SETTLEMENT AGREEMENT
CALIFORNIA ENERGY COMMISSION and iROBOT

The California Energy Commission (Energy Commission) and iRobot Corporation (iRobot) enter into this Settlement Agreement.

I. RECITALS

(1) California Code of Regulations, title 20, section 1608(a), restricts the sale or offer for sale in California of any unit of any appliance within the scope of section 1601 that does not satisfy the following requirements:

- The appliance appears in the Appliance Efficiency Database established under Section 1606(c),
- The manufacturer has tested, marked, and certified that that the appliance complies with the applicable standard in Section 1605.2 or 1605.3, as required by Section 1606,
- The unit sold or offered for sale matches the unit tested under Sections 1603 and 1604 and for which information was submitted under 1606(a), and
- The unit complies with the applicable standard in Section 1605.2 or 1605.3.

(2) The California Energy Commission is a state agency with its principal office at 1516 Ninth Street, Sacramento, California 95814.

(3) iRobot Corporation is a private corporation with its principal place of business at 8 Crosby Drive, Bedford, Massachusetts 01730.

(4) iRobot manufactures several models of robotic cleaning devices that it sells or offers for sale in California either directly or through retailers or distributors. These include the Roomba, a robotic vacuum, and four other product lines: Braava, Create, Looj, and Scooba. (The products in all lines are referred to collectively herein as the "Products").

(5) The Energy Commission alleges that iRobot's Products are subject to the appliance efficiency standards, test procedures, marking, and reporting requirements for small battery charger systems, described in California Code of Regulations, Title 20, Sections 1604(w), 1605.3(w)(2), 1606, and 1607.

(6) From February 1, 2013 through March 31, 2015, iRobot sold, attempted to sell, or assisted in selling Products in California that did not appear in the Appliance Efficiency Database. iRobot also did not test, mark, or certify these Products before they were sold or offered for sale in California.

(7) The Energy Commission alleges that during the timeframe in paragraph (6), iRobot's Products, with the exception of the Looj, did not meet the energy efficiency standards for small battery charger systems, Title 20, California Code of Regulation, section 1605.3(w).

(8) The Energy Commission alleges that iRobot has sold or will sell approximately thirty four thousand eighty nine (34,089) iRobot Product units between April 1, 2015 and December 1, 2015 to California customers that do not meet the energy efficiency standards for small battery charger systems, Title 20, California Code of Regulations, section 1605.3(w).

GPW

(9) The Energy Commission has estimated iRobot's sale of the Products resulted in more than $1,000,000.00 in excess electricity use. However, the sales of the Products did not present an imminent or substantial endangerment to human health or safety.

(10) iRobot does not agree with the Energy Commission's estimate of the excess energy use set forth in paragraph (9) above or the methodology that the Energy Commission used to develop this estimate.

(11) iRobot responded promptly to the Energy Commission's investigation of iRobot Product sales in California. iRobot claims that it invested more than 2,500 engineering hours to redesign its Products to meet the energy efficiency standards for small battery charger systems upon notification by the Energy Commission.

(12) From July 23, 2015, to September 8, 2015, iRobot products were added to the Appliance Efficiency Database including the Braava 300 Series, Looj 330 (also known as "L3000"), Roomba 600 Series, Roomba 700 Series, Roomba 800 Series, and Roomba 900 Series. The specific models that have been or will be added to the Appliance Efficiency Database will be manufactured with the same battery charging system for worldwide sales.

(13) The Energy Commission contends that if the recitations in paragraphs (1) through (8) above were proven, the Energy Commission could seek an injunction to prohibit iRobot from continuing to sell the units in California.

(14) iRobot admits the facts as alleged in recital paragraphs (3), (4), (6), and (10) through (12). However, iRobot contends that its Products are not subject to the Energy Commission's battery charger standards.

(15) The parties agree to resolve this matter completely by means of this Agreement, without resorting to formal adjudication.

II. TERMS

In consideration of the foregoing and the mutual agreements set forth below, the sufficiency and adequacy of which are hereby acknowledged, the Energy Commission and iRobot agree as follows:

(1) By December 1, 2015 and thereafter, iRobot shall only manufacture for sale in North America units of the Braava, Create, Looj, Scooba, and Roomba product lines that are compliant with the current California efficiency standards.

(2) By December 1, 2015 iRobot shall not direct ship to customers in California from its e-commerce platform any units of any Products that are not listed in the Energy Commission's Appliance Efficiency Database.

(3) iRobot shall certify all models of the Braava, Create, Looj, Scooba, and Roomba product lines manufactured on or after December 1, 2015 that are being sold or offered for sale in California to the Appliance Efficiency Database.

(4) Product models manufactured before December 1, 2015 may be sold by distributors and retailers.

(5) Rebate program.

GOW

a. Rebates shall be available only for Roomba, Braava, Create, Looj, and Scooba Product units sold after February 1, 2013, and before November 1, 2015, excluding Product units that were manufactured after the implementation of energy efficiency changes that provided the basis for registration in the Appliance Efficiency Database.
b. Rebates shall only be available to purchasers who, before November 19, 2015, registered their Product unit with iRobot and provided a valid mailing address with a zip code in California (hereinafter "Registered Owner").
c. The amount of the rebate shall be $20.00 per Product unit.
d. iRobot shall administer the rebate program as follows:
    i. On or before December 19, 2015, iRobot will send written correspondence to each Registered Owner that informs the Registered Owner of the availability of the rebate.
    ii. The written correspondence will indicate that to claim the rebate, the Registered Owner will need to return an enclosed postcard "Rebate Request Form" to iRobot no later than January 31, 2016.
    iii. The information the Registered Owner will be required to provide on the Rebate Request Form will be limited to:
        a. The serial number of the Product unit;
        b. The name of the Registered Owner;
        c. A certification by the Registered Owner that the Registered Owner or a member of the Registered Owner's family purchased the Product unit in California and the Registered Owner is still the owner of the Product unit;
        d. The date the Registered Owner signed the certification; and
        e. The current mailing address for the Registered Owner.
    iv. By March 1, 2016 iRobot shall send a check to the Registered Owner who has completed and returned the Rebate Request Form. This check will indicate on its face that the check will be void if it is not presented for payment within ninety (90) days of the date of issuance.
    v. The cost to administer the rebate program and the cost of paying rebates shall be borne entirely by iRobot.

(6) iRobot shall submit the sum of one million dollars ($1,000,000.00) by a non-revocable and immediately negotiable draft to the Energy Commission. iRobot shall make this payment within three (3) business days after receipt of written notification by the Energy Commission of approval of this Settlement Agreement by the Energy Commission at a business meeting.

(7) The Energy Commission acknowledges that it is not requiring iRobot to pay an administrative penalty. Nonetheless, the Energy Commission has for its administrative convenience instructed iRobot to have its check posted to the Energy Commission's Appliance Enforcement Subaccount.

Payment shall be made by check payable as described above and addressed to:

Kathy Jones
California Energy Commission
Accounting Office, MS-2
1516 Ninth Street
Sacramento, California 95814-5512

(8) To help the Energy Commission to verify that products being sold in California are compliant, iRobot shall:

BOW

a. Provide to the Energy Commission the instructions needed to determine the date of manufacture from the serial numbers on the units it manufactures.
b. For Products manufactured after December 1, 2015, ensure that the serial number will be visible without opening any retail packaging.

(9) If iRobot fails to meet the obligations in paragraphs (1) through (3), and (5) through (8) above, the Parties may follow the dispute resolution procedure detailed below. iRobot shall continue with its responsibilities under this Settlement Agreement during any dispute.

iRobot shall first discuss the problem informally with the Energy Commission. If the problem cannot be resolved at this stage, iRobot must prepare a letter containing the grievance together with any evidence, in writing, to the Energy Commission's Executive Director within ten (10) working days of the failure to resolve the problem informally. The Executive Director or designee shall meet with iRobot to review the issues raised. A written decision signed by the Executive Director or designee shall be returned to iRobot within twenty (20) working days of receipt of iRobot's letter. The Executive Director may inform the Energy Commission of the decision at an Energy Commission business meeting. Should iRobot disagree with the Executive Director's decision, iRobot may appeal to the Energy Commission at a regularly scheduled business meeting. iRobot will be provided with the current procedures for placing the appeal on an Energy Commission Business Meeting Agenda.

If the Parties are unable to reach agreement on the dispute through the above process, this Agreement is null and void, and the Energy Commission may take appropriate enforcement action regarding the facts set forth in the Recitals section above.

(10) iRobot agrees that any applicable statute of limitations regarding the facts and allegations contained in the Recitals is tolled until February 28, 2016.

(11) iRobot further agrees that if this matter comes before the Energy Commission in an administrative adjudication, neither any member of the Energy Commission, nor the Executive Director, shall be disqualified because of prior consideration of this Agreement.

(12) This Agreement shall apply to and be binding upon iRobot and its principals, officers, directors, receivers, trustees, employees, successors and assignees, subsidiary and parent corporations, and upon the Energy Commission and any successor agency that may have responsibility for and jurisdiction over the subject matter of this Agreement.

(13) Upon iRobot's completion of the above obligations and in express reliance on the covenants and representations in this Agreement, the Energy Commission agrees to accept iRobot's performance of the above obligations in lieu of taking an enforcement action for any and all claims for the activities alleged in paragraphs (3) - (9) and (12) of the Recitals related to the potential noncompliance of the Products against (1) iRobot or its principals, officers, agents, employees, shareholders, subsidiaries, predecessors and successors, and (2) any person or entity who sold or offered to sell Product units in California prior to December 1, 2015.

(14) This Agreement constitutes the entire agreement and understanding between the Energy Commission and iRobot concerning the settlement in this Agreement, and this Agreement fully supersedes and replaces any and all prior negotiations and agreement of any kind or nature, whether written or oral, between the Energy Commission and iRobot.

6 DW

(15) No agreement to modify, amend, extend, supersede, terminate, or discharge this Agreement, or any portion thereof, shall be valid or enforceable unless it is in writing and signed by all parties to this Agreement.

(16) Advice of Counsel. Each Party to this Agreement has reviewed the Agreement independently, has had the opportunity to consult counsel, is fully informed of the terms and effect of this Agreement, and has not relied in any way on any inducement, representation, or advice of any other Party in deciding to enter into this Agreement.

(17) If a court of competent jurisdiction issues a final nonappealable order finding that federal law preempts the Energy Commission from requiring that the Products comply with the Energy Commission's energy efficiency standards for battery chargers, this Settlement Agreement will terminate at that time and outstanding obligations under the agreement will be considered null and void. Notwithstanding the previous statement, once iRobot has issued a rebate check or submitted the additional payment to the Energy Commission, it will not stop payment on the check due to the court order.

(18) If the United States Department of Energy issues a Final Rule establishing federal energy efficiency standards for small battery charger systems that preempts the Energy Commission from enforcing past or existing violations of the Energy Commission's energy efficiency standards for battery charger systems with respect to iRobot's Products or any other robotic cleaning products, and the effective date of preemption occurs within one year of the execution of this Settlement Agreement, this Settlement Agreement will terminate at that time and outstanding obligations under the Agreement will be considered null and void. Notwithstanding the previous statement, once iRobot has issued a rebate check or submitted the additional payment to the Energy Commission, it will not stop payment on the check due to the issuance of the Final Rule.

(19) This Agreement shall be interpreted and enforced in accordance with the laws of the State of California, without regard to California's choice of law rules.

(20) Any litigation arising out of or related to this Agreement shall be filed in the Superior Court of California, County of Sacramento.

(21) Severability. Each provision of this Agreement is severable, and in the event that any provision of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement remains in full force and effect.

(22) Waiver. The failure of any Party to enforce any provision of this Agreement shall not be construed as a waiver of any such provision, nor prevent such Party thereafter from enforcing such provision or any other provision of this Agreement. The rights and remedies granted all Parties herein are cumulative and the election of one right or remedy by a Party shall not constitute a waiver of such Party's right to assert all other legal remedies available under this Agreement or otherwise provided by law.

(23) This Agreement is deemed to have been drafted equally by the Parties; it will not be interpreted for or against either party on the ground that said party drafted it.

(24) The Energy Commission agrees to protect the confidentiality of all drafts leading up to the final Settlement Agreement to the maximum extent permitted by law.

(25) If any public statement is made by either Party about the Settlement Agreement or the underlying facts or process leading up to the settlement, to the extent feasible the Party will provide notice of the intended public statement to the other Party.

(26) The undersigned represent that they have the authority to execute this Agreement.

California Energy Commission

By: _____
Name:
Title:
Date:

iRobot

By: _____
Name: Glen D. Weinstein
Title: EVP & Chief Legal Officer
Date: Nov. 6, 2015