

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF CLACKAMAS

JACOB SCHEINER, On Behalf of Himself and All
Others Similarly Situated,

Plaintiff,

vs.

MENTOR GRAPHICS CORPORATION; WALDEN
C. RHINES; KEITH L. BARNES; PAUL A.
MASCARENAS; PETER L. BONFIELD; CHERYL
L. SHAVERS; J. DANIEL MCCRANIE; JEFFREY
M. STAFEIL; SIEMENS INDUSTRY, INC.; and
MEADOWLARK SUBSIDIARY CORPORATION,

Defendants.

No. 16CV42024

**NOTICE OF PENDENCY OF CLASS ACTION,
CLASS ACTION DETERMINATION,
SETTLEMENT OF CLASS ACTION,
SETTLEMENT HEARING, AND RIGHT TO
APPEAR**

TO: ALL RECORD HOLDERS AND BENEFICIAL OWNERS OF MENTOR GRAPHICS CORPORATION'S COMMON STOCK BETWEEN NOVEMBER 14, 2016 AND MARCH 30, 2017, INCLUSIVE (THE "CLASS PERIOD"). THIS NOTICE WAS SENT TO YOU BY ORDER OF THE COURT. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. THIS NOTICE RELATES TO A PROPOSED SETTLEMENT OF THIS CLASS ACTION AND, IF YOU ARE A CLASS MEMBER, CONTAINS IMPORTANT INFORMATION AS TO YOUR RIGHTS CONCERNING THE SETTLEMENT DESCRIBED BELOW.

IF YOU HELD SHARES OF MENTOR GRAPHICS CORPORATION STOCK FOR THE BENEFIT OF ANOTHER, PLEASE PROMPTLY TRANSMIT THIS DOCUMENT TO THE BENEFICIAL OWNER.

This Notice is not a lawsuit against you. You are not being sued. You have received this Notice because you may be a member of the Class described in this Notice.

- The settlement ("Settlement") of the above-referenced action (the "Action") resolves a lawsuit which asserts that Defendants breached their fiduciary duties to the stockholders of Mentor Graphics Corporation ("Mentor" or the "Company"), or aided and abetted such breaches of fiduciary duty. The Action includes claims (1) that the members of the Mentor board of directors breached their fiduciary duties to the public stockholders of Mentor by recommending to stockholders a proposed sale of the Company to Siemens Industry, Inc. ("Siemens") and Meadowlark Subsidiary Corporation ("Meadowlark") that did not maximize stockholder value (the "Transaction"); and (2) that the Company's disclosures with respect to the Transaction were deficient. Defendants are Mentor, the individual members of its board of directors as of November 14, 2016 (Walden C. Rhines, Keith L. Barnes, Paul A. Mascarenas, Peter L. Bonfield, Cheryl L. Shavers, J. Daniel McCranie, and Jeffrey M. Stafeil), Siemens, and Meadowlark (collectively, "Defendants"). Defendants have denied and continue to deny the allegations and any wrongdoing or breach whatsoever.
- The Settlement provides for the dissemination of a Supplement to Mentor's Definitive Proxy Statement on January 26, 2017, that contained certain additional disclosures regarding the Transaction, including: information regarding the process leading up to the Transaction, including communications between Elliott Associates, L.P. and Mentor and confidentiality agreements Mentor entered into with prospective bidders; additional details of the analyses performed by the Company's financial advisor Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch") in evaluating the fairness of the Transaction to Mentor stockholders; and certain financial projections provided to BofA Merrill Lynch by Mentor management. The full text of the Form 8-K containing the Supplemental Disclosures, which was mailed to stockholders on January 26, 2017, is available at: <https://www.sec.gov/Archives/edgar/data/701811/000119312517019906/d326372d8k.htm>
- Plaintiff believes that the Settlement provides a substantial benefit to the Class and avoids the costs and risks associated with continued litigation, including the danger of no recovery. In connection with the Transaction, Mentor was required to disclose to Plaintiff and the Class information related to the decision confronting Mentor stockholders of whether to vote in favor of the Transaction.

- Defendants, solely to avoid the costs, disruption, and distraction of further litigation, and without admitting the validity of any allegations made in the Action, or any liability with respect thereto, have concluded that it is desirable that the claims against them be settled and dismissed on the terms reflected in the Settlement.
- Plaintiff's counsel have not received any payment for conducting this lawsuit and negotiating the Settlement on behalf of the Class. Plaintiff's counsel will ask the Court to approve attorneys' fees and expenses in the amount of \$330,000.00, which Mentor (or its successor(s) in interest) has agreed to pay, subject to the Court's approval. The amounts paid to Plaintiff's counsel for attorneys' fees and reimbursement of expenses will not be paid out of amounts that would otherwise have been paid to members of the Class.

Your Legal Rights and Options in the Settlement:	
DO NOTHING	You are giving up any and all claims against Defendants in connection with the Transaction between Mentor and Siemens.
OBJECT	You may write to the Court if you object to this Settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the Settlement or the attorney fees requested by Plaintiff's counsel.

These rights and options – ***and the deadlines for exercising them*** – are explained below.

BASIC INFORMATION

1. Why Did I Get This Notice? You or someone in your family may have held shares of Mentor common stock during the Class Period, and therefore you may be a Class member. The Court directed that this Notice be sent to you because you have a right to know about the proposed Settlement of this class action lawsuit, and about all of your options, before the Court decides whether to approve the Settlement.

2. Why Is This a Class Action? In a class action, one or more people or entities called class representatives or plaintiffs sue on behalf of people and entities who have similar claims. Here, all these people and entities are called Class members. One court resolves the issues for all Class members.

3. Why Is There a Settlement? The Court did not decide in favor of Plaintiff or Defendants, all of whom have denied any and all liability for the claims asserted against them in this case. Instead, all of the parties have agreed to a settlement, thereby avoiding the cost and risk of continued litigation, including a trial and possible appeals. Plaintiff and his attorneys believe the Settlement is in the best interests of the Class members.

4. How Do I Know if I Am Part of the Settlement? The Class includes all persons and entities who held shares of Mentor common stock at any time during the period between November 14, 2016 and March 30, 2017, inclusive, including within the Class the successors in interest and transferees of all such foregoing holders and/or owners, immediate, and remote, excluding the Defendants, their immediate family members, their directors or partners, their direct or indirect parent or subsidiary entities, or any person or entity over whom or which any Defendant exercises sole or exclusive control (the "Class").

THE LAWYERS REPRESENTING YOU

5. Do I Have a Lawyer in This Case? Markowitz Herbold PC and WeissLaw LLP represent Class members. These lawyers are called Plaintiff's counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

6. How Will the Lawyers Be Paid? Plaintiff's counsel will ask the Court for an award of attorneys' fees and expenses in the amount of \$330,000.00. Mentor (or its successor(s) in interest) have agreed to pay such amount subject to court approval. Class members are not personally liable for any fees or expenses. To date, Plaintiff's counsel have not been paid for their services in conducting this litigation on behalf of Plaintiff and the Class, nor for their out-of-pocket expenses. The fee requested will compensate Plaintiff's counsel for their work in achieving the Settlement.

OBJECTING TO THE SETTLEMENT

7. How Do I Tell the Court That I Object to the Settlement? If you are a Class member, you can object to the Settlement if you don't like any part of it. You can also object to Plaintiff's counsel's request for attorneys' fees and expenses. You can give reasons why you think the Court should not approve the Settlement or Plaintiff's counsel's request for attorneys' fees and expenses. The Court will consider your views. To object, you must send a letter saying that you object and the reasons why you object, and include your name, address and telephone number, as well as proof of membership in the Class, including a listing of your holdings in Mentor stock during the Class Period. Mail the letter to the

following places so that it is received no later than fourteen (14) calendar days prior to the Settlement Hearing on December 11, 2017.

Clerk of the Court:
Clackamas County Clerk
807 Main Street
Oregon City, Oregon 97045

Counsel for Plaintiff:

Dallas DeLuca
MARKOWITZ HERBOLD PC
1211 SW Fifth Avenue, Suite 3000
Portland, Oregon 97204

Richard A. Acocelli
WEISSLAU LLP
1500 Broadway
New York, New York 10036

Counsel for Defendants:

Charles Bachman
Edward N. Moss
O'MELVENY & MYERS LLP
Times Square Tower
7 Times Square
New York, New York 10036

Blair Connelly
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022

Jeanne Kallage Sinnott
MILLER NASH GRAHAM & DUNN LLP
3400 U.S. Bancorp Tower
111 S.W. Fifth Avenue
Portland, Oregon 97204

Susan Eggum,
LANE POWELL PC
601 Southwest Second Avenue
Suite 2100
Portland, Oregon 97204

THE COURT'S FAIRNESS HEARING

8. When and Where Will the Court Decide Whether to Approve the Settlement? The court will hold a Settlement Hearing at 9:00 a.m. on December 11, 2017, before:

Clackamas County Courthouse, Room 200
807 Main Street
Oregon City, Oregon 97045

9. At this hearing, the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them at that time, and will listen to any class member who has asked to speak at the hearing. The Court will also consider whether and how much to pay Plaintiff's counsel. You should be aware that the Court may change the date and time of the hearing. If you want to come to the hearing, you should check with the Court before coming to be sure that the date and/or time has not changed.

10. Do I Have to Come to the Hearing? No. Plaintiff's counsel will answer questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you submitted your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

11. May I Speak at the Hearing? You may ask the Court for permission to speak at the Settlement Hearing. To do so, you must send a letter to everyone listed in Question No. 7 above saying that you intend to appear at the hearing. Be sure to include your name, address, telephone number, proof of membership in the Class (including a listing of your holdings in Mentor stock during the Class Period), and your signature. Your notice of intention to appear must be received no later than fourteen (14) calendar days prior to the Settlement Hearing on December 11, 2017.

GETTING MORE INFORMATION

12. Are There More Details About the Settlement? This Notice summarizes the proposed Settlement. More details are in the Stipulation and Agreement of Compromise, Settlement, and Release ("Stipulation") dated September 20, 2017. You can get a copy of the Stipulation during business hours at the Clerk of the Court:

**Clackamas County Clerk
807 Main Street
Oregon City, Oregon 97045**

or by writing to Richard Acocelli, WeissLaw LLP, 1500 Broadway, New York, New York 10036. If you have questions or want to get additional information, you can call (212) 682-3025 or write to Richard Acocelli at the above address.

SPECIAL NOTICE TO NOMINEES

Brokerage firms, banks and/or other persons or entities who held shares of Mentor common stock at any time between November 14, 2016 and March 30, 2017, inclusive, for the benefit of others are requested to immediately send this Notice to all of such beneficial owners. If additional copies of the Notice are needed for forwarding to such beneficial owners, any requests for such additional copies or provision of a list of names and mailing addresses of beneficial owners may be made to:

Mentor Graphics Corporation Settlement
c/o GCG
P.O. Box 10510
Dublin, Ohio 43017-1510

Such brokerage firms, banks and/or other persons or entities requesting additional copies or providing a list of names and mailing addresses of beneficial owners will be reimbursed for documented reasonable out-of-pocket expenses incurred in providing such additional copies or providing a list of names and mailing addresses of beneficial owners.

PLEASE DO NOT CALL THE COURT REGARDING THIS NOTICE

Dated: September 26, 2017

BY ORDER OF THE CIRCUIT COURT OF CLACKAMAS COUNTY,
OREGON