

iRobot Corporation
Adjusted EBITDA Reconciliation to GAAP
(unaudited, in thousands)

	For the three months ended		For the twelve months ended	
	December 27, 2008	December 29, 2007	December 27, 2008	December 29, 2007
Net Income	\$ 5,422	\$ 20,715	\$ 756	\$ 9,060
Interest income, net	(9)	(488)	(926)	(3,151)
Income tax expense (benefit)	4,806	(8,609)	369	(8,558)
Depreciation	1,771	1,322	6,865	5,311
Amortization	123	-	164	-
EBITDA	12,113	12,940	7,228	2,662
Stock-based compensation expense	1,631	1,296	5,939	4,711
Adjusted EBITDA	<u>\$ 13,744</u>	<u>\$ 14,236</u>	<u>\$ 13,167</u>	<u>\$ 7,373</u>

Use of Non-GAAP Financial Measures

In evaluating its business, iRobot considers and uses Adjusted EBITDA as a supplemental measure of its operating performance. The Company defines Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, and non-cash stock compensation. The Company also presents Adjusted EBITDA because it believes it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance.

The term Adjusted EBITDA is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool, and when assessing the Company's operating performance, investors should not consider Adjusted EBITDA in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, Adjusted EBITDA does not reflect the Company's actual cash expenditures. Other companies may calculate similar measures differently than iRobot, limiting their usefulness as comparative tools. iRobot compensates for these limitations by relying primarily on its GAAP results and using Adjusted EBITDA only supplementally.