

Citizenship Summary





A wave energy converter for off-shore wave farms uses NI products in its control system.

NI Citizenship

National Instruments is committed to being a responsible corporate citizen in communities around the globe and for its four key stakeholders: employees, customers, suppliers, and shareholders. The company achieves this by maintaining a fun and innovative corporate culture, providing tools that inspire and empower engineers and scientists to improve the world, working to reduce its environmental footprint, and giving back to the global community.

At the heart of the NI call to citizenship is an effort to inspire today's students to become tomorrow's innovators. By engaging students with technology in a fun, hands-on learning environment, NI arms them with the skills to address the world's Grand Challenges for Engineering and improve the quality of life around the world.

Company Profile

NI transforms the way engineers and scientists around the world design, prototype, and deploy systems for test, control, and embedded design applications. Using NI open graphical programming software and modular hardware, customers at more than 30,000 companies simplify development, increase productivity, and dramatically reduce time to market. With this approach, NI empowers customers to more rapidly develop innovative technologies that address many of the Grand Challenges for Engineering facing our world such as making solar energy more economical, restoring and improving urban infrastructure, and engineering better medicines.



NI citizenship efforts balance the needs of the company's four key stakeholders.

CORPORATE FACTS

Headquarters: Austin, Texas

Year Established: 1976

Global Operations: offices in more than 40 countries

Customer Base: more than 30,000 companies in 90 countries

Manufacturing: more than 3,000 different products

Employees: 5,200 worldwide

R&D Investment: more than 16% of annual revenue

Statement From the CEO



Today, I present our annual citizenship report that outlines our economic, environmental, and social performance as well as our commitments for the future. The 2010 report explains in detail how we continue to work toward the success of our key stakeholders: employees, customers, suppliers, and shareholders.

This year, National Instruments celebrates its 35th anniversary as a company that fosters innovation in a collaborative environment, inspiring and empowering engineers and scientists to improve the world around us. While the last two years have been both challenging and volatile, I am proud that NI successfully navigated one of the worst recessions in history by staying true to our long-term strategy. Our commitment to the long-term view, what we call our 100-year plan, enabled NI to post record revenues and profit while expanding our R&D and global field operations. In 2010, we released 438 new products and services that are creating significant new market opportunities for NI and from which our customers are seeing great value.

As a leading technology company, we strive to empower today's innovators to solve the world's biggest problems with products and services that benefit society. In 2008, the National Academy of Engineering (NAE) outlined 14 grand challenges that serve as a call to action for engineers and scientist to develop solutions that range from enhancing tools for scientific discovery to engineering better medicine. I am inspired every day by how our customers, who are developing solutions in each of the 14 grand challenge areas, are creating new and smarter life-changing applications involving the environment, renewable energy, medical devices, and the process of restoring and improving urban infrastructure. Our approach strives to create shared value that enhances the economic and social conditions of our communities, much like the impact of Thomas Edison's inventions on the past century. At NI, we are confident that by creating the best possible tools, today's engineers and scientists can successfully address the grand challenges with achievements that will benefit society for years to come.

As part of our commitment to solving these grand challenges, we believe that grand innovation starts by helping to create a more technically literate society and that by engaging students with technology through mentorship and a fun, hands-on learning environment, future generations will be inspired to solve the problems of tomorrow. This responsibility we feel to the next generation and our commitment to transforming science, technology, engineering, and math (STEM) education are at the heart of our citizenship efforts and impact all of our stakeholders.

Beyond our focus on customer success and improving technical literacy, we also made commitments in 2010 to minimize the environmental footprint of our products, our operations, and our facilities.

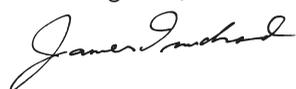
We reduced the amount of unnecessary material included in our product packaging, initiated a power management program on employee computers, and instituted a citizenship survey completed by our suppliers that evaluates their sustainability in the areas of energy and climate, material efficiency, natural resources, people, and community. We look forward to working on even more initiatives in the coming year.

Our desire to have a significant positive impact in our communities and throughout society is driven by the passion and dedication of NI employees throughout the world. I enjoy learning of their efforts as they design and develop valuable tools for our customers and engage in activities to improve education, health, and well-being within their communities. I am particularly proud of the enthusiasm and impact of our employees who work to inspire and engage students in the fields of engineering and science through programs such as the For Inspiration and Recognition of Science and Technology (*FIRST*) Robotics Competition.

Finally, we are extremely honored that, in 2010, the Great Place to Work Institute recognized six NI offices as great places to work, including NI corporate headquarters which was named to FORTUNE magazine's '100 Best Companies to Work For' list for the 12th consecutive year. This landmark achievement illustrates that by maintaining a positive corporate culture, we can influence the world around us.

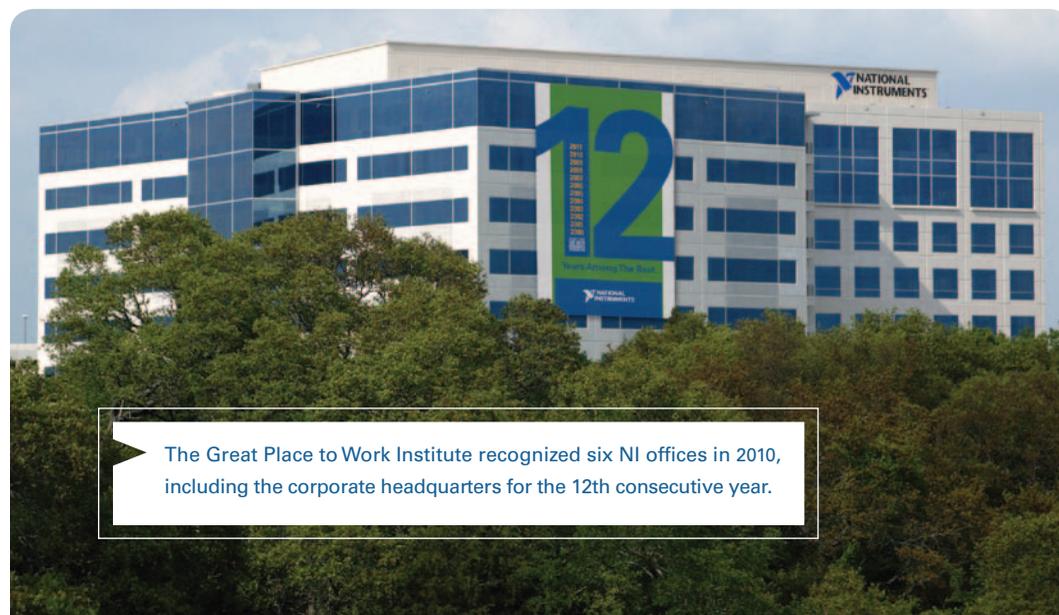
We hope you'll learn more about NI citizenship and join us on our journey to improve the world. Our complete report at ni.com/citizenship provides the full scope of our citizenship efforts, and I welcome your feedback.

Best regards,

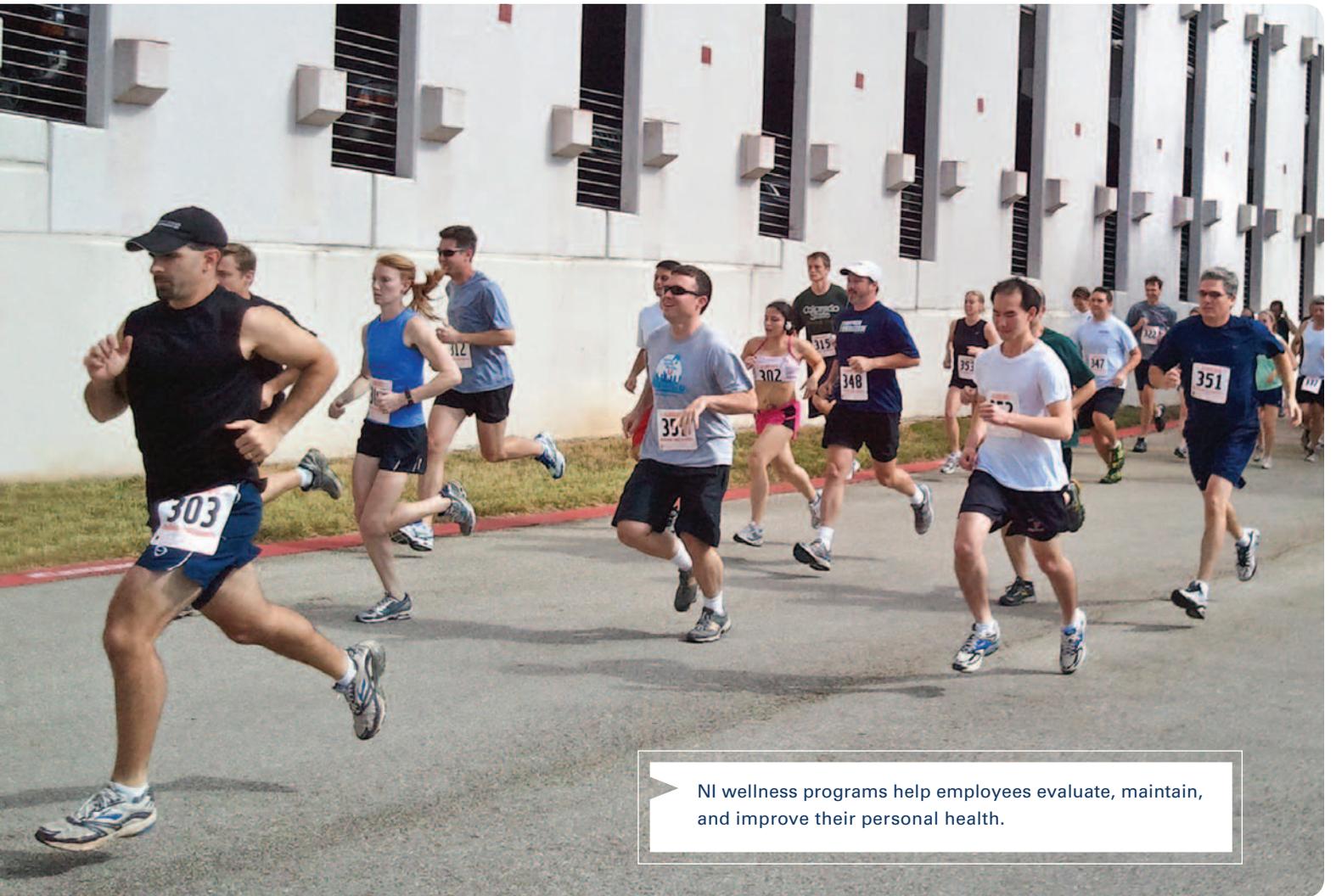


Dr. James Truchard

President, Chief Executive Officer, and Cofounder, National Instruments



The Great Place to Work Institute recognized six NI offices in 2010, including the corporate headquarters for the 12th consecutive year.



People and Culture

The greatest and most sustainable long-term competitive advantage for National Instruments is its culture and employees who directly influence the continued success of the company's other key stakeholders: customers, shareholders, suppliers, and their communities. An important component of the NI culture is the goal to preserve the company's "people advantage." With this strategy, NI hires the best and brightest employees, nurtures a great work environment, and helps employees drive their careers.

"I am on the University of Texas Mechanical Engineering External Advisory Committee and we recently conducted research on the percentage of female mechanical engineering undergraduates and saw numbers of less than 15 percent with no growth for 10 years. I am eager to help lead NI efforts to promote women in the technology industry with events like 'Introduce a Girl to Engineering Day.'"

– **Jeannie Falcon**, Chief Product Manager,
National Instruments

Initiatives

Hire and Retain the Best and Brightest

Staying true to the people advantage, NI hires top talent from leading universities and retains employees through meaningful work, a fun environment, and a variety of developmental programs. NI hires not only for aptitude and potential but for the ability to take initiative and work collaboratively – fundamental components of the NI culture. NI encourages employees to challenge each other by providing an open work environment that supports idea generation and innovation. New engineering employees, for example, can immediately contribute to developing products and technologies that empower NI customers to improve the world.

Create a Great Place to Work

NI strives to create a great place to work for its employees. People stay at NI because of the culture and core values. NI leaders and employees model these values and work hard while having fun. NI is a place where employees can brainstorm with top technical and professional minds, reinvent their jobs as they develop their skills, and join coworkers at the on-site sports courts at the end of the day. On the heels of a challenging economic climate, NI recognizes that it is more important than ever to maintain the open atmosphere, innovative culture, and dedication of its employees.

Provide Superior Employee Development

The NI Superior Employee Development (SED) program offers employees multiple tools, resources, and opportunities to prepare them for successful careers at NI. Helping to align employee talents with business opportunities and to continually grow their skills, the SED program is a key component in developing people to reach beyond their roles and influence the company's success.

2010 Highlights

- Inducted the first 10 members of the NI Quarter Century Club for 25 years of service
- Grew investments in R&D, sales, and marketing while successfully managing through the recession
- Graduated 239 employees from leadership development courses

2010 Challenges

- Ensuring a diverse workplace because there are fewer women and minorities in the technology field
- Offering a competitive benefit package because of the challenges of increasing health care cost
- Distributing training worldwide to an employee audience that continues to grow

2011 Commitments

- Meet hiring goals in order to double the number of employees by 2015
- Build a Great Place to Work environment at NI Malaysia and NI Costa Rica, the newest branch offices, and survey those employees for results
- Ensure at least 90% of US employees receive feedback through annual performance reviews

Inspire and Empower Customers

National Instruments empowers its customers to create innovative solutions that will improve the world and address some of today's most important engineering challenges through the graphical system design platform. The 14 Grand Challenges for Engineering push current and future generations of engineers to develop products and technologies that address some of the most important issues facing society. Engineers and scientists use the NI platform to easily design, prototype, and test smarter, more advanced products and technologies, driving innovation and progress to meet these challenges. NI is also committed to facilitating a pipeline of students around the world who are motivated and well-equipped to pursue careers in engineering and science and who will ultimately take on these challenges.

“I often ask my students, ‘how many times in your life do you have the opportunity to change the world?’ With NI tools, we continue to work with our students to inspire them to develop new and exciting applications that may one day change the world.”

– Dr. Dennis Hong, Roboticist and Associate Professor, Virginia Polytechnic Institute and State University, College of Engineering



The Racing Green Endurance team's zero-emission car used NI products to travel the Pan-American Highway.

Initiatives

Improve Everyday Life

Every year, NI supplies tools to more than 30,000 companies working to solve a myriad of Grand Challenges for Engineering, from monitoring bridge and infrastructure health to engineering better medicines and medical devices that can simplify procedures for doctors. In addition, through the Planet NI program, the company gives engineers and scientists in developing countries, who do not have access to modern engineering technology, the ability to achieve economic prosperity and practice sustainable development with NI technologies.

Enable Green Engineering

Engineers and scientists around the world are using the NI graphical system design platform to make a positive impact on the global ecosystem. Known as green engineering, this approach involves the use of advanced measurement and analysis to design, develop, and improve products, technologies, and processes to achieve environmental and economic benefits. NI supports green engineering by providing tools that empower engineers and scientists to meet some of the greatest challenges today.

Empower the Innovators of Tomorrow

The world has no shortage of areas that need further engineering and science innovation. According to the Grand Challenges for Engineering, producing new methods for generating energy and making advances in neuroscience and reverse-engineering the brain are only a few areas where future innovation can remarkably impact the way people live. NI believes that helping to create a more technically literate society will have the greatest impact on improving the quality of life in the world. Therefore, the company works closely with educational organizations to deliver the technology solutions necessary to support hands-on, project-based learning that inspires and equips students to be tomorrow's innovators.

2010 Highlights

- Gave 140 small-to-medium-sized enterprises in India access to advanced technologies through the Planet NI program
- Provided grants for \$900,000 USD in software and training services to 40 clean-tech start-up companies
- Released NI myDAQ – an affordable, student-owned measurement and control tool

2010 Challenges

- Identified a need to educate engineers on new technologies to maintain and improve urban infrastructure
- Trained 2,400 fewer engineers than anticipated on green engineering principles because of a reduction in the number of online events
- Received 58% fewer submissions than anticipated to the NI LabVIEW Student Design Showcase due to less global promotion for the contest

2011 Commitments

- Invest 16% of revenue in R&D to further empower engineers and scientists to develop world-improving technologies
- Develop and release innovative products to aid customers in creating smart grid technologies
- Offer complete curriculum solutions for educators to teach key engineering and science objectives



NI continually works to minimize its environmental footprint throughout many areas of the business.

Minimize Our Environmental Impact

Throughout company facilities and the entire product life cycle, National Instruments consistently works toward its long-term goal to minimize its environmental footprint. NI aims to maximize the positive effects of its business and improve the world through innovative product design, supplier responsibility, and recycling programs, as well as through efficiencies in its consumption of resources such as water, electricity, and natural gas. At an individual level, NI employees drive grassroots projects that help the company minimize its environmental impact.

“We are excited to work with companies like National Instruments who have joined us in our initiative to reduce CO₂ emissions by committing to greener computing.”

*– George Goodman, Executive Director,
Climate Savers Computing International*

Initiatives

Product Life Cycle

Reducing the impact NI has on the environment begins with its supply chain and product design. NI continually works to improve product development and manufacturing processes to offer customers more environmentally friendly products. NI also strives to remove harmful substances from existing products and prohibits the introduction of known harmful substances into new products. In addition, NI aims to improve packaging efficiency and has a product recycling program so customers can send their old NI products back to be recycled.

Conserving Resources

NI continually works to conserve resources through its facilities and IT infrastructure by reducing energy consumption, greenhouse gas emissions, water use, and waste, as well as increasing recycling. In 2011 NI will conduct an audit of its HVAC control systems at headquarters to look for areas of efficiency and utility savings.

Employees Driving Change

To minimize the NI environmental impact, countless projects are driven by individuals or small groups of employees within the company. Employee-driven efforts in 2010 included establishing an on-site location for employees to pick up fresh produce from a local farm, working with the local transportation authority to make it easier for employees to take public transportation to work, and hosting "Green Bag Lunches" to educate employees about environmental topics. Behind each one of these accomplishments and goals is an individual who took the initiative to ask questions and make changes.

2010 Highlights

- Reduced polyurethane foam used in packaging by 39 percent per unit, as well as corrugated material by 27 percent per unit
- Implemented a PC power management program on 1,000+ desktops at corporate headquarters
- Developed a community garden site at headquarters

2010 Challenges

- Defining next steps on the broad range of results from the NI Supplier Citizenship survey
- Keeping pace with rapidly evolving environmental regulations as they affect our diverse product portfolio and broad supply chain

2011 Commitments

- Identify gaps and implement improvements for OHSAS 18001-capable processes
- Reduce polyurethane in product packaging by 30% per unit using eco-friendly materials
- Implement an employee PC power management program at Hungary and Costa Rica branches
- Investigate ways to increase employee ridership of commuter rail

World-Class Community Engagement

National Instruments and its employees are passionate about serving the communities in which they work and live. At corporate headquarters and the more than 40 NI branch offices around the world, the company strives to improve the education, health, and well-being of its communities as well as encourage employee philanthropy and volunteerism. Because NI is a technology leader, the cornerstone of its community engagement program is to enhance science, technology, engineering, and math (STEM) education through programs that inspire students toward greater achievement in technological proficiency.

“ Hands-on learning is the way we need to get people interested in science and engineering. Rather than sticking their nose in a book, they get to apply the things [they have learned] and have great fun with it.”

– Dr. Alfred Gilman, Regental Professor at The University of Texas Southwestern Medical Center and 1994 Nobel Prize Winner in Physiology or Medicine



Initiatives

Mentoring Young Minds

The world's most challenging issues, from providing access to clean water to advancing health informatics, will be addressed by tomorrow's engineers. STEM education is critical to ensure a robust network of technologically proficient talent in the future. NI believes engaging young people with technology in a fun, hands-on way will inspire today's students to become tomorrow's innovators. To engage young minds, NI educational initiatives include LEGO® MINDSTORMS® NXT in-classroom mentoring, *FIRST* Robotics mentoring, and other programs that foster students' enthusiasm in technology and science and support STEM education in schools.

Employee Philanthropy and Volunteerism

NI is committed to improving the communities in which its employees work and live. The company encourages employees to engage in community activities they care about and donate their time, talent, and resources to organizations dedicated to their passions. NI supports these efforts through its offices around the world with several ongoing initiatives to educate employees about community needs and volunteer opportunities. Around the world, NI employees use their innovative spirit to drive progress on community issues.

Corporate Philanthropy and Advocacy

NI is committed to improving the education, health, and well-being of the people in communities where NI employees work and live. NI collaborates with nonprofit organizations to deliver positive change and helps employees learn about these organizations so they can support community growth and development through volunteering and financial assistance. NI also works with government agencies to advocate for the advancement of STEM education and hands-on learning in schools. In addition, the company makes corporate donations, contributions through the NI Foundation, and in-kind gifts.

2010 Highlights

- First LEGO Education WeDo training deployed in Cambodia
- 44% of headquarters employees donated through the NI GIVES fall giving campaign
- NI founders honored with the Woodrow Wilson Award for Corporate Citizenship

2010 Challenges

- The matching gifts program is not available for headquarters employees who use payroll deduction
- Employee robotics mentorship program did not meet growth or retention goals
- NI matching gifts program is not fully supported by all branches

2011 Commitments

- Dedicate 70% of corporate philanthropy to STEM-related efforts
- Increase number of robotics mentors in underserved schools by 10%
- Track and report NI branch philanthropic and volunteer activities



NI believes that the path to a more technically literate society begins in the classroom.

Photo by Daniel Sequeira

About This Report

This report summary highlights key measures of the company's performance across social, economic, and environmental areas, as well as commitments or goals for the future.

NI used the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) to prepare the full report. NI self-declares the report at GRI Application Level B. For the full report including a GRI index and a feedback form for questions and comments, visit ni.com/citizenship.

2010 Performance Summary

This section provides a summary of the results for the 2010 NI citizenship commitments. To learn more about the company's performance and commitments, visit ni.com/citizenship.

pillar	focus area	status
People and Culture	Meet recruiting goals	●
	Recruit students from top universities	●
	Maintain low turnover rate	●
	Be recognized as a great place to work	●
	Conduct annual performance reviews	◐
	Provide targeted learning programs	●
	Offer NI Management Development Series to supervisors	●
	Provide worldwide training resources	●
	Establish leadership competency models	◐
Inspire and Empower Customers	Develop products for structural monitoring applications	●
	Administer NI Medical Device Grant Program	◐
	Support product development for world-improving technologies	●
	Advocate for clean technologies	●
	Teach green engineering principles	◐
	Make educational learning platforms more affordable and accessible globally	◐
	Enhance the experience of <i>FIRST</i> Robotics competitors	◐
	Increase collaboration in engineering education at the NIWeek Academic Forum	○
Minimize Our Environmental Impact	Conduct OHSAS 180010 third-party audit	●
	Reduce polyurethane in product packaging	●
	Implement new citizenship survey for key suppliers	●
	Verify greenhouse gas emissions	●
	Implement employee computer power management system	●
	Install energy-efficient lighting at headquarters	●
	Manage employee computer power settings	●
	Change printers to print double-sided by default	●
	Decommission indoor perimeter lighting	◐
World-Class Community Engagement	Increase employee mentors in <i>FIRST</i> robotics program	◐
	Retain 70% of employee mentors in the classroom	◐
	Double employee membership on nonprofit organization boards	◐
	Expand matching gift program	○
	Increase employee volunteer hours	●
	Donate to nonprofit organizations	●

● Fulfilled commitment ◐ Partially fulfilled or currently in progress ○ No progress



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Mixed Sources
Product group from well-managed
forests and other controlled sources

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