

IROBOT CORP
Form PRER14A
March 23, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-12

iRobot Corporation

(Name of Registrant as Specified in Its Charter)

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

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PRELIMINARY PROXY STATEMENT - SUBJECT TO COMPLETION DATED MARCH 23, 2016

[], 2016

Dear Fellow Stockholder,

I cordially invite you to attend the Annual Meeting of stockholders of iRobot Corporation, a Delaware corporation (the Company), to be held on [], 2016, at [], local time, at [].

Your board of directors is recommending two highly qualified and experienced nominees for election to the board of directors at the 2016 annual meeting. At this annual meeting, we will ask you to: (1) elect these Class II directors; (2) ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year; (3) approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements; (4) approve amendments to our amended and restated certificate of incorporation to declassify the board of directors; and (5) approve an advisory vote on the compensation of our named executive officers.

The accompanying materials include the Notice of Annual Meeting of Stockholders and Proxy Statement, which provide detailed information about the matters to be considered at the 2016 annual meeting. We urge you to use the enclosed **WHITE** proxy card TODAY to vote by telephone, by Internet or by signing, dating and returning the **WHITE** proxy card in the postage-paid envelope provided.

Because approval of Proposals 3 and 4 requires the affirmative vote of at least 75% of the outstanding shares, your vote will be especially important at this year's annual meeting. Additionally, as you may know, Red Mountain Capital Partners LLC and certain of its affiliates (Red Mountain) has notified the Company of its intention to nominate two individuals for election as directors at the annual meeting in opposition to the nominees recommended by your board of directors. You may receive proxy solicitation materials from Red Mountain. The Company is not responsible for the accuracy of any information provided by or relating to Red Mountain or its nominees contained in solicitation materials filed or disseminated by or on behalf of Red Mountain or any other statements that Red Mountain may make.

The board of directors does NOT endorse any Red Mountain nominee and strongly recommends that you NOT sign or return any Green proxy card sent to you by Red Mountain. If you have previously submitted a Green proxy card sent to you by Red Mountain, you can revoke that proxy card and vote FOR our board of directors' nominees and on the other matters to be voted on at the annual meeting by using the enclosed **WHITE** proxy card.

If you have any questions about the Annual Meeting or how to vote your shares, please contact Innisfree M&A Incorporated, our proxy solicitor assisting us in connection with the Annual Meeting. Stockholders may call toll free at (877) 717-3929. Banks and brokers may call collect at (212) 750-5833.

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

Sincerely,

Colin M. Angle

Chairman of the Board and Chief Executive Officer

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iROBOT CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on [], 2016

To the Stockholders of iRobot Corporation:

The annual meeting of stockholders of iRobot Corporation, a Delaware corporation (the Company), will be held on [], 2016, at [], local time, at [], for the following purposes:

1. To elect two (2) Class II directors, nominated by the board of directors, each to serve for a three year term and until his successor has been duly elected and qualified or until his earlier resignation or removal;
2. To ratify the appointment of the accounting firm of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year;
3. To approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements;
4. To approve amendments to our amended and restated certificate of incorporation to declassify the board of directors; and
5. To hold an advisory vote on the approval of the compensation of our named executive officers.

Proposal 1 relates solely to the election of two (2) Class II directors nominated by the board of directors and does not include any other matters relating to the election of directors, including without limitation, the election of directors nominated by any stockholder of the Company. Red Mountain Capital Partners LLC and certain of its affiliates (Red Mountain) has notified the Company that Red Mountain intends to nominate two individuals for election as directors at the annual meeting in opposition to the nominees recommended by your board of directors. Any candidates nominated by Red Mountain have NOT been endorsed by your board of directors. **YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU DO NOT SIGN ANY GREEN PROXY CARDS SENT TO YOU BY RED MOUNTAIN OR ANY OF ITS AFFILIATES. IF YOU HAVE PREVIOUSLY SIGNED A GREEN PROXY CARD SENT TO YOU BY RED MOUNTAIN OR ITS AFFILIATES, YOU CAN REVOKE IT BY SIGNING, DATING AND MAILING THE ENCLOSED WHITE PROXY CARD IN THE ENVELOPE PROVIDED.**

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Holders of shares as of the close of business on [], 2016, the record date for voting at the annual meeting, are urged to submit a **WHITE** proxy card, even if your shares were sold after such date.

If your brokerage firm, bank, broker-dealer or other similar organization is the holder of record of your shares (i.e., your shares are held in street-name), you will receive voting instructions from the holder of record. You must follow these instructions in order for your shares to be voted. We recommend that you instruct your broker or other nominee, by following those instructions, to vote your shares for the **WHITE** proxy card.

All stockholders are cordially invited to attend the annual meeting in person. In accordance with our security procedures, all persons attending the annual meeting will be required to present a form of government-issued picture identification. If you hold your shares in street-name , you must also provide proof of ownership (such as recent brokerage statement). If you are a holder of record and attend the annual meeting, you may vote by ballot in person even if you have previously returned your proxy card. If you hold your shares in street-name and wish to vote in person, you must provide a legal proxy from your bank or broker. Directions to the annual meeting can be found at the Company's website, <http://www.irobot.com>.

Notice of Annual Meeting of Stockholders and iRobot 2016 Proxy Statement

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

By Order of the Board of Directors,

GLEN D. WEINSTEIN

Executive Vice President,

Chief Legal Officer and Secretary

Bedford, Massachusetts

[], 2016

If you have any questions or require assistance with voting, please call:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders May Call Toll Free at (877) 717-3929

Banks and Brokers May Call Collect at (212) 750-5833

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

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PRELIMINARY PROXY STATEMENT - SUBJECT TO COMPLETION DATED MARCH 23, 2016

iROBOT CORPORATION

PROXY STATEMENT

For the Annual Meeting of Stockholders

To Be Held on [], 2016

[], 2016

This proxy statement and the **WHITE** proxy card are furnished in connection with the solicitation of proxies by the board of directors of iRobot Corporation, a Delaware corporation (the Company or iRobot), for use at the annual meeting of stockholders to be held on [], 2016, at [], local time, at [], and any adjournments or postponements thereof. An annual report to stockholders, containing financial statements for the fiscal year ended January 2, 2016, is being mailed together with this proxy statement to all stockholders entitled to vote at the annual meeting. This proxy statement and the accompanying WHITE proxy card are expected to be first mailed to stockholders on or about [], 2016.

The purposes of the annual meeting are to elect two (2) Class II directors for three-year terms, to ratify the appointment of the Company's independent registered public accountants, to approve amendments to our amended and restated certificate of incorporation to eliminate supermajority voting requirements, to approve amendments to our amended and restated certificate of incorporation to declassify the board of directors (such amendments, together, the Certificate Amendments), and to hold an advisory vote on the compensation of our named executive officers. Only stockholders of record at the close of business on [], 2016 will be entitled to receive notice of and to vote at the annual meeting. As of the record date, [] shares of common stock, \$.01 par value per share, of the Company were issued and outstanding. The holders of common stock are entitled to one vote per share on any proposal presented at the annual meeting.

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

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

owner. Broker non-votes are not considered voted for the particular matter. If Red Mountain provides proxy materials in opposition to our board of directors to your broker to forward to you on its behalf, your broker will not have discretionary authority to vote your shares on any of the matters to be presented at the annual meeting. Therefore, if you hold your shares in street-name through a broker or other nominee, absent voting instructions from you, your shares will not be counted as voting and will have no effect on those proposals requiring approval by a plurality or majority of the votes cast, and will have the same effect as if you voted against Proposals 3 and 4. On the other hand, in the absence of Red Mountain providing proxy materials in opposition to our board to your broker to forward to you on its behalf, Proposal 2 to ratify the appointment of our independent registered public accountants will be a routine matter for which your broker does not need your voting instruction in order to vote your shares.

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For Proposal 1, our by-laws require that, in an uncontested election, each director be elected by the affirmative vote of holders of a majority of the votes cast by holders of shares present, in person or represented by proxy, and entitled to vote on the matter is required for approval. Red Mountain has notified us of its intent to nominate two individuals for election as directors at the annual meeting. If Red Mountain proceeds with its alternative nominations, the election of directors would be considered a contested election. In a contested election, directors are elected by a plurality of the votes cast, meaning that the director nominees receiving the most votes would be elected. As a result, the two director nominees receiving the most votes at the annual meeting will be elected. You may not vote your shares cumulatively or for a greater number of persons than the number of director nominees named in this proxy statement. In the event Red Mountain does not proceed with its nominations or withdraws its nominees on or prior to the day preceding the date the Company first mails the proxy materials for the annual meeting to the Company's stockholders, the election of directors will not be contested, and directors will be elected by the affirmative vote of holders of a majority of the votes cast by holders of shares present, in person or represented by proxy, and entitled to vote on the matter.

For Proposal 2, the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountants for the current fiscal year, and Proposal 5, the advisory vote on the compensation of our named executive officers, an affirmative vote of holders of a majority of the votes cast by holders of shares present, in person or represented by proxy, and entitled to vote on each such matter is required for approval. Abstentions and broker non-votes are not considered votes cast for either proposal and, therefore, will not have any effect on the outcome of such proposal.

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

All properly executed **WHITE** proxies returned in time to be counted at the annual meeting will be voted by the named proxies at the annual meeting. Where a choice has been specified on the **WHITE** proxy with respect to the foregoing matters, the shares represented by the **WHITE** proxy will be voted in accordance with the specifications. If you return a validly executed **WHITE** proxy card without indicating how your shares should be voted on a matter and you do not revoke your proxy, such **WHITE** proxies will be voted FOR election of the director nominees set forth on the **WHITE** proxy card, FOR ratification of the appointment of our independent registered public accountants, FOR each of the Certificate Amendments, and FOR the approval on an advisory basis, of the compensation of our named executive officers. **OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU DO NOT SIGN OR OTHERWISE VOTE USING ANY GREEN PROXY CARD SENT TO YOU BY RED MOUNTAIN OR ANY OF ITS AFFILIATES.**

If you have any questions or require assistance with voting, please call:

INNISFREE M&A INCORPORATED

501 Madison Avenue, 20th Floor

New York, NY 10022

Stockholders May Call Toll-Free at (877) 717-3929

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

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You may receive proxy solicitation materials from Red Mountain, including an opposition proxy statement and Green proxy card. Our board of directors recommends that you do not sign or otherwise vote using any Green proxy card sent to you by Red Mountain. To vote as our board of directors recommends, stockholders must use the **WHITE** proxy card or attend the annual meeting and vote in person. Voting against any Red Mountain nominees or voting to withhold or abstain on the Green proxy card will not be counted as a vote for our board's nominees and will result in the revocation of any previous vote you may have cast on the **WHITE** proxy card. If you wish to vote pursuant to the recommendation of our board of directors, you should disregard any proxy card you receive other than the **WHITE** proxy card. If you have previously voted using the Green proxy card sent to you by Red Mountain, you have the right to change your vote by executing a later dated **WHITE** proxy card or by attending and voting at the annual meeting. Only the latest dated proxy you submit will be counted.

OUR BOARD RECOMMENDS THAT YOU DO NOT VOTE FOR ANY INDIVIDUALS WHO MAY BE NOMINATED BY RED MOUNTAIN OR ANY OF ITS AFFILIATES.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON [], 2016. THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT [].

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Background of the Solicitation

The following timeline is provided in order to help stockholders understand the discussions that have been held between the Company and Red Mountain Capital (Red Mountain) during 2015 and 2016 regarding our strategic plan and discussions about potential candidates to join our Board. These discussions were terminated with no agreement, and Red Mountain has nominated two directors to serve in place of the two directors who are recommended by our Board for election. During these conversations, the Company's representatives provided only publicly available information, as Red Mountain refused several requests to sign confidentiality agreements that would have enabled us to discuss our strategies and plans in more depth. The Board does not endorse the Red Mountain nominees and unanimously recommends you use the **WHITE** proxy card to vote FOR the election of each of the nominees proposed by the Board.

On February 12, 2014, as part of our Board's ongoing review of the Company's business and financial performance, our Board decided to focus resources and capital on the Company's home robots business unit, and began considering strategic alternatives with respect to the Company's defense and security (D&S) business unit. In connection with this decision, our Board engaged Blackstone Advisory Partners LP, now known as PJT Partners, to begin exploring a potential sale of the D&S business unit.

On April 1, 2014, in connection with its review of the Company's capital allocation plan, our Board authorized the repurchase of up to \$50 million of our common stock for the twelve months ended April 30, 2015.

On July 29, 2014, at Red Mountain's request, a call took place between a representative of the Company and Ted Moon, a Red Mountain analyst, in which Mr. Moon asked questions regarding the Company's business and strategy for the future.

On February 11, 2015 and February 24, 2015, at Red Mountain's request, follow-up calls took place between a representative of the Company and Mr. Moon regarding the Company's financial outlook and strategy.

On March 19, 2015 our Board authorized the repurchase of up to \$50 million of our common stock for the twelve months ending April 30, 2016.

On March 11, 2015, in conjunction with the Piper Jaffray Technology, Media & Telecommunications Conference in New York City, our Chief Executive Officer, Colin Angle, and our Senior Vice President, Investor Relations, Elise Caffrey, met with Mr. Moon as part of a meeting with a larger group of investors. During the meeting, Mr. Angle and Ms. Caffrey discussed our business and various operational matters with the group.

On March 17, 2015, in conjunction with the Sidoti & Company Emerging Growth Research Institutional Investor Forum in New York City, our Chief Financial Officer, Alison Dean, and Ms. Caffrey met briefly with Mr. Moon. During the meeting, Ms. Dean responded to questions from Mr. Moon regarding our financial reporting and business outlook. Mr. Moon requested an in-person meeting with management, which was agreed would occur following the Company's April 22, 2015 earnings call.

On April 8, 2015, Red Mountain filed a Schedule 13D with the SEC disclosing it beneficially owned 5.1% of the outstanding shares of common stock of the Company and sent a letter to the Company stating that Red Mountain expected to engage in a dialogue with the Company's management regarding a number of actions that it believed the

Company could take to create value for our stockholders. In particular, Red Mountain's Schedule 13D and letter suggested that the Company: (i) focus exclusively on home robots; (ii) optimize its capital structure by increasing leverage; (iii) allocate capital by focusing on risk-adjusted returns; and (iv) upgrade its corporate governance.

Following Red Mountain's letter to the Company, members of the Company's management team had four in-person meetings with representatives of Red Mountain, which occurred on May 1, 2015, May 15, 2015, June 23, 2015, and August 3, 2015. These meetings covered a broad range of topics, including the Company's business and results of

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operations, our earnings performance, long-term business strategies, including the potential sale and/or discontinuation of our D&S and remote presence business units, capital allocation strategy and the composition of our Board.

On June 12, 2015, Paul Sagan resigned from the Board. Following Mr. Sagan's resignation, our Nominating and Corporate Governance Committee (the "Nominating Committee") engaged a nationally recognized director search firm to help the Nominating Committee and the Board fill the vacancy on the Board left by Mr. Sagan's resignation. As discussed in "Corporate Governance and Board Matters-Policies Governing Director Nominations," our Nominating Committee seeks members from diverse professional backgrounds who combine a broad spectrum of relevant industry and strategic experience and expertise that, in concert, offer us and our stockholders diversity of opinion and insight in the areas most important to us and our corporate mission. Through this skills-based approach, our Nominating Committee focused on reviewing the skill set of our then-existing directors and adding to our Board a director who would broaden the experience of the then-existing Board and strengthen the ability of our Board to offer practical business advice and strategic guidance to management and fulfill its fiduciary duties to stockholders.

On June 29, 2015, the Company entered into an exclusivity agreement with a potential buyer of the D&S business unit. Following termination of negotiations with this party, the Company entered into a letter of intent with the ultimate buyer of the D&S business unit on November 24, 2015, as further described below.

During the spring and summer of 2015, following consultation and advice from an investment banker and other advisors, our Board reviewed the Company's capital allocation plan and considered whether the Company's existing share repurchase program should be increased, and the various methods through which an increased program could be implemented. In connection with these considerations, our Board decided the final size of the revised share repurchase program and that its implementation would be made in conjunction with the sale of the D&S business unit.

In July 2015, our Board formed an *ad hoc* strategy and finance committee to, among other things, review the Company's strategic objectives and transactional opportunities to support those objectives.

On July 29, 2015, Mr. Willem Mesdag, the Managing Partner of Red Mountain, sent a letter to Mr. Angle in which Red Mountain expressed dissatisfaction that the Company had seemingly not taken steps to divest the D&S business unit and return excess capital to shareholders through a stock repurchase. Red Mountain suggested that the Company consider a \$100 million Dutch tender offer for the purchase of its own shares.

In an August 6, 2015 letter to the Company, Red Mountain indicated that it decided to sell our stake in iRobot. In the letter, Red Mountain said it appreciate[d] that [the Company's] board has considered our views, and I trust that they are being taken seriously. Despite this letter, to the best of our knowledge, Red Mountain did not subsequently sell its stake in the Company.

On August 17, 2015, after a thorough search process by the nationally recognized director search firm, and considered deliberation by our Nominating Committee and our Board, including the Company's skills-based approach to Board composition, the Company announced the appointment of Mohamad Ali, president and chief executive officer of Carbonite, Inc., to our Board, to fill the vacancy of Paul Sagan.

In an August 21, 2015 letter to the Company, Red Mountain again emphasized that the Company had a significant opportunity to create stockholder value by focusing on its home robots business unit and by allocating capital more

efficiently through a tender offer for its shares. In this letter, Mr. Mesdag also stated [o]ur dialogue has been open and candid, and we have been impressed with your additions to the senior management team and your board. Your recent appointment of Mohamad Ali to the board is consistent and commendable. I'm confident that Mr. Ali's experience at HP provided him with valuable lessons with regard to the importance of evaluating each business segment's contribution to the overall enterprise and efficient capital allocation. HP's share price more than doubled during Mr. Ali's tenure as Chief Strategy Officer. Mr. Ali also has a distinguished record as a director of City National Bank, the board of which has created enormous value for its shareholders.

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over the years, and recently sold the bank to the Royal Bank of Canada at an exceptional valuation. I trust that Mr. Ali will bring his relevant experience to the board of iRobot, and will help you to drive shareholder value in addition to maintaining your innovation edge.

On November 10, 2015, the Company hosted an Analyst Day in New York City, where the Company publicly announced that it was shifting its focus to home robots and the connected home and would de-emphasize its D&S and remote presence businesses.

On November 11, 2015, there was an in-person meeting between George McNamee, the Company's then-lead independent director, Deborah Ellinger, the chair of our Nominating Committee, Mr. Angle, Ms. Caffrey, and Mr. Mesdag, of Red Mountain. At the meeting, the parties discussed our business and its strategic direction (primarily the Company's decision to focus on home robots and Red Mountain's belief that the Company should sell the D&S and remote presence business units). At this meeting, Mr. Mesdag requested that he be appointed to our Board and issued an ultimatum that if he were not appointed by us, he would initiate a proxy fight for a full slate of directors at the 2016 annual meeting to gain representation for himself and his nominees on our Board.

Following this meeting with our directors, on November 12, 2015, Mr. Mesdag sent a letter to the Company requesting that the parties negotiate a settlement agreement that would provide Red Mountain with representation on our Board. In this letter, Mr. Mesdag delivered an ultimatum that if such a settlement were not reached by December 1, 2015, then Red Mountain would release a public letter disclosing its intent to seek representation on our Board.

On November 24, 2015, the Company entered into a letter of intent with Arlington Capital Partners to sell them the Company's D&S business unit.

On November 24, 2015, Mr. Angle sent an email to Mr. Mesdag acknowledging Mr. Mesdag's interest in joining the Board and invited him to participate in the Board's standard process for evaluating director candidates by requesting information required under the Company's nomination and corporate governance policies. In response, Mr. Mesdag provided his resume and references to the Company. Mr. Mesdag also invited the Company to direct its representatives to contact Red Mountain's lawyers to commence settlement negotiations.

On December 1, 2015, Mr. Angle spoke by telephone with Mr. Mesdag and informed Mr. Mesdag that the Company was open to considering director nominee candidates suggested by Red Mountain. Mr. Angle also informed Mr. Mesdag that our Nominating Committee follows a process for adding directors to our Board that involves in-person interviews of director candidates, reference checks and other steps to help ensure both a complementary fit with the Board, as well as finding candidates with skill sets which align well the Company's current business needs. Mr. Angle informed Mr. Mesdag that Mr. Mesdag could be an active participant in this process, but that our Board could not agree to his ultimatum which set this arbitrary December 1st deadline, especially in light of the fact that the period for stockholders to nominate directors did not even open until January 21, 2016. Mr. Angle also requested that Mr. Mesdag execute a short term confidentiality agreement so that the Company could discuss with him certain material non-public steps it was undertaking to enhance stockholder value. Mr. Mesdag declined to execute a confidentiality agreement and asked whether as part of this process there was a chance he would not be added to our Board. Mr. Angle indicated that there was a possibility that Mr. Mesdag would not be added to the Board at the conclusion of this process but in these circumstances, Mr. Mesdag would have sufficient time to nominate candidates to our Board and run a proxy contest. Mr. Mesdag then stated that he was one of the most qualified public company board director candidates that iRobot could hope to attract and that he wanted to be added to our Board immediately and would not

engage in any type of process. At the conclusion of the conversation, Mr. Mesdag stated that he would be on our Board quick or less quick and would be making a filing with the SEC later that day indicating his intention to run a proxy contest.

Following this conversation, on December 1, 2015, Red Mountain publicly filed a letter to our Board outlining its value enhancement plan for the Company and announcing its intention to nominate directors for election at our 2016 annual meeting of stockholders.

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On December 28, 2015, the Company announced that our Board had authorized a new share repurchase plan whereby the Company would purchase up to one million shares of its common stock during the 2016 fiscal year, replacing the Company's existing share repurchase plan.

On January 5, 2016, representatives of the Company and Red Mountain had discussions concerning Red Mountain's stated intention to nominate directors for election at the Company's 2016 annual meeting. The Company's representatives indicated that the Company hoped to make a public announcement on material developments in its business in the near future and requested that Red Mountain not make any public announcement or officially file nomination papers until after the Company disclosed these developments. The Company's representatives indicated that Red Mountain would still have sufficient time after this announcement to nominate directors under the Company's by-laws. Red Mountain's representatives indicated that while these corporate actions may be beneficial to all stockholders, Red Mountain would still want representation on the Board. Both parties agreed to update their clients and then continue their discussions.

On January 6, 2016, representatives of the Company and Red Mountain had a follow up call on the previous day's discussions. On this call, Red Mountain's representatives stated that Red Mountain would not wait to nominate directors until after the Company made its announcement. Red Mountain's representatives reiterated that Mr. Mesdag wanted to be added to the Board and to immediately begin settlement discussions to effect this result. The Company's representatives indicated that they would inform the Company of this position.

On January 13, 2016, the Company's representative invited Red Mountain's lawyers to propose terms for a potential settlement so that the Board could understand and evaluate the settlement terms that would be acceptable to Red Mountain.

On January 15, 2016, Red Mountain's representatives sent the Company's representatives a draft term sheet for a proposed settlement agreement, which provided for the immediate resignation of a current director, an increase in the size of our Board from eight directors to nine, and the appointment of Mr. Mesdag and Lawrence Peiros to fill the resulting vacancies.

Following receipt of Red Mountain's term sheet, our Board requested to meet with Mr. Peiros to evaluate his candidacy as a director nominee. The Company again requested that Red Mountain enter into a short-term confidentiality agreement so that the parties could discuss certain material, non-public information concerning the Company in connection with these settlement discussions. Red Mountain's representatives refused to make Mr. Peiros available unless it was in the context of a settlement agreement where he and Mr. Mesdag would be immediately appointed to the Board. Red Mountain again refused to enter into a confidentiality agreement.

On January 25, 2016, Red Mountain sent a letter to our Board expressing its disappointment that the Company had not entered into settlement discussions to add Messrs. Peiros and Mesdag to the Board.

On January 31, 2016, Mr. Angle again asked Mr. Mesdag to enter into a short-term confidentiality agreement with a term of one trading day that would allow the Company to discuss with Red Mountain certain material non-public information that the Company believed would be of interest to Red Mountain and could facilitate a negotiated settlement.

On February 1, 2016, Red Mountain responded by stating that it would only enter a confidentiality agreement if the Company agreed to pursue good faith settlement negotiations that would result in Messrs. Peiros and Mesdag being added to our Board. The Company rejected Red Mountain's ultimatum because it would have required the Company to commit to appointing both Messrs. Peiros and Mesdag to our Board before meeting or having any contact with Mr. Peiros. Red Mountain refused to enter into a confidentiality agreement.

On February 4, 2016, the Company announced that it entered into a definitive agreement to sell the D&S business unit to a private equity buyer. Additionally, the Company announced that it was expanding its current share repurchase initiative by \$65 million, increasing the total 2016 program to more than \$100 million.

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After the Company's February 4, 2016 announcement, Mr. Angle contacted Mr. Mesdag to discuss his reactions to the D&S business unit sale and the expansion of the share repurchase program and continue to attempt to amicably settle the parties' differences. As part of these discussions, Mr. Angle indicated to Mr. Mesdag the Company's willingness to discuss with him the composition of the Board. In that regard, Mr. Angle indicated that as part of the Nominating Committee's skills-based approach to its director nominations, the Board was considering adding a sitting chief executive officer from the software industry to the Board and indicated the Board would welcome any candidates that Mr. Mesdag may know who had these qualifications. Mr. Mesdag agreed to make Mr. Peiros available to the members of the Nominating Committee.

On February 10, 2016, three members of the Board, Mr. Angle, Ms. Ellinger and Gail Deegan, individually interviewed Mr. Peiros by telephone as part of the Board's efforts to evaluate his qualifications to serve as a director.

During January, February and March 2016, the Nominating Committee continued to work with a nationally recognized director search firm to identify potential new director candidates. In this search, the Nominating Committee again followed the Company's longstanding approach and guidelines for reviewing the skill set of existing directors, identifying future company needs, and identifying the ideal qualifications that a new board member should bring to the Company. The search firm presented 49 candidates for consideration by the Nominating Committee. The Nominating Committee conducted interviews with 8 candidates and spoke to references of many of them during this period.

On February 14, 2016, Mr. Angle provided Mr. Mesdag with a draft of a settlement agreement containing terms upon which the Company would amicably resolve matters with Red Mountain and avoid the expense and distraction of a proxy contest. The draft settlement agreement provided, among other things, that: (i) the Company would appoint a new director to our Board, subject to Red Mountain's approval (provided that Red Mountain could not reject more than two candidates proposed by the Company); (ii) the Company would purchase at least \$100 million of its stock in 2016; (iii) the Company would submit proposals to be considered at the Company's 2016 annual meeting that would declassify the Board and eliminate the supermajority voting provisions from the Company's certificate of incorporation; (iv) Red Mountain would vote all of its Company shares in favor of the Board's director nominees and governance proposals at the Company's 2016 annual meeting; (v) Red Mountain would agree to customary standstill restrictions until 30 days prior to the Company's advance notice deadline for director nominations for the Company's 2017 annual meeting; and (vi) the Company would reimburse Red Mountain for its expenses incurred in connection with these matters, up to \$75,000.

On February 16, 2016, Red Mountain's representatives responded by providing the Company's representatives with a revised draft of the proposed settlement agreement, which included, among other revisions, the requirement that both Mr. Mesdag and Mr. Peiros be appointed to our Board immediately and provided Red Mountain with approval rights over an additional new director candidate.

On February 18, 2016, Red Mountain publicly filed a letter notifying the Company that Red Mountain intended to nominate Messrs. Mesdag and Peiros for election to the Board at the Company's 2016 annual meeting.

On March 1, 2016, the Company announced it had entered into an accelerated stock repurchase agreement (ASR Agreement) with JPMorgan Chase Bank, N.A. to repurchase an aggregate of \$85 million of the Company's common stock bringing the total stock repurchases for 2016 to over \$100 million.

On March 4, 2016, Ms. Ellinger contacted Mr. Mesdag to see if he was interested in having an in-person meeting to discuss a potential settlement. The parties agreed to meet in New York on March 9, 2016.

At the March 9, 2016 meeting, Ms. Ellinger proposed a settlement pursuant to which, among other things: (i) one of Red Mountain's nominees, Mr. Peiros, would be immediately appointed to the Board; (ii) Mr. McNamee would not be a nominee for election as a director at the 2016 annual meeting and would retire from the Board as of the Company's 2016 annual meeting; (iii) Ms. Ellinger would become the Company's lead

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independent director; (iv) the Company would immediately add to the Board a new director who is a chief executive officer of a software company and this director would also be up for election at the 2016 annual meeting; and (v) Red Mountain would agree to customary standstill protections which would expire 30 days prior to the director nomination deadline for the Company's 2017 annual meeting. After a discussion of these settlement terms, the potential outcomes of the proxy contest for the 2016 annual meeting and Red Mountain's investment philosophy regarding the Company, Mr. Mesdag indicated that he would consider the settlement proposal and provide Ms. Ellinger with a response on the following day.

On March 10, 2016, Mr. Mesdag contacted Ms. Ellinger and rejected the Company's settlement proposal. Instead, Mr. Mesdag indicated that Red Mountain would settle only if he personally, as well as Mr. Peiros, were added to our Board. Mr. Mesdag indicated that if the Company agreed to this proposal, Red Mountain would also agree: (i) to a three year limit on Mr. Mesdag's Board membership, during which three-year term, Mr. Mesdag would be required to maintain at least 5% ownership of the Company's common stock, and (ii) Red Mountain's standstill would be in effect as long as Mr. Mesdag was on the Board. After a discussion of the terms of this settlement proposal, Ms. Ellinger agreed to take this settlement proposal to our Board, while also reiterating the Board's previous position that the best way to reach a settlement would be for Mr. Mesdag to remove his own name from consideration and suggest alternative candidates in his place.

On March 13, 2016, after considered deliberation, our Board voted unanimously to reject Red Mountain's proposal and not to add Mr. Mesdag to our Board. After careful consideration, the Nominating Committee concluded that Michael Bell's experience as a chief executive officer of a public technology company and his expertise in the Internet of Things, and consumer products and services provided the skill set sought by the Nominating Committee and the Board. Our Board then: (i) added Mr. Bell to the Board immediately; (ii) determined that Mr. Bell and Mr. Ali would be the Board's two nominees for election at the 2016 annual meeting; and (iii) named Ms. Ellinger as lead independent director.

Following the Board deliberation, on the same day, Ms. Ellinger called Mr. Mesdag to inform him that the Board had unanimously voted not to accept his settlement offer. She reiterated the Board's willingness to consider a settlement that included adding Mr. Peiros to the Board. Ms. Ellinger again emphasized the importance of the Company's skills-based approach to board composition pursuant to which the Board sought to add directors who broaden the skill set of our existing directors and strengthen the ability of our Board to offer practical business advice and strategic guidance to management and fulfill its fiduciary duties to stockholders. In that regard, Ms. Ellinger reiterated the importance of software experience for our next Board member. She also indicated to Mr. Mesdag that the Board believed that he did not possess the skills they were looking for, in particular, that Mr. Mesdag has no known operating experience in software development, data analytics, Internet of Things or international technology sourcing.

On March 14, 2016, the Company issued a press release announcing (i) the appointment of Mr. Bell to the board, (ii) the coming retirement of George McNamee, (iii) the election of Ms. Ellinger as lead independent director, (iv) the Board's determination to seek stockholder approval at the 2016 annual meeting to (X) amend to our certificate of incorporation to declassify the Board, and (Y) amend our governing documents to eliminate supermajority voting requirements relating to the removal of directors and amendments to our certificate of incorporation and by-laws, and (v) the Board's approval of an amendment to the Company's by-laws to provide proxy access for eligible stockholders of the Company.

On March 18, 2016, Red Mountain filed with the SEC a preliminary proxy statement with respect to its nominees.

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On March 18, 2016, the Company filed with the SEC a preliminary proxy statement with respect to the Company's 2016 annual meeting.

On March 23, 2016, the Company filed with the SEC amendment number 1 to its preliminary proxy statement.

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PROPOSAL 1

ELECTION OF DIRECTORS

Nominees

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

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

We have received a notice from Red Mountain for the nomination of two individuals for election to our board of directors at the annual meeting in opposition to the director nominees named in this proxy statement.

The board of directors does not endorse any Red Mountain nominees and unanimously recommends that you vote for the directors who have been named in this proxy statement and on the **WHITE** proxy card, and do not sign or otherwise vote using any Green proxy card sent to you by Red Mountain. **OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU DO NOT SIGN ANY PROXY CARDS SENT TO YOU BY RED MOUNTAIN OR ANY OF ITS AFFILIATES. IF YOU HAVE PREVIOUSLY SIGNED OR OTHERWISE VOTED USING A GREEN PROXY CARD SENT TO YOU BY RED MOUNTAIN OR ANY OF ITS AFFILIATES, YOU CAN REVOKE IT BY SIGNING, DATING AND MAILING THE ENCLOSED **WHITE** PROXY CARD IN THE ENVELOPE PROVIDED.**

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

Nominee's or Director's Name	Position(s) with the Company	Year Current Term Will Expire	Current Class of Director
Nominees for Class II Directors:			
Mohamad Ali(1)	Director	2016	II
Michael Bell(2)	Director	2016	II
Continuing Directors:			
Gail Deegan	Director	2017	III
Andrea Geisser	Director	2017	III
Michelle V. Stacy	Director	2017	III
Colin M. Angle	Chairman of the Board, Chief Executive Officer and Director	2018	I
Ronald Chwang, Ph.D.	Director	2018	I

Deborah G. Ellinger

Lead Independent
Director

2018

I

- (1) Mr. Ali was appointed by the board of directors as a Class II director in August 2015.
- (2) Mr. Bell was appointed by the board of directors as a Class II director in March 2016.

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Directors and Executive Officers

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

Name	Age	Position
Colin M. Angle(4)	48	Chairman of the Board, Chief Executive Officer and Director