

MENTOR GRAPHICS CORPORATION

DIRECTOR CODE OF ETHICS

1. **Duties and Responsibilities.** This Code of Ethics (“Code of Ethics” or “Code”) is a guide to the ethical and legal responsibilities of a director of Mentor Graphics Corporation (“Mentor” or the “Company”).

It is the primary duty of the Board of Directors (the “Board”) of Mentor to oversee the CEO and other senior management in the competent and ethical operation of the Company. To satisfy this duty, the directors will attend regularly scheduled Board meetings and interface with Company management as appropriate, with a focus toward ensuring that the Company is committed to business success through maintenance of high standards of responsibility and ethics.

Directors bring to Mentor a wide range of experience, knowledge and judgment. These varied skills mean that good governance depends on far more than a “check the box” approach to standards or procedures. The governance structure at Mentor is designed to be a working structure for principled actions, effective decision-making and appropriate monitoring of both compliance and performance.

Effective directors maintain an attitude of constructive skepticism and careful review. Mentor directors know that their job requires them to ask probing questions of management and to take the action necessary to understand material decisions on the part of management, which they are asked to review. Mentor directors also rely on the advice, reports and opinions of management, counsel and expert advisers.

2. **General Conflicts of Interest.** Each Board member must ensure that other existing and anticipated future commitments do not materially interfere with the member’s service as a director.

3. **Personal Benefit from Mentor Business.** A Board member may not receive any material personal profit or advantage in connection with any transaction involving Mentor without requisite disclosure and approval. A Board member must disclose to the Chairman of the Board all situations where, to his or her knowledge, a Mentor entity is conducting business that results or will result in a material personal profit or advantage to the member.

4. **Investments and Other Businesses.** A Board member may not have a material personal or family interest in any Mentor supplier, customer, reseller or competitor that might cause divided loyalty, or the appearance of divided loyalty without requisite disclosure and approval. Whether there may be divided loyalty depends on many factors, including the Board member’s ability to influence Mentor decisions that affect his or her personal interest, the size of the investment relative to the member’s other resources, and the nature of the relationship between Mentor and the other business.

5. **Other Directorships and Positions.** Prior to joining any other board or accepting an executive position with a company that does business with Mentor or competes with Mentor, a Board member must consult with Mentor's Chairman of the Board. If in a Board member's position as a director, officer or employee of another organization the Board member encounters any situation where his or her role with that other organization is in conflict with Mentor's interests, the director must inform Mentor's Chairman of the Board of the conflict.

6. **Recusal From Conflict Matters.** If the Board commences discussions on any matter that poses a conflict of interest for any director, that director shall excuse himself or herself from such discussions and abstain from voting on such matter. Matters requiring recusal include any matter in which the director, any family member of the director, any entity of which the director is a director, officer or employee, or any affiliate of any such person or entity, has an interest. In the event you fail to excuse yourself from such discussions, Mentor's Chairman of the Board may excuse you.

7. **Confidentiality.** All information not previously disclosed to the public that a director learns as a result of his or her position at Mentor is Company property and must be kept confidential. Accordingly, no director shall (i) use Confidential Information for his or her own personal benefit or to benefit persons or entities outside the Company; or (ii) disclose Confidential Information to anyone outside the Company, specifically including any principal or employee of any entity which employs the director or has sponsored the director's election to the Board, except with authorization of the Board or as may be otherwise required by law.

"Confidential Information" is all nonpublic information entrusted to or obtained by a director by reason of his or her position as a director of Mentor. It includes, but is not limited to, the following:

- nonpublic information about the Company's financial condition, prospects and plans, its marketing and sales programs and its research and development activities, as well as information relating to mergers and acquisitions, stock splits and divestitures;
- nonpublic information concerning possible transactions with other companies or information about the Company's customers, suppliers or joint venture partners; and
- nonpublic information regarding the content of discussions and deliberations at Board and Board committee meetings as well as other discussions between and among employees, officers and directors of the Company.

8. **Handling News about Mentor.** Confidential information about Mentor, including information that can reasonably be expected to have an impact on the price for Mentor stock such as projections of orders, revenues, earnings and other forward-looking information, may be released only in accordance with Mentor's guidelines and applicable securities laws. When reasonably possible, contacts with news organizations should be handled through Mentor's corporate communications department.

Mentor's policy is to provide full, fair, accurate, timely, and understandable disclosure in reports that Mentor files with, or submits to, the SEC and in Mentor's other public communications. Accordingly, Board members must ensure that they and others in the Company comply with Mentor's disclosure controls and procedures and Mentor's internal controls for financial reporting. In the event any individual Board member believes or suspects that any information that is filed with, or submitted to the SEC, or otherwise made publicly available is materially inaccurate or misleading, or if such Board member has identified or has suspicion of a material weakness in Mentor's public reporting procedures, such Board member shall promptly raise such concern with the Chairman of the Audit Committee (or other member of the Audit Committee, as may be appropriate).

9. **Profiting from Inside Information.** Directors have information about Mentor that is both material and non-public. Directors must adhere to Mentor's trading windows and applicable securities laws, and report any trades in Mentor stock. If a director violates insider trading laws, both the director and Mentor may be subject to severe criminal penalties. Insider trading laws apply to all Mentor directors and apply to all transactions.

10. **Handling Company Assets.** Every director must take care to safeguard Mentor assets. This includes protecting them from unauthorized use. Use of Mentor assets for any unlawful or improper purposes is prohibited.

11. **Relationships to Other Policies.** If a director is also a Mentor employee, Mentor's Standards of Business Conduct apply to that director.

12. **Waivers and Amendments of the Code.** Mentor is committed to continuously reviewing and updating its policies and procedures. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Board of Directors and promptly disclosed, along with the reasons for any waiver, pursuant to applicable laws and regulations.

13. **Violations; Investigations.** All Mentor directors are required to review this Code in order to answer questions and ensure compliance. Violations of this Code should be reported to the Chairman of the Audit Committee, provided that if the alleged violation involves the Chairman of the Audit Committee, then the violation should be reported to the remaining members of the Audit Committee; provided further, that if the alleged violation involves the Chairman of the Audit Committee and at least one other member of the Audit Committee, then the violation should be reported to the remaining members of the Board of Directors.

Mentor shall promptly investigate any reported or suspected violation of the Code. Mentor shall determine whether a violation of this Code has occurred after providing the alleged violator with an opportunity to respond to the allegations. Mentor will strive to enforce the Code in a consistent and fair manner while accounting for all relevant information. Mentor will take appropriate action against any person whose actions are found to violate this Code or any other policy of Mentor. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code or other Mentor policies, or

against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Notwithstanding the foregoing, if Mentor's Audit Committee establishes procedures regarding complaints or concerns related to accounting, internal accounting controls, or auditing that are inconsistent with the foregoing, such procedures established by the Audit Committee shall apply.