOUT SPARES KIT COST			$*

** PRICING TABLE WILL BE MODIFIED TO ADD COLUMNS TO REFLECT WHETHER SPARES ARE PURCHASED AT THE TIME OF SYSTEM'S PURCHASE OR SEPARATELY. ABOVE PRICING REFLECT SEPARATE SINGLE UNIT PURCHASE.

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GEM CITY ENGINEERING AND IROBOT CORPORATION
EARLY PAYMENT DISCOUNT AND REBATE PROGRAMS

Effective Date of Programs

- The Early Payment Discount Program relates to all invoices associated with product/spares shipped between April 1 and December 31, 2005

- For purposes of determining achievement against the Quarterly targets, we are referring to shipments by GCE of all product/spares during iRobot's fiscal quarters which are as follows:

    - Q2-05: April 1 through July 2, 2005

    - Q3-05: July 3 through October 1, 2005

    - Q4-05: October 2 through December 31, 2005

- For purposes of determining achievement against the Annual targets, we are referring to shipments by GCE of all product/spares between January 1 and December 31, 2005

Description of Early Payment Discount Program

- iRobot receives a *% discount off invoice price for payments made within 10 calendar days of receipt of faxed invoice - GCE Accounting will fax the invoice and packing slip within 24 hours of shipment. Original invoice will also be mailed.

- Payment must be received by GCE no later than the 10th calendar day after iRobot receipt of faxed invoice.

- The applicability of the *% discount for invoices that contain discrepancies (which oftentimes take a few days to resolve) will be handled on a case-by-case basis - If there is a problem with an invoice, iRobot will short pay only the line item in question and pay the balance of the invoice.

- Irobot will notify Gem City Engineering (Libby Young - Accounting) within 48 hours of receipt of invoice of any discrepancy.

- Libby Young at GCE will send a weekly open invoice report every Monday.

- IRobot will wire transfer payment of invoices to:

Account Name:	The Gem City Engineering Co.
Financial Institution:	National City Bank
	6 North Main Street
	Dayton, OH 45412-2790
Account Number:	*
Bank Routing Number:	*
Bank Swift Code:	*

Description of Quarterly Rebate Program

- iRobot receives rebates based on invoice prices for the value of all shipments that occur within a quarter based upon the following table.

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Quarterly Rebate Program

Shipment Values		Rebate
From	To	Percent
$0	$*	*%
$*	$*	*%
$*	And above	*%

Description of Annual Rebate Program

- iRobot receives rebates based on invoice prices for the value of all shipments that occur within the period from January 1 through December 31, 2005 based upon the following table.

Annual Rebate Program

Shipment Values		Rebate
From	To	Percent
$0	$*	*%
$*	$*	*%
$*	$*	*%
$*	$*	*%
$*	And above	*%

Settlement of Rebate Programs

- iRobot will provide GCE with a summary of shipments and the calculation of the associated rebate within 10 days after the end of its fiscal quarter/year.

- GCE will review and provide iRobot with either a confirmation that the calculation of the rebate is correct or a corrected calculation by the 20th of the month following the quarter/year

- Payment of the rebate by GCE to iRobot will occur on the 30th day following the end of the quarter/year

David Beauregard	PAUL HEINRICH
Print Name	Print Name
Director, Financial Reporting	C. F. O.
Title	Title
/s/ David Beauregard	/s/ PAUL HEINRICH
Signature	Signature
8/11/05	8/12/05
Date	Date

* Confidential Treatment Requested.

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 1 to the Registration Statement on Form S-1 of our report dated May 4, 2005, except for Note 17, as to which the date is May 26, 2005 relating to the financial statements of iRobot Corporation, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
September 12, 2005

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September 12, 2005

United States Securities and Exchange Commission
Division of Corporation Finance
450 Fifth Street, N.W.
Washington, D.C. 20549-0406

Attention: Michele M. Anderson

Re: iRobot Corporation
Registration Statement on Form S-1 filed July 27, 2005
File No. 333-126907

Ladies and Gentlemen:

This letter is being furnished on behalf of iRobot Corporation (the "Company") in response to comments contained in the letter dated August 26, 2005 (the "Letter") from Michele M. Anderson of the Staff (the "Staff") of the Securities and Exchange Commission (the "Commission") to Colin M. Angle, Chief Executive Officer of the Company, with respect to the Company's Registration Statement on Form S-1 (the "Registration Statement") that was filed with the Commission on July 27, 2005. Amendment No. 1 to the Registration Statement ("Amendment No. 1"), including the prospectus contained therein, is being filed on behalf of the Company with the Commission on September 12, 2005.

The responses and supplementary information set forth below have been organized in the same manner in which the Commission's comments were organized and all page references in the Company's response are to Amendment No. 1 as marked. Copies of this letter and its attachments are being sent under separate cover to Ted Yu of the Commission. The Company respectfully requests that the Staff return to us all material supplementally provided by the Company once the Staff has completed its review.

General

1. Please be advised that, prior to any distribution of preliminary prospectuses, you should include the price range, the size of the offering, and all other required information in

your amended registration statement so that we may complete our review. Refer to Items 501(b)(2) and 501(b)(3) of Regulation S-K, Rule 430A of Regulation C, and Release No. 33-6714.

RESPONSE: The Company acknowledges the Staff's comment and will provide the requested disclosure in a subsequent amendment to the Registration Statement for the Staff's review prior to any distribution of preliminary prospectuses.

2. *Please refer to page i. Move the paragraph regarding the company's trademarks to another section of the prospectus. Please refer to Item 502 of Regulation S-K for the information that may appear on the inside front cover page.*

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page i and page 3 in response to the Staff's comment.

3. *We reference the last paragraph on page i. Please delete this paragraph; defined terms for the company should be avoided. Also, if you make your disclosure clear from its context, you do not need to define these terms.*

RESPONSE: This paragraph has been removed from the prospectus contained in Amendment No. 1 in response to the Staff's comment.

4. *Please provide us with any graphics, pictures, or artwork that will be used in the prospectus.*

RESPONSE: The prospectus contained in Amendment No. 1 contains certain graphic, photographic and artistic materials for the Staff's review and consideration. The Company will supplementally provide the Staff via overnight courier a copy of such graphic, photographic and artistic materials.

Prospectus Summary, page 1

5. *Please provide support for the claims regarding the expected growth in military and government demand for "automated and unmanned systems" and your various assertions about your company such as "iRobot is a leading global provider of robots...." Provide us with copies of such support. If no support exists, then please rephrase the claims as statements of your beliefs and disclose the bases of these beliefs.*

RESPONSE: The Company will supplementally provide the Staff via overnight courier a copy of its supporting material regarding the expected growth in military and government demand for automated and unmanned systems and certain supporting materials that indicate that the Company is a leading global provider of robots. The prospectus contained in Amendment No. 1 has also been revised in response to the Staff's comment.

6. *To provide a more balanced picture of your company's business, please briefly discuss the challenges that the company faces as well as the negative aspects of your historical*

financial results. For example, the summary should highlight the fact that the company has historically suffered net losses, incurred a significant deficit since inception, and only recently generated net income. Consider also highlighting the fact that the majority of your revenues is generated from a single line of products, i.e., the Roomba robots.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 3 in response to the Staff's comments.

7. Please refer to the fifth bullet-pointed paragraph of the "Our Strategy" section. Please clarify the meaning of the phrase "an ecosystem of third-parties." Revise the similar disclosure in the Business section accordingly.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 2 and 53 in response to the Staff's comment.

8. Please clarify the meaning of the phrases "reinvestment in [your] brand" and "reinvesting aggressively in [your] business and [your] people." The revised disclosure should be written in clear and concrete language, not marketing jargon. Revise the similar discussion in the Business section accordingly.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 2 and 53 in response to the Staff's comments.

Risk Factors, page 5

9. Currently, many of your risk factor captions are unduly vague or generic, such as "If we fail to enhance our brand..." on page 13, and do not discuss adequately the risk that follows. Other risk factor captions merely state a fact about you, such as "We depend on the U.S. federal government for a significant portion of our revenues" on page 6. <u>These are only examples</u>. Revise throughout to identify briefly in your captions the risks that result from the facts or uncertainties. Potential investors should be able to read the risk factor captions and come away with an understanding of what the risk is and the result of the risk as it specifically applies to you. As a general rule, your revised captions should work only in this document. If they are readily transferable to other companies' documents, they are probably too generic.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised, where appropriate, throughout the "Risk Factors" section in response to the Staff's comment.

10. Please describe the effects of the risks in a clearer and more specific manner. For example, avoid use of generic language such as "adversely effect."

RESPONSE: The prospectus contained in Amendment No. 1 has been revised, where appropriate, throughout the "Risk Factors" section in response to the Staff's comment.

We operate in an emerging market..., page 5

11. The current risk factor is overly generic. Please revise to discuss how the challenges identified in this section specifically apply to the company and its business.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 6 in response to the Staff's comment.

Our financial results often vary significantly..., page 5

12. Please describe the nature of the historical variations in your quarterly results. For example, if your business has historically generated most of its revenues during a particular quarter, please discuss this pattern. We note, for example, disclosure on page 11 that indicates most of your product sales occur during the second half of the year.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 6 in response to the Staff's comment.

Our contracts with the U.S. federal government..., page 7

13. The current risk factor appears to discuss different risks relating to your contracts with the U.S. government. Please discuss each risk under a separate risk factor subheading.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 8 in response to the Staff's comment.

We depend on single source manufacturers..., page 8

14. It appears that your business is substantially dependent upon your arrangements with the contract manufacturers. Please file all material agreements with your contract manufacturers as exhibits to the registration statement. See Item 601(b)(10) of Regulation S-K. If you believe the filing of the agreements is not required, please provide a supporting analysis in your response letter. In the appropriate section, please disclose the material terms of the agreements, such as the termination and renewal provisions.

RESPONSE: The Company notes the Staff's request and filed as an exhibit to Amendment No. 1, the Manufacturing and Services Agreement, dated as of July 27, 2004, between the Company and Gem City Engineering Corporation. The Company supplementally advises the Staff that it does not have any agreement with Jetta Company Limited that meets the disclosure requirements of Item 601(b)(10) of Regulation S-K because (i) the manufacturing services provided by Jetta Company Limited are contracted for on a purchase order basis, (ii) the purchase orders are contracts that are made in the ordinary course of the Company's business, (iii) no individual purchase order is material to the Company's financial condition or operating results, and (iv) the Company's business is not substantially dependent upon any purchase order. Accordingly, the Company respectfully advises the Staff that it believes its arrangements with Jetta Company Limited do not warrant disclosure pursuant to Item 601(b)(10) of Regulation S-K.

If the consumer robot market..., page 9

15. Please quantify the "substantial portion" of your revenues derived from sales of consumer robots. Provide similar quantified disclosure with respect to the "substantial portion" of your revenues derived from sales of robots to government customers, as discussed in the risk factor "Our business and results of operations...." on page 9.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 10 in response to the Staff's comment.

Our business and results of operations..., page 9

16. Please refer to the third bullet-pointed factor on page 10. Describe in a clearer manner the "changes in political or social attitudes with respect to security and defense issues."

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 11 in response to the Staff's comment.

We are subject to extensive U.S. federal government regulation..., page 14

17. Please provide a brief description of the requirements of the Foreign Corrupt Practices Act.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 16 in response to the Staff's comment.

We may be unable to protect..., page 15

18. We note from page 7 that your contracts with the U.S. government may allow it to release technical data to third parties without any constraints. Please discuss in this risk factor the effect that these contractual provisions may have on your ability to protect your technologies, products and other intellectual property.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 16 in response to the Staff's comment.

We may not be able to obtain capital..., page 16

19. The current disclosure is overly generic and could apply to any company. Please revise to discuss with more specificity the reasons why you may need additional capital and why such capital may not be available to the company. For example, relate your need for more capital to any plans for new products, expansion, or other anticipated funding requirements. Consider discussing the difficulties for a relatively new company in a developing market to raise additional capital.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 18 in response to the Staff's comment.

International uncertainties..., page 17

20. Please quantify the portion of your revenues derived from operations outside the U.S. Identify the most significant foreign markets where such operations are located. Also ensure that you include the financial information about geographic areas required by Item 101(d) of Regulation S-K later in the document.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 19 and 31 in response to the Staff's comment. The Company supplementally advises the Staff that because revenue from international customers has not exceeded 10% of total revenue for any of the last three fiscal years, it does not believe that additional disclosure is required pursuant to Item 101(d) of Regulation S-K.

If we are unable to continue to obtain U.S. federal government..., page 18

21. Please describe in greater detail the circumstances that would require the company to obtain a license before exporting products. For example, identify the products that would require an export license. Also identify the "certain jurisdictions" for which any shipments would require licenses or authorizations from the U.S. government.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 19 in response to the Staff's comment.

Use of Proceeds, page 23

22. Item 504 of Regulation S-K requires disclosure of the principal purposes for which the net proceeds from the offering are intended to be used and the approximate amount intended to be used for each such purpose. Your current disclosure is overly vague. Please revise this section to provide more details regarding how the company intends to use the offering's proceeds.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 25 in response to the Staff's comment. The Company supplementally advises the Staff that it believes that the revised disclosure is complete and accurate since none of the proceeds have been or will be specifically designated as set aside for any specific purpose.

Management's Discussion and Analysis...., page 28

Overview, page 28

23. Please discuss the most significant business challenges that management expects to encounter over the next year and beyond as well as the known trends, demands, or uncertainties that may affect the company's financial condition. For example, uncertainties about the progress of and Congressional support for the Future Combat Systems program should be discussed.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 30 in response to the Staff's comment.

24. Please refer to the "Revenue" section on page 28. Please explain the bases of the following expectations:

a. "...increasing revenue from product maintenance and support services;" and

b. "...revenue from funded research and development contracts could grow modestly on a dollar basis and represent a decreasing percentage of our revenue."

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 30 in response to the Staff's comment.

25. Your financial statements indicate you receive revenues from royalties. Please describe the nature of the source of these royalty revenues. We note, for example, your disclosure on page 36 regarding the discontinuation of sales of a "third-party product" and the resulting decrease in royalty revenues. Appropriate disclosure of the source of the royalty revenues should also be included in the Business section.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 31 in response to the Staff's comment. The Company supplementally advises the Staff that because royalty revenue has declined dramatically over the last periods presented and is not expected to represent a significant portion of the Company's revenue in the foreseeable future, the Company believes that additional disclosure on royalty revenue in the Business section would not be meaningful to an investor. For the three months ended July 2, 2005, the Company did not have any royalty revenue.

26. In your overview section, please provide, discuss, and analyze financial information covering periods through July 2, 2005 for all categories. For example, in your revenue overview, please update or disclose the percentage of income provided by funded research and development contracts to total revenues for the fiscal period ended July 2, 2005, which you state were 13 percent of total revenues in 2004. Further, disclose and discuss the relative percentages revenues provided by Roomba, Packbot and any other products to total product revenues, and in your cost of revenue discussion, disclose the relative percentages of materials and labor costs to total cost of revenues.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised throughout the section in response to the Staff's comment. The Company notes the Staff's request to disclose the relative percentages of materials and labor costs to total cost of revenues and supplementally advises the Staff that it believes that the more detailed breakdown of its cost of revenue discussion would adversely affect the Company's competitive position. Moreover, the Company refers the Staff to the existing disclosure regarding its cost of revenue beginning on page 31 of the prospectus contained in Amendment No. 1 and respectfully submits that the requested additional disclosure is not necessary to an understanding of the Company's financial condition, changes in financial condition and results of operations and would not be meaningful to investors.

27. To the extent practicable, provide quantified discussions of any expected increases in expenses mentioned throughout this section, to the extent known. For example, indicate

whether you expect research and development expenses to increase in future periods and if so, quantify the anticipated amount of the increase and address how you intend to pay for this increase in expenses. Similarly expand the discussion of the various general and administrative expenses mentioned on page 30.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised, where appropriate, throughout the section in response to the Staff's comment. The Company also respectfully refers the Staff to the Company's responses to the Staff's Comment No. 38.

Critical Accounting Policies and Estimates, page 30

28. *We refer to your critical accounting estimate "Revenue Recognition" on page 31. Please revise to provide more analysis on those critical estimate and assumption factors that affect the estimated allowance for product returns and the estimated costs and gross profits on contracts. For example, address such factors as: how you arrived at the estimates, how accurate the estimates/assumptions have been in the past, how much the estimates/assumptions have changed in the past, and whether the estimates/assumptions are reasonably likely to change in the future. Provide context in the form of sensitivity analysis and other quantitative disclosure to allow the reader to understand how and why these policies are critical to your future results of operations and financial condition. Your analysis should discuss how sensitive your estimates and assumptions are based on other outcomes that are reasonably likely to occur. Refer to section V of the Commission's Interpretive Release on Management's Discussion and Analysis of Financial Condition and Results of Operation which is located on our website at: http://www.sec.gov/rules/interp/33-8350.htm. If the impact of estimates and assumptions is material to the financial condition or operating performance, you are required to present an analysis of the uncertainties involved in applying a principle at a given time or the variability that is reasonably likely to result from its application over time.*

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 33 in response to the Staff's comment. The Company also respectfully refers the Staff to the Company's response to the Staff's Comments Nos. 67 and 68.

Overview of Results of Operations, page 33

29. *In your discussion of revenues on page 34, you attribute the change to several factors, without quantifying or indicating the relevant weight of each factor. For example, you mention the introduction of the second generation of Roomba robots, but you do not quantify the volume and prices or indicate the relevant weight of each. Therefore, if material, provide a discussion of the components of revenue growth (e.g. volume, price, acquisitions, etc.) by major product category (Roomba, Packbot) and contract category (SUGV, NEOMover, etc.) for all periods presented. Further, with respect to your explanations of gross profit, amend to:*

- *provide a separate discussion of cost of product revenue and contract revenue;*

- *clearly disclose and quantify each material factor that contributed to the change in cost of revenues;*
- *provide insight into the underlying business drivers or conditions that contributed to these changes; and*
- *describe any known trends or uncertainties that have had or you expect may reasonably have a material impact on your operations and if you believe that these trends are indicative of future performance.*

Please refer to Item 303 of Regulation S-K and the Commission's Interpretive Release on Management's Discussion and Analysis of Financial Condition and Results of Operation.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 37 in response to the Staff's comment.

30. *Please refer to the "Research and Development" section on page 35. Please clarify the meaning of the phrase "increased headcount in [your] consumer products research and development function." Quantify the "majority" of your independent research and development expenses related to the development of the Roomba product line. Quantify the research and development expenses incurred during this period for the development of the Scooba product line. Provide similar disclosure for all presented periods, as applicable.*

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 38 in response to the Staff's comment. The Company notes the Staff's request to quantify research and development expenses related to its Roomba and Scooba product lines and supplementally advises the Staff that it does not believe the requested level of detail would be meaningful to investors. More importantly, however, the Company believes that it would be competitively disadvantaged if it were to disclose the specific amount of research and development expenses incurred in relation to each of its Roomba and Scooba product lines and, therefore, has not disclosed this level of information.

31. *Please describe the factors contributing to the $2.5 million increase in direct costs of the funded programs, as described in the last sentence. Provide similar disclosure for all presented periods, as applicable.*

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 38 in response to the Staff's comment.

32. *Please refer to the "Revenue" section on pages 36-37. Quantify the number of new stores added to your retail distribution network and, as noted above, provide quantified disclosure regarding the effect that the addition of these new stores had on the revenues and other financial results. Provide similar disclosure for all presented periods, as applicable. In the appropriate section, you should indicate whether management expects comparable future growth in the number of new stores selling your products.*

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 39, 40 and 60 in response to the Staff's comment.

Liquidity and Capital Resources, page 39

33. We believe that your discussion of liquidity and capital resources does not provide a clear picture of your ability to generate cash and meet existing and known or reasonably likely short- and long-term cash requirements. Refer to Item 303 of Regulation S-K as well as section IV of the Commission's Interpretive Release on Management's Discussion and Analysis of Financial Condition and Results of Operation which is located on our website at: http://www.sec.gov/rules/interp/33-8350.htm for guidance and revise accordingly.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised beginning on page 44 in response to the Staff's comment.

34. We note that your business operates in two segments: consumer business and government and industrial business. Please tell us the consideration given to disclosing in the liquidity section the separate anticipated cash requirement of each segment as well as the amount of cash generated by each segment. Note our guidance provided in Release No. 33-8350 ("A company should consider whether, in order to make required disclosures, it is necessary to expand MD&A to address the cash requirements of and the cash provided by its reportable segments or other subdivisions of the business..."). Given the significant differences in the nature of your two business segments, please either revise to provide the suggested disclosure or provide an explanation as to why such disclosure is not necessary.

RESPONSE: The Company supplementally advises the Staff that although the Company currently operates in two business segments, the Company has neither planned for nor accounted for its cash requirements on a segmented basis. Planning for the cash needs of the Company is done on a combined basis. The approved operating plans of each business are consolidated annually for the development of a corporate balance sheet and cash forecast. The responsibility for quantifying the cash requirements and developing/executing the plans to finance the operations of both businesses is managed centrally. Performance against the cash plan is also monitored and reported on a combined basis.

35. Your discussion of cash flows from operating, investing and financing activities appears to be a mechanical recitation of your cash flow statement. Revise to provide not only a "discussion" but also an "analysis" of historical information as well as known trends, demands, commitments, events or uncertainties that will result in your liquidity increasing or decreasing in any material way. Given the significant changes in your cash flows in the past several years, you should also revise your discussion to provide insight into the underlying internal and external business factors driving such changes. In addition, revise your disclosures of capital resources in a similar fashion to provide the reader with a clear, cohesive view of your liquidity and capital resource needs as seen through the eyes of management.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 45 in response to the Staff's comment.

36. Please describe briefly the working capital line of credit's material covenants. Note that Release No. 33-8350 recommends expanded disclosure of material covenants when they limit, or are reasonably likely to limit, a company's ability to undertake financing to a material extent.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 45 and 46 in response to the Staff's comment.

37. Please describe briefly the events that constitute events of default under your credit agreement.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 45 and 46 in response to the Staff's comment.

38. Please refer to your "Working Capital and Capital Expenditure Needs" section on page 41. The current disclosure is overly vague and generic. Detailed disclosure of the company's future liquidity requirements should be provided, including quantified disclosure, if possible. Your liquidity section should discuss the cash requirements for implementing your business strategy, as described in the prospectus (e.g., on page 2). For example, on page 2, you indicate that the company will "continue to extend [its] consumer and military product offerings;" your liquidity section should provide detailed (and quantified, if possible) disclosure regarding how this strategy will affect the company's cash needs (e.g., the effect of any increased research and development expenses). The impact of any planned expansion into foreign markets, which is suggested throughout the prospectus, should also be discussed in the context of your liquidity needs. The liquidity section should indicate the source of funds for each anticipated cash need. Please refer to Release No. 33-8350 for additional guidance regarding the disclosure expected in the liquidity section.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 45 and 46 in response to the Staff's comment. The Company supplementally advises the Staff that it does not currently have a detailed cash forecast that extends beyond December 31, 2005. Accordingly, the Company believes that it would be impracticable and potentially misleading to provide detailed, quantified disclosure regarding the Company's future cash needs.

39. Although we note that the company will have sufficient funds to meet its working capital and capital expenditures needs for "at least the next twelve months," please provide a discussion regarding the company's ability to meet its long-term liquidity needs. We consider "long-term" to be the period in excess of the next twelve months. See Section III.C. of Release No. 33-6835 and footnote 43 of Release No. 33-8350. Clarify whether the company will have sufficient cash and other financial resources to fund operations and meet its obligations beyond the next twelve months; if so, then state the length of time for which the existing funds will be sufficient.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 45 in response to the Staff's comment. The Company supplementally advises the Staff that it does not currently have a detailed cash forecast that extends beyond December 31, 2005. Accordingly, the Company believes that it would be impracticable and potentially misleading to provide detailed, quantified disclosure regarding the Company's future cash needs beyond the next twelve months.

Business, page 43

40. Please refer to the third paragraph on page 43 ("Our significant expertise..."). Please disclose the basis for the "expected growth" in the robot-based products.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 48 in response to the Staff's comment. The Company will supplementally provide the Staff via overnight courier a copy of its supporting materials regarding the "expected growth" in the robot-based products.

41. Please refer to the last sentence of the third paragraph on page 43. Quantify the extent to which your research is government funded.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 62 in response to the Staff's comment.

42. Please refer to the third full paragraph on page 44 ("The need for robots..."). In your response letter, please confirm, if true, that the third-party estimates regarding your markets are publicly available and not prepared in connection with the registration statement.

RESPONSE: The Company supplementally advises the Staff that the third-party estimates regarding its markets are publicly available and were not prepared in connection with the Registration Statement.

Technology

43. Please refer to the last paragraph on page 48 ("Robots utilizing this..."). Please explain briefly what the company means by "modules."

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 53 in response to the Staff's comment.

Contract Research and Development Projects, page 52

44. Please explain briefly the differences between "cost-plus arrangements" and "time and materials contracts."

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 57 in response to the Staff's comment.

45. Please describe the nature of the "certain rights" retained by the U.S. government with respect to the military projects it funds.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 57 and 58 in response to the Staff's comment.

Strategic Alliances, page 53

46. We note that the strategic business agreement with Deere & Company for the R-Gator project is not listed as an exhibit. In your response letter, please provide us with an analysis demonstrating why such agreement does not constitute a contract covered by Item 601(b)(10) of Regulation S-K. In addition, disclose how the "net proceeds" will be "shared" between the two companies, as described on page 52. Describe each party's intellectual property rights to the technologies developed as a result of this project. Quantify the amount of the "minimum payments" (or the formula for calculating such payments) that Deere & Company is obligated to pay.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 59 in response to the Staff's comment. The Company supplementally advises the Staff that it does not believe that its agreement with Deere & Company meets the disclosure requirements of Item 601(b)(10) of Regulation S-K because the strategic business agreement, though not made in the ordinary course of the Company's business, is not material to the Company's financial condition or operating results. In this regard, the Company notes that it only recently delivered the first prototype of an R-Gator unmanned ground vehicle, the Company has not commercially sold to the public any R-Gator unmanned ground vehicles pursuant to the Agreement and the parties provide for the manufacture and sale of R-Gator unmanned ground vehicles by separate agreement. Accordingly, the Company respectfully advises the Staff that it believes its agreement with Deere & Company does not warrant disclosure at this time pursuant to Item 601(b)(10) of Regulation S-K.

Sales and Distribution Channels, page 55

47. Please quantify the extent to which the consumer robots are sold through the retail store network as compared to sales through your online store. Expand your disclosure of the plans to "selectively grow" your retail network (e.g., indicate the geographic scope of such growth, the rate of increase in the number of stores, etc.).

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on pages 59 and 60 in response to the Staff's comment. The Company supplementally advises the Staff that its on-line store revenue does not currently exceed 10% of its total revenue for any period presented and, therefore, it has not been disclosed. In the future, should this line item represent greater than 10% of total revenue, the Company intends to disclose accordingly.

48. When you name specific customers, you should also provide disclosure addressing their significance to you. Indicate the percentage of your revenues the customers listed on page 55 represent individually or in the aggregate.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 60 in response to the Staff's comment.

Marketing and Brand, page 56

49. The exact nature of your marketing activities for your consumer-oriented and government-oriented products is unclear. Please revise to describe more clearly the marketing activities you have undertaken. For example, we note information regarding the "iRobot Affiliate Marketing Program" on your website. Disclosure of this program, if significant, should be included.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 61 in response to the Staff's comment. The Company supplementally advises the Staff that it does not believe at this time that the iRobot Affiliate Marketing Program comprises a significant component of its marketing activities.

Research and Development, page 57

50. As required by Item 101(b)(1)(xi) of Regulation S-K, please disclose, if material, the estimated amount spent during each of the last three fiscal years on company-sponsored research and development activities. If material, also disclose the estimated amount spent during each of the last three fiscal years on customer-sponsored research activities.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 62 in response to the Staff's comment.

Intellectual Property, page 59

51. Disclose the duration of the patents held. See Item 101(c)(1)(iv) of Regulation S-K.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 64 in response to the Staff's comment.

52. Please expand your disclosure of the past allegations of your company's infringement on patents or other intellectual property owned by others. Identify the patent or intellectual property subject to these allegations.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 65 in response to the Staff's comment.

Government Product Backlog, page 61

53. Item 101(c)(1)(viii) of Regulation S-K requires disclosure of the dollar amount of the backlog orders as of a recent date and as of a comparable date in the preceding fiscal year. Provide the dollar amount of backlog orders, if any, as of a date in the preceding fiscal year comparable to July 2, 2005.

RESPONSE: The Company supplementally advises the Staff that it did not maintain the requested information in the past and, in particular, for the comparable date in the preceding fiscal year. As a result, the dollar amount of backlog orders as of the comparable date in the preceding fiscal year is impracticable to obtain. Moreover, the Company does not believe that the requested historical backlog is meaningful to investors. The Company notes the Staff's comment, however, and will provide the requested information, to the extent available, in its public filings with the Commission in future periods.

Board Composition, page 64

54. State the number of directors elected pursuant to the stockholder agreement. Identify these directors.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 69 in response to the Staff's comment.

Employment, Severance, and Change in Control Arrangements, page 69

55. As required by Item 402(h) of Regulation S-K, please disclose the specific terms of the employment agreements with each of the individuals identified in this section. Quantified disclosure regarding the compensation and severance payments must be provided.

RESPONSE: The Company acknowledges the Staff's comment. The Company supplementally advises the Staff that employment agreements with each of the individuals identified in this section are currently in the process of being amended and/or replaced. The Company will provide the specific terms of the amended and/or replacement agreements in a subsequent amendment prior to circulating any prospectuses to prospective investors.

Certain Relationships and Related Party Transactions, page 71

56. In your response letter, please confirm that the registration statement will not cover the issuance of common shares upon conversion of the various series of privately-sold convertible preferred stock.

RESPONSE: The Company acknowledges this comment and confirms that the Registration Statement will not cover the issuance by the Company of common shares upon conversion of the various series of privately-sold convertible preferred stock.

57. Please refer to page 72. Describe the nature of the "consulting services" provided by the spouse of Mr. Angle. Identify the sibling of Mr. Angle and describe the sibling's position.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 78 in response to the Staff's comment.

Principal and Selling Stockholders, page 73

58. Please refer to footnote (4) on page 74. Please disclose the members of the "Special Committee" of First Albany Companies, Inc., as this information does not appear to be available in its filings with the Commission.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 80 in response to the Staff's comment.

59. Please provide a brief discussion of how each selling shareholder received the shares offered for resale.

RESPONSE: The Company acknowledges the Staff's comment and supplementally advises the Staff that it is currently in the process of determining the selling shareholders in the offering. Accordingly, the Company will provide the requested disclosure in a subsequent amendment prior to circulating any prospectuses to prospective investors.

60. In your response letter, please tell us if any of the selling shareholders are broker-dealers or affiliates of broker-dealers.

RESPONSE: The Company acknowledges the Staff's comment and supplementally advises the Staff that it is currently in the process of determining the selling shareholders in the offering. Accordingly, the Company will provide the requested disclosure in a subsequent amendment prior to circulating any prospectuses to prospective investors.

Shares Eligible for Future Sale, page 79

61. Please disclose the factors that will be used by the underwriters in determining whether to release the shares subject to the lock-up agreements. Indicate whether there is any current intention to release those shares prior to the expiration of the lock-up periods.

RESPONSE: The Company supplementally advises the Staff that Morgan Stanley & Co. Incorporated ("Morgan Stanley") and J.P. Morgan Securities Inc. have advised the Company that they do not have any pre-established conditions to waiving the terms of the lock-up agreements and that they grant waivers after evaluating the unique facts and circumstances of each individual's request for such a waiver. Therefore, any disclosure regarding waivers would not be helpful or material to an investor because it would not be relevant to any decision by Morgan Stanley and J.P. Morgan Securities Inc. to waive lock-up restrictions in this transaction. The Company does not expect a waiver of the lock-up agreements from Morgan Stanley and J.P. Morgan Securities Inc. For this reason, the Company has not included any additional disclosure in the prospectus contained in Amendment No. 1 in response to the Staff's comment.

Underwriters, page 81

62. We note that your offering includes a directed share program. In your response letter, please confirm, if true, that your underwriters will administer the distribution of shares under this program.

RESPONSE: The Company supplementally advises the Staff that it has requested that the underwriters reserve a portion of the shares to be offered for sale in a directed share program ("DSP"). The Company has selected Morgan Stanley to administer its DSP.

63. *In your response letter, please tell us the approximate number of potential participants in the directed share program. Please note that if a large block of shares will be directed to one person or entity, then you should identify this person or entity in the Underwriters section. Please send us copies of all materials that you plan to send to the potential participants. We may have further comments.*

RESPONSE: The Company acknowledges the Staff's comment and supplementally advises the Staff that it is currently in the process of determining the potential participants in the directed share program. Accordingly, the Company will supplementally provide the requested disclosure to the Staff in connection with a subsequent amendment prior to circulating any prospectuses to prospective investors. As requested, the Company will supplementally provide the Staff via overnight courier drafts of the materials that will be distributed to potential recipients of directed shares under the DSP.

64. *Describe the nature of the "business associates" and "other persons" who will be able to participate in the program. Indicate if broker-dealers registered with the NASD will be able to participate.*

RESPONSE: The Company acknowledges the Staff's comment and supplementally advises the Staff that it is currently in the process of determining the potential participants in the directed share program. Accordingly, the Company will supplementally provide the requested disclosure to the Staff in connection with a subsequent amendment prior to circulating any prospectuses to prospective investors.

65. *In your response letter, please describe the mechanics of how and when the reserved shares were, or will be, offered and sold to investors in the directed share program. Indicate how the underwriters will determine the actual number of shares each participant will receive. In addition, discuss the procedures that participants must follow in order to purchase the offered shares, including how and when the underwriter or the company receives any communications or funds. Indicate at what point the participants will be committed to purchasing the reserved shares. Alternatively, to the extent that our Division has reviewed your procedures, please confirm this and tell us if you have changed or revised your procedures subsequent to our clearance.*

RESPONSE: The Company supplementally advises the Staff that the Company will establish the aggregate number of shares reserved for the DSP, will specify the potential recipients of the directed shares, and will allocate the directed shares among the actual recipients. The mechanics of the program are outlined below.

The Company will choose the potential recipients of the directed shares from its directors, officers, employees, business associates and other related persons. The Company will provide the names, addresses and e-mail addresses of the potential recipients, as well as initial allocation amounts, to Morgan Stanley. Morgan Stanley will send an e-mail about the DSP to potential

recipients and direct potential participants to log on to the Morgan Stanley DSP website. For certain individuals (e.g., individuals who do not have access to the Internet), Morgan Stanley will mail a copy of the preliminary prospectus together with materials relating to the DSP to each potential recipient. The DSP website and materials will include identical participation instructions, an indication of interest form and forms for opening a brokerage account with Morgan Stanley. To comply with Rule 134(b)(1), the DSP website and materials will contain a statement that no sales of the shares can occur, and that no offers to purchase the shares may be accepted, until the registration statement for the shares is declared effective. In addition, in accordance with Rule 134(d), the materials will contain a statement that indications of interest made under the program create no obligation.

Individuals who wish to express an indication of interest in the shares will be asked to complete an indication of interest form, specifying the number of shares requested and supplying information for compliance purposes. Morgan Stanley will use the information as its basis for evaluating the suitability of the proposed investment and application of Rule 2790 of the National Association of Securities Dealers. The indication of interest form also includes a lock-up agreement that covers any shares to be issued under the program.

All prospective recipients will be required to purchase shares through a Morgan Stanley account. Individuals who do not have an account with Morgan Stanley will be required to open an account based on the information provided on the subscription documents.

The deadline for expressing an indication of interest and opening an account will be three to four days prior to pricing. Once the deadline expires, Morgan Stanley will provide the Company with the list of individuals who have completed the forms for participating in the DSP, who have opened accounts and who otherwise appear to be eligible to purchase shares under the DSP. The Company will then review this list and determine the actual allocation of shares among these prospective recipients.

Once the offering has been priced and the registration statement relating to the offering has been declared effective, Morgan Stanley will contact each prospective recipient (either orally or electronically) who has been approved by the Company to purchase shares to inform such individual of the offering price of the shares and the maximum number of shares that such individual may purchase in the directed share program. The individual will be given the opportunity to purchase any portion of the shares allocated by the Company or to withdraw any outstanding indication of interest. If an individual decides to purchase shares, the sale will be confirmed with the individual, either orally or electronically, and Morgan Stanley will mail a written confirmation of the purchase accompanied by a final prospectus.

The directed share program is a part of the underwritten offering. Except for the selection of the recipients, the use of materials that specifically relate to the DSP and the process described above, the procedures for the DSP are substantially the same as the procedures that Morgan Stanley will use to offer securities to the general public.

Where You Can Find More Information, page 85

66. The new address for the Public Reference room is 100 F Street, N.E., Washington, D.C. Please revise accordingly.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page 91 in response to the Staff's comment.

Consolidated Financial Statements

Note 2 — Summary of Significant Accounting Policies

Revenue Recognition, page F-8

67. Tell us how you evaluate product sales through your distribution network in determining the amount of revenue to be recognized and the related accrual for estimated product returns. Describe the significant terms of your distribution agreements, including the right of return provisions. Describe for us how you consider significant increases in or excess inventory levels in a distribution channel in determining the required accrual for returns or whether revenue recognition is appropriate. Your response should include a discussion of how you are able to monitor purchases and the related sales to end users by your distributors in order to determine any increase in or excess inventory levels. Also, refer to the guidance in SAB Topic 13A.4b.

RESPONSE: The Company respectfully directs the Staff to the Company's response to the Staff's Comment No. 68, relating to how the Company's products are sold into the distribution network and the related accrual for estimated product returns. Additionally, the Company supplementally provides the following information to the Staff regarding the significant terms of its distribution agreements:

- All customer relationships are governed by a contract or purchase order.
- All customers take possession and legal ownership of the product either FOB Hong Kong or FOB warehouse in Seattle, Washington. Risk of ownership (including theft, destruction or damage) transfers to customers at that point and the sale will be recognized at that FOB point/time.
- The customer has no general rights of return for unsold products. Customers can only return defective products returned by their end-user customers.

The Company does monitor the sales of products to third party end users on a regular basis but does not include customer inventory levels in its returns reserve analysis. Customer inventories are not included in the returns reserve analysis because any reserve associated with a potential return of defective product was already included in the reserve that was established at the original point of sale.

68. Tell us why you believe and how you determined that recognizing revenue from U.S. consumer product sales on a "sell-in" basis is more appropriate than on a "sell-through" basis. Please refer to appropriate accounting literature in your response.

RESPONSE: The Company supplementally provides the following information to the Staff:

As of January 1, 2004, the Company had been selling Roomba Intelligent Floor Vacuums for approximately 16 months (since mid-September 2002). Throughout this time period, revenue had been recognized on a sell-through basis because not all of the necessary revenue recognition criteria for sell-in accounting had been met. Beginning in the first quarter of 2004, the Company has met all of the six criteria listed in FAS 48 and, therefore, the Company changed from sell-through accounting to sell-in accounting, for the quarter ended March 31, 2004.

Review of Criteria: Section 6 of FAS 48 provides that if an enterprise sells its product but gives the buyer the right to return the product, revenue from the sales transaction shall be recognized at time of sale only if all of the following conditions are met:

- The seller's price to the buyer is substantially fixed or determinable at the date of sale.

  Unit sales prices to the Roomba buyers are set in advance of sales to the retail stores. These prices are determined either by contract, or by purchase order, on a store by store basis, and the prices are in place in advance of the product sale. The Company does not offer any price concessions during the normal life cycle of the Roomba product. The Company offers a Co-operative Advertising Allowance program, which is based on contractual percentages of customer purchases and/or Company approved participation in customer advertising programs. Amounts allowable under these arrangements are accrued at the time of sale.

- The buyer has paid the seller, or the buyer is obligated to pay the seller and the obligation is not contingent on resale of the product.

  All sales to domestic retail Roomba buyers are considered final and no product can be returned to the Company except for product which is returned due to defective performance. The Company has advised its customers of this policy, including no returns at end of life cycle. The Company uses a RMA (Returned Material Authorization) process under which no product can be returned for credit without prior Company approval. Certain customers participate in a DIF (Destroy In Field) program, which saves the Company the cost of freight on returned product. Customers participating in the DIF program report actual customer return data on a weekly or monthly basis, which are included in historical return rate calculations. In the Company's history, it has only taken returns of defective products; it has never made a concession to the return policy.

- The buyer's obligation to the seller would not be changed in the event of theft or physical destruction or damage of the product.

  All domestic retail stores take possession and legal ownership of the product either FOB Hong Kong or FOB warehouse in Seattle, Washington. Risk of ownership (including

theft, destruction or damage) transfers to buyer at that point and the sale will be recognized at that FOB point/time.

- The buyer acquiring the product for resale has economic substance apart from that provided by the seller.

  All of the Company's domestic retail customers are independent organizations having no significant financial common ownership with iRobot.

- The seller does not have significant obligations for future performance to directly bring about resale of the product by the buyer.

  All Roomba products are sold fully packaged and ready for sale. The Company does not offer any continuing service or support, other than the normal warranty terms to cover the exchange of defective product.

- The amount of future returns can be reasonably estimated (see below).

Section 7 of FAS 48 provides that if the sales revenue is recognized because the conditions of paragraph 6 are met; any costs or losses that may be expected in connection with any returns shall be accrued in accordance with FASB Statement No. 5, *Accounting for Contingencies.* Sales revenue and cost of sales reported in the income statement shall be reduced to reflect estimated returns.

The Company has monitored data for product returns and analyzed such data for the period from September, 2002 through December 31, 2003, and determined the return reserve rate required. The Company will supplementally provide the Staff via overnight courier a copy of such statistical analysis, labeled "Appendix I — Cumulative Return % for Total Sales as of 2/28/04" ("Appendix I"). This rate has been used to record monthly returned product accruals.

Section 8 of FAS 48 provides that the ability to make a reasonable estimate of the amount of future returns depends on many factors and circumstances that will vary from one case to the next. However, the following factors may impair the ability to make a reasonable estimate:

- The susceptibility of the product to significant external factors, such as technological obsolescence or changes in demand.

  The Company waited approximately a year and a half to ensure that external factors, such as unproven demand or unpredictable quality swings, did not significantly impact the Company's ability to predict percentage return rates. As shown in Appendix I, which has been sent via overnight courier to the Staff, historical return data has been compiled and the long-term return rate was projected.

- Relatively long periods in which a particular product may be returned.

  Based on the analysis in Appendix I, the Company believes that the majority of Roomba units are returned within 90 days of sale to the end user.

- Absence of historical experience with similar types of sales of similar products, or inability to apply such experience because of changing circumstances, for example, changes in the selling enterprise's marketing policies or relationships with its customers.

  The Company believed that a year and a half of selling the Roomba provided sufficient selling experience to determine applicable return rates and throughout that period of time the Company's marketing policies and relationships with its customers had not changed significantly.

- Absence of a large volume of relatively homogeneous transactions.

  As of March 31, 2004, the Company had shipped nearly 600,000 Roomba units to its customers, with approximately 530,000 units having been sold-through to end users and nearly 70,000 units remained in retail inventory.

Conclusion: Based on the above and Appendix I, the Company has met the requirements of FAS 48 and elected to convert from sell-through revenue recognition accounting to sell-in accounting, beginning in the first quarter of 2004. The impact of the change from sell-through to sell-in accounting was approximately $5.7 million of additional net revenues and $2.7 million in gross margin, which was recorded in the three month period ended March 31, 2004. The Company continues to monitor returns data on a quarterly basis and adjusts the reserve rate as required. As of July 2, 2005, the return accrual rates have been consistent with the above-mentioned historical analysis.

The Company believes that sell-in revenue recognition provides a more accurate and timely view of revenue recognition versus sell-through. In addition, the Company believes that sell-in accounting is the predominant accounting method used within the industry. Under sell-through revenue recognition, the Company would be dependent on third party data that it believes would be impractical to obtain in a timely manner given its expanding retail channel partners. The Company experienced significant delays in obtaining this information when it was under sell-through accounting.

69. We note that you use the percentage of completion method to recognize revenue under your fixed price contracts. Please explain to us in more detail the nature of the services or products you provide under these contracts, including whether they have milestones or other reliable measure of performance, and explain to us your GAAP basis for recognizing the revenue in this manner. Moreover, tell us why it is not appropriate to utilize a straight line methodology.

RESPONSE: The Company supplementally advises the Staff that when it performs research and development work on a firm fixed price basis, where the scope of the work is well defined and the level of effort can be reasonably estimated, it applies the percentage of completion method as prescribed under Statement of Position 81-1 "Accounting for Performance of Construction-Type and Certain Production-Type Contracts". To date, these types of contracts have generally involved research work performed under a Small Business Innovative Research ("SBIR") contract. These contracts call for research on a specified topic and often lead to follow-on cost-reimbursable type research and development contracts. Deliverables under these SBIR contracts typically include a series of fixed deliverables, typically progress reports, which

outline the results of the research performed at a certain point in the contract. Under these arrangements the Company is required to complete the reports regardless of the effort incurred, as compared to time and materials contracts, where the Company is compensated based on a fixed rate per hour regardless of how long a specific deliverable may take to deliver. The Company reviewed the guidance under SOP 81-1 paragraphs 22 and 23, which outline the basic criteria for using the percentage of completion method of accounting. Specifically, under paragraph 23, the contracting arrangement articulated the enforceable rights regarding the goods and services to be provided and received by the parties, the consideration to be exchanged, and the manner and terms of settlement. The buyer can be expected to satisfy their obligations under the contract. The Company can be expected to perform its contractual obligations under the agreement. Based on these facts, the Company accounts for fixed-price contract arrangements under the percentage of completion method, where revenue is recognized based upon the percentage that incurred costs bear to estimated total costs utilizing the most recent estimates of costs and funding.

70. *We note in Note 13 on page F-20 that you received a letter from a UK Government agency attempting to terminate a contract for the design, development, production and support of a number of man-portable remote control vehicles for use in explosive ordnance disposal operations. We also note that the customer demanded a refund of all monies paid under the contract. In this regard, and addressing SOP 81-1, explain to us in detail why you believe that it is appropriate for you to use the percentage of completion method to recognize revenue under these type of contracts. Also, tell us in more detail of the reasons for the significant balance of the "Provision for contract settlements" account balance shown on the balance sheet on page F-3.*

RESPONSE: The Company supplementally advises the Staff that, during May 2001, the Company entered into a fixed-price development contract with a United Kingdom customer (the "UK Buyer") to build a prototype robot under a fixed-fee development contract. The contract called for the development effort to be performed over an approximately 24 month period of time, for which the Company would receive payments at key milestones. Consistent with paragraph 23 of SOP 81-1, the contracting arrangement articulated the enforceable rights regarding the goods and services to be provided and received by the parties, the consideration to be exchanged and the manner and terms of settlement. At the inception of the arrangement, the UK Buyer was expected to satisfy its obligations under the contract. In addition, the Company expected to perform its contractual obligations under the agreement. Based on these facts, the Company accounted for the contract under the percentage of completion method as prescribed under SOP 81-1.

Regarding the request to provide more detail regarding the "Provision for contract settlements", the Company maintains a reserve for potential settlements on contractual matters. As of July 2, 2005, the majority of this reserve had been allocated to the UK Buyer noted above. The Company supplementally advises the Staff that it has engaged legal counsel in anticipation of a negotiated settlement regarding the dispute with the UK Buyer as described in Note 13. Counsel has provided the Company with an assessment of the situation and the likelihood of having to repay some portion of the amounts paid to the Company under this contract. The Company has taken this information under advisement and, as of July 2, 2005, the Company believes the "Provision for Contract Settlements" represents an amount adequate to cover the anticipated settlement of the contractual dispute.

Note 8 — Redeemable Convertible Preferred Stock, page F-15

71. Tell us and disclose the redemption features of all series of redeemable convertible preferred stock.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page F-16 in response to the Staff's comment. The Company acknowledges the Staff's comment and supplementally advises the Staff that none of its series of convertible preferred stock contains mandatory redemption features, but that, due to the payment of liquidation preferences in the case of, among others, a sale of all the Company's assets, all of its series of preferred stock are classified as temporary equity for financial accounting purposes.

Note 10 — Stock Option Plan, page F-17

72. In the next amendment revise your stock option footnote to disclose the following information for equity instruments granted during the 12 months prior to the date of the most recent balance sheet included in the registration statement:

- *For each grant date, the number of options or shares granted, the exercise price, the fair value of the common stock, and the intrinsic value, if any per option (the number of options may be aggregated by month or quarter and the information presented as weighted average per-share amounts).*
- *Whether the valuation used to determine the fair value of the common stock was contemporaneous or retrospective.*
- *If the valuation specialist was a related party, a statement indicating that fact.*

In addition, please revise MD&A to disclose the following:

- *A discussion of the significant factors, assumptions, and methodologies used in determining fair value;*
- *A discussion of each significant factor contributing to the difference between the fair value as of the date of each grant and the estimated IPO price; and*
- *If management chose not to use a contemporaneous valuation by an unrelated valuation specialist, disclose the reasons why.*
- *Please note that we will defer our final evaluation of your response until you provide all the disclosures required by this comment in your registration statement. In this regard, we note that your Form S-1 does not include the estimated price range for the initial public offering.*

RESPONSE: The Company supplementally advises the Staff of its analysis regarding the fair value of the Company's common stock at each grant date during the 12 months prior to July 2, 2005, the date of the most recent balance sheet included in the registration statement.

The following table summarizes stock options granted for the period from July 1, 2004 to July 2, 2005:

Grant Dates	Period	# of Shares Granted	Weighted Average Exercise Price	Weighted Average Deemed Fair Value	Intrinsic Value	Deferred Stock Based Compensation
7/1/04 – 9/30/04	Q3-04	306,675	$ 2.78000	$ 2.78000	$ 0.00000	$ 0
10/1/04 – 12/31/04	Q4-04	125,325	$ 3.42733	$ 3.42733	$ 0.00000	$ 0
1/1/05 – 3/31/05	Q1-05	555,625	$ 4.88688	$ 6.98110	$ 2.09422	$ 1,163,602
4/1/05 – 7/2/05	Q2-05	22,150	$ 4.96000	$ 10.05749	$ 5.09749	$ 112,909
		1,009,775				$ 1,276,511

The Company respectfully advises the Staff that it believes the relevant accounting rules and guidance as outlined in Accounting Principles Board Opinion No. 25 “Accounting for Stock Issued to Employees” (APB No. 25) and Financial Accounting Standards Board Interpretation No. 44 “Accounting for Certain Transactions involving Stock Compensation,” do not require inclusion of the above table in its financial statement footnote disclosure. In coming to this conclusion, the Company additionally reviewed the disclosure suggestions in the AICPA Practice Aid "Valuation of Privately-Held Companies.”

The disclosures of the Company’s accounting policies with respect to stock options have been amended based upon the comments received from the Staff. We refer you to “Accounting for Stock-Based Awards” in the Critical Accounting Policies and Estimates section on page 35 of the prospectus contained in Amendment No. 1.

DETERMINATION OF FAIR VALUE FOR THE PERIOD FROM JULY 1, 2004 TO DECEMBER 31, 2004

As discussed below, during the period from July 1, 2004 to December 31, 2004, the Company issued stock options at fair market values (“FMV”) established by the board of directors. The values established were based on the objective and subjective measures of value available at the time of each revaluation. During this period, the Company issued 432,000 stock options of which 387,425 were granted with an exercise price of $2.78 and 44,575 with an exercise price of $4.60. The Company believes that these exercise prices accurately reflected the fair market value at the time of grant and, as a result, no deferred stock based compensation was recorded for this period.

FMV — July 1, 2004 to November 10, 2004

The Company issued and sold 2,799,353 shares of Series E preferred stock during the first half of 2003 at a price of $4.66 per share. A new investor led the financing and purchased approximately 46% of the total number of shares of Series E preferred stock issued and sold. In addition to securing its own independent valuation of the Company, this new investor performed extensive due diligence before deciding to invest in the Company. The purchase price of the Series E preferred stock was a significant factor in determining the FMV of the common stock for purposes of stock option pricing from July 1, 2004 to November 10, 2004.

In determining the FMV of the common stock options granted during the respective period, the Company considered the most recent preferred stock financing, the superior rights of the Company's preferred stock and the non-liquid nature of the common stock.

Based upon the information provided above, the Company determined that the $2.78 exercise price at which stock options were granted during this period represented the appropriate fair market value of the common stock at the time of grant. This $2.78 exercise price was equal to 60% of the per-share price paid for the Series E preferred stock.

FMV — November 11, 2004 to December 31, 2004

On November 10, 2004, the Company issued and sold an aggregate of 1,412,430 shares of Series F preferred stock at a price of $7.08 per share. A new investor led the financing and purchased approximately 60% of the total number of shares of Series F preferred stock issued and sold. This new investor was instrumental in establishing the value of the Series F preferred stock based upon their own due diligence and valuation model. The purchase price of the Series F preferred stock was the primary consideration in determining the fair market value of the common stock for purposes of stock option pricing during the period.

In determining the FMV of the common stock options granted during the respective period, the Company considered the most recent preferred stock financing, the superior rights of the Company's preferred stock and the non-liquid nature of the common stock.

Based upon the information provided above, the Company determined that the $4.60 exercise price at which stock options were granted during this period represented the appropriate fair market value of the common stock at the time of grant. This $4.60 exercise price was equal to 65% of the per-share price paid for the Series F preferred stock.

The Company's conclusion is that the total aggregate fair market value of the Company's common stock arrived at by using per common share amounts of $2.78 and $4.60 for the periods requested in 2004, were properly derived and properly expressed as an increasing percentage of the preferred share offering price in 2003 and 2004. Additionally, and of significant importance, the Series E and Series F financings included independent third parties, that after performing due diligence procedures, subscribed to approximately 46% and 60% of each round, respectively, thereby establishing an arms-length fair value of the preferred stock.

DETERMINATION OF FAIR VALUE FOR THE PERIOD FROM JANUARY 1, 2005 TO JULY 2, 2005

For the period from January 1, 2005 to July 2, 2005, the Company issued 577,775 stock options of which 112,850 were granted with an exercise price of $4.60 and 464,925 with an exercise price of $4.96. At the time of each grant, the Company's board of directors used its best judgment in estimating the appropriate fair value of the common stock based on relevant events

and circumstances at the time of each option grant including, but not limited to, recent transactions of the Company's stock and operating results of the Company.

In connection with the proposed offering, the Company retroactively reassessed the pricing of options granted during 2005 to determine if any options granted were at prices below the deemed fair value of the options at the time of grant. Based upon this reassessment, the Company recorded a deferred compensation expense of approximately $1.3 million. This deferred expense will be amortized ratably over the vesting periods of the related options.

To determine the reassessed fair values for purposes of the computation of the deferred compensation expense, the Company took several factors into consideration including, among others, feedback from investment bankers and the Company's financial performance and operational accomplishments.

Investment banker input

In connection with the proposed offering, the Company initiated discussions in the first quarter of 2005 with several investment banks regarding the possibility of an initial public offering of the Company's common stock. Such discussions continued through late June when the Company finalized the selection of its underwriters and began planning its initial public offering. During these discussions, several valuation models of the Company were developed, and were predicated upon, an initial public offering in late 2005. For purposes of computing deferred compensation expense, the Company averaged the various preliminary valuations and consequently arrived at a projected initial public offering value for the common stock.

Company milestones

A summary of the key events and milestones of the Company during the first six months of 2005 are as follows:

- January 2005 — Secured increased funding for the Future Combat Systems project for the development of small unmanned ground vehicles. The new funding level was increased from $25 million to $37 million, an increase of $12 million.
- January 2005 — Enhanced its management team in the Government & Industrial Division through the hiring of two former senior ranking military personnel.
- March 2005 — Won an $18 million U.S. Navy contract to deliver explosive ordnance disposal robots.
- March 2005 — Enhanced the management team of its Consumer Robotics Division through the appointment of a new Senior Vice President of Research & Development.
- March 2005 — Recorded $17 million of revenue in it first quarter which represented a 34% increase over the comparable figure in the previous year.
- May 2005 — Announced the world's first floor washing robot.
- May 2005 — Secured additional funding for the Future Combat Systems project mentioned above. The new funding level was increased from $37 million to $51 million, an increase of $14 million.
- June 2005 — Introduced PackBot Explorer robot.

- July 2005 — Recorded $43 million in revenue for the six-months ended July 2, 2005, which represented an 88% increase over the comparable figure in the previous year.

Based upon the facts and circumstances noted above, the Company increased the deemed fair value of the common stock ratably from January 1, 2005 through the anticipated offering date in November 2005. Utilizing this methodology, the fair value of the common stock increased from $4.60 at December 31, 2004 to approximately $10.00 per share as of July 2, 2005 and will continue to increase up to the anticipated initial public offering.

The Company's conclusion is that, based upon the information outlined above, the Company believes it has appropriately determined the fair value of common stock at the grant date for all stock options granted in 2005. Accordingly, the Company believes that the resulting deferred stock based compensation was correctly recorded in accordance with Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees" (APB No. 25) and Financial Accounting Standards Board Interpretation No. 44 "Accounting for Certain Transactions involving Stock Compensation."

Note 16 — Business Segment Formation, page F-22

73. Please revise to provide the reconciliations required in paragraph 32 of SFAS 131. Also revise to include information about geographic area as required by paragraph 38. If not applicable, please advise.

RESPONSE: The Company supplementally advises the Staff that it measures its segments based on revenue and gross profit and does not measure the performance of its segments below the gross profit line item. For example, the Company's 2005 Incentive Compensation Plan (filed as Exhibit 10.3 to Amendment No. 1 to the Registration Statement) is not based on operating performance below the gross profit line item. The Company supplementally advises the Staff that revenue from international customers has not exceeded 10% of total revenue for the periods presented. Accordingly, the Company has not disclosed geographic information in Note 16 as it does not believe that it is required by paragraph 38 of SFAS 131. Additionally, the Company advises the Staff that it does not allocate assets at the segment level. Based upon this information, the Company further advises the Staff that it does not believe any further reconciliations are required.

Recent Sales of Unregistered Securities, page II-3

74. We note from the exhibit index that the warrant issued to Silicon Valley Bank was dated January 30, 2003. Please provide disclosure of this transaction and any other sales of the company's securities within the past three years pursuant to Item 701 of Regulation S-K.

RESPONSE: The prospectus contained in Amendment No. 1 has been revised on page II-3 in response to the Staff's comment.

Exhibits

75. Please file the legality opinion and other exhibits as soon as possible. In particular, we may have comments on the opinion once we have had an opportunity to review it.

RESPONSE: The Company will supplementally provide the Staff via overnight courier a copy of the draft legal opinion for review.

If you require additional information, please telephone either Mark T. Bettencourt at (617) 570-1091 or the undersigned at (617) 570-1346.

Sincerely,

/s/ Edward A. King

Edward A. King

cc: Glen D. Weinstein, Esq.
Mark T. Bettencourt, Esq.
Christopher Keenan, Esq.
Michael J. Berdik, Esq.