

## TERMS AND CONDITIONS OF PURCHASE

1. **ACCEPTANCE OF ORDER.** Placement of this Order constitutes an offer to purchase the products and services described herein (products) subject to the instructions, terms and conditions stated herein. Supplier's acceptance of this Order shall form a contract and is expressly limited to the instructions, terms and conditions stated herein. Supplier's commencement of performance under this Order shall constitute Supplier's unconditional acceptance of this Order. Mentor Graphics as a subsidiary of Mentor Graphics Corporation, Oregon USA (MGC) hereby objects to and rejects all terms and conditions contained in any Supplier quotation, acknowledgment, confirmation, invoice, counter-offer or other form that are additional to or different from those stated herein. By accepting this Order, Supplier agrees that all such additional or different terms and conditions are ineffective.
2. **PRICE AND PAYMENT.**
  - (a) **Price.** The price charged for each product ordered shall be the lower of (i) the price stated herein, and (ii) the price in effect on the date of delivery for the same or similar products of like quantity and quality.
  - (b) **Price Warranty.** Supplier warrants that the prices and discounts extended under this Order are at least as favorable as the prices and discounts offered to any other customer of Supplier buying the same or similar products in like quantities.
  - (c) **Payment.** Mentor Graphics will pay the purchase price within two months after 20th day of the month for proper invoice received by 20th day of each month provided that Mentor Graphics' receipt and acceptance of the product, unless designated otherwise by agreement of both the parties in writing.
  - (d) **Taxes.** Unless exempt, Mentor Graphics will bear all sales and use taxes such as consumption tax properly imposed by national, municipal or other local authorities in respect to this purchase.
3. **DELIVERY.**
  - (a) **Delivery Schedule.** Time is of the essence in performance of Supplier's obligations under this Order. If Supplier's deliveries fail to meet the delivery schedule specified herein, Mentor Graphics, in addition to its other rights and remedies, may require Supplier to deliver the products in any manner necessary to speed delivery. Supplier will pay the difference between normal freight and any premium rates required. Supplier shall notify Mentor Graphics as soon as Supplier is aware that it will not meet the scheduled delivery date. Invoices covering products in advance of dates specified will not be paid until the appropriate period after the date specified for delivery unless Mentor Graphics has specifically authorized in writing such advance shipment.
  - (b) **Packing and Shipment.** Deliveries shall be made as specified, without charge for boxing, crating, carting or storage. Supplier shall pack products to ensure against damage from weather or transportation and in accordance with the requirements of common carriers. Mentor Graphics' Order number, line item number and the price, quantity, Supplier part number and Mentor Graphics part number of the product(s), as listed on this Order, shall be plainly marked on all invoices, packages, bills of lading, shipping orders and packing lists. Packing lists shall accompany each box or package shipment. Supplier will package all products that are static-sensitive in a manner consistent with industry standards for protection against electrostatic discharge. All product packaging supplied by Supplier shall be made from materials which do not utilize chlorofluorocarbons in the manufacturing process. Mentor Graphics may return to Supplier without charge any product not properly packaged. Supplier will promptly replace such product with a properly packaged product.
4. **WARRANTY.** Supplier warrants that, upon delivery and for one year following Mentor Graphics' acceptance of the product, each product ordered shall be free from defects in material and workmanship and shall perform fully in accordance with the attached specifications or, if none attached, with all applicable specifications of Supplier. Supplier shall promptly repair or replace nonconforming products at its sole expense (including all transportation costs).
5. **RETURN MATERIAL AUTHORIZATION.** If Supplier uses a return material authorization in connection with the return of a defective product, Supplier shall give such authorization to Mentor Graphics within two work days of Supplier's receipt of Mentor Graphics' notice that it intends to return the product.
6. **CHANGES.** Any changes in specifications, terms and conditions, or delivery shall be made only with the written consent of an authorized representative of Mentor Graphics.
7. **STOP WORK ORDER.** Mentor Graphics may at any time by written order to Supplier require Supplier to stop all or any part of the work called for by this Order for a period of 90 days after the written order is delivered to Supplier, and for any further period to which the parties may agree. Within the 90 day period or within any extension of that period. Mentor Graphics shall without any liability either: (a) cancel the "Stop Work Order" and direct Supplier to resume work or (b) terminate the work covered by this Order.
8. **CANCELLATION.**
  - (a) **For Convenience.** Mentor Graphics may without any penalty, charge or liability cancel this Order or any part hereof at any time prior to acceptance of the products to be cancelled by serving upon Supplier a written notice.
  - (b) **For Cause.** Mentor Graphics may in addition to any other available right or remedy cancel this Order or any part hereof at any time without any penalty, charge or liability if any of the following events occur: (a) Supplier fails to make delivery in accordance with the schedule specified herein, (b) in the event of any proceeding by or against Supplier in bankruptcy or insolvency or for appointment of a receiver or trustee or an assignment for the benefit of creditors or (c) Supplier otherwise fails to comply with any provision of this Order and such failure is not remedied within ten days after Mentor Graphics' notice thereof to Supplier.
9. **MENTOR GRAPHICS' PROPERTY.**
  - (a) **Intellectual Property.** Mentor Graphics shall own all right, title and interest in all Property conceived or developed in whole or in part by Supplier as a result of this Purchase Order. The term "Property" includes all forms of such materials and information, including without limitation specifications, data, documents, drawings, files, input and output materials, media, ideas, inventions, derivatives of pre-existing copyrighted works, software in any format, documentation, and any related material. Any tangible expression of Property which qualifies as a "work made for hire" under the Copyright Act, Article 15, is expressly agreed by Supplier to be a "work made for hire" with the copyright in the work owned by Mentor Graphics. To implement the above, Supplier agrees to assign and hereby expressly assign to Mentor Graphics all right (to include those rights based on Japanese Copy Law Sections 27 and 28), title and interest to Property. In addition, Supplier and its personnel shall not exercise any statutorily reserved with and personal to the author such as the moral rights in the Copyright Act, Article 18, 19 and Article 20, paragraph 1, against any use of Property by Mentor

Graphics, its affiliates (MGC and MGC's subsidiaries) and their respective customers. Supplier shall label all Property with a notice indicating evidence of Mentor Graphics' ownership.

- (b) **Special Tools.** If the price stated includes as a separate item the cost of any special tools acquired by Supplier for the purpose of filling this Order, such special tools shall become the property of Mentor Graphics and shall be properly and permanently identified by Supplier as such. Such special tools shall be disposed of as Mentor Graphics directs. Supplier shall, to Mentor Graphics' reasonable satisfaction, provide proper storage and maintenance of such special tools while in possession of Supplier. Mentor Graphics may inspect Supplier's facilities to assure compliance with this provision.
- (c) **Mentor Graphics Furnished Materials.** Supplier assumes all risk of loss of all material furnished by Mentor Graphics to Supplier for use in performance of this Order.
10. **WORK ON MENTOR GRAPHICS' PREMISES.** If Supplier's performance of this Order involves work by Supplier on Mentor Graphics' premises, Supplier shall (a) provide all necessary and sufficient safeguards and take all proper precautions against the occurrence of injury to any person or damage to any property, and shall be responsible for and shall indemnify and hold harmless Mentor Graphics, its directors, officers, employees and agents from any and all loss, suit, action or claim, including costs and attorney's fees, by reason of injury, including death, to any person or damage to property arising from or in connection with such performance and (b) procure and carry public liability and property damage insurance with limits of liability adequate enough each, with contractual liability endorsement, and such insurance of employees as may be required by any worker's compensation act or other law, regulation or ordinance that may apply. Such public liability and property damage insurance shall also cover the operation of Supplier's vehicles used in the performance of Supplier's operations. Compliance herewith shall be verified by a Certificate of Insurance with appropriate endorsements sent to Mentor Graphics prior to Supplier commencing work on Mentor Graphics' premises upon request
11. **COMPLIANCE WITH LAWS AND REGULATIONS.**
- (a) **Compliance with Laws.** Supplier shall comply with all applicable national and local laws, rules and regulations. Supplier shall indemnify Mentor Graphics, its affiliates and their respective customers for loss or damage sustained because of Supplier's noncompliance with any law. Supplier certifies that all products to be furnished to Mentor Graphics will be manufactured in compliance with the Labor Standards Act.
- (b) **Supplier Furnished Information.** Supplier shall furnish to Mentor Graphics all information required by Mentor Graphics to enable Mentor Graphics to comply with the requirements of any government agency.
12. **Commitment as Employer.** Mentor Graphics conforms with all applicable employment-related legal requirements. Supplier as Independent Contractor agrees to do likewise.
13. **LIMITATION OF LIABILITY.** MENTOR GRAPHICS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL DAMAGES OR FOR SUPPLIER'S LOST PROFITS RESULTING IN ANY WAY FROM THIS ORDER EVEN IF MENTOR GRAPHICS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
14. **CONFIDENTIALITY.** The contents of this purchase order and all related commercial and technical information shall be kept secret and confidential by supplier and will not be divulged by Supplier to any third party or employed by Supplier other than in connection with this purchase order. Unless otherwise agreed in writing by authorized representatives of Mentor Graphics and Supplier, no commercial or technical information disclosed in any manner or at any time by Supplier to Mentor Graphics shall be deemed secret or confidential and supplier shall have no rights against Mentor Graphics with respect thereto except such rights as may exist under any applicable patent law.
15. **PATENTS, COPYRIGHTS, TRADE SECRETS AND OTHER PROPRIETARY RIGHTS.**
- (a) **Warranty of Noninfringement.** Supplier warrants that the product(s) (including without limitation each component and any unit or part thereof) provided under this Order, and the use thereof, will not infringe upon or violate any patent, copyright, trade secret or any other proprietary right of any third party.
- (b) **Indemnification.** In the event of any claim by a third party against Mentor Graphics or its affiliates asserting or involving a patent, copyright, trade secret, or proprietary right violation involving any product acquired by Mentor Graphics under this Order, Supplier will defend, at its expense, and will indemnify and hold harmless Mentor Graphics or such affiliates against all loss, cost, expense, or liability arising out of such claim, whether or not such claim is successful, provided that Supplier is notified by Mentor Graphics in writing within a reasonable time after Mentor Graphics or such affiliates first receive written notice of any such claim, action, or allegation of infringement.
- (c) **Injunction.** In the event an injunction or order shall be obtained against Mentor Graphics' or its affiliates' use of the product by reason of the allegations, or if in Supplier's opinion the product is likely to become the subject of a claim of infringement or violation of a patent, copyright, trade secret or other proprietary right of a third party, Supplier shall, at its option and its expense: (a) procure for Mentor Graphics or such affiliates the right to continue using the product, (b) replace or modify the same so that it becomes noninfringing (which modification or replacement shall not adversely affect the specifications for or the use or operation by Mentor Graphics or such affiliates of the product) or (c) if neither (a) nor (b) above is reasonably available, remove the product and all other Supplier-supplied products with which the infringing product is integrated, refund the price and all associated transportation costs paid therefor by Mentor Graphics, and secure a release of Mentor Graphics or its affiliates from any further liability.
16. **MISCELLANEOUS PROVISIONS.**
- (a) **Force Majeure.** Neither party shall be liable for delays or defaults due to fire, windstorm, riot, act of God, act of the public enemy, or, except for defaults or delays by subcontractors, other similar unforeseeable cause beyond the reasonable control and without the fault or negligence of the party incurring such delay. Supplier shall notify Mentor Graphics in writing of the existence of such cause within five days after the commencement of the delay or default.
- (b) **Governing Law.** This Order shall be interpreted in accordance with the laws, excluding choice of law rules, of Japan. Any dispute arising under this Order shall be subject to the exclusive jurisdiction of the Tokyo District Court as agreed.
- (c) **Non-Assignment.** This Order is not assignable in whole or in part by Supplier without the prior written consent of Mentor Graphics.
- (d) **Non-Waiver.** The failure of either party to exercise any of its rights under this Order shall not constitute a waiver of such rights.
- (e) **Attorneys' Fees.** If either party commences litigation to enforce any provision of this Order, the prevailing party shall be entitled to recover reasonable attorneys' fees and costs at trial and upon appeal.

17. **ELECTRONIC ORDERS.** Mentor Graphics' Purchase Orders may be placed in writing or by electronic means. Electronic transactions shall be deemed to satisfy any legal formalities requiring that agreements be in writing in accordance with the laws and ordinance concerned if any.
18. **ENTIRE AGREEMENT.** This Order and its attachments set forth the entire agreement between the parties and supersede all prior and contemporaneous agreements, discussions, and understandings, express or implied.