

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (“**Agreement**”) is entered into as of June 8, 2007, by and among Mentor Graphics Corporation, an Oregon corporation (“**Acquiror**”), and Artiman Management, LLC, as the representative of the Company’s escrow participants (“**Representative**”) under the Merger Agreement (as defined below), and U.S. Bank National Association, as escrow agent and paying agent (“**Escrow Agent**”).

RECITALS

WHEREAS, Sierra Design Automation, Inc., a Delaware corporation (the “**Company**”), Acquiror, Sunrise Merger Sub Corporation, a Delaware corporation and a wholly owned subsidiary of Acquiror (“**Merger Sub I**”), and Sunrise Acquisition Sub, LLC, a Delaware limited liability company (“**Merger Sub II**,” and together with Merger Sub I, the “**Merger Subs**”), have entered into an Agreement and Plan of Merger (the “**Merger Agreement**”) pursuant to which each Stockholder of the Company will sell all of his, her or its shares in the Company to Acquiror pursuant to the terms and conditions of the Merger Agreement, and (i) Merger Sub I will merge with and into the Company, with the Company as the surviving corporation (“**Merger I**”), and (ii) immediately following the effectiveness of such merger, the Company will merge with and into Merger Sub II in accordance with the Delaware General Corporate Law and the Delaware Limited Liability Company Act (“**Merger II**,” and together with Merger I, the “**Merger**”). Capitalized terms used in this Agreement and not otherwise defined shall have the meanings given them in the Merger Agreement

WHEREAS, Section 2.6 of the Merger Agreement provides that at the Effective Time of Merger I, to provide funds for the satisfaction of any claims for indemnification made by Parent Indemnified Persons pursuant to Article 10 of the Merger Agreement, Acquiror shall deliver ten percent (10%) of the Aggregate Stock Payment Amount in shares of Parent Common Stock (the “**Escrow Shares**”) and ten percent (10%) of the Aggregate Cash Payment Amount (the “**Escrow Cash**”) to which each Stockholder is entitled pursuant to Article 2 of the Merger Agreement (collectively, the “**Escrow Amount**”) on a pro rata basis (relative to the aggregate amount of the Total Closing Payment that all such holders are entitled to receive pursuant to Section 2.5 of the Merger Agreement in respect of their shares of the Company’s capital stock) (such pro rata amount, each of the Stockholder’s “**Pro Rata Share**”) to the Escrow Agent (such deposit, together with any Additional Escrow Property (as defined below), is hereinafter collectively referred to as the “**Escrow Fund**”) to be held until 18 months following the date of the Merger Agreement for the benefit of the Escrow Participants other than the Founders and the Founder Trusts (the “**Expiration Date**”) or until the Founder Escrow Expiration Date, as the case may be.

WHEREAS, the parties to this Agreement desire to establish the terms and conditions pursuant to which the Escrow Amount will be deposited in and held and disbursed from the Escrow Fund.

AGREEMENT

NOW, THEREFORE, the parties, intending to be legally bound, agree as follows:

1. Escrow Fund. This Agreement shall become effective at the Effective Time of Merger I; provided, that, if the Merger Agreement is terminated in accordance with its terms prior to the Effective Time of Merger I, this Agreement shall terminate and be of no force or effect. The Escrow Agent agrees to: (a) accept delivery of the Escrow Amount and (b) hold the Escrow Amount in escrow as the Escrow Fund and release such Escrow Amount subject to the terms and conditions of this Agreement and Section 2.6 and Article 10 of the Merger Agreement (which Section 2.6 and Article 10 are attached to this Agreement as Appendix I and incorporated by reference into this Agreement) (the “**Escrow Provisions**”).

2. Deposit of Escrow Amount; Release from Escrow Fund.

(a) Delivery of Escrow Shares and Escrow Cash. At the Effective Time of Merger I, the Escrow Cash and Escrow Shares will be deposited by Acquiror on behalf of the Company's Stockholders with the Escrow Agent. Upon receipt of the Escrow Shares and Escrow Cash by the Escrow Agent, the Escrow Agent shall send a notice to Acquiror and the Representative acknowledging receipt of the Escrow Shares and Escrow Cash.

(b) Stockholders' Accounts. The Escrow Agent will maintain for each Stockholder a spreadsheet accounting record (each, an "**Account**") specifying the portion of the Escrow Cash and Escrow Shares held for the record of each Stockholder pursuant to the Escrow Provisions. All Escrow Shares and Escrow Cash received under Section 2(a) will be allocated to each Stockholder's Account in accordance with such Stockholder's Pro Rata Share of the Escrow Amount as set forth on the Closing Consideration Exhibit attached as Appendix II.

(c) Investment of Escrow Cash.

(i) The Escrow Cash shall be invested in U.S. Treasury Notes or Bills or certificates of deposit or "money market" accounts of banks or trust companies organized in the United States having a minimum net worth of \$1 billion, in each case with maturity dates not later than the earlier of (i) 30 days after the date of investment and (ii) the Expiration Date, as shall be set forth in a written direction from Acquiror to the Escrow Agent. In the absence of written direction from Acquiror to the Escrow Agent, the Escrow Cash shall be invested in a U.S. Bank Money Market Account, which is insured by the FDIC (refer to attached Appendix III for account description and terms). The Escrow Agent shall pay to the party or parties entitled to delivery of all or any portion of the Escrow Cash when, as and if such Escrow Cash is required to be delivered to such party or parties pursuant to the terms of this Agreement, the amount of income actually received, if any, from the investment of the cash comprising such Escrow Cash in accordance with the terms of this Agreement. The Escrow Agent may make any investments through its own investment department or that of its affiliates. The Escrow Agent shall not be liable for any loss from such investments, including upon the sale or disposition of any investments. The Escrow Agent will act upon investment instructions the day that such instructions are received, provided the requests are communicated within a sufficient amount of time to allow the Escrow Agent to make the specified investment. Instructions received after an applicable investment cutoff deadline will be treated as being received by the Escrow Agent on the next business day, and the Escrow Agent shall not be liable for any loss arising directly or indirectly, in whole or in part, from the inability to invest funds on the day the instructions are received. The Escrow Agent shall not be liable for any loss incurred by the actions of third parties or by any loss arising by error, failure, or delay in making an investment which is caused by circumstances beyond the Escrow Agent's reasonable control.

(ii) The Escrow Agent shall have no liability for any investment losses resulting from actions taken in accordance with the terms of this Agreement, including without limitation, any market loss on any investment liquidated prior to maturity in order to make a payment required hereunder.

(d) Release of Escrow Cash. The Escrow Cash shall be held by the Escrow Agent until required to be released to the Stockholders pursuant to Section 2.6(b) of the Merger Agreement, unless previously delivered to Acquiror pursuant to the Merger Agreement. As soon as practicable after the applicable delivery or release condition is met, the Escrow Agent will deliver to Acquiror or each Stockholder, as applicable, such Stockholder's Pro Rata Share of the portion of the Escrow Cash to be released. The Escrow Cash will be delivered, as applicable, to (i) Acquiror by wire transfer of immediately available funds to an account designated to the Escrow Agent in writing by Acquiror and (ii)

in the form of a check issued in the name of each Stockholder. In all cases where Escrow Cash is to be released to the Stockholders, Acquiror and the Representative will deliver a joint written notice to the Escrow Agent identifying the portion of the Escrow Cash to be released and the Pro Rata Share of such portion of the Escrow Cash to be released with respect to each Stockholder, if any, as soon as practicable after the applicable release condition has been met. The Escrow Agent will not release any Escrow Cash to any Stockholder until it has received the joint written instruction from Acquiror and the Representative identifying the portion of the Escrow Cash to be released and the Pro Rata Share of such portion to be released with respect to each Stockholder, if any. Escrow Agent and Acquiror will take such action as may be reasonably necessary to cause such checks to be issued in the names and delivered to the addresses of the Stockholders, in each case as set forth on Appendix II hereto.

(e) Release of Escrow Shares.

(i) The certificates representing the Escrow Shares shall be retained in the Escrow Account until released pursuant to Section 2.6(b) of the Merger Agreement. During the period in which the Escrow Shares are retained in the Escrow Account, they will be held for the benefit of the Stockholders, and such Stockholders shall be entitled to vote the Escrow Shares and to receive the economic benefit of any dividends paid with respect to the Escrow Shares until it has been determined conclusively that Acquiror is entitled to retain the Escrow Shares in respect of indemnification claims pursuant to Section 10 of the Merger Agreement. In all cases where Escrow Shares are to be released to the Stockholders, Acquiror and the Representative will deliver a joint written notice to the Escrow Agent identifying the portion of the Escrow Shares to be released and the Pro Rata Share of such portion of the Escrow Shares to be released with respect to each Stockholder, if any, as soon as practicable after the applicable release condition has been met. The Escrow Agent will not release any Escrow Shares to any Stockholder until it has received the joint written instruction from Acquiror and the Representative identifying the portion of the Escrow Shares to be released and the Pro Rata Share of such portion to be released with respect to each Stockholder, if any.

(ii) In all cases where Escrow Shares are to be released to the Stockholders pursuant to Section 2(e)(i), the Escrow Agent shall deliver the Escrow Shares to the Acquiror's transfer agent, who shall forthwith distribute to the Stockholders, at their respective addresses, as set forth on Appendix II hereto, the Escrow Shares in proportion to each Stockholder's Pro Rata Share of the Escrow Shares set forth, as set forth on Appendix II hereto.

(f) No Encumbrance. Subject to the terms of this Agreement, no Escrow Amount, or any beneficial interest in the Escrow Amount, may be pledged, sold, assigned or transferred, including by operation of law, by a Stockholder or be taken or reached by any legal or equitable process in satisfaction of any debt or other liability of a Stockholder prior to the delivery to such Stockholder of the Stockholder's Pro Rata Share of the Escrow Amount by the Escrow Agent.

(g) Payment of Taxes. Acquiror assumes all duties to file any and all tax reports and returns, except as noted below, as well as full responsibility for the payment of all taxes assessed on or with respect to the Escrow Cash and all taxes due on the income collected on any and all transactions with respect to the Escrow Cash. For purposes of IRS Form 1099, which the Escrow Agent shall be required to prepare and file, all reportable income shall be reported to the Internal Revenue Service as being attributable to Acquiror. The parties agree that Acquiror shall be treated as the owner of the Escrow Cash and the Stockholders shall be treated as the owner of the Escrow Shares for all federal and state income tax purposes. Within ten (10) days following the end of each calendar quarter, the Escrow Agent shall distribute from the Escrow Cash to Acquiror an amount equal to the product of forty percent (40%) multiplied by the taxable income generated by investments of the Escrow Cash for the prior quarter. The Escrow Agent shall pay such amount out of the Escrow Cash automatically to Acquiror without further

instructions (the “**Tax Payment**”). The parties further agree that a portion of the amounts distributed from the Escrow Fund to the Stockholders shall be treated as an interest payment on an obligation by Acquiror to the Stockholders for all state and federal income tax purposes (“**Deemed Interest Payment**”) consistent with the principles under Sections 453 and 453A of the Internal Revenue Code of 1986, as amended (the “**Code**”), and Acquiror shall provide Escrow Agent in writing with the amount of the Deemed Interest Payment as to each Stockholder on or prior to December 31 in any calendar year in which this Agreement is in effect, *provided, however*, Escrow Agent shall have no duty whatsoever to report a Deemed Interest Payment to the Stockholders if it does not receive such written notice from Acquiror. The amount of the Deemed Interest Payment shall be calculated by applying the minimum Applicable Federal Rate.

(h) Information Provided by Stockholders. Each of the Stockholders agrees to provide the Escrow Agent with (i) in the case of Stockholders that are U.S. persons (“**U.S. Parties**”), certified tax identification numbers by causing each such U.S. Party to complete, sign and return a Form W-9 and (ii) in the case of Stockholders that are not U.S. Persons (“**Non-U.S. Parties**”), evidence of status as other than a U.S. person by causing each such Non-U.S. Party to complete, sign and return a Form W-8, in each case with any other forms and documents that the Escrow Agent may reasonably request (collectively, “**Tax Reporting Documentation**”) to the Escrow Agent within thirty (30) days after the date hereof. The parties hereto agree that the Tax Reporting Documentation provided by Non-U.S. Parties shall constitute the statement described in Section 871(h)(5) of the Code and that all Deemed Interest Payments paid to or to the account of any Non-U.S. Party shall be treated as “portfolio interest” satisfying the requirements of Sections 871(h) and 881(c) of the Code. The parties hereto further agree not to take any action inconsistent with such treatment. On the basis of such Tax Reporting Documentation, no U.S. federal income taxes shall be deducted, withheld or backup withheld with respect to any Deemed Interest Payment, if any, paid to any Stockholder.

(i) Tax Filings. The Escrow Agent shall be required to file with the Internal Revenue Service: (i) with respect to each U.S. Party, Forms 1099 B and 1099 INT with respect to any Deemed Interest Payment to such U.S. Party; and (ii) with respect to each Non-U.S. Party, Forms 1042 and 1042-S with respect to any Deemed Interest Payment to such Non-U.S. Party, and in each case to provide copies thereof to the Representative or as otherwise required under applicable law.

3. Escrow Shares

(a) The Escrow Shares appear as issued and outstanding Parent Common Stock on Parent’s balance sheet, and the Escrow Shares are legally outstanding under applicable state law.

(b) Any shares of Parent Common Stock or other equity equivalent securities issued or distributed by Parent in respect of Escrow Shares which have not been released from the Escrow Fund (excluding any shares of Parent Common Stock or other equity equivalent securities so issued or distributed that are taxable, pursuant to Section 301 of the Code, to the stockholder who is the beneficial owner of such shares or securities) shall be added to the Escrow Fund.

(c) Cash dividends, dividends payable in securities and other distributions of any kind (other than distributions described in Section 3(b) hereof) made or paid on the Escrow Shares shall not be added to the Escrow Fund but shall be distributed to the record holders of the Escrow Shares on the record date set for any such dividend.

(d) Each Stockholder shall have the full right to vote its pro rata portion of the Escrow Shares, to the extent that such shares have not been delivered to the Parent as provided in this

Agreement.

4. Limitation of the Escrow Agent's Liability.

(a) The Escrow Agent (i) shall not, except as expressly provided in this Agreement including as provided for in Section 6 hereof, be responsible for any of the agreements referred to or described herein (including without limitation the Merger Agreement), or for determining or compelling compliance therewith, and shall not be bound thereby, (ii) shall be obligated only for the performance of such duties as are expressly set forth in this Agreement on its part to be performed, (iii) may rely on and shall be protected in acting or refraining from acting upon any written notice, instruction (including, without limitation, wire transfer instructions, whether incorporated herein or provided in a separate written instruction), instrument, statement, certificate, request or other document furnished to it hereunder and reasonably believed by it to be genuine and to have been signed or presented by the Representative (on the one hand) or Acquiror (on the other hand) and as set forth on Appendix III hereto, and shall have no responsibility or duty to make inquiry as to or to determine the genuineness, accuracy or validity thereof, and (iv) may consult counsel satisfactory to it, including in-house counsel, and the opinion or advice of such counsel in any instance shall, in respect of any action taken, suffered or omitted by the Escrow Agent hereunder in good faith in accordance with the advice of such counsel, be full and complete authorization and protection with respect to any such action or omission. The Escrow Agent may conclusively presume that the undersigned representative of any party hereto which is an entity other than a natural person has full power and authority to instruct Escrow Agent on behalf of that party unless written notice to the contrary is delivered to the Escrow Agent. Concurrent with the execution of this Agreement, Acquiror shall deliver to the Escrow Agent an authorized signers form in the form of Appendix IV to this Agreement.

(b) The Escrow Agent shall not be liable to anyone for any action taken or omitted to be taken by it hereunder except in the case of the Escrow Agent's bad faith, gross negligence or willful misconduct. In no event shall the Escrow Agent be liable for indirect, punitive, special or consequential damages or losses (including but not limited to lost profits) whatsoever, even if the Escrow Agent has been informed of the likelihood of such loss or damage and regardless of the form of action.

(c) In the event conflicting demands are made or notices are served upon the Escrow Agent with respect to the Escrow Amount, the Escrow Agent will have the absolute right, at the Escrow Agent's election, to do any of the following: (1) resign so a successor can be appointed pursuant to Section 6; (2) continue to hold the Escrow Amount until it receives joint written instructions from Acquiror and the Representative setting forth specific instruction for the release of the Escrow Amount; or (3) file a suit in interpleader and obtain an order from a court of competent jurisdiction requiring the parties to interplead and litigate in such court their several claims and rights among themselves and, in the event such interpleader suit is brought, the Escrow Agent will thereby be fully released and discharged from all further obligations imposed upon it under the Escrow Provisions, and Acquiror will pay the Escrow Agent all reasonable costs, expenses and reasonable attorney's fees expended or incurred by the Escrow Agent pursuant to the exercise of the Escrow Agent's rights under this Section 4 (such costs, fees and expenses will be treated as extraordinary fees and expenses for the purposes of Section 5).

(d) Acquiror and the Representative (on behalf of all of the Stockholders, and not individually) (through a deduction from the Escrow Fund) and their successors and assigns agree jointly and severally to indemnify and hold Escrow Agent harmless against any and all losses, claims, damages, liabilities, and expenses, including reasonable costs of investigation, counsel fees, including allocated costs of in-house counsel and disbursements that may be imposed on Escrow Agent or incurred by Escrow Agent in connection with the performance of its duties under this Agreement with respect to the Escrow Amount, including but not limited to any litigation arising from this Agreement or involving its

subject matter. Escrow Agent shall have a first lien on the property and papers held under this Agreement for such compensation and expenses. Notwithstanding the foregoing, no indemnity need be paid in the event of the Escrow Agent's gross negligence, bad faith or willful misconduct.

5. Expenses.

(a) Escrow Agent. All fees and expenses of the Escrow Agent incurred in the ordinary course of performing its responsibilities hereunder with respect to the Escrow Amount will be paid by Acquiror upon receipt of a written invoice by the Escrow Agent. Any extraordinary fees and expenses, including without limitation any fees or expenses incurred by the Escrow Agent in connection with a dispute over the distribution of the Escrow Amount or the validity of a claim or claims by Acquiror made in an Officer's Certificate, will be paid 50% by Acquiror and 50% by the Stockholders (in the case of the Stockholders, through a deduction to the Escrow Fund). The Stockholders' liability for the extraordinary fees and expenses of the Escrow Agent may be paid by Acquiror and recovered as a claim hereunder out of the Escrow Amount. If Acquiror has paid the portion of such fees and expenses as permitted under this Section 5(a) of the Stockholders, then the Escrow Agent will, upon demand by Acquiror, transfer to Acquiror a portion of the Escrow Amount equal to such portion of fees and expenses in Escrow Cash. In the event the balance in the Escrow Amount is not sufficient to pay the Stockholders' portion of such extraordinary fees and expenses of the Escrow Agent, or in the event the Escrow Agent incurs any liability to any person, firm or corporation by reason of its acceptance or administration of this Agreement, Acquiror agrees to indemnify the Escrow Agent for such extraordinary fees and expenses or costs and expenses, including, without limitation, counsel fees and expenses, as the case may be. Notwithstanding the foregoing, no indemnity need be paid in the event of the Escrow Agent's gross negligence, bad faith or willful misconduct.

(b) Representative. The Representative will not be entitled to receive any compensation from Acquiror or the Stockholders in connection with this Agreement. Any loss, liability or expense incurred by the Representative in connection with actions taken pursuant to the terms of the Escrow Provisions will be paid by the Stockholders.

6. Successor Escrow Agent. In the event the Escrow Agent becomes unavailable or unwilling to continue in its capacity as such, the Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving written notice to the parties to this Agreement, specifying not less than 30 days' prior notice of the date when such resignation will take effect. Acquiror will designate a successor Escrow Agent (with the consent of the Representative, which will not be unreasonably withheld, conditioned or delayed) prior to the expiration of such 30-day period by giving written notice to the Escrow Agent and the Representative. Acquiror may appoint a successor Escrow Agent with the consent of the Representative, which will not be unreasonably withheld, conditioned or delayed provided such proposed Escrow Agent is an independent third party that as part of its ordinary course of business provides similar escrow services to other parties. Upon receipt of joint written direction from Acquiror and the Representative, the Escrow Agent will promptly transfer (i) the Escrow Shares and Escrow Cash and (ii) that portion of the initial set-up fee equal to 1/12 multiplied by the number of months remaining prior to the Expiration Date, to such designated successor. In the event no successor Escrow Agent is appointed as described in this Section 6, the Escrow Agent may apply to a court of competent jurisdiction for the appointment of a successor Escrow Agent.

7. Incorporation by Reference of Section 2.6 and Article 10 of the Merger Agreement. The parties agree that the terms of Section 2.6 and Article 10 of the Merger Agreement shall be deemed to be incorporated by reference in this Agreement as if such Section and Article had been set forth in their entirety herein. The parties acknowledge that the administration of the Escrow Amount by the Escrow

Agent will require reference to both the terms of this Agreement as well as the terms of such Section 2.6 and Article 10 of the Merger Agreement.

8. Notices. Any notice provided for or permitted under the Escrow Provisions will be treated as having been given when (i) delivered personally, (ii) sent by confirmed Fax, (iii) sent by commercial overnight courier with written verification of receipt, or (iv) mailed postage prepaid by certified or registered mail, return receipt requested, to the party to be notified, at the address set forth below, or at such other place of which the other party has been notified in accordance with the provisions of this Section 8.

If to Acquiror or Company:

Mentor Graphics Corporation
8005 SW Boeckman Road
Wilsonville, Oregon 97070
Facsimile: (503) 685-1485
Attention: General Counsel

With a copy (which shall not constitute notice) to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025
Facsimile: (650) 463-2600
Attention: Christopher L. Kaufman, Esq.
Tad J. Freese, Esq.

If to Escrow Agent:

U.S. Bank National Association
One California Street, Suite 2100
San Francisco, CA 94111
Facsimile: (415) 273-4591
Attention: Michael P. Susnow, Vice President

If to Representative:

Artiman Management, LLC
2370 Watson Court
Suite 220
Palo Alto, CA 94303
Facsimile: (650) 845-2019
Attention: Amit Shah

With a copy (which shall not constitute notice) to:

O'Melveny & Myers LLP
2765 Sand Hill Road
Menlo Park, California 94025
Facsimile: (650) 473-2601

Attention: Warren T. Lazarow, Esq.

Such notice will be treated as having been received upon actual receipt.

9. General.

(a) Governing Laws. It is the intention of the parties hereto that the internal laws of the State of California (irrespective of its choice of law principles) shall govern the validity of this Agreement, the construction of its terms, and the interpretation and enforcement of the rights and duties of the parties to this Agreement.

(b) Binding upon Successors and Assigns. Subject to, and unless otherwise provided in, this Agreement, each and all of the covenants, terms, provisions, and agreements contained in this Agreement shall be binding upon, and inure to the benefit of, the permitted successors, executors, heirs, representatives, administrators and assigns of the parties to this Agreement.

(c) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original as against any party whose signature appears on such counterpart and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected in this Agreement as signatories.

(d) Entire Agreement. Except as set forth in the Merger Agreement, this Agreement, the documents referenced in this Agreement and the exhibits to such documents, constitute the entire understanding and agreement of the parties to this Agreement with respect to the subject matter of this Agreement and of such documents and exhibits and supersede all prior and contemporaneous agreements or understandings, inducements or conditions, express or implied, written or oral, between the parties with respect to such subject matter. The express terms of this Agreement control and supersede any course of performance or usage of the trade inconsistent with any of the terms of this Agreement.

(e) Waivers. No waiver by any party to this Agreement of any condition or of any breach of any provision of this Agreement will be effective unless in writing. No waiver by any party of any such condition or breach, in any one instance, will be deemed to be a further or continuing waiver of any such condition or breach or a waiver of any other condition or breach of any other provision contained in this Agreement.

(f) Amendment. This Agreement may be amended with the written consent of Acquiror, the Escrow Agent and the Representative, provided, however, that if the Escrow Agent does not agree to an amendment agreed upon by Acquiror and the Representative, a successor Escrow Agent may be appointed in accordance with Section 6.

(g) Advice of Legal Counsel. Each party acknowledges and represents that, in executing this Agreement, it has had the opportunity to seek advice as to its legal rights from legal counsel and that the person signing on its behalf has read and understood all of the terms and provisions of this Agreement. Each party acknowledges that O'Melveny & Myers LLP represented the Company in the transactions contemplated hereby and has not represented any individual investor or any individual stockholder or employee of the Company in connection with such transactions. This Agreement shall not be construed against any party by reason of the drafting or preparation thereof.

(h) Important Information About Procedures For Opening A New Account. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all

financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a Trust or other legal entity the Escrow Agent will ask for documentation to verify its formation and existence as a legal entity. The Escrow Agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written and this Agreement will be effective as to all the Stockholders when executed by Acquiror, the Escrow Agent and the Representative.

ACQUIROR:

MENTOR GRAPHICS CORPORATION

By: _____
Name: _____
Title: _____

ESCROW AGENT:

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name:
Title:

REPRESENTATIVE:

ARTIMAN MANAGEMENT, LLC

By: _____
Name: _____
Title: _____

[SIGNATURE PAGE TO ESCROW AGREEMENT]

APPENDIX I

Section 2.6 and Article 10 of Merger Agreement

APPENDIX II

Stockholders' Interest in Escrow Amount

<u>Stockholder Name</u>	<u>Escrow Cash</u>	<u>Escrow Shares</u>	<u>Percentage Interest</u>
[TO BE PROVIDED]			

APPENDIX III

U.S. Bank Money Market Account Description and Terms

U.S. Bank money market accounts are U.S. Bank National Association (“U.S. Bank”) deposit accounts designed to meet the needs of Corporate Escrow and other Corporate Trust customers of U. S. Bank. Accounts pay competitive variable interest rates, which are determined upon the customer’s aggregated balance. Customer deposits are insured up to \$100,000 per depositor pursuant to the Federal Deposit Insurance Corporation’s insurance rules.

Interest rates currently offered on the accounts are determined at U. S. Bank’s discretion and may change daily. U. S. Bank uses the daily balance method to calculate interest on these accounts. This method applies a daily periodic rate to the principal in the accounts each day of the month and divides that figure by the number of days in the period. Interest on customer deposits begins to accrue on the business day funds are credited to a U.S. Bank deposit account. Interest is compounded on a monthly basis.

The owner of the accounts is U. S. Bank as agent for its customers. All account deposits and withdrawals are performed by U.S. Bank.

APPENDIX IV

Certificate of Authorized Signatory

Account Name: **Project Sunrise Escrow Account; Mentor Graphics Corporation
("Acquiror") and Artiman Management, LLC (the "Representative")
Escrow Account**

Account Number: **113 171 000**

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Acquiror and are authorized to initiate and approve transactions of all types for the above-mentioned account on behalf of Acquiror:

Name / Title

Specimen Signature

_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	