National Instruments

2009 Citizenship Report

ni.com/citizenship

NATIONAL INSTRUMENTS

Contents

NI Citizenship

National Instruments is committed to being a responsible corporate citizen to communities around the globe as well as its four key stakeholders: employees, customers, suppliers, and shareholders. 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 skills to improve the quality of life in the world. A letter from the NI CEO, Dr. James Truchard, summarizes the company's citizenship efforts in 2009.

Pillars of NI Citizenship

People and Culture

Hire and Retain the Best and Brightest
Create a Great Place to Work
Provide Superior Employee Development

Inspire and Empower Customers

Improve Everyday Life
Enable Green Engineering
Empower the Innovators of Tomorrow

Minimize Our Environmental Impact

Product Life Cycle
Conserving Resources
Employees Driving Change

World-Class Community Engagement

Mentoring Young Minds
Employee Philanthropy and Volunteerism
Corporate Philanthropy and Advocacy

Statement from the CEO

More than 30 years ago, I aspired to create a company to foster innovation in a fun and collaborative environment and to empower engineers and scientists to improve the world around us.

Today, I am proud to present our annual citizenship report, which demonstrates the many ways we are working to achieve the success of our key stakeholders: employees, customers, suppliers, and shareholders. Our 2009 report outlines our environmental, economic, and social performance as well as our commitments for the future.

As a leading technology company, we believe that helping to create a more technically literate society will have the greatest impact on improving the quality of life in our world. By engaging students with technology through mentorship and a fun, hands-on learning environment, we believe future generations will be inspired to solve the problems of tomorrow. To further our endeavor, we have aligned our efforts with leading organizations and programs such as LEGO® Education, *FIRST* (For Inspiration and Recognition of Science and Technology), and Project Lead The Way (PLTW), for which we have committed to provide products, people resources, and financial support. 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.

In addition, we seek to empower customers through our unique software-based approach. National Instruments provides products that companies use to dramatically lower the cost of test, control, and design applications while keeping up with the demands of constantly changing features and functionality. With NI products, engineers and scientists are developing innovative technologies that improve the lives of millions of people around the globe and ensure a sustainable future. In our report, you can read about many exciting advances such as Ford Motor Company's development of an electronic control unit (ECU) for an automotive fuel cell system; the Monterrey Institute of Technology's portable intelligent greenhouse for alternative cultivation methods; Siemens Wind Power developments to evolve the software used to control wind turbines; and the University of Leeds medical device that aids stroke patients with robot-assisted upper limb therapy.

Beyond our focus on educational outreach and customer success, we realize that being a good corporate citizen extends to how we operate our business. In 2009, we made progress toward minimizing the environmental footprint of our products, our operations, and our facilities. We reduced the physical size of product packaging, dramatically decreased waste sent to landfills, and conserved natural resources on our campuses. Prompted by the employee-led, grassroots NI Green Team, we have developed a plan to further decrease our energy usage in 2010. We look forward to working on this and other initiatives in the coming year.

Finally, we are extremely honored that, in a time when the U.S. went through the most challenging job climate in decades, *FORTUNE* magazine named NI to its 2010 "100 Best Companies to Work For" list for the 11th consecutive year. This landmark achievement illustrates the success of our 100-year plan for being a stable company that balances the long-term NI vision and culture with short-term goals.

Our desire to be a responsible corporate citizen doesn't happen without the passion and dedication of all NI employees. I am proud of our company's innovative spirit and collaborative environment that, in our locations around the world, inspire NI employees to help improve education, health, and well-being with their monetary donations, volunteer efforts, and enthusiasm to engage students in engineering and science. We move into the future with the confidence that our attention and commitment to our mission will serve our company and our stakeholders while helping us leave the world in better shape than we found it.

We hope you'll learn more about NI citizenship and join us on our journey to improve the world. Our complete citizenship 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

2009 Performance Summary

This section provides a summary of the results for the 2009 National Instruments citizenship commitments. To learn more about the company's performance and commitments, visit the sections linked from this summary. A letter from the company's CEO, Dr. James Truchard, also summarizes the company's citizenship efforts in 2009.

To locate a specific Global Reporting Initiative (GRI) indicator in this report, refer to the GRI Index.

Area	2009 Commitment	2009 Performance	Status
People and Culture			
Hire and Retain the Best and Brightest	Maintain worldwide employee turnover at 30% lower than the U.S. industry average using developmental programs.	The turnover rate for all employees was 7.8%, which is 45% lower than the U.S. industry average.	●
	Continue to hire the best and brightest engineering and technical students from the highest-rated universities.	Met annual recruiting goals based on business needs for 2009.	●
	Provide corporate housing to all engineering intern and co-op hires.	Provided assistance with 50% of corporate housing costs. This change was part of the company's cost-reduction measures and ensured NI could retain all intern and co-op hires for the full term of their employment.	◎
Create a Great Place to Work	Maintain the rate of surveyed NI employees who describe NI as a Great Place to Work at 75% or greater.	At NI offices honored by the Great Place to Work Institute, nearly 82% of surveyed employees described NI as a Great Place to Work.	●
	Open the NI Health Center, an on-site medical clinic at NI corporate headquarters to focus on wellness and prevention.	Opened the NI Health Center in June 2009; during the first seven months it was open, 80% of the visits to the center were first-time employee visits.	●
	Ensure employees receive detailed, meaningful performance feedback through annual performance reviews.	Established standard guidelines and a review form for all U.S. employees. Delayed implementation of standard guidelines and a review form at remaining NI offices to ensure review guidelines will meet regional standards.	◎
Provide Superior Employee Development	Offer the NI Supervisory Development Series training to all supervisors.	Offered the NI Supervisory Development Series training to all supervisors, and 123 new supervisors completed the training.	●
	Educate employees on how to access opportunities for career growth by consistently promoting training and development resources worldwide.	Promoted development tools through an intranet site, annual career fair, and articles in the employee newsletter that highlighted events such as book groups and presentations by external speakers.	●
	Increase training and development opportunities at NI branch offices through electronic learning tools.	Created a comprehensive electronic learning curriculum with courses offered on a variety of topics ranging from product analysis and customer demonstrations to IT processes.	●

Legend: ● Fulfilled commitment ◎ Partially fulfilled or currently in progress ✖ No Progress

Area	2009 Commitment	2009 Performance	Status
Inspire and Empower Customers			
Improve Everyday Life	Continue supporting medical device start-up companies by providing free software and services through the NI Medical Device Grant Program.	Provided $610,000 USD in software and services to 34 medical device start-ups, which is 61% year-over-year growth in the number of companies NI supported.	●
	Continue developing products to further empower advancements in medical devices and other world-improving technologies.	Released the NI LabVIEW Validation Suite, which helps medical device companies more easily work their way through the FDA validation process.	●
	Research and develop new infrastructure monitoring technologies in tandem with researchers at The University of Texas at Austin.	Conducted initial research with The University of Texas at Austin that focused on characterizing and validating the performance of wireless communications in challenging environments such as the surfaces of steel and concrete bridges. Field testing showed that the NI wireless sensor network platform could offer reliable wireless sensor networking and provided insight on antenna placement and configuration.	●
	Provide recognition to customers who are advancing medical device development to encourage more engineers and scientists to develop world-improving technologies.	At the 2009 Graphical System Design Achievement Awards, NI recognized engineers from KCBioMedix with the Humanitarian Award for their application that helps teach premature infants how to oral feed, greatly increasing their chances of survival. NI also recognized researchers from The University of Leeds with the Editor's Choice Award for its application that controls a dual-robot system to provide upper limb therapeutic exercise to stroke patients.	●
	Provide vouchers for free regional or online training to employed or unemployed engineers who need training on NI tools but do not have the funds.	Provided 220 training vouchers to engineers in North America, which is equivalent to $524,273 USD of training.	●
Enable Green Engineering	Continue developing products to further empower advancements in renewable and clean energy and other world-improving technologies.	▪ Released the low-power NI wireless sensor network platform. ▪ Released the Electrical Power Measurement (EPM) Palette for LabVIEW. ▪ Released the NI 9227 C Series module for power quality measurements.	●
	Teach green engineering principles to 1,000 engineers and scientists through on-site and Web-based green engineering seminars.	Taught green engineering principles to more than 4,500 engineers and scientists around the world through seminars and virtual events.	●
	Launch an online version of the green engineering seminar to eliminate the need for engineers and scientists to travel to learn green engineering best practices, reducing both the strain on their companies' budgets as well as their impact on the environment.	More than 1,000 people attended the live green engineering seminar online while more than 2,000 people viewed the on-demand version of the training.	●
	Provide recognition to customers who are advancing green technology development to encourage more engineers and scientists to develop world-improving technologies.	Recognized Kurt D. Osborne from Ford Motor Company at the 2009 Graphical System Design Achievement Awards with the Application of the Year and Green Engineering awards for the development of an automotive fuel cell system using NI hardware and software.	●

Legend: ● Fulfilled commitment ◐ Partially fulfilled or currently in progress ✖ No Progress

Area	2009 Commitment	2009 Performance	Status
Empower the Innovators of Tomorrow	Expand science, technology, engineering, and mathematics (STEM) education efforts into more U.S. high-school classrooms through key program collaborations such as Project Lead The Way (PLTW).	▪ Developed the NI Digital Electronics FPGA Board to help students in PLTW digital electronics classes learn and retain digital design concepts. ▪ Added features to NI Multisim software that enable students with little or no programming knowledge to understand, grasp, and retain digital design concepts. ▪ Worked with PLTW and Vernier to design an easy-to-use hardware device.	●
	Provide support and more than $350,000 USD in NI products to teams participating in the EcoCAR Challenge, a green automotive engineering competition.	Donated more than $650,000 USD in software, hardware, and services to teams participating in the EcoCAR Challenge.	●
	Support green engineering curricula and research by providing content and tools to the top 50 U.S. and Canadian universities.	▪ Worked with Emona Instruments to design the HELEx Sustainable Energy Trainer that integrates with LabVIEW and the NI academic hardware platform and includes components necessary for teaching green engineering. ▪ Designed two add-on kits for the NI academic hardware platform – the Vernier Green Engineering Sensors Bundle and the Vernier Bioinstrumentation Sensors Bundle – to teach measurement concepts for environmental monitoring and bioinstrumentation.	●
Minimize Our Environmental Impact			
Product Life Cycle	Reduce waste and costs through redesigned packaging for finished goods, including finding alternatives to foam.	Reduced polyurethane foam use per unit by 39% and completed several other packaging redesign projects, saving $1.3 million USD in costs.	●
	Review product documentation to determine how and if NI can reduce the amount of printed materials provided with its products.	Reduced physical size of software packaging by 71% by decreasing the amount of printed materials included with products.	●
	Leverage the Electronic Industry Citizenship Coalition (EICC) to assist in evaluating supplier compliance with the NI Supplier Code of Conduct.	Added environmental compliance questions from EICC to NI Supplier Assessment Survey.	●
	Conform to OHSAS 18001 standard and become certified in 2010 at both NI manufacturing facilities.	Achieved 86% completion, including identifying applicable safety regulations, communicating safety responsibility and accountability to employees, and adding OHSAS requirements to employee safety training.	◎

Legend: ● Fulfilled commitment ◎ Partially fulfilled or currently in progress ✖ No Progress

Area	2009 Commitment	2009 Performance	Status
Conserving Resources	Reduce annual water usage by 1% per employee at NI corporate headquarters.	Reduced water usage by 7% per employee.	●
	Reduce annual energy usage by 1% per employee at NI corporate headquarters.	Reduced energy usage by more than 1% per employee, despite extreme weather in Austin in 2009 and the relocation of a data center to corporate headquarters.	●
	Increase the amount of waste recycled annually by 10% per employee at NI corporate headquarters.	Increased amount recycled by 27% per employee.	●
	Measure the nonhazardous waste sent to a landfill from NI corporate headquarters, which will help NI set future goals for reducing waste.	Estimated this in 2009 and in 2010 contracted with a new vendor that can measure nonhazardous waste more accurately.	✖
	Evaluate ways to reduce paper use at NI corporate headquarters, such as through double-sided printing and copying, and develop a plan to execute in 2010.	Audited printers that can print double-sided and in early 2010 changed them to do so by default.	●
	Investigate setting up pretax flexible spending accounts that U.S. employees can use for commuting costs such as mass transit passes.	Investigated this benefit to support the new commuter rail with a stop close to NI corporate headquarters, which was scheduled to begin operation in 2009; however, the start of operation was delayed to 2010, so NI also postponed this project.	✖
	Refine greenhouse gas emission calculations.	Evaluated and hired a third-party vendor who will verify these calculations in 2010.	●
World-Class Community Engagement			
Mentoring Young Minds	Support the estimated twofold increase in For Inspiration and Recognition of Science and Technology (*FIRST*) teams at all levels.	Employee mentorship from NI corporate headquarters increased 14%, benefiting all levels of *FIRST* teams.	●
	Increase employee membership on boards of nonprofit organizations.	Reported participation increased nine fold.	●
	Implement a "Dollars for Doers" volunteer program.	Based on employee requests to prioritize other matching programs, NI will not pursue this program.	✖
	Implement a global tracking mechanism for philanthropy and volunteerism data to scale all efforts worldwide.	Began tracking philanthropy and volunteerism data for all NI operations worldwide but did not obtain complete 2009 data.	◎
Corporate Philanthropy and Advocacy	Maintain commitment to donate 1% of pretax profits.	Maintained corporate donations of pretax profits at 1%.	●
	Create an employee funding advisory council as an unbiased group to maintain philanthropic transparency.	Created a council to review annual grant requests and designate fund allocation.	●

Legend: ● Fulfilled commitment ◎ Partially fulfilled or currently in progress ✖ No Progress

Company Profile

National Instruments 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 improve the lives of millions of people around the globe – from building a semiautonomous vehicle the visually impaired can drive to creating breakthrough renwable energy technology.

NI is also committed to being a responsible citizen to its global communities and stakeholders. 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 improving communities around the world.

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
- **Industry diversity:** no industry makes up more than 15% of revenue
- **Growth history:** 31 years of growth in 33-year history
- **Manufacturing:** more than 1,000 different products
- **Employees:** approximately 5,000 worldwide
- **Investment in R&D:** more than 16% of annual revenue

2009 Awards Highlights

- *FORTUNE* magazine: 100 Best Companies to Work For (11th consecutive year)
- *BusinessWeek*: Best Places to Launch a Career
- National Safety Council: Perfect Record Award – NI Corporate Manufacturing
- *FIRST* Robotics: Founders Award – recipient Dr. James Truchard, NI president, CEO, and cofounder
- *Test & Measurement World*: Best in Test Awards – NI Wi-Fi DAQ device family selected as the Test Product of the Year and the Data Acquisition category winner
- *Control Engineering*: Engineers' Choice Awards – NI wireless sensor network and LabVIEW NI SoftMotion Module selected as the Network Integration, I/O Systems category and Software Design, Simulation, and Diagnostics category winners, respectively

View a complete list of NI awards at **ni.com/awards**.

NI Memberships and Associations

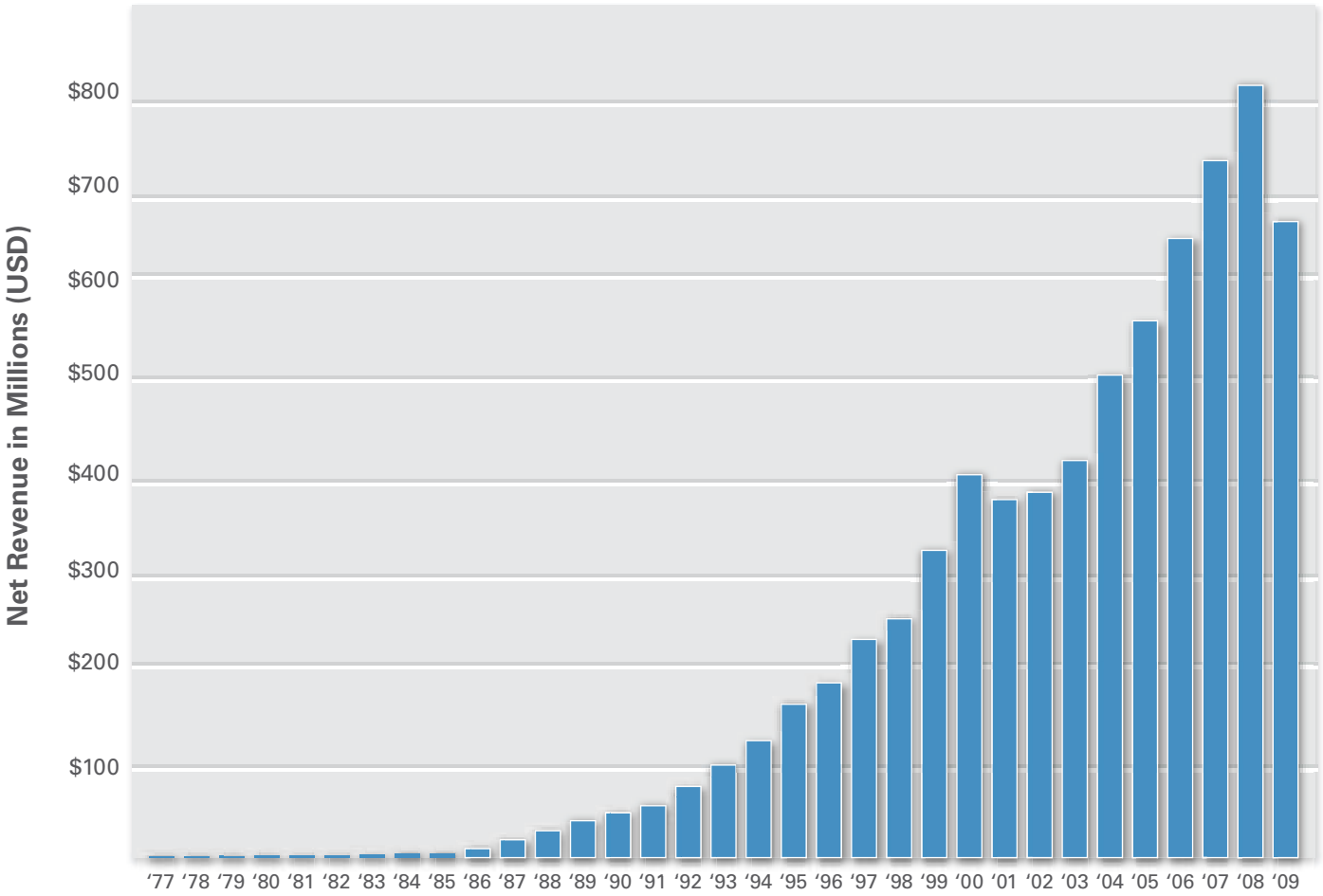
NI is a member of the following organizations and standards bodies. For 2009, NI focused on gathering a list of memberships at its corporate headquarters. NI will provide additional data in future reports as it becomes available.

The Academy of Medicine, Engineering and Science of Texas (TAMEST)
Advanced Telecommunications Computing Architecture
The International Compliance Professionals Association
The Institute of Packaging Professionals (IoPP)
The IPSO Alliance
IVI Foundation
National Association of Purchasing Management
NCSL International
Numerical Math Consortium (NMC)
PXI Systems Alliance (PXISA)
TechAmerica United States and Europe
Technology and Education Executive Council (TEEC)
Test and Measurement Coalition
Wi-Fi Alliance
Wireless HD Consortium

Economic Performance

National Instruments has a strong track record of growth and profitability, reporting 31 years of growth in its 33-year history, and has built a strong reputation as a stable supplier, business partner, employer, and corporate citizen. It is a testament to the strength and resiliency of the NI business model that throughout the most significant downturn in the company's history, NI was able to continue executing on its long-term vision and investing in the success of its four key stakeholders – employees, shareholders, customers, and suppliers. It is this focus on the long-term success that allowed NI to remain profitable even while maintaining strategic investments that keep the company at the forefront of innovation.

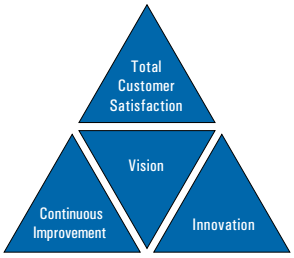
The company's 2009 revenue of $676.6 million USD represented an 18 percent decline over 2008 with operating expenses of $460.2 million USD. NI economic value distributed included employee wages and benefits of $334.6 million USD, payments to the government of $15 million USD, payments to the providers of capital of $20.8 million USD, and community investments of $1.6 million USD. NI retained an economic value of $654 million USD. For more corporate and financial news, visit **ni.com/nati**.



NI Culture and Stakeholder Engagement

The company's long-term view, known as the 100-year plan, looks decades into the future to help ensure the needs of all National Instruments stakeholders – employees, customers, suppliers, and shareholders – are given appropriate consideration. In its 100-year plan, NI believes that its greatest and most sustainable long-term competitive advantage is its culture and employees because this group directly impacts the success of the other stakeholders.

Central to achieving customer success, the NI vision inspires employees to innovate while also ensuring quality processes and products that respond to customer needs. This balance creates highly differentiated products that also deliver a high value for customers. To ensure the long-term success of this approach, NI founders identified a set of characteristics, known as the NI Way, that defines how employees work and interact with each other to excel. These characteristics include deriving inspiration through the NI Vision and behaving opportunistically with integrity, iron will, and a lack of bureaucracy.



Also central to the NI 100-year plan are the NI core values that must always be reflected in the decisions and actions NI employees make. These include:

- Constant respect for people
- Uncompromising honesty and integrity
- Dedication to serving customers
- Commitment to innovation and continuous improvement

Building on the NI 100-year plan and core values, the following statements and tools serve as a way of ensuring the company's performance meets its standards:

Statement	Implementation
Company Mission and Vision Statements	At NI corporate headquarters, the new employee training program and Leadership Development Series cover these core principles. At branch offices, the branch leadership is responsible for integrating these principles into the branch organization.
Citizenship Mission Statement	In 2010, NI corporate headquarters will add a new component to the training program for new employees to cover this principle. Branch leadership will be responsible for integrating this principle into the branch organization.
Code of Ethics	Refer to the Work Environment section of this report.
Supplier Code of Conduct	Refer to the Supplier Responsibility, Environmental Management, and Manufacturing Operations section of this report.

Stakeholder Engagement

The following table lists examples of how NI engages with its key stakeholders.

Stakeholder Group	Tools and Processes	Frequency
Employees	Company meetings	Semiannual
	Business alignment discussions	Quarterly
	Town hall gatherings	Ongoing
	Performance reviews	Annual
	An open-door management policy known as sneaker management	Ongoing
	Philanthropic funding advisory council	Annual
	Internal e-newsletter	Weekly
	Intranet	Ongoing
Customers	NIWeek, the company's annual customer and technology conference, and regional NIDays held at NI branch offices around the world	Annual
	Online discussion forums	Ongoing
	User group meetings around the world	Ongoing
	Direct sales force	Ongoing
	Contact forms, including technical support, customer service, and product feedback	Ongoing
	Customer satisfaction surveys	Ongoing
	Customer advisory boards and regional advisory councils at which NI facilitates discussion with key customers about its products, technologies and industry trends	Ongoing
	Lead user program to identify opportunities and receive feedback	Ongoing
Suppliers	Procurement and purchasing resources	Ongoing
	Supplier appreciation event	Annual
	Business review with key suppliers	Quarterly
Shareholders	Earnings conference call and webcast	Quarterly
	Reports	Quarterly/annual
	NIWeek investor conference	Annual
	Shareholder meeting	Annual

Through the various means in which NI engages with its stakeholders, the company's management gains visibility and creates alignment with key citizenship priorities and concerns, as shown in the following examples.

- **Employees** – With the tough global economic climate in 2009, employees' top concerns included job security and maintaining health care benefits. As a result, the company increased the frequency of its employee engagement and communication to ensure employees it was highly committed to being a stable employer and implemented a number of new programs and benefits such as an on-site health care clinic to further assist employees in managing their health and wellness.
- **Customers** – Through customer advisory boards, automated test customers expressed their need for lower-cost, lower-energy, and lower-footprint multifunction test solutions. This feedback has influenced NI product development and, as a result, the company has optimized its PXI test platform. Today, a PXI system consumes 60 percent less power than a rack-and-stack system. Additionally, these systems cost less than traditional instrumentation and have a significantly smaller physical footprint.
- **Suppliers** – The majority of supplier concerns expressed in 2009 came from smaller suppliers with limited resources in regard to complying with new regulations, such as the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH). NI is addressing the compliance concerns of these suppliers through both one-on-one communication as needed and a new quarterly e-newsletter.
- **Shareholders** – Financial stability, strategic investments, and market share gains were the main concerns for shareholders in 2009. NI increased communication with shareholders during this volatile time and demonstrated the strength and resiliency of the NI business model by outperforming its peers.

Measuring NI Customer Satisfaction

In 2009, NI conducted multiple research projects to better understand customer satisfaction with the company in general, with certain product lines, and with its annual global user conference. This research included the following.

Survey type	Purpose	Results
Two U.S. customer satisfaction and loyalty surveys	To monitor the level of satisfaction customers have with all aspects of interaction with the company, including the product information provided, sales representatives, the ordering process, product usage, and technical support as well as the level of customer loyalty	NI customers indicate that they have a high level of satisfaction and loyalty for the company and its products. In 2009, NI made improvements to ni.com navigation and online educational resources based on customer feedback from this survey.
One survey conducted during NIWeek, the company's annual global user conference	To gauge attendee satisfaction of the event	NI continues to see that NIWeek attendees are attracted to the advanced technical content
One international survey to customers of NI customer education classes	To gauge satisfaction and benefits of the class as it relates to their jobs	View results

Governance

National Instruments is committed to upholding solid principles of corporate governance. The company has outlined the guidelines and charters that govern NI board committees, as well as its employees, to ensure NI remains accountable to its shareholders. Visit **ni.com/nati/corporategovernance** to view the following information:

- Board of Directors
- Committee Composition and Charters
- Code of Ethics
- Certification of Chief Executive Officer
- Certification of Chief Financial Officer

NI believes that a significant portion of its executives' total compensation should be directly linked to achieving specified financial objectives that NI thinks will create stockholder value. Under an annual incentive cash bonus program, executives receive payments based on the achievement of NI business goals approved by the NI board. In addition, all regular full-time and part-time employees, including executives, participate in a company performance bonus program. For employees to receive the maximum payout under this program, NI must achieve predetermined goals for revenue growth and profitability. NI also uses stock-based equity compensation to incentivize a large number of its regular, full-time, and exempt employees, including executives. Refer to the Executive Compensation section of the Proxy Statement for more information about the NI approach toward compensation, as well as specific business goals under the annual incentive program.

Citizenship Challenges and Opportunities

Using a wide range of tools and processes, National Instruments engages with its key stakeholders to identify the issues that impact its citizenship performance. To learn about the company's 2009 performance and 2010 commitments on these issues, visit the sections linked from the following table. The 2009 Performance Summary provides an overview of all 2009 commitments and results.

Area	Challenges and Opportunities
Economic	Cultivating industry diversity Achieving growth and profitability Investing in R&D to develop innovative products and technologies
Environmental	Optimizing the product life cycle ▪ Modular products that require less power ▪ Packaging ▪ Reduction of hazardous substances ▪ Supplier responsibility ▪ Manufacturing operations ▪ Product take-back and recycling Conserving resources ▪ Energy ▪ Natural gas ▪ Water ▪ Emissions ▪ Habitats ▪ Recycling ▪ Waste reduction Empowering employees to drive change
Social	Transforming education, especially science, technology, engineering, and math (STEM) education, through programs that promote: ▪ Technical literacy ▪ Access to technology ▪ Project-based learning ▪ Competition ▪ Mentoring ▪ Early education ▪ Educator and student collaboration Preserving the competitive advantage of NI culture and employees through: ▪ Recruiting and retention ▪ Diversity and inclusion ▪ Health, wellness, and safety ▪ Compensation and benefits ▪ Work environment ▪ Training and development Empowering customers to improve the world through: ▪ Grants for medical start-up companies ▪ Recognition for leaders ▪ Bridge and infrastructure monitoring ▪ Green engineering Engaging in communities through: ▪ Employee and corporate philanthropy ▪ Employee volunteerism, including board membership ▪ Corporate advocacy

NI evaluates and prioritizes citizenship issues based on their importance to key stakeholders as well as their impact on long-term and short-term business success. The company relies on several engagement tools, including discussion forums, surveys, direct field sales feedback, and customer and supplier conferences, to gather feedback on issues important to its stakeholders. The NI Board of Directors and NI Citizenship Executive Steering Team then help prioritize the company's efforts. NI identified the following top citizenship challenges and opportunities in 2009:

- **Technical Literacy** – As a worldwide technology leader and partner to some of the most recognized academic organizations, NI, along with its customers, is in a unique position to make a significant impact on the world by helping educators transform science, technology, engineering, and math (STEM) education and ultimately ensure that every student is prepared to enter – and contribute to – a technically literate society. NI sees this as its core citizenship mission, significantly impacting all the company stakeholders and woven throughout NI citizenship efforts.
- **Economic Stability** – NI prides itself on being a stable company and employer, having a record of 31 years of growth in its 33-year history. While economic performance is always important to each of the NI stakeholders, it was an even larger focus during the global economic recession in 2009. In a year when most NI competitors were implementing workforce reductions and in some cases seeing triple-digit declines in revenue, NI maintained its commitments to each of its four stakeholders by being disciplined in managing its expenses and driving operational leverage that allowed the company to continue strategically investing in R&D and field sales.
- **Health and Well-Being** – Health care costs continue to increase rapidly in the U.S, making health and wellness a key focus for both employees and NI. The company takes a proactive approach in partnership with employees to help them achieve healthier lifestyles through wellness and prevention. In 2009, NI opened an on-site health center, implemented a health risk assessment program, and provided a wide variety of health and wellness programs to promote healthier life styles.
- **Engineering Grand Challenges** – The NAE Committee on Engineering's Grand Challenges has identified 14 areas awaiting engineering solutions in the 21st century. These include the most significant issues the world is facing today, such as the need for new medical treatments, access to clean water, and the creation of sustainable energy sources. NI customers are often on the front lines of pioneering solutions for these challenges, and NI is committed to equipping them with the tools to most efficiently and effectively create world-changing applications.

Managing Citizenship Performance

NI citizenship is part of the company's 100-year plan. These efforts impact all stakeholders and are aligned with the company's business and operational goals. To drive performance in these areas, NI relies on its Board of Directors, an executive steering team, a cross-functional committee, and NI employees.

A cross-functional committee manages corporate citizenship activities across all four pillars of NI citizenship and drives performance throughout the company. In addition, NI employees play an integral role in achieving citizenship goals that range from developing innovative products that improve the world to identifying opportunities to reduce energy use at company facilities. Through cross-functional teams such as NI GRAD or the NI Green Team, employees drive success on the company's citizenship activities. In 2010, NI corporate headquarters will add a new component to the training program for new employees to further engage them in NI citizenship efforts.

NI executive leadership reviews citizenship performance and goals throughout the year, and the Audit Committee of the NI Board of Directors oversees the company's performance in accounting and financial reporting, compliance with the NI Code of Ethics, and compliance with financial, environmental, and equal employment opportunity regulations.

About This Report

National Instruments has a long-standing commitment to being a responsible corporate citizen, and this citizenship report further demonstrates that commitment. The report details the company's performance across social, economic, and environmental areas, as well as commitments or goals for the future.

Please submit questions or comments about this report using this feedback form.

Scope

This report describes NI citizenship performance in fiscal year 2009, which ended December 31, 2009. All data for all NI operations was not available. Unless otherwise noted, data presented in this report applies only to NI corporate headquarters in Austin, Texas.

Gathering additional data from all NI operations for future reports is an ongoing process, and NI will provide that data in future reports as it becomes available.

Format

The full 2009 NI citizenship report is available on the Web at **ni.com/citizenship**. For the purposes of printing the full report, this PDF duplicates the information available in the Web report.

A summary brochure also is available for download at **ni.com/citizenship**.

Reporting Standards

NI used the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) to prepare this report.

Report Assurance

Currently, NI does not seek external assurance for its citizenship report.

Previous Reports

NI published its first citizenship report in 2008. The full 2008 report and the 2008 summary brochure are available in PDF format.

Restatements

The following table details restatements of information provided in previous citizenship reports.

Reporting Year	Information Reported	Updated Information	Reason
2008	The Interns Hired for Permanent Positions chart was reported as showing data from NI corporate headquarters and Berkeley, California, only.	This chart shows data only for engineering interns at those offices.	NI evaluated its data analysis process and uncovered that the process tracked only engineering interns.
2008	The 2008 recordable injury/illness rate was reported as 0.21. The 2007 rate was reported as 0.53.	In 2008, the actual rate was 0.20. In 2007, the rate was 0.49.	NI refined its calculation of this metric to be more accurate about number of hours worked.
2008	The 2008 lost workday rate was reported as 0.29. The 2007 rate was reported as 13.36.	In 2008, the actual rate was 0.31. In 2007, the rate was 19.70.	NI refined its calculation of this metric to be more accurate about number of hours worked.
2008	Total purchased electricity at NI corporate headquarters was reported as 18,731,771 kWh.	Actual total purchased electricity was 20,838,000 kWh.	This restatement is due to a clerical error that occurred in the data analysis process.
2008	Estimated trash sent to landfill at NI corporate headquarters was reported as 402,025 kg.	Estimated trash sent to landfill was 361,197 kg.	NI received updated data from its waste vendor after publication of the 2008 report.
2008	NI reported that in 2008, 154 employee mentors volunteered more than 8,700 hours in the classroom, and in 2007, 147 employees volunteered more than 8,000 hours.	In 2008, 141 employee mentors volunteered more than 8,000 hours in the classroom. In 2007, 153 employees volunteered more than 8,700 hours.	NI refined its data analysis process to be more accurate.
2008	NI reported that in 2008, more than 500 NI corporate headquarters employees volunteered a total of 6,700 hours with various nonprofit organizations.	More than 450 NI employees volunteered a total of 6,900 hours.	Two factors contributed to this restatement: ▪ NI refined its data analysis process to exclude internal events that do not benefit a nonprofit organization. ▪ Employees can report volunteer hours at any time, even for a previous year.

Glossary

***FIRST*:** For Inspiration and Recognition of Science and Technology. An organization that encourages students to discover the excitement of science and engineering through a range of robotics competitions.

FLL: *FIRST* LEGO League. A mentor program that involves engineers and scientists who mentor 8- to 14-year-old students.

FRC: *FIRST* Robotics Competition. Teams of high-school students and their mentors build robots from an unassembled kit of parts, program those robots using NI LabVIEW software, and then enter them in regional, statewide, and even national competitions.

GHG: Greenhouse gas.

GRI: Global Reporting Initiative.

kg: Kilogram. Equivalent to 2.2046 pounds.

kWh: Kilowatt hour.

m^3: Cubic meter. Equivalent to 1,000 liters or 264.1720523 U.S. liquid gallons.

PAC: Programmable automation controller.

PLC: Programmable logic controller.

RoHS: Restriction of the Use of Certain Hazardous Substances.

STEM education: Science, technology, engineering, and math education.

WEEE: Waste electrical and electronic equipment.

YOY: Year-over-year

GRI Index

National Instruments used the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) to prepare its citizenship report. NI self-declares this report at GRI Application Level B.

Refer to the following tables to locate a specific GRI indicator in the report.

Profile Disclosures

Indicator	Description	2009 Report	Response or Link
Strategy and Analysis			
1.1	Statement from the most senior decision maker of the organization	●	Statement from the CEO
1.2	Description of key impacts, risks, and opportunities	●	Company Profile. For information about financial risk factors, refer to the Risk Factors section in Form 10-K of the Annual Report.
Organizational Profile			
2.1	Name of the organization	●	National Instruments Corporation
2.2	Primary brands, products, and/or services	●	Company Profile, Annual Report
2.3	Operational structure of the organization	●	Company Profile, Annual Report
2.4	Location of organization's headquarters	●	Company Profile
2.5	Number and names of countries where the organization operates	●	**ni.com/niglobal**
2.6	Nature of ownership and legal form	●	Annual Report
2.7	Markets served	●	Annual Report
2.8	Scale of the reporting organization	●	Annual Report
2.9	Significant changes during the reporting period	●	Annual Report
2.10	Awards received in the reporting period	●	Company Profile
Report Parameters			
3.1	Reporting period for information provided	●	About This Report
3.2	Date of most recent previous report (if any)	●	About This Report
3.3	Reporting cycle	●	Annual
3.4	Contact point for questions regarding the report or its contents	●	About This Report
3.5	Process for defining report content	●	Company Profile
3.6	Boundary of the report	●	About This Report
3.7	State any specific limitations on the scope or boundary of the report	●	About This Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities	●	This report does not include data on joint ventures, subsidiaries, leased facilities, or outsourced operations, unless otherwise noted.
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report	●	NI captures data from its relevant organizational units as well as third parties such as energy providers. Where only estimates of data were available, that fact is noted along with the data.
3.10	Explanation of the effect of any restatements of information provided in earlier reports	●	About This Report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	●	In 2008, NI self-declared its report at GRI Application Level C. NI self-declares the 2009 report at Level B.
3.12	Table identifying the location of the Standard Disclosures in the report	●	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report	●	About This Report

Legend: ● Reported ◐ Partially reported

Indicator	Description	2009 Report	Response or Link
Governance, Commitments, and Engagement			
4.1	Governance structure of the organization	●	Company Profile
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	●	Company Profile
4.3	State the number of members of the highest governance body that are independent and/or non-executive members	●	Company Profile
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	◐	Company Profile
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance	●	Company Profile
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	●	Proxy Statement, Certain Relationships and Related Transactions section
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	●	Charter for the Nomination and Governance Committee of the NI Board of Directors; Proxy Statement, Corporate Governance section
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	●	Company Profile
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	●	Company Profile
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	●	Charter for the Audit Committee of the NI Board of Directors
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	●	NI has not explicitly addressed the precautionary approach. However, both of the company's manufacturing facilities are certified to ISO 14001 standards, which NI uses to proactively identify where its activities have an environmental impact.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	●	**External Initiative** / **Year of Adoption** / **Operations Where Applied** / **Key Stakeholders** / **Voluntary or Required** Clean Air Partners Program / 2004 / Corporate headquarters / Employees / Voluntary Electronic Industry Citizenship Coalition (EICC) Code of Conduct / 2008 / Worldwide / Suppliers / Voluntary ISO 14001 standards / 2003 / Corporate headquarters and NI Hungary / Employees / Voluntary
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	●	Company Profile
4.14	List of stakeholder groups engaged by the organization	●	Company Profile
4.15	Basis for identification and selection of stakeholders with whom to engage	◐	Company Profile
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	●	Company Profile
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	●	Company Profile

Legend: ● Reported ◐ Partially reported

Performance Indicators

Indicator	Description	2008 Report	Response or Section
Economic			
Disclosure on Management Approach	A concise disclosure with reference to the following economic aspects: ▪ Economic performance ▪ Market presence ▪ Indirect economic impacts	●	Management Approach Disclosures
EC1	Economic value generated and distributed	●	Economic Performance
EC3	Coverage of the organization's defined benefit plan obligations	●	Compensation and Benefits
Environmental			
Disclosure on Management Approach	A concise disclosure with reference to the following environmental aspects: ▪ Materials ▪ Energy ▪ Water ▪ Biodiversity ▪ Emissions, effluents, and waste ▪ Products and services ▪ Compliance ▪ Transport ▪ Overall	●	Management Approach Disclosures
EN1	Materials used by weight or volume	◎	Product Design
EN3	Direct energy consumption by primary energy source	●	Conserving Resources
EN4	Indirect energy consumption by primary source	●	Conserving Resources. For purchased electricity, the corresponding primary energy consumed in production is not available.
EN5	Energy saved due to conservation and efficiency improvements	●	Conserving Resources, Employees Driving Change
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	◎	Conserving Resources, Employees Driving Change
EN8	Total water withdrawal by source	●	Reducing Natural Gas Usage, Water Usage, and Emissions
EN10	Percentage and total volume of water recycled and reused	●	NI does not recycle or reuse water at its corporate headquarters or NI Hungary.
EN13	Habitats protected or restored	●	Approximately 63%, or 16.6 hectares, of the NI corporate headquarters campus remains in its original state with a healthy functioning ecosystem and is protected from any harm during operational activities. For more information about this campus, refer to the Reducing Reducing Natural Gas Usage, Water Usage, and Emissions section of this report.
EN16	Total direct and indirect greenhouse gas emissions by weight	●	Reducing Natural Gas Usage, Water Usage, and Emissions
EN22	Total weight of waste by type and disposal method	◎	Recycling and Waste Reduction
EN23	Total number and volume of significant spills	●	No hazardous spills occurred at either NI manufacturing facility.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	●	Product Life Cycle
EN28	Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations	●	No fines or sanctions incurred for noncompliance with environmental laws and regulations at either NI manufacturing facility.

Legend: ● Reported ◎ Partially reported

<table>
<tr><th>Indicator</th><th>Description</th><th>2008 Report</th><th>Response or Section</th></tr>
<tr><td colspan="4">Social</td></tr>
<tr><td colspan="4">Labor Practices and Decent Work</td></tr>
<tr><td>Disclosure on Management Approach</td><td>A concise disclosure with reference to the following labor aspects:
▪ Employment
▪ Labor/management relations
▪ Occupational health and safety
▪ Training and education
▪ Diversity and equal opportunity</td><td>●</td><td>Management Approach Disclosures</td></tr>
<tr><td>LA1</td><td>Total workforce by employment type, employment contract, and region</td><td>●</td><td>Retaining Employees</td></tr>
<tr><td>LA2</td><td>Total number and rate of employee turnover by age group, gender, and region</td><td>◐</td><td>Retaining Employees</td></tr>
<tr><td>LA7</td><td>Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region</td><td>◐</td><td>Health, Wellness, and Safety</td></tr>
<tr><td>LA10</td><td>Average hours of training per year per employee by employee category</td><td>●</td><td>Provide Superior Employee Development</td></tr>
<tr><td>LA11</td><td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings</td><td>●</td><td>Provide Superior Employee Development. NI does not offer sabbaticals as an employee benefit. NI offers the following transition assistance programs for employees who are retiring or who have been terminated.
<table>
<tr><th>Program</th><th>Offered</th><th>Details</th></tr>
<tr><td>Retirement planning for intended retirees</td><td>Yes</td><td>NI offers resources on retirement planning to all employees.</td></tr>
<tr><td>Retraining for those intending to continue working</td><td>No</td><td></td></tr>
<tr><td>Severance pay</td><td>Yes</td><td>NI offers severance pay in some situations. Typically, severance pay takes into account years of service.</td></tr>
<tr><td>Job placement services</td><td>Yes</td><td>NI offers job placement assistance in some situations.</td></tr>
<tr><td>Assistance on transitioning to a non-working life</td><td>No</td><td></td></tr>
</table></td></tr>
<tr><td>LA12</td><td>Percentage of employees receiving regular performance and career development reviews</td><td>●</td><td>Work Environment</td></tr>
<tr><td>LA13</td><td>Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</td><td>◐</td><td>Diversity and Inclusion</td></tr>
</table>

Legend: ● Reported ◐ Partially reported

Indicator	Description	2008 Report	Response or Section
Human Rights			
Disclosure on Management Approach	A concise disclosure with reference to the following human rights aspects: ▪ Investment and procurement practices ▪ Nondiscrimination ▪ Freedom of association and collective bargaining ▪ Abolition of child labor ▪ Prevention of forced and compulsory labor ▪ Complaints and grievance practices ▪ Security practices ▪ Indigenous rights	●	Management Approach Disclosures
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	●	Supplier Responsibility, Environmental Management, and Manufacturing Operations
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	●	NI has not identified any operations with significant risk for incidents of child labor of young workers exposed to hazardous work. NI does not and will not use child labor. The term "child" refers to any employed person under the age of 16, under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. NI supports the use of legitimate workplace apprenticeship, internship, and similar programs that comply with all laws and regulations applicable to such programs.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	●	NI has not identified any operations with significant risk for incidents of forced or compulsory labor. NI does not and will not use forced or involuntary labor of any type, including but not limited to forced, bonded, indentured, or involuntary prison labor. Employment is voluntary.
Society			
Disclosure on Management Approach	A concise disclosure with reference to the following society aspects: ▪ Community ▪ Corruption ▪ Public policy ▪ Anticompetitive behavior ▪ Compliance	●	Management Approach Disclosures
SO3	Percentage of employees trained in organization's anticorruption policies and procedures	◎	Work Environment
Product Responsibility			
Disclosure on Management Approach	A concise disclosure with reference to the following product responsibility aspects: ▪ Customer health and safety ▪ Product and service labeling ▪ Marketing communications ▪ Customer privacy ▪ Compliance	●	Management Approach Disclosures

Legend: ● Reported ◎ Partially reported

<table>
<tr><th>Indicator</th><th>Description</th><th>2008 Report</th><th>Response or Section</th></tr>
<tr><td>PR1</td><td>Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures</td><td>●</td><td>NI assesses the health and safety impacts of products and services for improvement during the following life cycle stages.
<table><tr><th>Life Cycle Stage</th><th>Impacts Assessed</th></tr><tr><td>Development of product concept</td><td>No</td></tr><tr><td>R&D</td><td>Yes</td></tr><tr><td>Certification</td><td>Yes</td></tr><tr><td>Manufacturing and production</td><td>Yes</td></tr><tr><td>Marketing and promotion</td><td>No</td></tr><tr><td>Storage distribution and supply</td><td>Yes</td></tr><tr><td>Use and service</td><td>Yes</td></tr><tr><td>Disposal, reuse, or recycling</td><td>Yes</td></tr></table>Of the significant NI product or service categories, 100% are covered by and assessed for compliance with such procedures.</td></tr>
<tr><td>PR5</td><td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction</td><td>●</td><td>Company Profile</td></tr>
</table>

Management Approach Disclosures

The following disclosures provide a brief overview of how National Instruments manages its performance under each Global Reporting Initiative (GRI) indicator category.

To manage the performance of the supply chain, NI requires suppliers to comply with the NI Supplier Code of Conduct for the fair treatment of workers, a healthy and safe work environment, the protection of the environment, and outstanding business ethics. In addition, all new suppliers must complete an NI supplier assessment survey. If the survey process identifies issues, NI conducts regular follow-up. For existing key suppliers, NI monitors issues and reviews performance scorecards quarterly to ensure continuous improvement.

Economic

The management approach taken by NI regarding its economic performance, market presence, and indirect economic impacts stems heavily from the company's commitment to upholding solid principles of corporate governance and accountability to all its stakeholders. The company has set long-term goals of investing 16 percent of its total revenue back into R&D while maintaining an 18 percent operating income and 14 percent net income. To view the company's 2009 results, refer to the Annual Report at **ni.com/nati**.

NI uses quarterly business discussions and other employee communication tools to raise internal awareness of economic goals and performance. Should issues arise related to the company's economic performance, the NI Board of Directors would address them.

For more information regarding the company's approach to managing economic performance, download Form 10-K of the Annual Reportat **ni.com/nati**.

Environmental

Refer to the Minimize Our Environmental Impact section of this report for an overview of NI environmental performance including 2009 successes and challenges as well as 2010 commitments. For information about the NI approach to managing issues related to its products and services, including environmental compliance, refer to the Product Responsibility section.

Aspect	Goals and Performance	Policy	Organizational Responsibility	Training and Awareness	Monitoring and Follow-Up
Materials	Product Design Reduction of Hazardous Substances	NI Environmental Policy NI Supplier Code of Conduct	Vice president, Manufacturing	All NI hardware engineers follow the NI hardware engineering process, which raises awareness of materials issues.	On a monthly basis, R&D leadership receives a report of conversions to address the European Union Restriction of the Use of Certain Hazardous Substances (RoHS) directive.
Energy, water, emissions, effluents, and waste	Reducing Energy Usage Reducing Natural Gas Usage, Water Usage, and Emissions Recycling and Waste Reduction	NI Environmental Policy Conserving Resources	Vice president, Manufacturing	NI Green Team	NI reviews performance on a quarterly basis and then examines any abnormal fluctuations.
Compliance, as it relates to overall environmental performance	Supplier Responsibility, Environmental Management, and Manufacturing Operations	NI Environmental Policy	Vice president, Manufacturing	Employees responsible for maintaining the NI environmental management system have access to process training.	Supplier Responsibility, Environmental Management, and Manufacturing Operations

For biodiversity and transportation issues, NI does not have a formal policy, nor does it set goals or offer training. Should these issues arise, the vice president of Manufacturing would address them.

Labor Practices and Decent Work

Refer to the People and Culture section of this report for an overview of NI performance with regard to labor practices including 2009 successes and challenges as well as 2010 commitments.

Aspect	Goals and Performance	Policy	Organizational Responsibility	Training and Awareness	Monitoring and Follow-Up
Employment	Recruiting Employees Retaining Employees	Hire and Retain the Best and Brightest	Vice president, Worldwide Human Resources	At NI corporate headquarters, the new employee training program covers this aspect. At branch offices, the branch leadership is responsible for training and raising awareness.	The NI Human Resources department monitors these issues.
Occupational health and safety	Health, Wellness, and Safety Supplier Responsibility, Environmental Management, and Manufacturing Operations	Health, Wellness, and Safety Supplier Responsibility, Environmental Management, and Manufacturing Operations	Vice president, Manufacturing	At NI manufacturing facilities, employees receive training on an ongoing basis related to occupational health and safety.	NI is working toward full compliance with the OHSAS 18001 standard, which helps companies control occupational health and safety risks.
Training and education	Provide Superior Employee Development	Provide Superior Employee Development	Vice president, Worldwide Human Resources	Provide Superior Employee Development	The NI Human Resources department monitors these issues.
Diversity and equal opportunity	Diversity and Inclusion	Diversity and Inclusion	Vice president, Worldwide Human Resources	At NI corporate headquarters, the new employee training program covers this aspect. At branch offices, the branch leadership is responsible for training and raising awareness.	The NI Human Resources department monitors these issues.

For labor/management relations issues, NI does not have a formal policy, nor does it set goals or offer training. Should these issues arise, the vice president of Worldwide Human Resources would address them.

Human Rights

In the countries where NI has offices, the company follows applicable legislative standards and is a responsible employer. For information about the NI approach to managing nondiscrimination issues, refer to the Labor Practices and Decent Work section.

NI does not have a formal policy, nor does it set goals or offer training, for the following aspects related to human rights: investment and procurement practices; freedom of association and collective bargaining; complaints and grievance practices; security practices; and indigenous rights. NI does have a policy but does not set goals or offer training for the following aspects:

- Abolition of child labor: Indicator HR6 in the GRI Index
- Prevention of forced and compulsory labor: Indicator HR7 in the GRI Index

Should human rights issues arise in the area of employment, the vice president of Worldwide Human Resources would address them in accordance with applicable legislative standards. The NI Board of Directors would address all other human rights issues.

Society

Refer to the World-Class Community Engagement section of this report for an overview of how NI and its employees serve the communities in which they work and live, including 2009 successes and challenges as well as 2010 commitments.

Aspect	Goals and Performance	Policy	Organizational Responsibility	Training and Awareness	Monitoring and Follow-Up
Corruption	Work Environment	NI Code of Ethics	Audit Committee of the NI Board of Directors	Work Environment	Refer to the charter for the Audit Committee of the NI Board of Directors.

NI does not have a formal policy, nor does it set goals or offer training, for the following aspects related to the impact NI has on the communities in which it operates: community, public policy, and compliance. NI does have the following policy related to anticompetitive behavior but does not set goals or offer training: National Instruments Corporation Compliance with Antitrust Laws. Should issues arise in the areas of community, compliance, or anticompetitive behavior, the NI Board of Directors would address them.

Product Responsibility

Refer to the Minimize Our Environmental Impact section of this report for an overview of NI performance with regard to product responsibility including 2009 successes and challenges as well as 2010 commitments.

Aspect	Goals and Performance	Policy	Organizational Responsibility	Training and Awareness	Monitoring and Follow-Up
Customer health and safety	NI does not set goals related to this aspect.	Indicator PR1 in the GRI Index	Vice president, Manufacturing	No training or awareness efforts exist.	Should these issues arise, NI would rely on its customer quality escalation process.
Product and service labeling	Reduction of Hazardous Substances Product Take-Back and Recycling	NI Environmental Policy	Vice president, Manufacturing	All NI hardware engineers follow the NI hardware engineering process, which raises awareness of labeling issues.	Regular quality checks during the NI manufacturing process ensure proper labeling.
Customer privacy	NI does not set goals related to this aspect.	NI Privacy Statement	Senior vice president, Sales and Marketing	At NI corporate headquarters, sales and marketing staff receive training on the company's email privacy policy. At branch offices, marketing staff reveive this training.	NI continually gathers feedback through customer surveys and comment forms and follows up on issues that arise.
Compliance	Reduction of Hazardous Substances Product Take-Back and Recycling	NI Environmental Policy	Vice president, Manufacturing	Employees involved in the manufacturing process have access to process training.	The NI Compliance Engineering department monitors these issues. NI has processes in place to make sure all components that go into its products are compliant. In addition, on a monthly basis, R&D leadership receives a report of conversions to address the European Union Restriction of the Use of Certain Hazardous Substances (RoHS) directive.

For marketing communications issues, NI does not have a formal policy, nor does it set goals or offer training. Should these issues arise, the senior vice president of Sales and Marketing would address them.

Improving the World through Technical Literacy

From sustainable sources of food and fuel to access to medical necessities, technology is directly tied to survival and quality of life. Sustainability, health, and joy of living are specific worldwide human concerns that await engineering solutions, and today's students are the ones who must be prepared to address these and other concerns in the future. National Instruments believes that helping to create a more technically literate society will have the greatest impact on improving the quality of life in the world. Specifically, by engaging students with technology in a fun, hands-on learning environment and providing more children and young adults with access to technology, the company can inspire today's students to become tomorrow's innovators.

As a worldwide technology leader and partner to some of the most recognized academic organizations, NI and its customers are in a unique position to make a significant impact on the world by helping educators transform STEM education and ultimately ensure that every student is prepared to enter – and contribute to – a technically literate society. For this reason, science, technology, engineering, and math (STEM) education is at the heart of the NI citizenship mission.

NI education initiatives are categorized within two major segments:

- Empowering tomorrow's innovators with technology and training
- Engaging young minds through mentoring

NI is committed to increasing the technical literacy of students, from grade school through graduate school, through key programs and collaborations, product development, and donations.

"The world depends on scientists and engineers to create a sustainable future. It's critical that we have enough technically literate students to address future challenges, so we must inspire tomorrow's scientists and engineers today."

Dr. James Truchard,
National Instruments president, CEO, and cofounder

National Instruments Academic Ecosystem

	Elementary	Middle School	High School	University/Research	Industry
Age Group					
Products	National Instruments LabVIEW™ Graphical Programming Software				
	LEGO® WeDo™	LEGO MINDSTORMS® NXT	NI hardware, Vernier Sensors, LEGO TETRIX™	NI Educational Engineering Platform	All product lines
Programs	Junior *FIRST* LEGO League	*FIRST* LEGO League	*FIRST* Tech Challenge, *FIRST* Robotics Competition	Virginia Tech RoMeLa, MIT and USCD, EcoCAR Challenge, EPICS, ASEE LabVIEW Academy, Tufts University Center for Engineering Education and Outreach (CEEO)	Mars Rover, CERN, NASA Rocket Science, DaVinci Surgery Robot
Partners	*FIRST*, LEGO	*FIRST*, LEGO	*FIRST*, LEGO Education, Project Lead The Way, Vernier, The Infinity Project, Tufts CEEO	More than 6,000 universities using NI products	More than 600 NI Alliance Partners

People and Culture

As stated in the company's 100-year plan, 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, and suppliers. An important component of the NI culture is the goal to preserve the company's "people advantage." With this strategy, NI meticulously hires the best and brightest employees, nurtures a great work environment and helps employees optimize their talents and drive their careers through superior development opportunities.

In this Section:

HIGHLIGHTS

- 6 offices recognized by the Great Place to Work Institute
- 11 consecutive years on the *FORTUNE* 100 Best Companies to Work For list in the U.S.
- $475,000 USD training grant awarded to NI through the Texas Workforce Commission

Hire and Retain the Best and Brightest

Staying true to the people advantage, National Instruments 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 also 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.

2009 HIGHLIGHTS

- Filled open position for senior vice president of worldwide R&D
- Achieved hiring goals for NI Malaysia
- Started the NI Women's Network

2009 CHALLENGES

- Recruiting is challenged by the declining number of U.S. students graduating with technical degrees
- Women and minorities are underrepresented in the technology field, making it a challenge to ensure a diverse workplace

2010 COMMITMENTS

- Meet annual recruiting goals by hiring engineering and technical students from the highest-rated universities
- Begin NI Leaders program, a targeted recruiting approach for top engineering and technical students
- Maintain worldwide employee turnover at 30% lower than the U.S. industry average

"Through the NI intern program, I grew both technically and personally, gained exposure to the NI culture and development processes, and made many good friends. All of these things helped ease the transition from full-time college student to full-time software engineer."

–Vinny LaPenna, NI software engineer

Recruiting Employees

National Instruments recruiting efforts revolve around an efficient program called the "recruiting machine." By leveraging tools and best practices across teams, recruiters can focus on obtaining the information they need to make a successful hiring decision.

NI recruiters also provide candidates with the details necessary to make a knowledgeable employment decision. Candidates have access to all levels of employees during their interview process, giving them experience with the open working environment at NI.

In 2009, NI met its recruiting goals based on business needs. In 2010, NI will continue to focus on hiring engineering and technical students from the highest-rated universities. To accomplish that goal, NI will begin the NI Leaders program, a targeted recruiting approach for top students. NI piloted this program in 2008 and 2009 after research found that very few of the top students hired by NI were met through a traditional university career fair. The intent of this program is to reach the top students through information sessions about leadership and how to get hired into an engineering or technical job. NI promotes these sessions through student organization leaders and university career centers. NI wants to equip these students with the skills necessary to get hired and to keep NI top of mind regardless of whether they work for NI.

However, NI recruiting efforts at NI corporate headquarters increasingly are challenged by the declining number of U.S. students graduating with technical degrees. To address this challenge as a leading technology provider, NI works to enhance science, technology, engineering, and math (STEM) education through classroom mentorship, student events, and collaborations with the goal of inspiring students to pursue careers in the science and technology fields.

EMPLOYEE PROFILE:
PHIL HESTER

In December 2009, NI announced the appointment of Phil Hester to the position of senior vice president of R&D. In this position, Hester provides strategic guidance to the 1,500 global hardware and software development team members to help continue the company's track record of delivering innovative products and services.

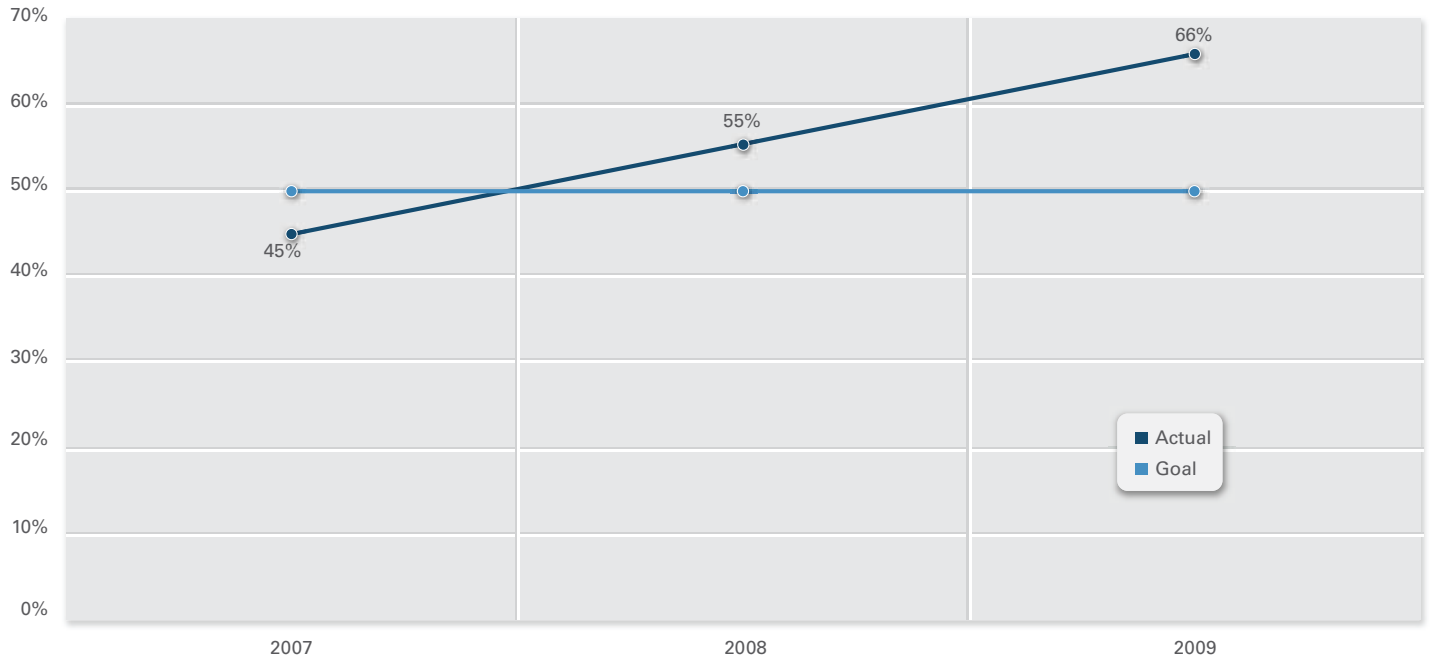
"Over the past several months, I have started the process of getting to know 'the NI way, and have developed a real appreciation for the NI culture," Phil says.

As a former leader at IBM and AMD, entrepreneur, and 10-time patent holder, Hester brings 30 years of technology industry knowledge and technical expertise to NI.

Co-op and Intern Program

A robust co-op and intern program is at the core of the company's hiring strategy. Co-ops and interns work on actual projects solving real problems, which require tremendous talent and initiative. Some co-ops and interns have even filed patents for their work at NI. Working in this environment, co-ops and interns have the opportunity to hone technical and professional skills as they work with leading-edge technologies. These employees gain valuable experiences that help determine if they and NI are a good fit for each other. NI measures the success of this program by the percentage of co-ops and interns hired for permanent positions. In 2009, NI exceeded its goal of hiring 50 percent of co-ops and interns at corporate headquarters for permanent positions.

Interns Hired For Permanent Positions*



**Data is for interns hired at NI corporate headquarters and Berkeley, California only.*

International Recruiting

In 2009, NI selected a site in Malaysia for a third manufacturing and operations facility. The facility will occupy 17 acres on the island of Penang and eventually employ 1,500 people in manufacturing, research and development, shared services, IT, and finance positions.

In addition to Malaysia's availability of talent and strong university system, NI selected the country because of the continued support for the project from the Malaysian Industrial Development Authority (MIDA). MIDA's backing of key policies for business investment has attracted numerous high-tech companies to the country and was instrumental in bringing NI to Malaysia.

NI recruited a pioneer team of eight research and development employees, successfully achieving its 2009 hiring goal.

Retaining Employees

Given all that National Instruments invests in finding and hiring the best and brightest employees who fit well into the company culture, retaining them is essential to the company's success. People stay at NI because of the culture and core values of respect, honesty, dedication to customers, and commitment to innovation.

Employee Turnover Rate

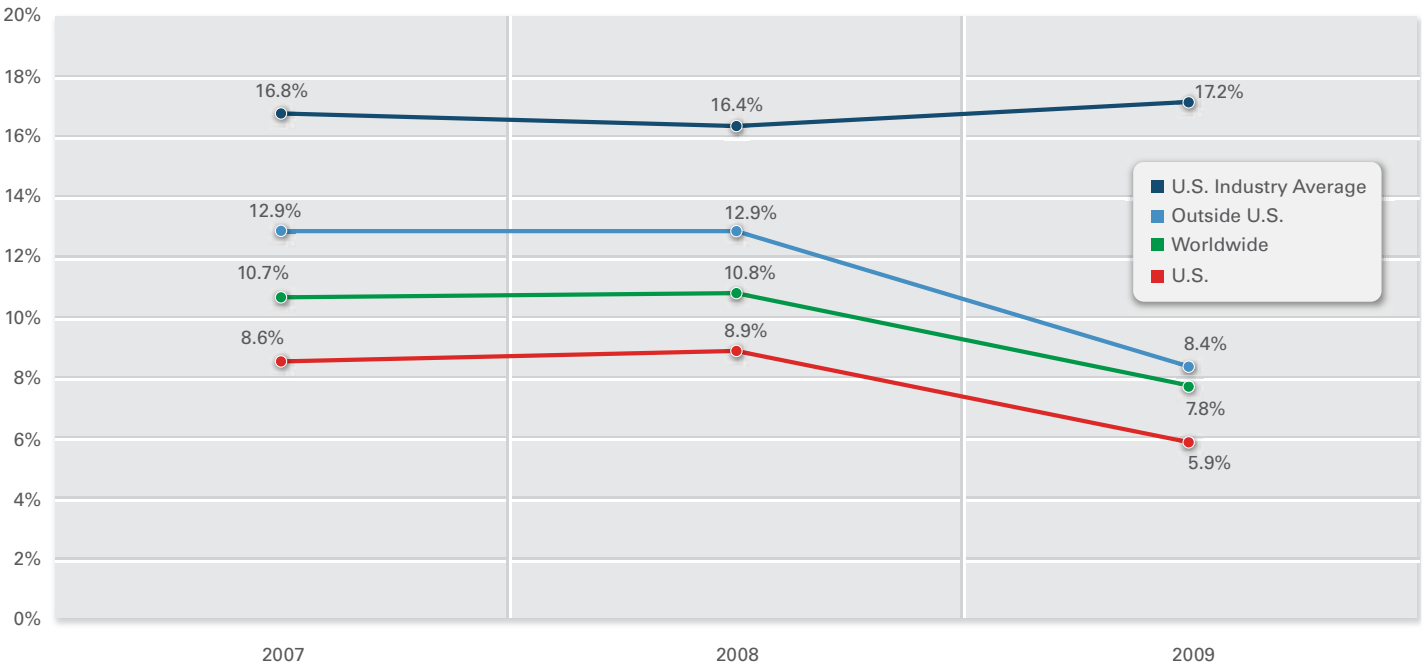
NI prides itself on having a low employee turnover rate. In 2009, the turnover rate for all employees worldwide was 7.8 percent, which is 45 percent lower than the U.S. industry average. The turnover rate for its U.S. employees was 5.9 percent. The company's low turnover rate is a key indication of its great work environment and superior employee development that grows talents and skills.

Employee Turnover Rate by Employee Type

Type of Employee	U.S. (%)	Outside U.S.[1] (%)	Worldwide (%)
Exempt	5.6	8.8	7.1
Nonexempt	7.1	7.3	7.2

[1]In the Outside U.S. column, totals in the exempt row are for professional employees, and totals in the nonexempt row are for administrative employees.

Employee Turnover Rate by Region*



**Industry data is from Radford Surveys and Consulting. The 2009 industry data is from September 30, 2009.*

Employees by Region

Totals are for the number of employees as of December 31 in the given year.

Type of Employee	Designation	Category	Americas	Europe[1]	Asia/Rest of World[1,4]	Total
Regular	Full-Time	**All**	**2,542**	**1,415**	**1,119**	**5,076**
		Exempt	2,086	850	955	3,891
		Nonexempt	456	565	164	1185
	Part-Time	**All**	**40**	**47**	**2**	**89**
		Exempt	33	17	2	52
		Nonexempt	7	30	N/A	37
	Total Regular Employees by Region		**2,582**	**1,462**	**1,121**	**5,165**
Intern/Co-Op[2]		**All**	**17**	**74**	**32**	**123**
		Exempt	N/A	N/A	N/A	N/A
		Nonexempt	17	74	32	123
	Total Intern/Co-Op Employees by Region		**17**	**74**	**32**	**123**
Other Contracts[5]		**All**	**20**	**163**	**31**	**214**
	Full-Time	Exempt	N/A	N/A	N/A	N/A
		Nonexempt	18	128	6	152
	Part-Time	Exempt	N/A	N/A	N/A	N/A
		Nonexempt	2	35	25	62
	Total Other Contract Employees by Region		**20**	**163**	**31**	**214**
Total by Region 2009[3]			2,619	1,699	1,184	5,502
Total by Region 2008[3,6]			2,551	1,451	1,155	5,157
Total by Region 2007[3,6]			2,420	1,268	959	4,647

[1]In the Europe and Asia/Rest of World columns, totals in the Exempt row are for professional employees, and totals in the Nonexempt row are for administrative employees.

[2]The total for U.S. intern/co-op employees includes all employees of that type hired in 2009.

[3]In this total, two part-time employees are counted as one full-time employee.

[4]Asia/Rest of World (RoW) includes branch offices in Asia as well as Canada, Brazil, and Mexico.

[5]NI does not track the number of all supervised workers. This total includes workers from temporary employment agencies but does not include employees of subcontractors, such as cleaning personnel, working for NI on a long-term basis.

[6]Other contract employees are not included in this total. NI began tracking other contract employees for this report in 2009.

Diversity and Inclusion

Women and minorities are underrepresented in the technology field, creating a challenge for National Instruments in striving for a diverse workplace. Despite this, NI is committed to maintaining a workforce that reflects the faces of worldwide community members, customers, and colleagues.

NI promotes equal employment opportunity for all applicants and employees by recruiting, hiring, training, and promoting persons in all job titles on the basis of job-related ability and performance, without regard to race, gender, age, religion, sexual orientation, disability, veteran status, or national origin. Enhancing and using the abilities of all individuals to their fullest extent continues to fuel the profitable and responsible growth of the company. NI also encourages employees to participate in community organizations that foster social and economic opportunity for all members of the community.

In addition, NI takes a long-term view by working to enhance science, technology, engineering, and math (STEM) education through classroom mentorship, student events, and collaborations with organizations such as GirlStart, with the goal of inspiring students to pursue careers in the science and technology fields.

NI Women's Network

Beginning in 2009, female employees at NI gathered to form a group with the goal of connecting and empowering women at NI to foster career growth, develop leadership skills, and inspire future generations of women in the community. In 2010, the group will select a steering committee to provide leadership for the network.

Board Member Diversity

Category	Number	2008 Percent of Board	2009 Percent of Board
Female	1	12.5%	17.0%
Minority Groups	1	12.5%	17.0%

Officer Diversity

Category	Number	2008 Percent of Officers	2009 Percent of Officers
Female	1	4.0%	4.0%
Minority Groups	2	8.0%	7.0%

EMPLOYEE PROFILE:
JEANNIE FALCON

Jeannie is a principal engineer who began working at NI in 2000. While at M.I.T., she started a group for women graduate students called the "Mechanical Engineering Graduate Association for Women" or MEGAWomen, which encouraged female students to consider obtaining a PhD.

Now, Jeannie is a lecturer in the mechanical and aerospace engineering departments at the University of Texas and is also on the Mechanical Engineering External Advisory Committee. The committee has done research on the percentage of mechanical engineering undergraduates that are women and saw numbers less than 15 percent with no significant growth for 10 years. Jeannie has been excited to use her experience to help lead NI efforts for "Introduce a Girl to Engineering Day" at UT and to further promote women in the technology industry.

Create a Great Place to Work

National Instruments 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 year, NI recognizes that it is more important than ever to maintain the open atmosphere, innovative culture, and dedication of its employees.

FORTUNE 100 BEST COMPANIES TO WORK FOR
NI Corporate
2000–2010

GREAT PLACE TO WORK BEST workplaces INSTITUTE ITALIA 2010
NI Italy
2007-2010

GREAT PLACE TO WORK BEST workplaces INSTITUTE UNITED KINGDOM 2009
NI United Kingdom
2006–2009

GREAT PLACE TO WORK DEUTSCHLANDS BESTE ARBEITGEBER INSTITUTE DEUTSCHLAND 2010
Handelsblatt
NI Germany
2004-2005,
2008-2010

GREAT PLACE TO WORK LAS MEJORES EMPRESAS PARA TRABAJAR EN MÉXICO INSTITUTE MÉXICO 2009
NI Mexico
2008–2009

GREAT PLACE TO WORK BEST workplaces INSTITUTE FRANCE 2009
NI France
2009

2009 HIGHLIGHTS

- Six offices were recognized by the Great Place to Work Institute, including NI corporate headquarters for the 11th consecutive year
- NI Hungary employees reported being 23% more engaged in their work than in 2008 based on answers to a employee engagement survey
- Opened an on-site health center at NI corporate headquarters

2009 CHALLENGES

- Health care costs are increasing, making it a challenge to offer competitive benefit packages

2010 COMMITMENTS

- Ensure surveyed NI employees describe NI as a great place to work at a rate of 75% or greater
- Ensure at least 90% of U.S. employees receive meaningful feedback through annual performance reviews
- Build a spirited culture of wellness at headquarters by offering targeted learning programs

"I congratulate National Instruments on making the *FORTUNE* 100 'Best Companies to Work For' list for 11 years in a row, and I am proud that Texas is home to this successful company. This success can be attributed to the company's leadership, innovative culture, and commitment to fostering a positive work environment for its employees."

–John Cornyn, U.S. Senator (R-TX)

Health, Wellness, and Safety

Wellness is a priority at National Instruments. NI is proud to offer comprehensive medical benefits and programs that encourage and support employees' health and well-being. NI provides a variety of programs to help employees evaluate, maintain, and improve their personal health as well as the health of their families. The on-site health and fitness centers at corporate headquarters offer a gateway for employees to access and participate in these programs.

NI health and wellness programs include the following:

- Fitness assessments
- Annual flu shots
- Annual wellness fair
- Health screenings
- On-campus walking trails
- NI sports leagues
- Special events such as Bike–to-Work Day, boot camp classes, and on-campus walk/run events

NI Health Center

Health care costs continue to increase rapidly in the U.S., making it more challenging to offer competitive benefit packages. With the NI Health Center, opened in 2009 and operated by Take Care Health Services, NI takes a proactive approach in partnership with employees to help them achieve a healthier lifestyle through wellness and prevention. The NI Health Center provides employees with access to convenient, high-quality health care services.

Since the NI Health Center has opened, NI employees have used it for health needs ranging from well visits to biometric screenings to urgent-care visits. In the first seven months the center was open, 80 percent of visits to the NI Health Center were first-time employee visits, compared to the 55 percent average at other Take Care Health Services centers.

Health Risk Assessment Program

A health risk assessment (HRA) program is a confidential, online tool that assesses individual health status based on two components: answers to specific online health questions and results from a biometric screening.

In August 2009, NI asked employees at its corporate headquarters to complete an HRA to assess their current health and create a plan for improving their health. NI medical plan premiums did not increase year-over-year for employees who completed an HRA. By December 2009, 99 percent of employees had participated in the HRA program with 86 percent of those employees completing the biometric portion of the HRA at the NI Health Center versus an external physician's office.

In 2010, NI is committed to building a spirited culture of wellness by offering learning programs based on the HRA aggregate data results. New health and wellness programs for 2010 include the following:

- Healthy Eating Every Day (HEED) program, which is a 20-week course designed to change eating habits and behaviors
- NI Nutrition Committee to assist NI in offering better nutritional options in vending and food services
- Smoking cessation program to assist employees who want to quit smoking
- NI Walking Club and 10k-a-Day step challenge to encourage more walking as exercise

EMPLOYEE PROFILE:
PAULA CALLAS

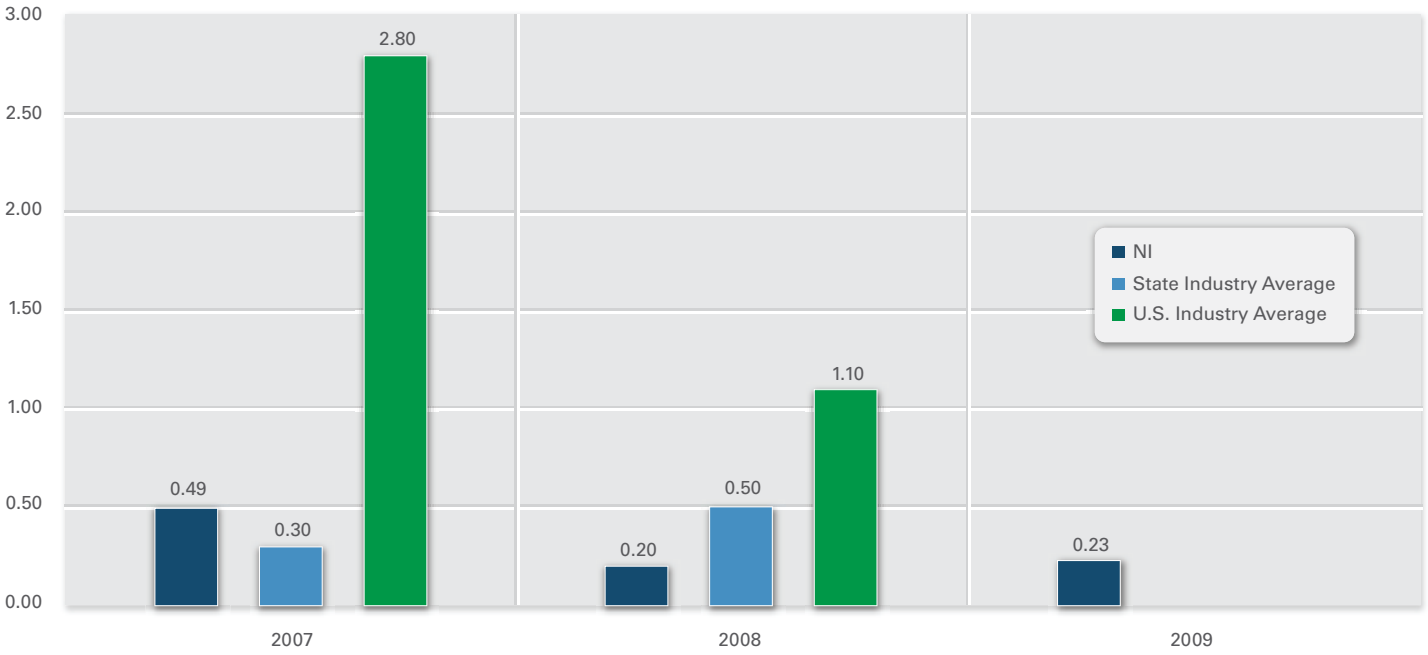
After completing the HRA questionnaire and reading the dietary literature, Paula Callas, an analyst in the Business Intelligence group who began working at NI in 2006, realized she was not being honest with herself about her food choices. She decided to make the changes suggested in her HRA results like eating more fruits and vegetables and little or no processed food. With these changes, she has lost nearly 25 pounds by taking a slow and steady route in a reasonable and sustainable way. Paula credits the HRA for a wakeup call in making herself healthier.

Safety

NI pledges to protect workers by providing a comprehensive health and safety program. The company's safety performance in 2009 continued to be world-class with few recorded injuries. NI believes that all workplace injuries are preventable, and NI will continue to focus efforts in 2010 on reinforcing a strong culture of safety.

Recordable Injury/Illness Rate*

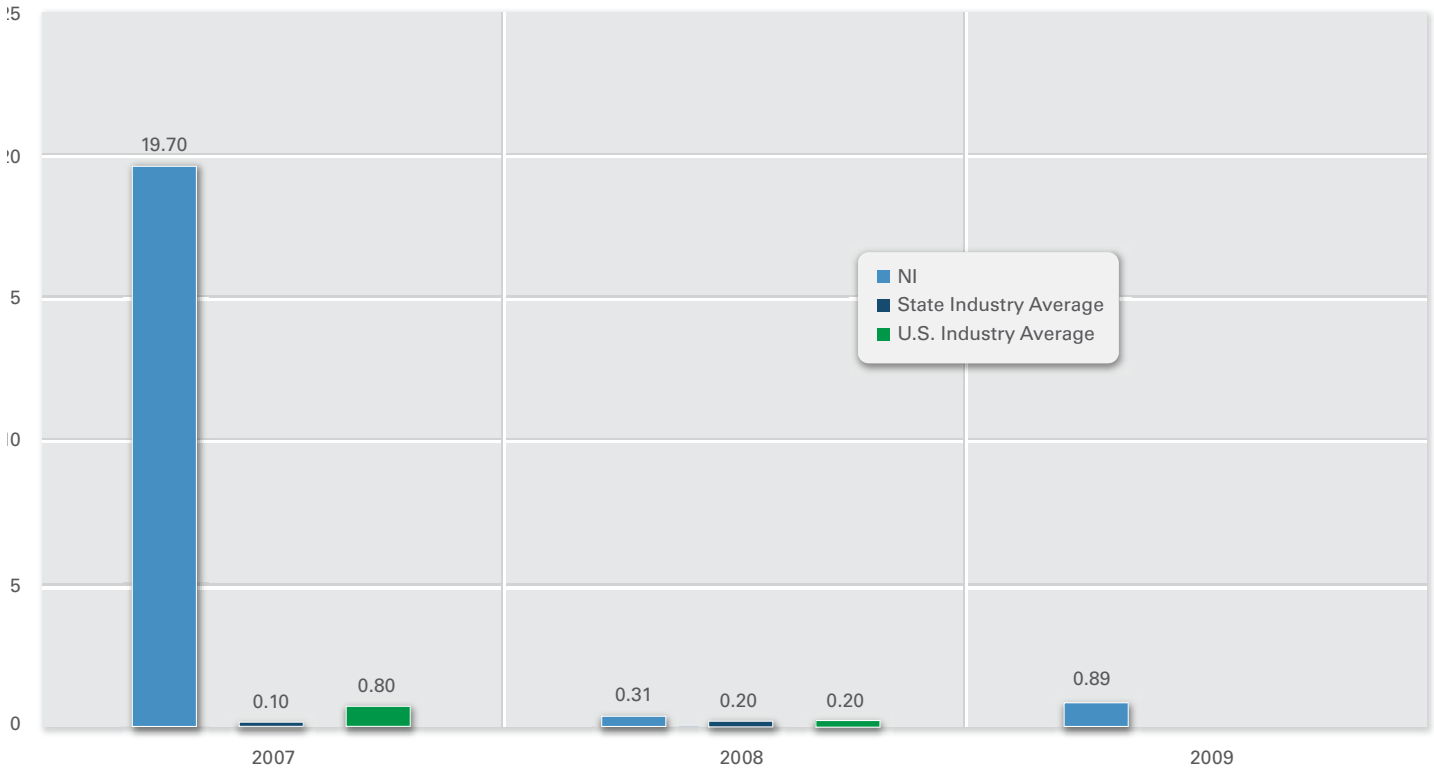
The slight increase in incident rate from 2008 to 2009 is due to the number of individual incidents. In 2009, NI had six incidents as compared to five in 2008.



**Incidents per 100 employees calculated based on the average headcount for the year, using actual hours worked by nonexempt employees and an assumption of 2,080 hours worked for each exempt employee. Data is from NI corporate headquarters only. State and U.S. industry data for 2009 was not available at the time of report development.*

Lost Workday Rate*

The decrease in lost workday rate from 2007 to 2008 is due to the types of incidents that occurred and the resulting number of days away from work.



**Incidents per 100 employees calculated based on the average headcount for the year, using actual hours worked by nonexempt employees and an assumption of 2,080 hours worked for each exempt employee. Data is from NI corporate headquarters only. State and U.S. industry data for 2009 was not available at the time of report development.*

Compensation and Benefits

National Instruments offers a comprehensive compensation and benefits package that helps the company hire and retain the best and brightest employees. This package offers benefits to employees such as the following:

Benefit	Worldwide	U.S.	Headquarters
Competitive salary and benefits	●		
Health insurance plan with quality health care coverage at minimal cost	●		
Tuition assistance		●	
Group life insurance	●		
401(k) retirement plan		●	
Company performance bonus, which is a percentage of eligible earnings based on revenue growth and operating profit, distributed to all eligible employees twice per year	●		
Ownership in the company through equity programs	●		
On-site health and fitness centers			●
Monetary matching for employee donations to charitable organizations		●	
Employee assistance program (EAP) for health care, legal, and financial help		●	

NI Health Care Coverage

According to a 2008 survey of high-tech companies conducted by NI, an NI employee with family coverage pays 36 percent less in medical premiums than the average Central Texas high-tech employee with similar benefits. Due to strategic negotiations made by NI, health care premiums for employees who completed a health risk assessment (HRA) did not increase in 2009 despite rising health care costs in the United States.

NI medical coverage for U.S. employees offers a rich, three-tiered approach so employees can tailor their medical coverage to suit their needs, either individually or as a family. Through NI health care plans, employees have access to medical, dental, vision, and prescription coverage. Employees also have the option to create a tax-saving flexible spending account for medical expenses.

401(k) Retirement Plan

NI offers a voluntary 401(k) plan to help U.S. employees provide for their retirement. The plan allows employees to contribute up to 80 percent of their pretax income and/or Roth (after tax) contribution within legal limits. Employees may select the appropriate combination for their situation of pretax and Roth contributions. NI will match 50 percent of an employee's pretax contribution up to 6 percent, which makes a total company contribution of 3 percent. For additional information about this program, refer to the Annual Report at **ni.com/nati**.

In 2009, 85 percent of NI employees in the U.S. participated in the 401(k) retirement plan.

PROFILE:
DR. CYNTHIA LINARDOS

The NI Health Center is a new benefit to NI employees. The low-cost center is conveniently located, and the health center team can see patients the same day they make an appointment. Because of the convenience of the health center, Dr. Cynthia Linardos, medical director, has been able to see employees who are generally healthy but might need a routine physical exam. After the exam and laboratory tests, Dr. Linardos has been able to diagnose significant illnesses that require specialty referrals and treatment. She can then help these patients access the appropriate specialty clinics. All of these employees are living healthier lives because they know more about their health after utilizing the NI Health Center. Prior to her career in medicine, Dr. Linardos completed a degree in electrical engineering and even held an internship at NI in the Applications Engineering department.

Work Environment

National Instruments believes in providing a work environment where creativity and innovation flourish. The open cubicle environment at NI, which includes all management, has no closed doors. By maintaining access and communication, employees not only share their input with management but also maintain a consistent view of the company's mission and vision.

In 2009, nearly 82 percent of surveyed employees described NI as a Great Place to Work, resulting in six offices being recognized by the Great Place to Work Institute, including NI corporate headquarters for the 11th consecutive year. In addition, NI Hungary employees reported being 23 percent more engaged in their work than in 2008 based on answers to a national employee engagement survey.

Outstanding Employee Communication

A key to the strong culture and high level of trust at NI is ensuring timely, honest, and accurate communications with all employees worldwide. NI supports and evangelizes existing communication channels and seeks innovative new ways to share information with employees. Employee feedback drives this continuous improvement. Dr. Truchard, NI president, CEO, and cofounder, and other senior managers also drop in on staff and project meetings throughout all departments to communicate key business strategies and to stay updated on how things are running. These informal, often spontaneous meetings are part of NI "sneaker management," a term coined by Dr. Truchard that places emphasis on walking around and talking to employees face-to-face. He believes that talking to people firsthand remains the best way to stay updated on employee concerns and questions.

- Other NI employee communication tools include the following:
- A weekly, internal employee-driven e-newsletter
- Annual company meetings for all employees at NI corporate headquarters
- Periodic town-hall-style forums for employees to ask NI officers questions directly
- A crisis response team dedicated to preparing communication in the event of a crisis
- Quarterly business discussions
- Performance reviews

Quarterly Business Discussions

In 2009, informing employees on the state of the business became crucial as the economy changed drastically. NI quarterly business discussions (QBDs) were an integral part of the communication plan to keep employees educated and up-to-date on the latest business news. After every quarterly earnings release, NI officers present the QBD to managers, who in turn present the QBD to their employees. The QBD process facilitates a balanced, ongoing discussion covering a variety of topics including the following:

- Financial, product, and operations updates
- Challenges NI faces
- Company successes
- Employee calls to action

Performance Reviews

Employees meet with their managers individually for a performance review at least annually. It is important that employees receive feedback from their managers to be recognized for their accomplishments and to make improvements as needed. In 2009, NI established standard guidelines and a review form for all U.S. employees, and is working toward developing similar tools for NI branch offices. In 2010, NI is committed to developing these tools for NI branch offices to ensure each employee worldwide receives meaningful, constructive feedback at least on an annual basis.

NI estimates that 60 percent of U.S. employees received performance reviews in 2009. The company's process for tracking this data has not been fully automated, and NI expects that the percentage of employees who received reviews may be higher than the percentage actually recorded. NI is currently working to refine the process and also to track data from employees worldwide. In 2010, NI will ensure at least 90 percent of its U.S. employees receive performance reviews and will establish a baseline measurement for NI branch offices.

Anticorruption Guidelines

The NI corporate culture of honesty in business dealings is one of the company's most valuable assets. NI considers maintaining this principle to be one of its most important responsibilities. The long-term success of NI depends on employees and leadership members observing high standards of conduct.

The purpose of the NI Code of Ethics is to clarify specific policies based on the NI principles of honesty and integrity. Each employee and leadership member has a responsibility to assist in furthering these principles. This means that all employees and leaders must take responsibility for their own actions and report any violations they witness. NI provides a secure, confidential intranet site and phone number for reporting any concerns regarding accounting, internal accounting controls, and auditing matters. Employee support and cooperation is highly valued and helps ensure that NI is an ethical company from top to bottom.

The NI Code of Ethics applies to all employees, officers, and directors of the company. A list of U.S. and international employees (including those of subsidiaries) who certify compliance once every two years is compiled and updated as necessary.

The NI Code of Ethics is intended to comply with the applicable requirements of the SEC and NASDAQ. The company expects all employees and leadership members to read and understand the Code of Ethics, uphold the standards in day-to-day activities, and comply with the applicable policies. Therefore, employees read and sign the NI Code of Ethics upon entering into employment at NI, and NI leadership reviews and signs the policy every two years.

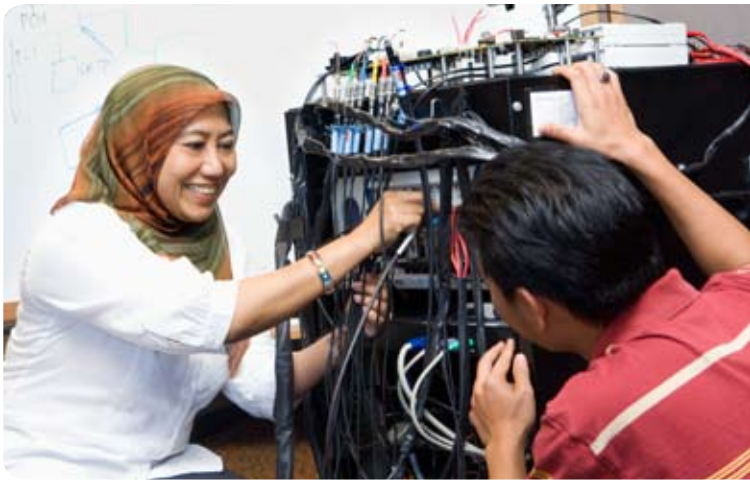
Number of Employees Who Received Anticorruption Training

Type of Employee	2006	2007	2008	2009
Management	316	N/A[1]	204	N/A[1]
Nonmanagement	409	614	580	165

[1]NI management reviews and signs the NI Code of Ethics policy every two years.

Provide Superior Employee Development

The National Instruments Superior Employee Development (SED) program offers employees 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 who can reach beyond their roles and influence the company's success.



2009 HIGHLIGHTS

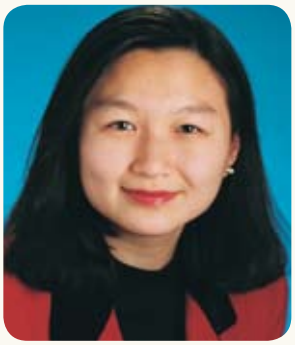
- Employees received an average of 22 hours of training each
- 285 supervisors received NI leadership training worldwide
- The Texas Workforce Commission awarded NI a $475,000 USD training grant to offer technical and project management training

2009 CHALLENGES

- Offering traditional career development opportunities during challenging economic climate
- Providing the same development opportunities to all employees in more than 40 branch offices

2010 COMMITMENTS

- Offer the NI Management Development Series to all supervisors
- Ensure training resources are available to worldwide employees electronically
- Establish leadership competency models to ensure effective career development plans



"The concepts covered in NI leadership development courses are essential to management development at NI. Concepts range from soft skills for influencing and motivating to the business know-how involved in running our company. These classes save money and improve retention of the talent we need to succeed."

–Norma Dorst, principal product manager

Learning Programs

In the 2009 *FORTUNE* 100 Best Companies to Work For survey, 76 percent of employees reported that National Instruments offers training or development that furthers their careers. NI offers more than 3,000 training courses worldwide, with more than 2,200 in the U.S. alone. These courses cover a wide range of topics, from technical sales trainings to time management. NI also provides an intranet site for employees to register for courses and to decide which courses they want to take, based on recommendations for their positions.

NI employees take an active role in their own professional development. NI provides an intranet site for employees to register for courses and to decide which courses they want to take, based on recommendations for their positions. In addition, NI corporate headquarters employees began a networking group in 2009 called the NI Graduate Acclimation and Development Program (NI GRAD). This group aims to help recent graduates working at NI develop professionally and become involved at NI and in the community.

Continuing Education

NI highly values education and supports many forms of continuing education for employees. The following list includes examples of the skills management and lifelong learning programs NI provides:

- New employee orientation programs at the corporate level and by department
- Department-specific training programs
- Recommended reading, book groups, and a lending library
- NI product training and certification
- Mentor roles such as experienced technical leads in engineering who mentor newer engineers
- Skills training and development opportunities in the following areas:
    - People – interpersonal skills
    - Business – NI vision and mission
    - Technical – as applicable to department or employee needs
    - Project/process – project management and team effectiveness
- Training and development advocates in each department who facilitate training using a decentralized model
- Tuition assistance for U.S. employees while they pursue a job-related degree or course external to NI

In 2009, a $475,000 USD training grant from the Texas Workforce Commission made it possible for NI to offer additional technical and project management training.

NI managers also provide daily development opportunities such as challenging work, coaching and mentoring, job rotation between different groups, special projects, internal and external conferences, and brown bag lunch presentations. Managers strive to develop employees based on their strengths rather than asking them to conform to a company mold.

Tuition Assistance from NI

	2007	2008	2009
Number of Participating Employees	85	59	52
Percentage of Total U.S. Employees (%)	3.51	2.31	2.04
Assistance Paid by NI (USD)	$401,820.55	$281,617.78	$250,141.68
Average Amount per Employee (USD)	$4,727.30	$4,773.18	$4,810.42

eLearning

Over the course of 2009, NI tackled the challenge of creating a comprehensive electronic learning curriculum for employees to combat the expense of traditional, in-person training courses. NI offers eLearning courses on a variety of topics ranging from product analysis and customer demonstrations to IT processes. NI created a total of 325 new eLearning courses throughout 2009.

In March 2009, NI conducted its first eSummit in place of its traditional Winter Sales Summit. NI delivered necessary training without incurring the expense of a traditional conference gathering. The eSummit offered 85 sessions and consisted of six keynotes from sales and marketing leadership. While the content was created initially for sales department employees, each session was available to all employees. By the end of the eSummit, the audience had grown to more than 1,000 employees.

Book Groups

Book groups help employees understand NI business strategy, evaluate it, and discuss why the company does things the way it does. NI book groups meet regularly to discuss specific business or personal development books and consist of employees from different roles with varying perspectives that enhance the discussion.

The reading list recommended by NI includes books such as the following:

- *Built to Last: Successful Habits of Visionary Companies* by Jim Collins and Jerry I. Porras
- *Crossing the Chasm* by Geoffrey A. Moore
- *First, Break All the Rules: What the World's Greatest Managers Do Differently* by Marcus Buckingham and Curt Coffman
- *The Innovator's Dilemma: The Revolutionary Book that Will Change the Way You Do Business* by Clayton M. Christensen

Number of NI Course Offerings

Region	2008	2009
Worldwide	>2,500	>3,000
U.S.	>1,700	>2,200

Hours of All Training Completed

Region		Category	2007	2008	2009
Worldwide[1]	**Total**	**All**	**170,843.55**	**172,435.50**	**110,488.00**
	Average Employee	All	>36	>33	>22
		Exempt[2]	†	†	>24
		Nonexempt[2]	†	†	>11
Headquarters	**Total**	**All**	**145,819.04**	**152,719.20**	**79,497.80**
	Average Employee	All	>60	>65	>31
		Exempt	†	†	>33
		Nonexempt	†	†	>20

[1]NI tracks training hours using an internal database. However, some NI branch offices do not yet use that database, so worldwide totals are not comprehensive.

[2]In the Worldwide section, totals in the Exempt row include professional employees outside the U.S., and totals in the Nonexempt row include administrative employees outside the U.S.

†Averages by employee type are not available for 2007 or 2008.

Challenges

Revenue growth ensures opportunities for employee career growth, so a challenging economic climate reduces traditional career path opportunities and requires the company to look for additional ways to foster career growth such as eLearning.

The decline in training hours from 2008 to 2009 is largely due to changes made to the new employee orientation program. Prior to 2009, new employee orientation comprised a full day of training for new employees during their first two weeks of employment. Beginning in 2009, NI streamlined the orientation process to ensure a more fulfilling experience for new employees. NI repackaged much of the training as eLearning modules that employees can complete as their own schedule allows. Some of the material is more applicable as new employees settle into their new positions, so NI rescheduled those parts of the training for later in the employees' first year.

Additionally, with more than 40 NI branch offices around the world, it is challenging to provide the same comprehensive training and development opportunities to employees at all offices. NI began to address this challenge in 2009 with eLearning modules, and, in 2010, NI will continue to increase training and development opportunities at NI branch offices through electronic learning tools.

Developing Leaders

National Instruments offers employees three levels of leadership training. Leaders then multiply their knowledge by motivating team members and helping other employees to be more effective. Managers and supervisors apply this training to help employees enhance their performance by giving them regular, constructive feedback.

Three Levels of Training

Leadership development includes three levels of training: Supervisory Development Series (SDS), Management Development Series (MDS), and Leadership Development Series (LDS).

SDS and MDS training develops the people leadership skills of NI management through group discussion and role-play. Both series cover topics such as the essential skills for supervising, leading change, coaching and delegating, and building an environment of trust.

NI developed LDS training for top-level management at NI to more clearly articulate and gain alignment on the roles, responsibilities, and business issues that NI leaders face. Led by several NI officers and Dr. Truchard, this highly interactive training features thought-provoking questions and discussions. LDS training covers the following areas:

- NI core ideology
- NI strategic vision
- NI business model
- Leadership strategies
- Leadership in the areas of quality and NI culture

The company's focus in 2009 was to offer SDS training to all supervisors. In 2010, NI will offer the next level of training, MDS, to all supervisors. Additionally, NI will establish leadership competency models to ensure effective career development plans.

Employees Graduated from Leadership Training Worldwide

Class Type	2008	2009
Supervisory Development	171	123
Management Development	191	123
Leadership Development	67	39

Leadership Training Instructors

Leadership training is possible because employees volunteer their time and effort to help their colleagues be more successful and productive at NI. In 2009, NI created the SED Circle of Excellence to annually recognize those individuals who consistently go above and beyond in the areas of training, development, mentoring, and other SED activities.

Inspire and Empower Customers

As a supplier of graphical system design software and modular measurement and control hardware, National Instruments empowers its customers to improve the world through a user-defined, software-based approach for developing test, control, and embedded applications. NI customers use this approach in a variety of applications such as making critical advancements in renewable energy technology, creating life-changing medical devices, and monitoring the health of bridges and infrastructures. In addition, NI is committed to facilitating a pipeline of students around the world who are motivated, excited, and well-equipped to pursue careers in engineering and science and ultimately develop the next generation of world-improving innovations.

In this Section:

2009 HIGHLIGHTS

- 16% of revenue was invested in R&D
- 34 medical device start-ups received more than $600,000 USD in software and services through the NI Medical Device Grant Program
- 4,500 engineers and scientists were taught how to use green engineering technologies, tools, and principles
- $650,000 USD in software, hardware, and training was donated to teams participating in the EcoCAR Challenge

Improve Everyday Life

For decades, a mission to improve everyday life has inspired National Instruments to play an important role in enhancing the quality of life for people around the globe by providing innovative products and technologies to engineers and scientists. Every year, NI supplies solutions to more than 30,000 companies working to solve a myriad of challenges spanning many aspects of people's lives, from monitoring bridge and infrastructure health to developing medical devices that can simplify procedures for doctors and reduce the risks of complications for patients.

2009 HIGHLIGHTS

- Released the NI wireless sensor network platform for environmental monitoring applications
- Provided $610,000 USD in software and services to 34 medical device start-ups
- Introduced the LabVIEW Validation Suite to help medical device companies more easily work through the FDA validation process

2009 CHALLENGES

- Ensuring NI products meet guidelines of international government health agencies to help customers more easily gain certification for their medical devices developed with NI products

2010 COMMITMENTS

- Maintain the company's 2009 level of investment in the Medical Device Grant Program
- Focus R&D efforts on developing products that take advantage of cutting-edge fiber-optic technologies for structural monitoring applications

> "Transitioning this prototype from the laboratory to a clinical environment for patient testing requires process automation, safety monitoring, and data archiving. National Instruments provides field-proven hardware and software that enable Xemed to iterate through design options, ease the transition from lab to clinic, and bring the product to market faster than would be possible with traditional languages."
>
> –Steve Bryn, Xemed, 2009 NI medical device grant recipient

Supporting Medical Device Innovation

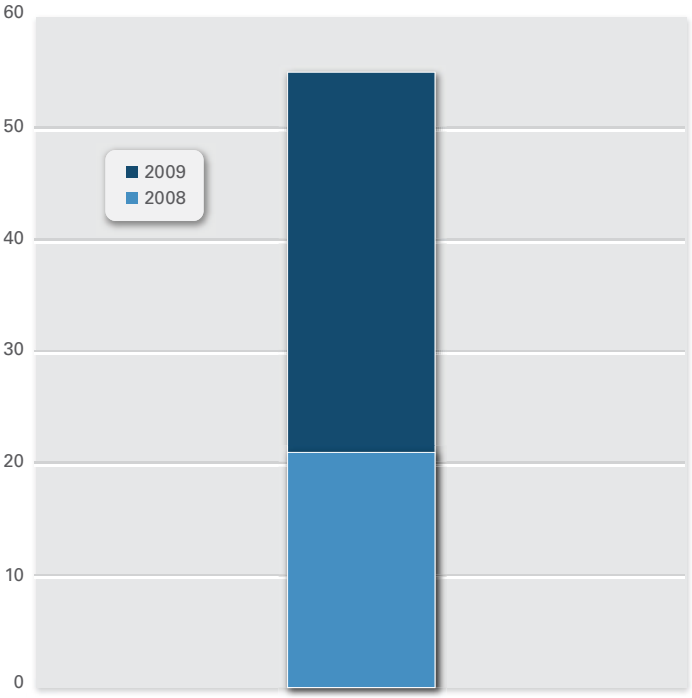
National Instruments takes pride in the innovative, life-changing solutions that its customers develop using NI products. From a device that helps premature infants learn to oral feed and greatly increases their chances of survival to a PC-based machine that automates the control of general anesthesia delivery and monitors patients during surgical procedures, NI customers around the world positively impact the lives of millions of people.

Assisting Start-Up Companies

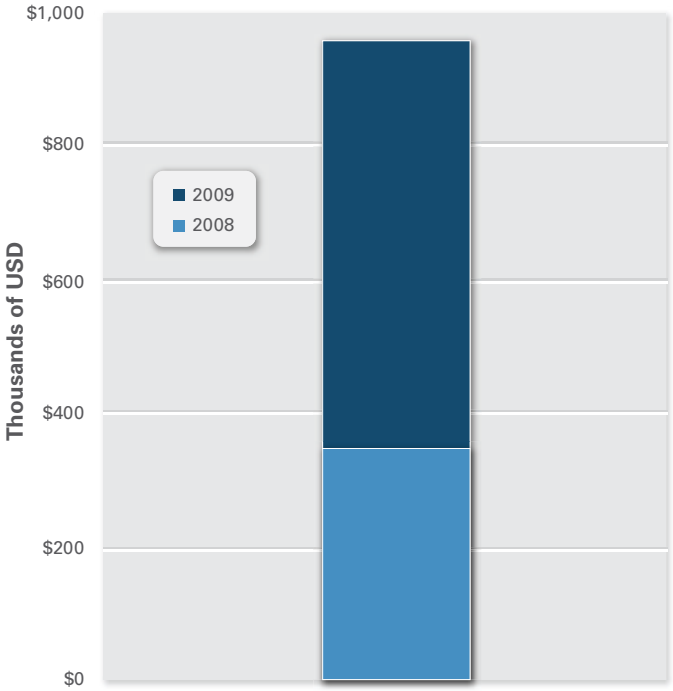
In 2008, NI explored how to support and further the efforts of companies developing innovative medical technologies. Because most medical technology advances over the past 20 years have been developed by small, entrepreneurial companies, NI focused on ways to provide start-up assistance. As a result, NI created a grant program that gives medical device designers and developers easier access to the world's most advanced embedded design technology.

In 2009, one year after the instatement of the program, the total number of companies supported increased 61 percent while the total amount of free software and services provided increased 75 percent. Overall, during the first two years of this program, NI issued 55 grants, awarding nearly $1 million USD in software and services to help start-up companies develop innovative medical devices. NI plans to maintain its 2009 level commitment in 2010.

Number of Companies Supported by the NI Medical Device Grant Program



Amount of Software and Services Provided to NI Medical Device Grant Recipients



Meeting Government Regulations

In the past two years, NI has taken significant strides toward helping customers more easily meet federal regulations for their devices by developing products such as the LabVIEW Validation Suite. Released in 2009, this suite helps medical device companies work through the Food and Drug Administration's (FDA's) validation process.

One focus area for NI over the next few years is to better understand the regulations of government health agencies outside the U.S. to effectively create products that help more customers gain certification for their medical devices.

CASE STUDY

Shrinking a Hospital's Testing Center to a Point-of-Care Device

Eugene Chan, DNA Medicine Institute, Boston, Massachusetts

The DNA Medicine Institute's mission is to advance patient care, alleviate human suffering, and treat disease through innovative products. We are developing an approach to shrink an entire hospital's testing center to a point-of-care device. The sensor can analyze entire assay suites using a single drop of blood, allowing rapid detection of disease states anywhere and anytime.

NI Single-Board RIO technology is uniquely suited for the rapid development of our point-of-care sensor, allowing us to deploy embedded technology in a seamless manner from R&D to product in record time. This new technology, combined with the ease of use of LabVIEW, and the legendary support we receive from NI have allowed us to select their platform without the slightest hesitation.

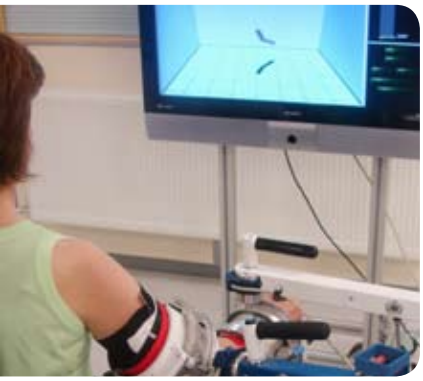
Recognizing Leaders Who Are Improving the World

Customers use open, intuitive software and modular hardware from National Instruments to address challenges in the world that are affecting the lives of millions of people. Some of the challenges NI customers have tackled include discovering new methods to make health care more accessible to people in developing nations, creating new rehabilitation technologies, and implementing green engineering applications that help companies optimize facility efficiency and reduce their environmental footprints.

The Graphical System Design Achievement Awards

One way NI recognizes these groundbreaking innovators from around the world is through the Graphical System Design Achievement Awards, the company's annual awards ceremony recognizing engineers and scientists developing world-improving technologies based on NI software and hardware. At the ceremony, NI technical fellow and cofounder Jeff Kodosky presents the Humanitarian of the Year Award to the individual or team who developed an application that exhibits the greatest potential to improve the quality of life for people across the globe.

In 2009, Daryl Farr and Kenny Aron from KCBioMedix Inc. received this award for developing the NTrainer System, a computerized pacifier that pulses with gentle bursts of air to help doctors and nurses more accurately assess the feeding ability of premature infants. Using LabVIEW graphical development software and NI CompactRIO reconfigurable hardware, Farr and Aron developed a system that is a vast improvement over manual feeding training methods previously used by doctors and nurses, and can greatly increase these infants' chances for survival.



NI also invites editors from leading engineering publications to select an Editor's Choice Award winner for the Graphical System Design Achievement Awards. In 2009, the Editor's Choice Award recipient was chosen based on the application's potential to impact the lives of millions of people. The recipient, Andrew Jackson from the University of Leeds, used LabVIEW graphical development software to develop the iPAM, which provides robot-assisted upper limb therapy to stroke patients.

CASE STUDY

Reducing Energy Consumption of Large Buildings

Siddharth Verma - Saara Embedded Systems Pvt Ltd, India

At Saara Embedded Systems, we deliver embedded design and product development services to customers worldwide. We developed a remote facility management system (RFMS) based on the NI Single-Board RIO platform and LabVIEW software to reduce the energy consumption of large facilities.

Our RFMS effectively controls and monitors energy parameters and the consumption of critical infrastructure assets of an enterprise, especially when multiple facilities are geographically distributed in different locations. Since its introduction in India, the RFMS has reduced the energy consumption of one of our customers by 15 percent.

Enabling Safer Structural Development

In 2008, the National Institute of Standards and Technology (NIST) awarded a multimillion-dollar grant to The University of Texas at Austin along with National Instruments and Wiss, Janney, Elstner (WJE) Associates to conduct a five-year research project to develop a system for monitoring bridge safety in the U.S.

In 2009, The University of Texas worked with NI to conduct initial research focused on characterizing and validating the performance of wireless communications in challenging environments such as on the surfaces of steel and concrete bridges. Field testing showed that the NI wireless sensor network (WSN) platform, which was released in 2009, can offer reliable wireless sensor networking and provide insight on antenna placement and configuration.

Using data gathered in 2009, research and development will continue throughout 2010 to produce a reliable, low-power strain measurement system that can deliver the relatively high-speed measurements needed for fatigue life monitoring while minimizing power consumption to preserve battery life, which is a challenging task. Implementation of a new wireless, real-time bridge monitoring system based on these technologies has the potential to help save thousands of lives by preventing tragic incidents such as bridge collapses.

The Future of Structural Health Monitoring: Fiber-Optic Technology

Optical sensors are an emerging technology in which standard fiber-optic cabling is used to sense physical and environmental phenomena such as temperature and mechanical strain. This technology is a compelling solution for difficult environments, such as structural health monitoring of bridges and wind turbine blades. NI is investing in this technology by improving the support for optical sensor interrogators in LabVIEW and has worked with leading optical sensor companies to improve the cost, performance, and accessibility of this promising technology.

CASE STUDY

Performing Structural Health Monitoring with NI Products

Richard Lindenberg – Wiss, Janney, Elstner Associates Inc., Chicago

Performing structural health monitoring of bridges, stadiums, and buildings during and after construction is crucial to ensuring longevity. Using NI CompactDAQ data acquisition hardware and the CompactRIO platform along with LabVIEW software, we deployed systems for bridge fatigue evaluations across the U.S. To complete a fatigue assessment, we typically set up a PC-based NI CompactDAQ measurement system at the site to acquire strain, stress, tilt, displacement, and temperature measurements for a short period of time.

After completing our initial measurements using the NI CompactDAQ system, we can move the NI C Series modules to a more rugged CompactRIO system for longer-term monitoring. In some instances, the analyses of the collected data have resulted in recommendations that forestalled the need to replace the bridge, and, in other instances, resulted in rehabilitation recommendations that will extend the useful life of the bridge until the client plans to replace it.

Enable Green Engineering

Engineers and scientists around the world are using the National Instruments graphical system design platform to make a positive impact on the global ecosystem. Known as green engineering, this approach involves designing, developing, and improving products, technologies, and processes to achieve environmental and economic benefits. NI enables green engineering by providing measurement, automation, and design tools that empower engineers and scientists to first quantify and understand real-world data and then correct problems for more environmentally friendly designs.

2009 HIGHLIGHTS

- Taught green engineering principles to more than 4,500 engineers and scientists through on-site and virtual events
- Launched the NI Green Engineering Grant Program and sponsored the first grant-recipient company
- Invested more than 16% of revenue in R&D resulting in the release of 255 new products

2009 CHALLENGES

- Increasing R&D investment in products for green applications as the global investment in clean technologies slowed in 2009

2010 COMMITMENTS

- Develop products that will aid customers in creating smart grid technologies
- Support 25 companies developing clean technologies by providing free software and services through the NI Green Engineering Grant Program
- Teach green engineering principles to 5,000 engineers and scientists through on-site and virtual events

"Our old system cost about $450,000 USD, required at least 10 kW of power, and took up about 5 by 8 ft of floor space in a 6 ft rack. It also weighed 4,000 lb. The NI PXI tester costs about $40,000 USD, requires 600 W maximum, and is a 60 lb, single-height chassis about 18 by 24 in. We are looking into integrating it with the device-handling equipment to make it a zero-footprint tester."

–Robert Whitehouse, senior engineer, Analog Device

Recognizing Leading Green Engineers

National Instruments develops innovative measurement, automation, and design tools that enable engineers and scientists to acquire and analyze real-world data and then correct any problems they discover. NI customers use these technologies to develop applications to optimize their current machines and processes, perform environmental and power quality monitoring, and research and develop renewable energy resources and techniques.

NI believes that showcasing the innovative technologies customers develop using graphical system design will inspire others to create the ext generation of products and technologies that reduce environmental impact. At the 2009 Graphical System Design Achievement Awards, an NI technical application contest, Kurt D. Osborne from Ford Motor Company was selected from 112 entries from more than 25 countries as the Customer Application of the Year and was honored with the Green Engineering Award for developing a method for prototyping and testing fuel cell vehicle controllers using NI hardware and software.

CASE STUDY

Developing Wind Turbine Controller Software Testing

Samir Bico – Siemens Wind Power A/S, Denmark

The most complex part of a wind turbine control system is the embedded control software executing the control loops. Because our software developers at Siemens Wind Power regularly release a new software version for the controller, we need to test the software to verify these releases will execute reliably in the wind park's conditions.

To improve the automated testing of these frequent software releases, we created a new real-time hardware-in-the-loop (HIL) test system using NI TestStand and LabVIEW software and the NI PXI hardware platform. With the modular architecture of this system, we can scale the system up to meet the growing requirements of rapidly evolving wind energy technology.

CASE STUDY

Measuring Glacier Thickness in the Yukon

Laurent Mingo – Blue System Integration Ltd, British Columbia, Canada

Characterizing the natural environment is a fundamental step toward understanding more about the world. Faced with increasing environmental challenges, we needed to expand our knowledge of natural processes such as the water cycle and the greenhouse effect. With an understanding of glacier dynamics and their responses to climate change, we can increase our understanding of the earth.

By integrating the NI USB-5133 bus-powered digitizer with a small laptop computer running NI LabVIEW, we created a customizable, mobile ice thickness data acquisition and analysis system at a fraction of the cost of comparable commercial products typically used for these measurements.

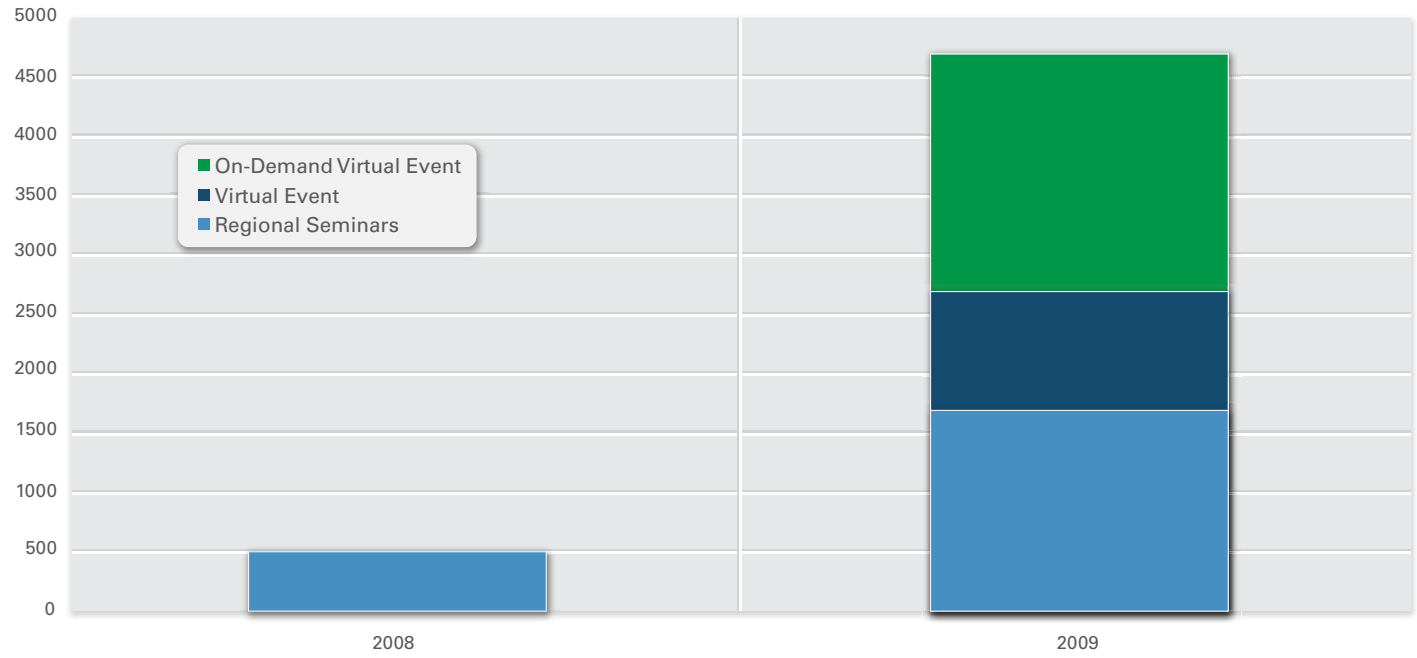
Teaching Green Engineering Principles

Many engineers and scientists around the world use the National Instruments graphical system design platform to develop their applications, but they might not realize they already have the tools they need to develop more efficient, economical, and environmentally friendly products through green engineering.

To inform engineers and scientists worldwide about green engineering and sustainable design practices they can implement using NI technologies, NI developed several free resources in 2009 including a virtual green engineering seminar during Earth Week that is now available on demand and specific online Web portals for engineers designing solar, wind, and smart grid applications.

In 2009, more than 4,500 engineers and scientists learned green engineering best practices from NI by attending a virtual event, viewing an on-demand version of the virtual event, or attending a green engineering seminar. That same year, NI set out to double the number of engineers and scientists who learned these green engineering principles from NI events. With the addition of the virtual and on-demand events, and an increase in the number of regional seminars held, the company actually reached more than four times the number of people it anticipated.

Trained Green Engineers



Based on customer feedback regarding the success of the programs implemented in 2009, NI has committed to training 5,000 engineers and scientists on green engineering best practices in 2010, a fivefold increase over the company's commitment in 2009.

Empowering Innovation

With National Instruments products, engineers and scientists can inherently apply green engineering techniques by using the graphical system design platform to measure and understand real-world data and correct problems.

To further empower customers to develop life-changing applications, NI continues to invest heavily in R&D. Even in the midst of the global economic recession in 2009, NI invested more than 16 percent of its total revenue in R&D. As a result, the company released 255 new products, which is a 35 percent increase in products released year-over-year. New NI products released in 2009 that further enable green engineering include the following:

- NI Wireless Sensor Network Platform for Environmental Monitoring Applications
- Electrical Power Measurement (EPM) Palette for LabVIEW
- NI 9227C Series Module for Power Quality Measurements

NI Green Engineering Grant Program

Modeled after the highly successful NI Medical Device Grant Program, the Green Engineering Grant Program launched by NI in 2009 is designed to provide start-up assistance for companies planning to use NI hardware as an embedded component of their renewable energy, energy efficiency, smart grid, or clean-tech products or technologies. NI sponsored one company in 2009 and has committed to sponsoring 25 additional companies in 2010. Eligible parties will be granted up to $25,000 USD in software and training.

Developing Smart Grid Technology

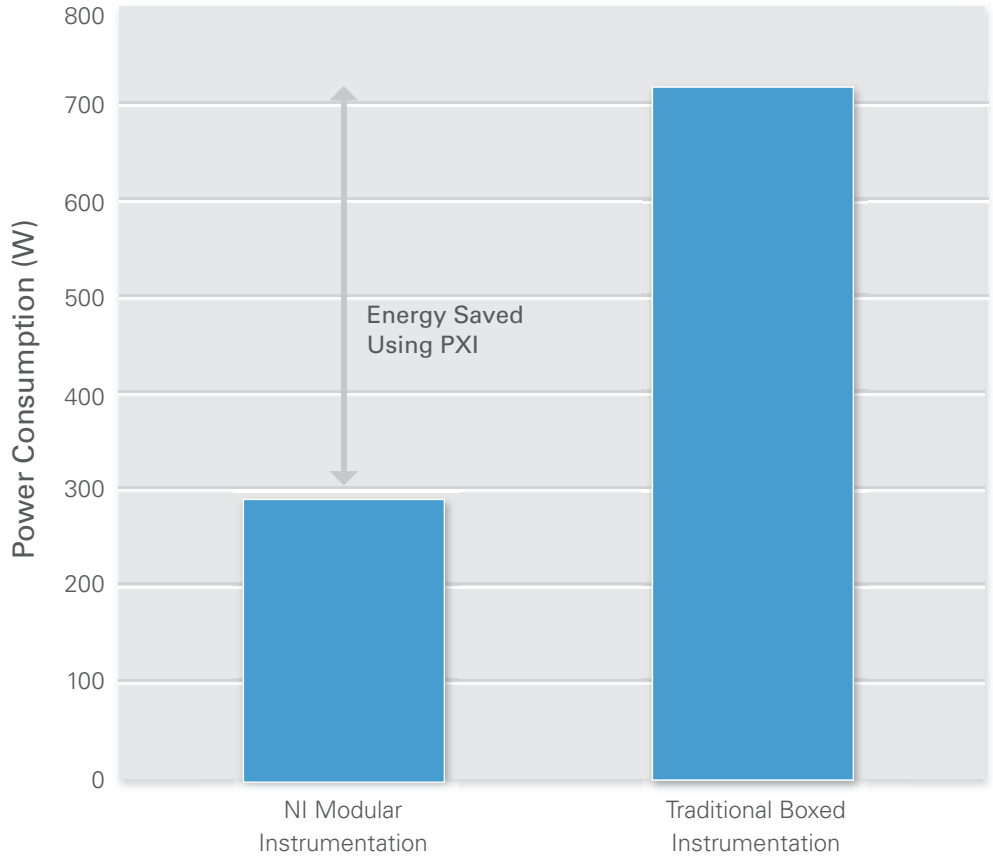
Energy is the foundation of economic and social development, and its supply and environmental impact are two of the largest issues society faces today. Rapid growth in the developing world, which will significantly increase global energy consumption, and the significant impact that it will have on climate change are two issues that will require large advancements in both renewable energy and energy efficiency. In both cases, vast improvements are needed in the current energy infrastructures. These improvements, also known as smart grid technologies, will be the foundation for maximizing energy efficiency and connecting new renewable energy sources to the grid. NI is dedicated to helping advance innovations in this area and is developing products specifically aligned with smart grid technologies.

Saving Power with NI Products

Beyond enabling engineers and scientists to develop green applications, the modularity of NI products offers multiple environmental benefits. Using software-defined instrumentation from NI, companies can tweak their applications as their needs change, allowing a single platform to live through many generations of an application.

Additionally, because multiple instruments can fit into a single chassis and NI products are designed to be extremely efficient with power consumption, NI modular instruments use significantly less energy than traditional boxed instrumentation.

Energy Usage: NI PXI vs. Traditional Instrumentation



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 for the 21st century set forth by the National Academy of Engineering, producing new methods for generating energy, restoring and improving urban infrastructure, and ensuring a global supply of clean drinking water are only a few areas where future innovation can remarkably impact the way people live. National Instruments believes that today's students must be equipped and prepared to be tomorrow's innovators. The company works closely with educational organizations to deliver the technology necessary to support hands-on, project-based learning that inspires and engages students.

2009 HIGHLIGHTS

- Worked with other companies to develop new products that simplify circuitry design, biomedical engineering, and renewable energy engineering concepts
- Donated more than $650,000 USD in software, hardware, and training to teams participating in the EcoCAR Challenge

2009 CHALLENGES

- Making educational learning platforms more affordable and accessible for educators and students in all regions of the world

2010 COMMITMENTS

- Enhance the experience of FIRST competitors through product development and support
- Create new, more affordable and accessible learning platforms for students worldwide
- Increase collaboration in engineering education at the NIWeek Academic Forum by more than doubling the number of submissions to the Student Design Showcase

> "If we can put engineering, science, and technology into a format of healthy, fun competition, we can attract all sorts of kids that might not see the kind of activity we do as accessible or rewarding."
>
> –Dean Kamen, founder of *FIRST* and president of DEKA Research and Development Corporation

Supporting Engineering in Education

Project-Based Learning

Leading science, technology, engineering, and math (STEM) educational organizations and universities around the world use NI technology and tools to prepare students to drive the next generation of innovation. To increase the effectiveness of STEM programs such as Project Lead The Way (PLTW) to help students learn and retain engineering concepts from circuitry design to biomedical engineering, NI added features in 2009 to several key hardware and software products that meet the specific needs of the PLTW curriculum.

By supporting the PLTW program, NI has helped equip more than 500,000 future engineers and scientists who are taking part in PLTW classes at nearly 3,500 schools. The programs continue to grow rapidly, and, by the 2015–16 school year, PLTW projects will reach more than 1 million students annually.

Teaching Biomedical Engineering Concepts

In addition, NI worked with companies such as Vernier Software & Technology to design easy-to-use hardware devices that enhance the ability of educators to implement project-based learning in their classrooms. Biomedical sciences typically attract a diverse set of students because of the potential to impact the lives of millions of people. Because many of these students likely do not have engineering or programming backgrounds, NI worked with PLTW in 2009 to design SensorDAQ, an easy-to-use data acquisition device that students can use with LabVIEW graphical programming software. NI engineers also wrote custom pieces of code, known as virtual instruments, for the courses PLTW planned to teach with SensorDAQ, therefore enabling educators to focus on teaching the concepts.

Education through Competition

Today, nearly 200,000 students worldwide are engaged in *FIRST* (For Inspiration and Recognition of Science and Technology) programs, which consist of various levels of competition that serve students from grade school through high school. The most advanced level is the *FIRST* Robotics Competition (FRC), a unique "varsity sport of the mind" designed to help young people discover the interesting and rewarding life of engineers and researchers.

In 2009, FRC began using the CompactRIO platform as the controller, or brain, of the robot control system. For the competition, more than 40,000 students around the world used CompactRIO to build robots that could traverse low-friction surfaces while collecting objects. Additionally, more than 60 percent of these students participating in FRC programmed their robots using LabVIEW software.

Early Engineering Education

NI is committed to investing a portion of its R&D resources into further developing its academic platform to reach more students each year. As a result, in 2009, NI released two major software platforms for LEGO Education products based on the industry-standard LabVIEW graphical programming software.

In the first part of the year, the LEGO Education WeDo™ platform, powered by LabVIEW, was released, making it possible for primary school students ages 7 to 11 to build and program their own solutions. Later in 2009, a new version of the intuitive drag-and-drop software that powers the LEGO MINDSTORMS® NXT 2.0 robotics kits was released. With this system, children as young as 9 years old can design their own robots using new features such as color recognition, Bluetooth support, and additional robot models that offer children more options to express their creativity.

Equipping Tomorrow's Green Engineers

Teaching Green Engineering Concepts with the NI Academic Platform

With green engineering becoming a stronger focus in academia, National Instruments worked with Emona Instruments to design the HELEx Sustainable Energy Trainer, a solar cell and hydrogen fuel cell trainer board that integrates with LabVIEW software and the NI Educational Laboratory and Virtual Instrumentation Suite (NI ELVIS) design and prototyping platform.

The Emona HELEx trainer includes all the necessary components to implement hands-on experiments in sustainable energy technologies such as fuel and solar cell engineering. In addition, it comes with labs that teach students sustainable energy concepts.

NI also designed two add-on kits for NI ELVIS: the Vernier Green Engineering Sensors Bundle and the Vernier Bioinstrumentation Sensors Bundle. These bundles contain sensors ranging from CO2 and oxygen sensors for green engineering to blood pressure monitors and spirometers for bioinstrumentation.

Green Engineers Address Real-World Problems: EcoCAR

As part of its initiative to support students from grade school through grad school, NI is a platinum sponsor of EcoCAR: The NeXt Challenge, a collegiate vehicle engineering competition where students are tasked with reengineering a 2009 Saturn VUE with advanced technology to reduce environmental impact while retaining consumer appeal. In 2009, NI donated more than $650,000 USD in software, hardware, and training to teams participating in the EcoCAR Challenge. Teams will use these tools over the next three years to design, prototype, and deploy their vehicles and to tackle the unique engineering challenges associated with developing advanced hybrid vehicles.

CASE STUDY

Developing a Novel, Portable Intelligent Greenhouse

Pedro Ponce – Monterrey Institute of Technology

Aeroponics is an alternative method for cultivation that involves growing plants using air or mist without soil. To help people grow plants and vegetables in areas where limited space or resources are available, we used LabVIEW software, a CompactRIO real-time controller, and NI USB data acquisition devices to develop a novel, portable, intelligent greenhouse prototype based on aeroponics techniques.

This system manages all resources including power supply and nutriments, controls environmental variables to obtain optimal results in cultivation, and minimizes system losses. Because of the system's flexibility and ease of use, the portable greenhouse can be used in restaurants or for domestic purposes in cities while using very little power and resources.

Fostering Educator and Student Collaboration

To encourage the sharing of best practices for educating tomorrow's engineers and scientists, National Instruments focuses on fostering collaboration among educators, researchers, and students.

Even in the midst of the global economic recession in 2009, more than 300 professors attended the second Academic Forum at NIWeek, the 'premier event on graphical system design that attracts more than 3,000 of the world's brightest engineers. During the forum, attendees share their teaching best practices and research with other educators and students from around the world. At this event, NI also provided a venue for students to network and learn from one another. The NI Student Design Showcase displayed the work of more than 60 student teams from 18 countries.

By packaging the content shared at NIWeek into on-demand multimedia Web content and adding supplemental tracks to additional NI events across the globe, NI is working to foster the same type of collaboration among educators, researchers, and students outside the NIWeek setting.

In 2010, the company's goal is to increase participation by bringing in more professors from both four- and two-year programs to share ideas and best practices in the Academic Forum. NI also set a goal of receiving 200 student design projects for the Student Design Showcase.

CASE STUDY

UC Berkeley Students Create Accurate and Maneuverable 3D Helicopter

Keaton Chia, Emily Cheng, Vivian Chu, Jason Cuenco, Terry Liu- UC Berkeley

Engineering students at the University of California, Berkeley, used NI products including LabVIEW, LabVIEW SignalExpress, and NI TestStand to create a self-piloted unmanned aerial vehicle (UAV) in the form of a helicopter platform called the Self-Piloted Aircraft Rescuing Remotely Over Wilderness (SPARROW).

The students created a fully autonomous and tether-free helicopter made with circuitry and code that is rugged enough to withstand impact and has enough power to accommodate all hardware without performance change. In addition to these software and hardware needs, the students created a realistic testing environment to mimic the actual environment the helicopter would be performing in.

Mentor: Trung Tran, Professors: Sanjit Seshia and George Anwar

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.

In this section:

2009 HIGHLIGHTS

- 71% reduction in physical size of software packaging
- 7% reduction in water usage at NI corporate headquarters
- 27% increase in waste recycled at headquarters

Product Life Cycle

Reducing the impact National Instruments 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 is taking steps to improve packaging efficiency and has a product recycling program so customers can send their old NI products back to be recycled.

2009 HIGHLIGHTS

- Added environmental compliance questions from Electronic Industry Citizenship Coalition to NI Supplier Assessment Survey
- Reduced physical size of software packaging by 71%
- Decreased polyurethane use 39% per unit over 2008 due to packaging redesign
- Set a record at NI corporate headquarters manufacturing facility with 664 injury-free days

2009 CHALLENGES

- Evolving environmental legislation continually impacts product development
- Gathering material content information for product components is difficult

2010 COMMITMENTS

- Implement new citizenship survey for key suppliers
- Reduce overall amount of polyurethane in product packaging by 5%
- Obtain third-party audit for OHSAS 18001 standard to establish a baseline

"I just wanted to thank NI for using paper as the filler material inside your shipping boxes. It's much more environmentally sound than using foam, as it can easily be recycled. Thanks!"

–Timothy Sutherland, NI customer from Navigant Consulting

Product Design

National Instruments strives to develop products that minimize the amount of raw materials and energy they use, thus decreasing the cost of customer applications. This commitment is evident in the NI approach of offering hardware platforms that reduce waste and energy use over the life of the product, extend product life, and facilitate reuse. Challenges to the product design process include maintaining compliance with evolving environmental legislation and the difficulty in gathering material content information for components, for reasons such as suppliers not having the requested data, data confidentiality, and the length of time it takes to move through the supply chain.

Virtual Instrumentation

A key strategy to reduce waste, cost, energy use, and carbon footprint is the NI approach of offering software-defined, modular hardware platforms, also known as virtual instrumentation. With modular hardware platforms, customers can select the exact instruments they need for their applications and define the functionality of the instruments through the software.

This approach greatly reduces the cost and energy consumption of customer applications because all the components share the same chassis and high-performance CPU. This eliminates the need for redundant chassis, processors, displays, and other components.

In addition, customers define the exact functionality they need through software, and, due to modularity, they can add new hardware modules or instruments at any time. This model ensures that NI platforms can adapt to changing needs and new applications, providing a single platform to last through multiple generations of applications.

Optimizing Product Packaging

As part of the company's commitment to the environment, NI has made a concerted effort to increase the use of recyclable materials, such as corrugated board. NI has worked diligently with its suppliers to increase the use of paper in packaging design as a replacement for polyurethane foam. Going forward, NI will continue to work with suppliers to ensure that NI packaging designs have a minimal environmental footprint.

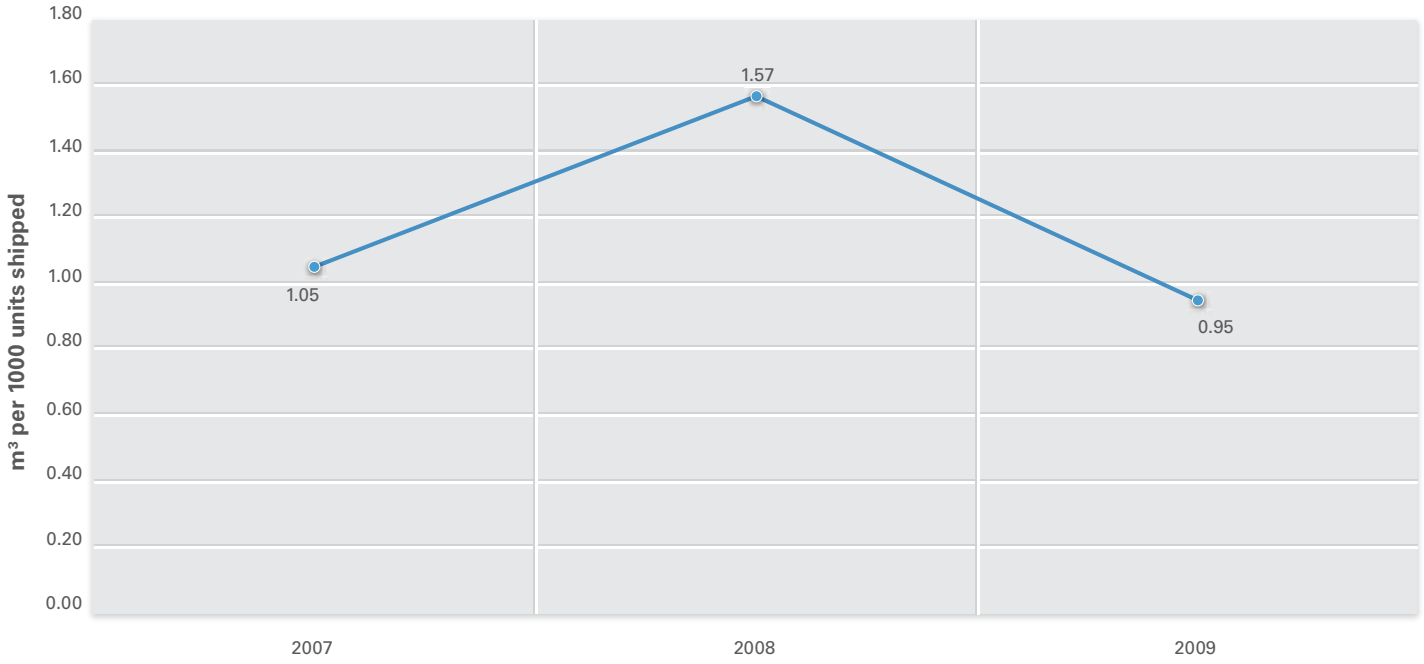
In 2009, NI worked on the following packaging projects:

- Optimized the size of boxes with the highest potential savings to reduce excess packaging and dimensional weight, which resulted in customer savings because both package weight and size factor into shipping costs.
- Evaluated alternatives to polyurethane foam because it is difficult to recycle.
    - The implementation of suspension packaging as a replacement for polyurethane foam led to a 40 m^3 reduction of polyurethane use. This packaging provides customers with a fully recyclable package.
    - Began stocking PXI controllers in antistatic bags instead of boxes, resulting in a reduction of 96 m^3 of polyurethane foam (enough to fill the interior of 34 subcompact cars). In addition, this resulted in a reduction of 2,282 lb in the use of corrugated board, about the size of a subcompact car. This change also increased the efficiency of stocking the units by 150 percent.
- Redesigned the packaging for a fragile NI hardware product, reducing the physical size of that product's packaging by 59 percent.
- Developed a new method for shipping NI software by replacing the industry-standard software carton with an envelope mailer. In addition, NI worked to reduce the amount of printed materials shipped with software in 2009 and condensed multiple CDs into one DVD. Through these efforts, NI reduced the physical size of software packaging by 71 percent.

Due to these efforts, NI use of polyurethane decreased by 39 percent per unit in 2009. In 2010, NI plans to reduce the amount of polyurethane used in packaging by an additional 5 percent by replacing it with recycled paper cushioning material.

The following polyurethane and corrugate usage charts show data from NI Hungary only, which accounts for 98 percent of usage.

Polyurethane Foam Used per 1000 Units Shipped

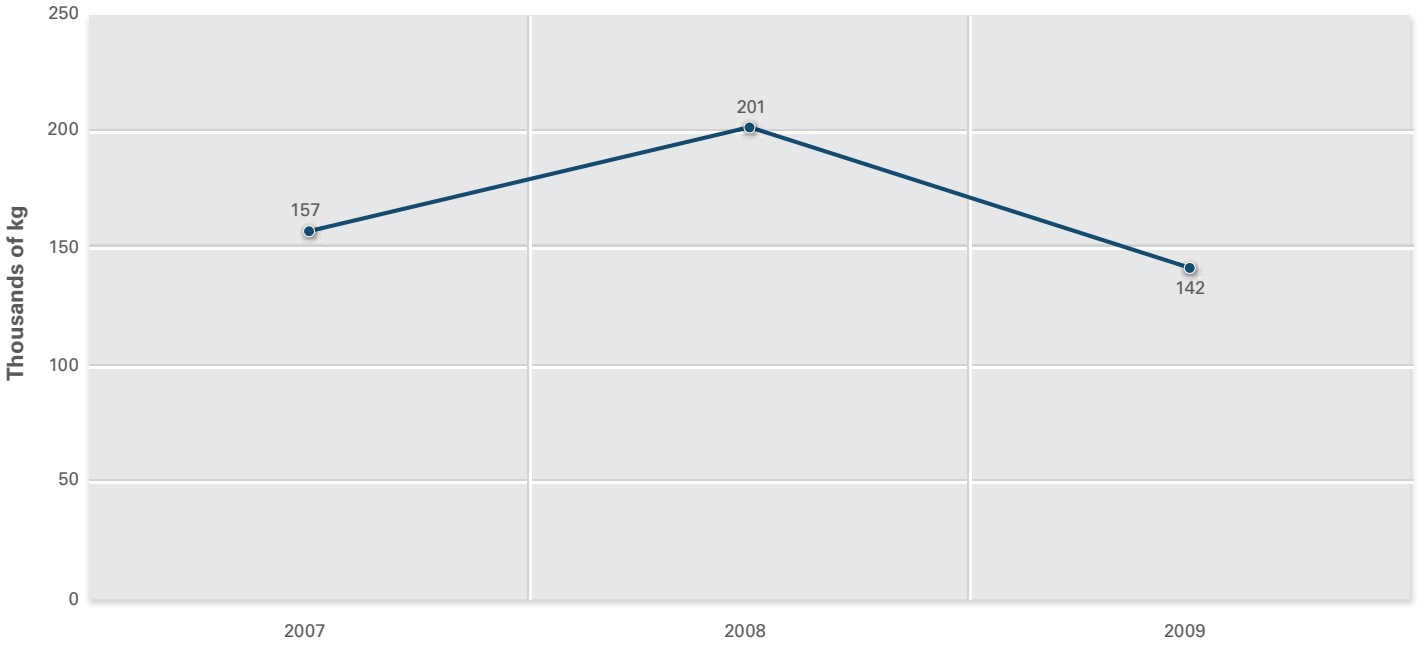


Total Polyurethane Foam Used (m³)

2007	2008	2009
747	1,249	511

In 2009, corrugate usage decreased due to packaging redesign and changes in the way some products are stocked, as well as a reduced production load in 2009.

Corrugated Board Used



Corrugated Board Used (kg)

2007	2008	2009
157,199	200,901	141,907

Reduction of Hazardous Substances

National Instruments is committed to producing environmentally friendly products as part of the NI Hazardous Substance Reduction initiative, a voluntary program modeled after the European Union Restriction of the Use of Certain Hazardous Substances (RoHS) directive.

Restriction of the Use of Certain Hazardous Substances (RoHS)

This directive restricts the use of harmful substances such as lead, mercury, and cadmium in products. It applies to eight categories of electrical and electronic equipment but excludes products in Category 9, Monitoring and Control Instruments, under which NI products fall. NI voluntarily complies with the directive.

NI began offering RoHS-compliant products in September 2005. NI manufacturing and engineering teams continually work to adapt products to use RoHS-compliant components and manufacturing processes.

The move to RoHS-compliant products is a significant effort because it impacts nearly every step in the supply chain. Therefore, NI will complete this transition over a progressive timeline. Almost all products released in 2009 were RoHS-compliant. For more information about NI compliance with RoHS, refer to ni.com/citizenship.

Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH)

In 2006, the European Parliament and the Council adopted Regulation (EC) No 1907/2006 on the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH). One of the regulation's primary objectives is to protect the environment from harmful substances.

The scope of the REACH regulation differs from RoHS in that REACH is not limited to electrical and electronic equipment. REACH requires manufacturers and importers of substances and preparations to register the substance or preparation before placing it on the market if it meets certain criteria.

As a producer of articles – not substances or preparations – NI is not required to register any substances or preparations. NI does not produce or import chemical substances in excess of 1 tonne per year, and NI products do not release any substances into the environment during normal and foreseeable conditions of use.

NI is required to comply with downstream users' obligations. To accommodate this, NI is working closely with its supply chain as new substances are added to the candidate list. For additional information, visit ni.com/citizenship.

Supplier Responsibility, Environmental Management, and Manufacturing Operations

To meet the company's environmental commitments, National Instruments works with suppliers who are equally invested in being responsible corporate citizens. NI also complies with international standards that regulate environmental management and manufacturing operations.

Supplier Code of Conduct

To set expectations with suppliers, NI requires them to comply with the Electronic Industry Citizenship Coalition (EICC) Code of Conduct for the fair treatment of workers, a healthy and safe work environment, the protection of the environment, and outstanding business ethics. Suppliers sign the NI Supplier Code of Conduct, established in 2008, as an acknowledgement of this commitment.

In 2009, NI added environmental requirements to its supplier assessment survey and sent it to all new suppliers in its global supply base to ensure they comply with key initiatives such as RoHS, REACH, and the NI Supplier Code of Conduct. In 2010, all key suppliers will complete a citizenship questionnaire designed to encourage them to reduce their environmental impact and be responsible corporate citizens.

Environmental Management

The International Organization for Standardization (ISO) 14000 is a series of international standards addressing environmental management that provides a framework to help participating organizations create an Environmental Management System.

The specific 14001 standard within the series applies to those environmental aspects that the organization controls and can influence. Both NI manufacturing facilities – one in Austin, Texas, and one in Debrecen, Hungary – are certified to ISO 14001.

Manufacturing Operations

NI is working toward full compliance with the OHSAS 18001 standard, which helps companies control occupational health and safety risks. The standard is part of the OHSAS 18000 international occupational health and safety management system specification.

In 2009, the manufacturing group at NI corporate headquarters set a site record by completing 664 consecutive days (760,179 employee hours) without an OSHA-recordable injury or illness.

Manufacturing Site Environmental Permits and Registrations

Visit ni.com/environment to read the company's environmental policy regarding manufacturing operations. Visit ni.com/citizenship for links to the company's environmental permits and regulations.

Product Take-Back and Recycling

National Instruments offers a no-charge service that customers can use to return old NI hardware products to be recycled. In addition, NI is committed to complying with European Union directives on waste electrical and electronic equipment as well as battery recycling.

Take-Back Program

Through the NI global take-back program, NI covers all costs of returning its hardware products and ensures that the products are properly recycled. This service helps reduce the impact on landfills and other disposal sites and provides an environmentally safe end-of-life solution. Visit ni.com/recycle to learn more.

WEEE Directive

In 2003, the European Parliament and the Council adopted Directive 2002/96/EC on waste electrical and electronic equipment (WEEE) to encourage reuse, recycling, and recovery of this waste. The regulations apply to all electrical and electronic equipment put on the European Union market after 2005. WEEE products can fall into one of 10 categories according to the WEEE directive. NI products fall under Category 9, Monitoring and Control Instruments. NI is actively working with its branch offices and subsidiaries in Europe to fully comply with these regulations as local legislation passes.

For more information about NI compliance with WEEE, visit **ni.com/citizenship**.

EU Battery Directive

The European Parliament and the Council adopted Directive 2006/66/EC on batteries and accumulators and waste batteries and accumulators with the intent of reducing the impact on the environment and increasing recycling.

NI actively works with branch offices and subsidiaries in Europe to fully comply with these regulations. The directive entails obligations such as labeling, registration, recycling, and restriction of batteries containing cadmium, lead, and mercury.

For more information about NI compliance with the battery directive, visit **ni.com/citizenship**.

Conserving Resources

National Instruments 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. Some of the many projects to further these efforts include the installation of energy-efficient lighting and motion-sensor lighting to reduce energy consumption, as well as reducing the amount of trash sent to landfills by eliminating all disposable polystyrene, paper, and plastic products in the on-site cafeterias.

2009 HIGHLIGHTS

- Increased waste recycled by 27% at NI corporate headquarters
- Reduced water usage by 7% at headquarters
- Piloted computer power management tools

2009 CHALLENGES

- NI could not measure exact amount of waste sent to landfill from headquarters
- NI did not obtain data for all operations worldwide but will work to obtain data for additional branches in future reports

2010 COMMITMENTS

- Obtain third-party verification of greenhouse gas emissions
- Implement computer power management system to reduce energy consumption
- Install energy-efficient lighting at headquarters, reducing energy use by the equivalent of 2% of annual consumption

"The CLEAN AIR Force and I would like to commend NI and its employees in the area of commuting solutions. In the 2008 metrics we collected in 2009, NI showed great participation numbers for carpooling, biking, walking, and transit. Way to go!"

–Candace Baker, program manager, Clean Air Partners Program

Reducing Energy Usage

Electricity usage at National Instruments corporate headquarters decreased nearly 1 percent despite record-breaking summer heat and relocating a data center to the corporate campus. In 2009, NI took the following measures to reduce electricity usage at its headquarters:

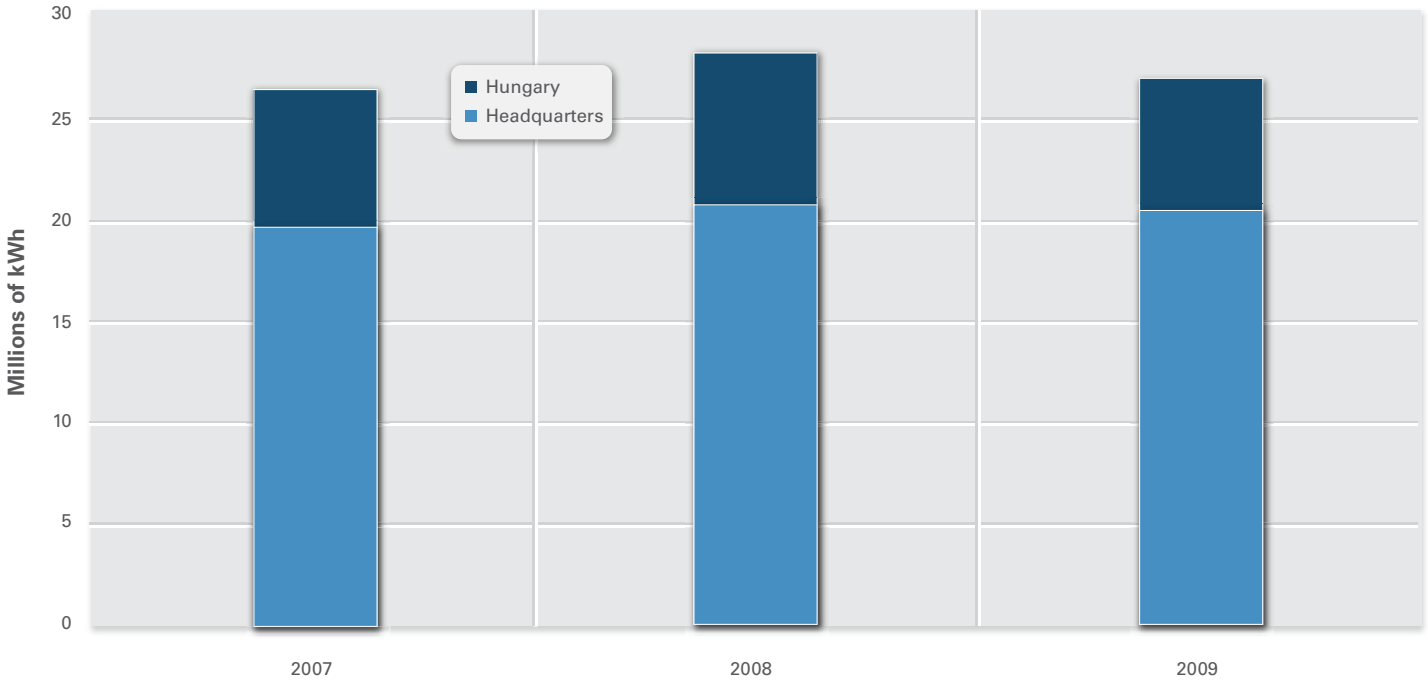
- Through an organization called Climate Savers Computing, tested software tools for managing power settings of employee computers, which will lead to a savings equivalent of nearly 3 percent of annual energy use at headquarters over the next five years
- As a pilot project, decommissioned perimeter lighting on one building floor and will work with the NI Green Team to expand this effort to other buildings
- Installed energy-efficient lighting in conference rooms
- Installed motion sensors in some breakrooms and conference rooms
- Placed coffeemakers on timers
- Optimized temperate and time settings for air conditioning system

In addition, NI subscribes to Austin Energy GreenChoice, a renewable energy program, to provide 10 percent of the total electricity usage at its headquarters.

At NI Hungary, electricity consumption decreased 13 percent, which was partially due to a decreased production load.

In 2010, NI will investigate effective energy and water savings strategies in preparation for the eventual design and construction of a new facility in Penang, Malaysia.

Purchased Electricity



Purchased Electricity (kWh)

Campus	2007	2008	2009
Headquarters	19,699,124	20,838,000	20,640,000
Per employee	9,036	9,096	9,000
Hungary	6,802,142	7,486,970	6,503,201
Per employee	8,346	7,234	6,992

Reducing Natural Gas Usage, Water Usage, and Emissions

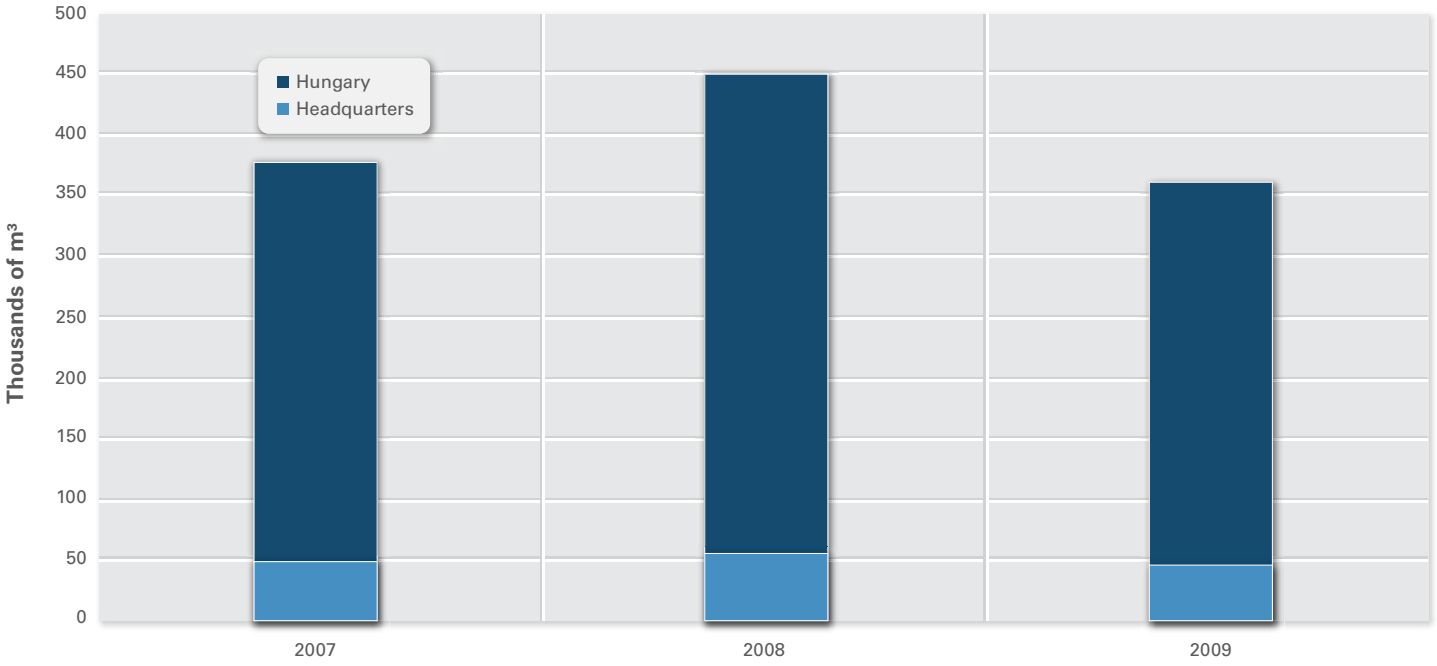
In 2009, National Instruments saw reductions in natural gas usage at both its corporate headquarters and at NI Hungary. Water usage increased at NI Hungary due to an unusually hot summer, resulting in increased irrigation. The decreases in water and gas at NI corporate headquarters were partly influenced by employees taking significantly more vacation in 2009 because of changing company rules about the amount of vacation they can carry over from year to year.

Reducing Natural Gas Usage

Natural gas usage at NI corporate headquarters decreased 14 percent in 2009 despite the increased use of heated water to wash dishes, which was a result of eliminating disposable containers in on-site cafeterias. This was the first full year without disposable containers in the cafeterias.

Usage of natural gas at NI Hungary decreased 21 percent despite a much colder winter in 2009. NI Hungary per-employee metrics are higher than NI corporate headquarters per-employee metrics because 55 percent of that facility is taken up by manufacturing operations, as compared to only 8 percent at NI corporate headquarters, and employee headcount in Hungary is much smaller than at NI corporate headquarters. In addition, the cooler average temperatures in Hungary contribute to more natural gas usage overall.

Natural Gas Usage



Natural Gas Usage (m³)

Campus	2007	2008	2009
Headquarters	48,835	56,169	48,467
Per employee	22	25	21
Hungary	328,403	395,697	313,054
Per employee	403	382	337

Reducing Emissions

NI is a member of the Clean Air Partners Program (CAPP) of Central Texas, a coalition of industry and civic organizations that encourages businesses to reduce air emissions by 10 percent over three years. The program promotes clean air business practices, such as employee carpooling, renewable energy, and water conservation techniques. As a member of this program since 2004, NI reports annually to the organization on emissions and reductions achieved. By the end of 2008, per-employee emissions at NI corporate headquarters decreased 6 percent compared to 2006. The 2009 data is not yet available from the program.

Carbon emissions at NI corporate headquarters and NI Hungary were down in 2009 due to decreases in electricity and natural gas usage. The following charts for both locations present data for only Scope 1 and limited Scope 2 emissions, which include those from natural gas, purchased electricity, and operation of company-owned vehicles. NI has hired an external vendor to verify the calculations in 2010. NI also plans to expand its measurement of carbon emissions to other branch offices in 2010.

NI Indirect Carbon Emissions (Tonnes)*

Campus	2007	2008	2009
Headquarters	12,296	13,007	12,884
Hungary	2,339	2,575	2,237

**To calculate these emissions, NI used the World Resources Institute (2009) GHG Protocol Tool for Stationary Combustion, version 4.0.*

NI Direct Carbon Emissions (Tonnes)*

Campus	2007	2008	2009
Headquarters	108	133	121
Hungary	620	747	591

**To calculate these emissions, NI used the World Resources Institute (2009) GHG Protocol Tool for Stationary Combustion, version 4.0.*

A new commuter rail with a stop close to NI corporate headquarters is scheduled to begin operation in 2010. At that point, NI will work with the organization managing the rail line to make it easy for employees to commute to work by rail and connecting bus routes. In addition, NI will investigate setting up pretax flexible spending accounts that employees can use for commuting costs such as mass transit passes.

Conserving Water and Nature

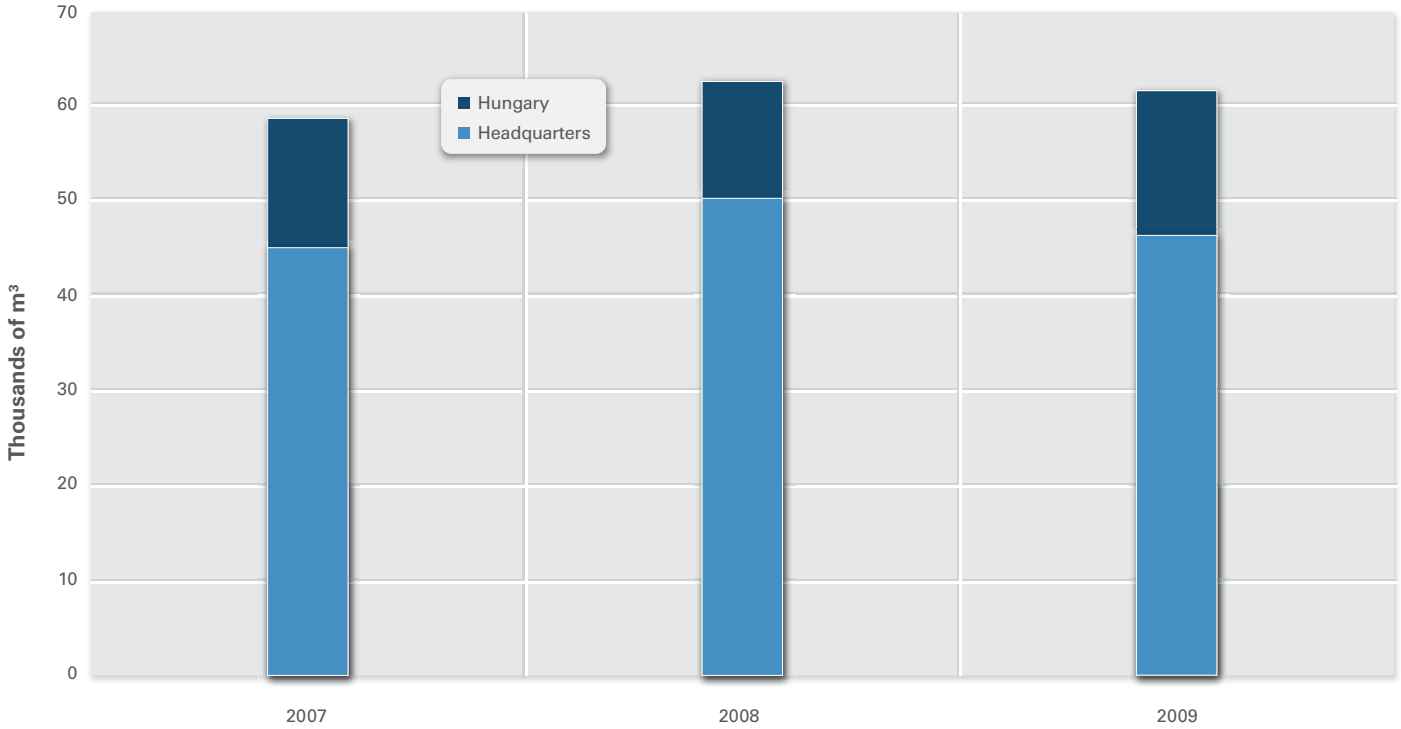
Water usage at NI corporate headquarters was down 7 percent in 2009, despite a record summer drought and increased dishwashing due to the elimination of disposable containers and drink cups in the on-site cafeterias. The fall of 2009 was unusually rainy, leading to a lower usage of water for irrigation. In addition, to help achieve its water usage goal, in 2009 NI replaced all high-water-use seasonal plants in the headquarters landscape with low-water-use native perennials and increased employee awareness of the issue. Another factor was employees taking significantly more vacation in 2009 because of changing company rules about the amount of vacation they can carry over from year to year.

However, water consumption at NI Hungary was up 22 percent because of an unusually hot summer in 2009, resulting in an increase of water used for irrigation.

To evaluate water use at its headquarters, in 2010 NI plans to install water flow meters on the HVAC cooling towers. This improved monitoring capability will show differences between general water use and cooling water use so NI can better set future water use goals.

Water at both corporate headquarters and NI Hungary comes from municipal water supplies.

Water Usage



Water Usage (m³)

Campus	2007	2008	2009
Headquarters	45,043	50,037	46,362
Per employee	21	22	20
Hungary	13,728	12,646	15,379
Per employee	17	12	17

Protecting Habitats

Most of the NI corporate headquarters campus is still in its natural, unirrigated state except for building footprints, walks, drives, and parking. Multilevel garages provide most parking, which minimizes the amount of ground covered by impervious material. Developed landscape areas feature native plant materials that require minimal water to thrive, and the campus includes a number of critical environmental features, including limestone sinkholes.

NI protects and monitors these features to ensure that storm water runoff from roads and parking lots does not enter them. In addition, the campus is a Texas Historical Commission Recorded Site for evidence of flint knapping activity, or activity for making tools, by Native Americans. In 2009, the headquarters campus earned recognition as a wildlife habitat, as certified by the National Wildlife Federation.

Recycling and Waste Reduction

In 2009, National Instruments saw a significant drop in trash sent to landfills from its corporate headquarters. The major influencing factor was the elimination of disposable polystyrene, paper, and plastic products from the on-site cafeterias. These changes happened midway through 2008, so 2009 was the first full year without disposable products in the cafeterias.

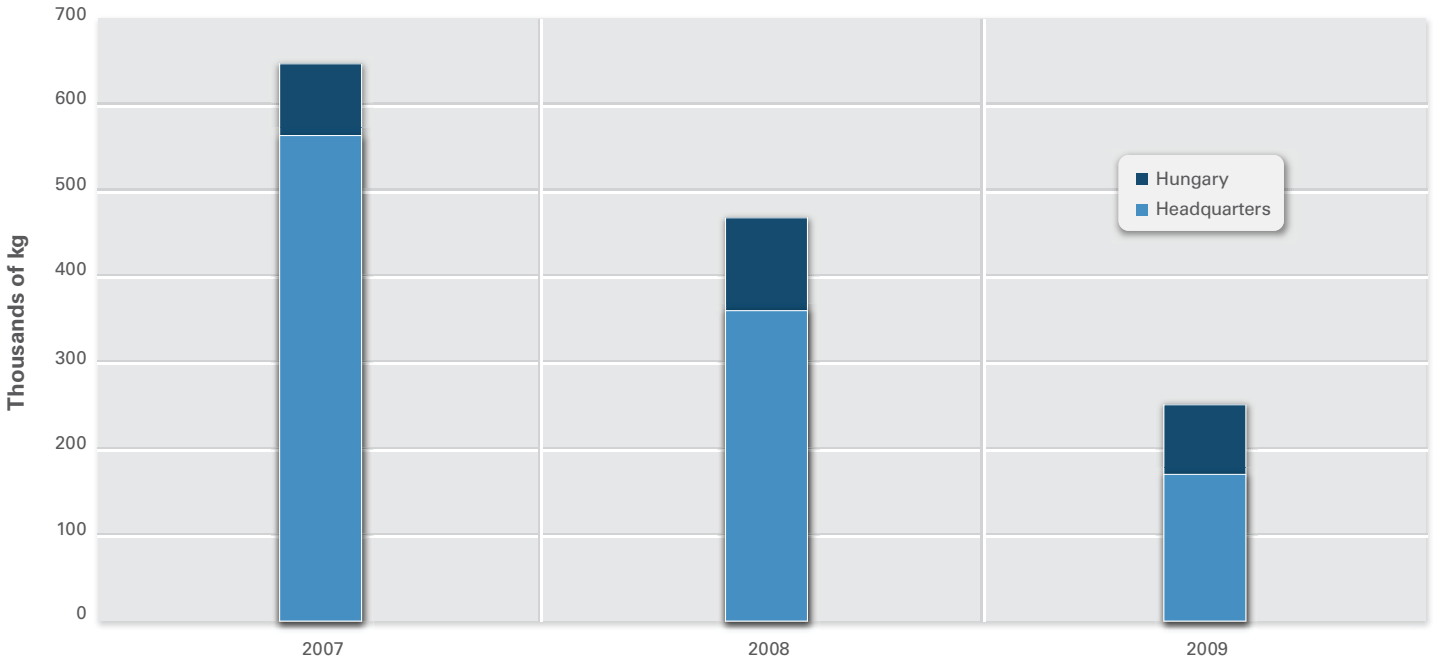
In 2009, NI identified an opportunity to reduce waste by examining its printing and copying paper use habits. In 2010, NI will work with the NI Green Team to change all printers at its headquarters capable of printing double-sided to do so by default.

The waste vendor used by NI corporate headquarters through 2009 did not offer a way to measure the exact amount of nonhazardous waste sent to a landfill from the facility. NI evaluated other waste vendors in 2009 and exact measurement of waste was one of the criteria NI used during evaluation. However, the vendor NI contracted with in January 2010 only estimated waste sent to the landfill.

Recycling increased by 27 percent at NI corporate headquarters because of increased employee awareness and the increased availability of recycling containers. This happened in part due to efforts by the NI Green Team, a group of all-volunteer employees working to reduce the NI ecological footprint. The Green Team organized events throughout the year to raise employee awareness of the importance of recycling and helped secure recycling bins for rooms around the campus that needed them.

Additionally, recycling increased 31 percent and trash decreased 24 percent at NI Hungary due to a reduced number of employees at that location, as well as a reduced production load and additional efficiency initiatives that resulted in a lower scrap rate.

Estimated Trash Sent to Landfills*



Estimated Trash Sent to Landfills (kg)

Campus	2007	2008	2009
Headquarters	147,178	95,568	121,404
Per employee	68	42	53
Hungary	119,089	166,277	115,036
Per employee	146	161	124

Employees Driving Change

While National Instruments makes many efforts at the corporate level to minimize environmental impact, countless projects are driven by individual employees or small groups of employees. Employee-driven efforts in 2009 included encouraging the pilot of a tool for managing employee computer power settings, working with the Environmental Defense Fund to investigate ways to become more energy efficient, expanding Earth Day into Earth Week, 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.

2009 HIGHLIGHTS

- Worked with Environmental Defense Fund to identify changes that would decrease energy use by 8% each year
- Doubled NI Green Team membership in its second year
- Earned recognition as a wildlife habitat at NI corporate headquarters campus
- Expanded 2009 Earth Day celebration into a full Earth Week at headquarters

2009 CHALLENGES

- Prioritization of efforts by the NI Green Team to effectively implement the most critical projects

2010 COMMITMENTS

- Test new tool for managing power settings of employee computers
- Work with IT to change eligible printers at headquarters to print double-sided by default
- Find groups at headquarters interested in decommissioning indoor perimeter lighting

"Working with the Environmental Defense Fund on the NI energy efficiency study aligned two of my personal passions: a love for the business aspect of the project along with my interest in environmentalism and sustainability."

–Bryan Snarr, NI district sales manager, California, Nevada, and Hawaii

NI Green Team

The National Instruments Green Team is an all-volunteer internal organization at NI corporate headquarters working to reduce the ecological footprint of NI and its employees. Green Team membership doubled in 2009 – its second year – and retained 96 percent of its members from the first year. The fast-growing team was challenged with prioritizing its efforts to effectively implement the most critical projects, several of which the following sections highlight.

Wildlife Habitat

Most of the NI corporate headquarters campus is still in its natural, unirrigated state except for building footprints, walks, drives, and parking. The Green Team worked with the National Wildlife Federation and succeeded in earning the campus recognition as a wildlife habitat.

Green Bag Lunches

These bimonthly informative sessions are held during lunchtime at NI corporate headquarters. All employees are invited to attend, and, in 2009, topics and speakers included:

- Protecting water quality and open spaces, Hill Country Conservancy
- Commuter rail, Capital Metro
- Reducing packaging waste
- Eating organic and local foods, Greenling Organic Delivery and Pam Walker, the author of Growing Good Things to Eat in Texas
- Reducing energy use, Susan Meredith, the author of Beyond Light Bulbs

Carbon Footprint Smackdown

This competition was held between two employees who measured their carbon footprint and pledged to make changes for one week to reduce their footprint. They engaged more than 280 fellow employees, friends, and family members to join one of the two teams and make pledges of their own.

The contenders documented their journey using Facebook, Twitter, and blog posts, fostering excitement and a sense of community around trying to reduce carbon footprint. By the end, the two contenders had made enough changes in their habits to cut their combined footprint by 38 tons if they sustained their new habits for a year.

Earth Week

The week featured six presentations, a workshop, a nature hike, two markets/fairs, and an "On Your Own Schedule" event each day. More than 200 employees attended the 10 scheduled Earth Week events, while many others participated in the "On Your Own Schedule" events. Examples of these events include:

- Presentations on the following topics from external speakers:
  - Preserving the natural environment, Lady Bird Johnson Wildflower Center
  - Conserving energy, Austin Energy
  - Wind energy solutions, NI customer TECO-Westinghouse
  - Maintaining your bike, Jack and Adam's Bicycles
- A nature hike on campus led by an employee who is also a Texas Master Naturalist
- Daily activities employees could participate in without having to attend an event, including:
  - Eat Vegetarian for a Day
  - Calculate Your Carbon Footprint Day
  - Carpool to Work Day
  - Lights Out Day/Power-Down Night – On this one day, small changes in some employees' behavior saved approximately 1,456 kWh of energy
- The collection of 474 batteries and 29 cell phones for recycling

Individual Efforts

The following are just two of the many stories of individual employee grassroots initiatives that helped National Instruments with its environmental and sustainability efforts in 2009.

CASE STUDY

PC Power Management, Printing, and Lighting Efficiencies

In the last few years, many employees have asked NI to provide a tool to manage the power settings of their computers to save energy. NI employee Grant Heimbach presented to colleagues on this topic, along with other ideas for reducing energy and waste, such as double-sided printing and unnecessary perimeter lighting. He tested his ideas within his team, including decommissioning the perimeter lighting on his floor and setting their printers to print double-sided by default, and then estimated the potential savings.

Grant's research led to NI adopting software that employees can use to hibernate their computers when they leave without losing the ability to remotely start them back up from home when needed. In 2010, NI will work with the NI Green Team to expand the perimeter lighting effort to other buildings, and it will change all printers at its headquarters capable of printing double-sided to do so by default.

“As I worked on this project, I found that NI as a whole is already pretty efficient in its power consumption, and the facilities team was already doing an incredible job at finding ways to reduce costs. Overall, I can't imagine being at a better place to work on an initiative like this,” said Heimbach, an NI applications engineer.

CASE STUDY

Energy-Efficient Lighting, Data Center, and Office Equipment

Bryan Snarr participated in the Environmental Defense Fund Climate Corps program to conduct an energy efficiency study at NI corporate headquarters as part of his master's degree plan. For 20 weeks, he investigated ways that NI could implement cost-effective energy efficiency improvements in the areas of lighting, the data center, and office equipment.

Bryan's research showed that if NI were to implement all the projects he recommended, total energy savings would be 1,580,212 kWh per year, an 8 percent reduction from the current consumption. This represents a reduction of more than 650 kWh per employee.

His recommendations included replacing conference room lighting with energy-efficient bulbs, decommissioning perimeter lighting, installing software tools for managing power settings of employee computers, and relaxing temperature constraints in the data center. NI is already testing tools that manage employee computer settings and is investigating ways to implement Bryan's other recommendations.

EMPLOYEE PROFILE: BLAIR ELLIOTT

Blair Elliott is a software engineer and Green Team member at NI. Since joining the NI Green Team, he has been involved in several efforts to reduce energy usage at work that motivated him to make similar changes at home. For example, he worked on investigating an enterprise-level desktop power management tool to reduce the amount of energy used by employees' computers.

At home, he purchased a power monitor that reads his electricity meter so he can measure the electricity used by each appliance. As a result, he keeps his thermostat at 79 degrees in the summer and 69 degrees in the winter, unplugs appliances when they aren't in use, and replaced several incandescent light bulbs with compact fluorescent bulbs.

Global Initiatives

Beyond the scope of National Instruments corporate headquarters, NI branch offices look for ways they can help the company reduce its environmental impact. This page highlights just a few of the environmentally friendly initiatives and programs driven by NI branches over the last few years.

NI Sweden

- To save paper and toner, employees are encouraged to print documents only when absolutely necessary and to print double-sided when possible.
- To save electricity, the branch uses low-energy lamps where possible and employees are encouraged to turn off computers, monitors, and lamps when they leave the office.
- The branch sorts and recycles paper, cardboard, electronic equipment, batteries, cans, and glass.
- More than 50 percent of the branch staff travel by public transportation to and from the office.
- Employees who drive are encouraged to choose low-emission cars.

NI Engineering in Aachen, Germany

This branch office is housed in a sustainably designed building on the outskirts of Aachen. Because the climate there is mild, the building does not have air conditioning. When temperatures warm, skylight windows let in cool morning air, and employees lower the window blinds as the afternoon sun brings more heat. The blinds automatically close when the building is vacant on the weekend and during holidays to prevent the rooms from heating up.

The building's roof drains water into the landscape below to water the plants. Where possible, natural materials were used to build the office, such as wood for the window frames, and the roof is fitted with solar panels for warm water generation. Additionally, NI Germany recycles electronic waste, paper, plastic, and data carriers, and provides only reusable silverware, plates, and cups in the on-site cafeteria.

The office is located on the outskirts of the city and is therefore not easily accessible by public transportation, but in 2009 more employees began biking to work as part of an initiative headed by one of Germany's largest insurance companies and a cycling association. Many ride in teams, and some cover almost 35 km (22 miles) in the process.

NI Netherlands

Employees at this office participated in the 2009 Warme Truiendag, or Warm Clothes Day, by turning off the heat at the building for one day to save energy. Warm Clothes Day is held every year on or around February 16, the day the Kyoto Protocol was signed in The Netherlands, and employees wear extra clothes to stay warm. The Kyoto Protocol encourages the reduction of carbon dioxide emissions.

NI Engineering in Bangalore, India

At this office's monthly Raman Lunches – named after Sir Venkata Raman, an Indian Nobel Prize winner – employees propose innovative ideas about anything from company processes to products. Several employees recently proposed and are implementing a recycling program at NI India for materials such as paper, glass, aluminum, and printer cartridges.

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 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 classroom mentorship, robotics competitions, and collaborations with nonprofits to inspire students toward greater achievement in technological proficiency.

In this section:

2009 HIGHLIGHTS

- 1% of corporate pretax profits donated to nonprofit organizations
- $549,000 USD donated through the U.S. employee giving campaign
- 14% increase in classroom mentorship by NI corporate headquarters employees

Mentoring Young Minds

The engineers of tomorrow will address the world's most challenging issues. Science, technology, engineering, and math (STEM) education is critical to ensure a robust network of technologically proficient talent in the future. National Instruments believes that engaging children with technology in a fun, hands-on manner will inspire today's students to become tomorrow's innovators. To engage young minds, NI educational initiatives include a variety of K–12 programs that foster children's enthusiasm in technology and science and support STEM foundations in schools.

2009 HIGHLIGHTS

- NI president, CEO, and cofounder Dr. James Truchard received the *FIRST* Founder's Award for the NI commitment to inspiring students
- Employees from NI corporate headquarters spent an average of 14% more hours mentoring in classrooms
- Five NI branch offices started in-classroom mentor programs

2009 CHALLENGES

- Retained only 52% of employee mentors from headquarters
- Did not fully support *FIRST* Tech Challenge (FTC) due to a lack of area teams, but supported new and existing mentoring teams at all other levels

2010 COMMITMENTS

- Increase employee mentorship from headquarters by 20% to support increase in *FIRST* students
- Retain 70% of employee mentors from headquarters

> "When customers assess NI, they see a company obsessed with engineering– to the point where, as a hobby, NI employees volunteer at [student] robotics competitions. Other scientific companies could try to make that point in an ad; NI lives it."
>
> –Dan and Chip Heath, Authors of *Made to Stick*, featured in *Fast Company* magazine, October 2009

In-Classroom Mentoring

National Instruments employees around the world have a passion for introducing children to technology. Through mentoring, employees show children that science and technology are fun and teach children basic skills that could ultimately help them improve the world. Because mentoring children is a core aspect of NI corporate citizenship, the company collaborates with several successful nonprofit organizations that share this commitment to fostering children's enthusiasm for technology and science through mentoring and hands-on science, technology, engineering, and math (STEM) education in schools.

LEGO MINDSTORMS NXT In-Classroom Mentoring

Through the LEGO MINDSTORMS NXT program, technically trained NI employees serve as engineering mentors to volunteer with second- through eighth-grade students who are involved in basic LEGO robotics experimentation as part of their STEM coursework. NI employees take time out of their schedules to engage students' interest in the concepts of robotics technology and offer guidance in building and programming the LEGO MINDSTORMS NXT robot using NXT software, which is based on LabVIEW. As part of an increase in overall mentoring participation, NI employee mentorship in LEGO MINDSTORMS NXT programs increased by 12 percent in 2009.

Overall Central Texas Mentoring Participation

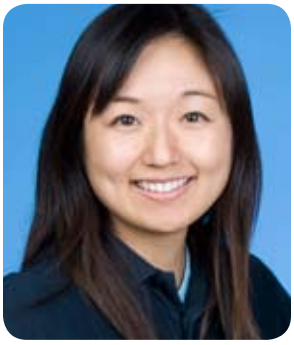
At NI corporate headquarters, employees spent an average of 14 percent more hours mentoring in classrooms in 2009. Nearly 7 percent of employees volunteered as mentors. However, employee mentorship declined due to time commitments required for mentoring. In 2010, NI aims to increase employee mentorship from headquarters by 20 percent to support an expected increase in *FIRST* students, as well as retain 70 percent of current employee mentors.

Mentoring Participation at Corporate Headquarters

	2007	2008	2009
Number of Mentors	153	141	161
Hours Volunteered*	8,721	8,037	9,177
Mentors Retained (YOY)	62%	44%	52%
Mentorship Growth (YOY)	53%	-7%	14%

**This total is an estimate based on the number of mentors, the number of weeks volunteered during a typical academic year, and the number of hours that mentors typically volunteer per week.*

To learn about how the technology NI develops helps empower future innovators, visit the Empower the Innovators of Tomorrow section of this report.



EMPLOYEE PROFILE:
SHIN SAKAI

Shin, an NI database marketing coordinator, volunteers as a mentor for first-grade students in *FIRST* robotics classes. She helps children learn that failing is not a bad thing by showing them that they can address challenges by fixing what didn't work. "I like helping children learn that sometimes failing is not bad because that helps them not be afraid to try new things," Shin says. "They learn to be persistent to accomplish their goals, and seeing this makes me proud to be a mentor."

After-School Mentoring and Robotics Competitions

For National Instruments employees, science, technology, engineering, and math (STEM) are not just job skills, they are life skills that impact the future of society. For this reason, NI employees share a passion for inspiring children of all ages through fun, hands-on, and project-based learning.

In addition to mentoring students in classrooms, employees volunteer their time to mentor children in extracurricular STEM-based activities. With its collaboration with For Inspiration and Recognition of Science and Technology (*FIRST*) and the LEGO Group, NI provides employees numerous opportunities to volunteer in after-school robotics programs and competitions that engage students with fun, technology-centric activities. Specifically designed for individual age groups, the *FIRST* and LEGO robotics programs make it possible for employee volunteers to mentor children from elementary school through high school.

Elementary School

The Junior *FIRST* LEGO League (JFLL) is the first in a continuum of age-specific extracurricular programs designed to inspire children's interest in STEM concepts. NI employees volunteer with JFLL to provide 6- to 9-year-old students with basic robotics-oriented instruction. In 2009, although participation decreased, NI employees continued the NI tradition of mentoring these young children and directing them toward further participation in FLL programs.

Middle School

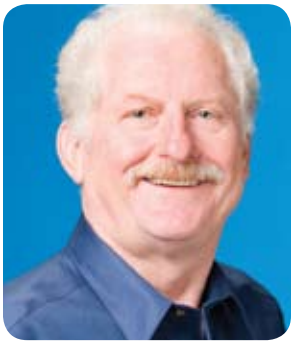
NI employees also volunteer their time in the *FIRST* LEGO League (FLL) after-school mentor program to work with 8- to 14-year-old students. By teaching students basic programming skills and helping troubleshoot their robotic creations, NI employee mentors encourage children to interact with technology. In 2009, NI mentoring participation in FLL increased by 21 percent. This program also includes advanced elementary students.

Junior Varsity

In 2009, NI initiated mentorship volunteer opportunities with the *FIRST* Tech Challenge (FTC), a robotics contest geared toward 14- to 18-year-old junior-varsity students who are interested in designing, building, and programming robots for competition. Volunteers help teach students how to combine LEGO robotics with more technically advanced robotics systems for competition. Because 2009 was the first year for NI involvement in FTC, participation and the number of area teams were relatively low, which was a challenge. The company anticipates an increase in employee participation in this program as more individuals become aware of it.

Varsity

Through the *FIRST* Robotics Competition (FRC), which *FIRST* calls "varsity sports for the mind," NI volunteer mentors help high-school students learn how fun technology can be while advancing their understanding of industry-class robotics engineering. Within six weeks, teams of students and their mentors build robots from an unassembled kit of parts; program those robots using LabVIEW software or other tools; and enter them in regional, statewide, and national competitions. NI volunteers serve as FRC mentors, competition judges, referees, and other event coordinators. NI also contributes to the FRC by providing technology, such as LabVIEW and NI hardware devices that teams use to control their robots. In 2009, NI employee participation in FRC mentorships increased by 3 percent.



FIRST FOUNDER'S AWARD

In 2009, Dr. James Truchard, NI president, CEO, and cofounder received the *FIRST* Founder's Award. Presented each year by *FIRST* founder Dean Kamen, this award recognizes one organization or individual for exceptional service in advancing the ideals and mission of *FIRST*. Dr. Truchard has long been a proponent of the *FIRST* organization and its robotics competitions. As the leader of NI, he is committed to keeping mentoring and other educational initiatives at the core of the company's citizenship efforts.

Global Initiatives

The passion and commitment of National Instruments employees to engage students with technology is not limited to NI corporate headquarters. NI branch offices also impact students in their communities through various science, technology, engineering, and math (STEM) initiatives, including both in-class and after-school mentoring. The dedication of these employees shows children around the world that science and technology are fun and can shape their future.

In 2009, employees at NI Japan inspired children by mentoring in multiple LEGO MINDSTORMS NXT robotics classes in schools. NI Belgium and NI Netherlands employees also helped educate students by mentoring at MINDSTORMS robotics events. Additionally, employees at NI Canada volunteered as mentors through the *FIRST* LEGO League (FLL) and *FIRST* Robotics Competition (FRC) after-school robotics programs.

These branch office mentoring activities began recently, and while tracking branch efforts is a challenge and a focus area for future improvement, branch employee participation continues to grow. For example, additional branches have made a commitment to initiate mentoring programs in 2010. These mentorship commitments from NI branches continue the cycle of inspiring children around the world by helping them embrace technology and pursue further involvement in STEM programs.

2009 NI Branch Office Mentoring Activities

NI Canada	NI Belgium	NI Netherlands	NI Germany	NI Japan
FIRST LEGO® League and *FIRST* Robotics Competition Mentoring	LEGO MINDSTORMS® NXT Mentoring	LEGO MINDSTORMS NXT Mentoring	*FIRST* LEGO League	LEGO MINDSTORMS NXT Mentoring

Employee Philanthropy and Volunteerism

National Instruments encourages employees to engage in community activities they are passionate about and provides regular opportunities to become involved with organizations by donating time, talent, and resources. NI supports these efforts through its offices around the world with several ongoing initiatives to educate employees about community needs. Around the world, NI employees use their innovative spirit to drive progress on community issues.

2009 HIGHLIGHTS

- $549,000 USD donated through the U.S. employee giving campaign
- More than 450 NI corporate headquarters employees volunteered a total of 8,800 hours with nonprofit organizations
- Reported employee membership on boards of nonprofit organizations increased ninefold
- Improved U.S. employee giving solution by changing tool vendor

2009 CHALLENGES

- Experienced delays in processing employee donations, resulting in a change of vendor
- Began tracking philanthropy and volunteerism data for all NI operations worldwide but did not obtain complete 2009 data

2010 COMMITMENTS

- Double reported employee membership on boards of nonprofit organizations
- Expand matching gift program to include eligible payroll-deducted donations
- Increase headquarters employee volunteer hours by 20%

"NI employee donations nearly doubled the budget of my nonprofit, Poverty Stops Here. Because of NI employees, we can rapidly implement projects to help Nigerian communities instead of spending all our time on raising funds. I'm honored to work with such generous people."

–Efosa Ojomo, NI field sales engineer, Great Lakes region, and founder and director of Poverty Stops Here

Philanthropy

National Instruments is tremendously proud of the individual impact employees are making with their personal philanthropy. Even in the midst of a severe global economic recession in 2009, NI employees donated a record amount of funds to their communities through the annual U.S. giving campaign. In 2009, employee philanthropy through the giving campaign increased by 7 percent.

Fall Giving Campaign and Matching Gifts

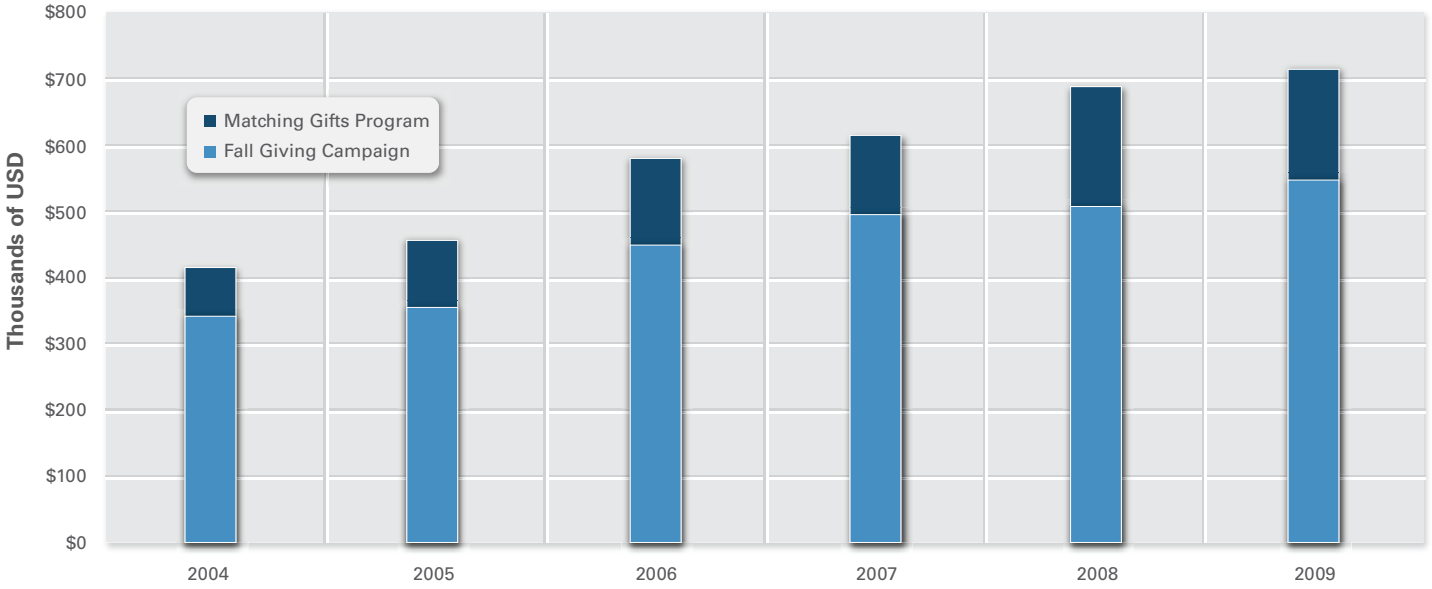
In 2009, NI held its 14th annual NI GIVES campaign, the company's internal giving campaign for U.S. employees. An NI giving intranet portal offered employees the opportunity to make a donation through a variety of channels, including payroll deductions and stock, check, or credit and debit card payments, making it easy for employees to donate to the charities of their choice. The theme for the 2009 campaign was "Now More Than Ever," emphasizing the especially difficult challenges that the global economic recession had on those who already were enduring hard times before the recession. In addition, NI improved the employee giving solution in 2009 by changing to a new tool vendor.

Total employee donations through this campaign in 2009 exceeded $549,000 USD, with an average of more than $531 USD given per donor.

In addition to the annual NI GIVES campaign, throughout the year, U.S. employees can request that NI match a donation they have given to a qualified nonprofit organization. Through matching gifts, NI doubles the power of an employee's donation of up to $1,000 USD per year.[1]

In 2009, total employee donations through the matching gifts program exceeded $166,000 USD, bringing the total donations for both the fall giving campaign and the matching gifts program to more than $711,000 USD.

Employee Philanthropy



Employee Philanthropy (USD)

Program	2004	2005	2006	2007	2008	2009
Fall Giving Campaign	$342,539	$356,612	$450,748	$495,500	$510,000	$549,407
Matching Gifts	$72,788	$100,000	$129,973	$120,923	$180,142	$166,189
Total Donations	$415,327	$456,612	$580,721	$616,423	$690,142	$711,189

[1]After acquiring the operating assets of Measurement Computing Corporation, NI preserved the existing matching gift policy for that site and continues to match employee donations of up to $2,000 USD per year.

NI Leaders in Giving

NI Leaders in Giving are employees at NI corporate headquarters who give $1,000 USD or more throughout the year by using NI giving tools. Each quarter, members of NI Leaders in Giving come together to learn about opportunities to connect through the giving of time, talent, and resources. In 2009, the program attracted 220 participants, representing approximately 10 percent of the headquarters employee base and a 6 percent increase year-over-year.

Young Leaders Society

Young Leaders Society (YLS) consists of young business and community leaders who value the importance of philanthropy and support the work of the United Way Capital Area. YLS members enjoy educational, service, social, and networking opportunities throughout the year. After employees become NI Leaders in Giving, the United Way recognizes them as YLS members. NI headquarters has the most YLS members of any company in Central Texas, making up more than 20 percent of the YLS membership in the United Way Capital Area.

NI Sharing Tree

The NI Sharing Tree is a holiday giving program that allows NI employees at corporate headquarters to volunteer and provide in-kind or financial resources to those in need during the holiday season. Opportunities such as the Salvation Army Angel Tree and LifeWorks Adopt-a-Family programs are popular among NI employees.

While donations made to families sponsored through the NI Sharing Tree increased, some other types of donations decreased. However, employee giving through the NI Sharing Tree continues to be an overall success.

2009 Accomplishments through the NI Sharing Tree

	2007	2008	2009
Children sponsored through Salvation Army Angel Tree program	233	205	184
Families sponsored through Communities in Schools and LifeWorks programs	15	14	10
Donations made to sponsored families (USD)	*	$4,800	$7,000
Holiday cards for Meals on Wheels delivery to homebound elders	490	244	723
Shoes donated to underprivileged students through Shoes for Austin Holly Days program	71	40	38

Volunteerism

The year 2009 marked another record year for employee volunteerism at National Instruments corporate headquarters. More than 450 volunteers contributed 8,858 hours of service to various nonprofit organizations, representing a 30 percent increase in volunteer hours.

NI increases awareness of community needs through nivolunteer.com, a portal where employees can both post and register for volunteer opportunities. The portal also helps nonprofits to post opportunities for NI employees, a function that provides employees a greater variety and frequency of volunteer opportunities.

Spring Volunteer Campaign

In 2009, the company's second annual Spring Volunteer Campaign at NI corporate headquarters helped educate employees about ways to connect with local nonprofit organizations.

During the three-week campaign, more than 20 volunteer opportunities were available to NI employees. The campaign attracted 179 NI volunteers who gave a total of more than 550 hours of service back to the community through multiple projects hosted by nearly one dozen nonprofits.

2009 NI Spring Volunteer Campaign activities in Austin, Texas, included the following:

- Painting and gardening for the Austin State Supported Living Center Life Trail
- Enhancing the Mainspring Schools playground safety
- Participating in a Habitat for Humanity deconstruction
- Sorting and distributing food for the Capital Area Food Bank
- Transferring a shoe warehouse for Shoes for Austin

NI Leaders in Service

Launched in 2008, the NI Leaders in Service program recognizes NI employees at corporate headquarters who volunteer more than 55 hours of their time to the community during the year. NI Leaders in Service members receive a certificate of appreciation signed by members of NI leadership. In 2009, NI recognized 40 individuals for its first group of NI Leaders in Service.

Community Relations Department Driver Team

One key to the tremendous success of NI employee engagement in the community is the Community Relations Department Driver Team. This unique team includes volunteers from each of the major departments at NI corporate headquarters. Its volunteers execute community engagement campaigns and strategy throughout the year. In 2009, the number of department drivers increased 30 percent, with 52 active department drivers inspiring employees to engage in personal philanthropy and volunteerism.

EMPLOYEE PROFILE:
SCOT AND ANITA SALMON

Scot and Anita have served on the NI Community Relations Department Driver Team for a combined 11 years. The couple has helped the team determine strategy and direction for each year to most effectively promote employee philanthropy to an increasingly broad employee audience. They also are very active in the Central Texas community by supporting various nonprofit organizations such as the United Way Capital Area. In 2009, they served as co-chairs for the NI GIVES employee giving campaign.

Board Membership

Board membership is one of the highest levels of personal community involvement. In addition to taking responsibility for a nonprofit organization's legal and ethical obligations to donors, clients, and the government, board members must provide guidance to the organization.

In 2009, the reported number of National Instruments employees who reported serving as nonprofit board members increased ninefold year-over-year. The astonishing variety of nonprofits these board members serve illustrates the wide impact that NI employees have on the global community, both in the U.S. and in NI branch offices. In 2009, NI employees served on more than 30 nonprofit boards, representing initiatives that aid in numerous efforts, from American YouthWorks and Bikers Against Child Abuse in the U.S. to building-restoration and cyclist clubs in Germany. In 2010, NI aims to double the number of NI employees on nonprofit boards.

The following is a list of the nonprofit organizations for which NI employees served as board members in 2009.

Nonprofit Organization	NI Employee Board Member
American YouthWorks	Rosanna Picillo
Austin Bonsai Society and the Texas State Bonsai Exhibit	Collin Murphy
Austin Children's Museum	John Graff
Austin Greyhound Adoption	Tim Define
Austin Improv Collective	Matthew Pollock
Austin Open Web Application Security Project (OWASP)	Josh Sokol
Austin State Supported Living Center	Dana Fisher
Bastrop Volunteer Fire Department	Jonathan Lindsey
Belgian Club of Northern California	Dirk DeMol
Bikers Against Child Abuse (BACA)	Daniel McDonell
Capitol of Texas Information Systems Security Association (ISSA)	Josh Sokol
FOCUS Humanitarian Assistance Europe	Rahman Jamal
Green Doors	Lee Chapman
Green Doors	Kamran Shah
IEEE Boston	Rob Vice
International Work-to-Live Project	Michael Marquis
Iowa Renewable Energy Association	Andy Marshall
Japan Society of Applied Science	Ryota Ikeda
Keep Austin Beautiful	Kevin Abrameit
Keep Austin Beautiful	Barry Dawson
Motion Control Association (MCA)	Bill Allai
Round Rock High School Band Boosters	Heidi Frock
Society of Manufacturing Engineers Austin	Eric Ryza
St. Mark United Methodist Church	Nathan Guitrau
Texas Alliance for Minorities in Engineering	Andy Deck

Nonprofit Organization	NI Employee Board Member
University of Colorado Department of Electrical Engineering, Industrial Advisory Board	Ed McConnell
Verkehrs Club Deutschland (Aachen, Germany)	Ulrich Bierwisch
Welthaus (Aachen, Germany)	Ulrich Bierwisch
Workforce Solutions Capital Area	Anamita Mukherjee
YouthLaunch	Eric Starkloff

Leadership Austin

One way NI develops employee board members is through its sponsorship of Leadership Austin, which offers programming that serves the broad continuum of experience and interests at every stage in an individual's career. NI assists Leadership Austin by providing on-campus hosting services to the organization so it can effectively carry out its programs for many people at one time.

EMPLOYEE PROFILE: DANA FISHER

Throughout her 13 years of employment at NI, Dana Fisher, NI European operations manager, has consistently volunteered for a variety of nonprofit organizations, both in the U.S. and abroad. Dana serves as a board member for the Austin State Supported Living Center, which is a residential and training facility for adults with developmental disabilities. Most campus residents have severe or profound retardation or multiple disabilities. By serving on the center's board, Dana drives numerous initiatives that target the center's needs so it can effectively help current and future residents.

Global Initiatives

The majority of the people in developing countries live in deplorable conditions. Almost half of the people in the world earn less than $2 USD per day, 1 billion go to bed hungry every night, and 73 million primary-school-aged children do not attend school.[1] National Instruments believes that through the dedication of volunteers and donors, its employees can improve everyday life for those less fortunate.

As individuals who generally enjoy a high standard of living, NI employees around the world are innovating new ways to help those who are underprivileged. The following map illustrates some of the NI branch office philanthropy and volunteerism successes in 2009:

Branch	Initiative
NI Belgium	Donated used computers to a school in Togo, West Africa
NI Corporate	Trained engineers in Cameroon on how to make new technology accessible
NI Denmark	Participated in quartely blood drives
NI Finland	Donated $500 to a Finnish cancer organization
NI Hungary	Donated $13,385 to educational and athletic nonprofits
NI India	Continued the NI India Cares and NI for Orphaned Children initiatives
NI Japan	Donated NI products to 38 universities in Japan
NI Netherlands	Donated to local nonprofits to support cancer research

[1]Sources: Poverty data: A supplement to World Development Indicators 2008. The World Bank, 2008.
Fact sheet: GOAL 1: Eradicate extreme poverty and hunger. The United Nations, 2008.
The Millennium Development Goals Report. The United Nations, 2008.

Local Actions with Global Reach

In addition to the efforts of employees at branch offices who affect their own communities, NI employees make a positive impact on the lives of less-fortunate individuals in other countries. The following employees truly see themselves as global citizens and have taken action on behalf of their neighbors across the oceans.

CASE STUDY

Addressing Poverty in Nigeria

Originally from Nigeria, Efosa Ojomo, NI field sales engineer for the U.S. Great Lakes region, has seen firsthand the effects of abject poverty in Africa. In late 2007, Efosa read multiple books detailing the numerous problems associated with poverty, including the lack of access to adequate shelter, food, and clean drinking water. He had always thought that he might be able to help address these problems someday, perhaps after retirement, but upon hearing accounts of individuals who suffered under terrible living conditions, his perspective changed and he made a decision to act sooner rather than later.

In early 2008, with no experience in nonprofit leadership and a small budget, Efosa and his friends created Poverty Stops Here (PSH), a nonprofit focused on combating extreme poverty. That same year, PSH built a hand-pump well for the people in Balogun Village, Nigeria, to help reduce the amount of waterborne illnesses and to make life easier for the villagers.

Efosa mentioned his cause to the NI corporate social responsibility manager, and, in 2009, the company communicated his needs to employees at corporate headquarters, who then donated nearly $11,000 USD to PSH. With the help of his NI coworkers, Efosa nearly doubled the PSH budget and now can concentrate his energies on directly addressing the needs of underdeveloped, poverty-stricken African communities.

CASE STUDY

Fighting Modern-Day Slavery

Human trafficking is the second largest criminal industry in the world. Not including those trafficked within their own countries, 800,000 persons are trafficked – traded and transferred against their will – across international borders every year. Approximately 17,000 of those are trafficked into the U.S. and 20 percent of those cases have been in Texas.[2]

In 2008, Dave Brown, NI public relations writing specialist, met with friends to discuss the reality of human trafficking and how it equates to modern-day slavery, and they developed a plan to increase awareness of the facts. The group of concerned individuals formed the core team of a grassroots abolitionist movement called What's Your Response? (WYR), which is dedicated to increasing awareness of and reducing demand for human trafficking, as well as raising support for the care of trafficking victims in Texas. The group works with government officials and agencies and leverages open-source activism tactics to help spread their word.

In 2009, WYR hosted its first Coaster Crawl, during which numerous volunteers distributed drink coasters bearing real stories of trafficking victims. To initiate conversations on the topic, the coasters were given to bars and coffee shops in Austin as replacements for their existing coasters. Also in 2009, Dave shared the WYR vision with the NI headquarters, which then helped him host an on-site discussion to increase NI employee awareness about modern-day slavery. As a result, NI employees plan to join upcoming Coaster Crawls to ultimately reduce demand for human trafficking.

[2]Source: Texas Attorney General's Report to the 81st Legislature, The Texas Response to Human Trafficking

EMPLOYEE PROFILE: ULRICH BIERWISCH

Ulrich, an NI Germany employee, is a board member for the Aachen division in the VCD (Verkehrs Club Deutschland), which is a nonprofit environmental traffic club with approximately 60,000 members in Germany. The organization advocates for better public transportation as well as improvements for bicycles and pedestrians. Ulrich also serves as a board member of Welthaus-Aachen (World House, Aachen), which supports a number of environmental, development, and social organizations.

Corporate Philanthropy and Advocacy

National Instruments engages in strategic, consistent collaborations with community organizations to deliver positive change and create a steady stream of volunteer opportunities for NI employees. NI collaborates with organizations that strive to maintain and improve the education, health, and well-being of the communities in which NI employees work and live. The company helps its employees learn about these programs so they can support growth and development in their communities. In addition, the company makes corporate donations, contributions through the NI Foundation, and in-kind gifts.

2009 HIGHLIGHTS

- Donated more than 1% of corporate pretax profits
- Established an employee funding advisory council to maintain philanthropic transparency
- Created a government relations program to drive corporate advocacy for nonprofits

2009 CHALLENGES

- Donated 1% of pretax profits but unable to support many other worthy organizations
- Experienced challenges in government relations program, including delays in working with government agencies

2010 COMMITMENTS

- Maintain commitment of donating 1% of pretax profits to nonprofit organizations
- Double reported employee membership on boards of nonprofit organizations

"It's important to inspire the future workforce to be science and technology leaders. The NI investment in *FIRST* robotics combines the excitement of sport with the acquisition of science, engineering, and technology skills to help mold future innovators."

–Andres Alcantar, Texas Workforce Commissioner

Corporate Philanthropy

National Instruments collaborates with numerous nonprofit organizations through volunteer initiatives and monetary donations to ensure thriving communities. The majority of spending is focused on science, technology, engineering, and math (STEM) education initiatives. The remaining portion of NI corporate philanthropy is directed toward broader children-focused initiatives. The programs to which NI contributes focus on the needs of children, which furthers the company's priority of supporting future innovators.

In 2009, NI established a funding advisory council comprised of employees to maintain transparency in all philanthropic efforts. This council helps ensure that 1 percent of NI pretax profits are donated to the most worthy causes. Refer to the NI corporate giving guidelines for information about the grant request process. The following sections detail the collaborative efforts NI participated in during 2009.

Education

Breakthrough Austin: Breakthrough Austin provides a path to college for low-income students who will be first-generation college graduates. With the help of NI donations, the program admits students as sixth graders and makes a six-year commitment to help them graduate from high school and enter college.

GirlStart: With the help of NI donations and volunteers, GirlStart empowers young girls in science, technology, engineering, and math (STEM) education by providing hands-on learning. The organization's unique programs include nationally recognized Saturday workshops, summer camps, and after-school programs to engage girls in STEM activities and to introduce them to female role models, including NI employees, who work in STEM careers. In 2009. NI vice president of Global IT Arleene Porterfield served on the GirlStart Technology Advisory Committee.

Basic Needs

Capital Area Food Bank: The Capital Area Food Bank provides food and groceries to hungry children and adults in Central Texas. The NI collaboration with the food bank includes regular volunteer opportunities during which employees sort and process thousands of pounds of food each visit. In 2009, NI employees volunteered 400 hours and processed nearly 34,000 lb of donated food, which provided approximately 27,000 meals to community individuals. This represents an increase of nearly 60 percent year-over-year.

United Way Capital Area: The company's 14-year relationship with the United Way Capital Area has been a consistent collaboration with a strong emphasis on education, health, and financial stability. The United Way's Success By 6 program aims to ensure that by the time children in Central Texas enter their first year of school, they are prepared to become healthy, happy, and wise students. The United Way is the top nonprofit to which NI employees donate, both by number of employees and amount donated.

Shoes for Austin: NI has contributed to Shoes for Austin for many years to support its mission of motivating children to achieve physical fitness goals by providing an incentive of new athletic shoes. In 2009, NI employees at corporate headquarters donated $1,058 USD of personal funds and bought 38 pairs of shoes as holiday gifts for underprivileged students.

Dell Children's Medical Center: Austin Children's Medical Center of Central Texas is the only dedicated freestanding pediatric facility in the region. Serving a 46-county area, Austin Children's is the premier health care provider for children and adolescents. In addition to financial donations, NI has worked closely with child life specialists to ensure positive interaction with long-term patients using LEGO MINDSTORMS NXT technology.

Arts and the Environment

Texas Performing Arts: The NI collaboration with the Texas Performing Arts (TPA) Center strengthens the company's relationship with The University of Texas at Austin and supports the arts. By sponsoring the TPA Pop Ed 101 educational outreach program, NI helps support the education of underprivileged students about the value of music.

Austin Children's Museum: Austin Children's Museum cultivates a community of children that embraces learning, knowledge, and questions. NI and the museum collaborate by engaging employees in volunteer opportunities, company-wide visits, and special museum exhibits that feature NI products and teach engineering concepts to a young audience. In 2009, John Graff, NI vice president of marketing and customer operations, served as president of the museum's board of directors.

Keep Austin Beautiful: Keep Austin Beautiful (KAB) inspires and educates individuals and the community on greater environmental stewardship. The organization's goal is to clean and beautify the Central Texas environment through physical improvements and hands-on education. In 2009, NI continued its KAB Adopt-a-Street responsibility with its adoption of a road portion near an Austin elementary school. Additionally, two NI employees served on the KAB board in 2009.

Corporate Advocacy

National Instruments believes that one of the greatest contributions it can make to nonprofit organizations is to lend credibility to those who support NI values. NI does this by testifying before public officials, assisting in grant writing, and articulating the benefits that these nonprofits deliver to society. NI advocates specifically for organizations that advance the causes of science, technology, engineering, and math (STEM) education and other efforts that help ensure the participation of today's students in tomorrow's technological innovations.

In 2009, NI established an internal government relations program to further NI advocacy efforts. As a liaison between nonprofits and government agencies, this program communicates the shared goals of NI, For Inspiration and Recognition of Science and Technology (*FIRST*), and other nonprofits to state and federal representatives. As a result of NI communications between *FIRST* and representatives from the Texas state government, *FIRST* received a $1 million USD grant to help advance student exposure to technology through involvement in robotics competitions.

EMPLOYEE PROFILE: AMANDA WEBSTER

As the NI corporate social responsibility manager, Amanda helps direct NI corporate philanthropy allocations. She enjoys helping guide the many investments NI makes in nonprofits. "I'm honored to work for a company that is committed to positively impacting the global community," Amanda says. "NI is making a difference in the world, and I'm proud to be a part of that."

Global Initiatives

For more than 30 years, scientists and engineers around the world have used National Instruments tools to solve complex problems and help improve the world, from early cancer detection to unlocking the secrets of the universe. In the spirit of facilitating and nurturing innovation to make this world a better place, NI branch offices have launched the Planet NI initiative. Planet NI aims to provide access to technology to thousands of engineers in developing countries to help them achieve economic prosperity and sustainable development.

The company believes that NI software and hardware tools, in partnership with local engineering talent, can help improve the quality of education, support entrepreneurship, and create solutions for a greener planet.

Because each country faces unique challenges, Planet NI is made up of regional programs and activities that revolve around three vectors: science and technology education, small and medium enterprises (SMEs), and green engineering.

Local NI employees in the Arabia, India, Mexico, and other NI branch offices have been the key driving force behind some of the Planet NI initiatives. The passion and excitement the program generates is seen not only in the recipients of Planet NI assistance but also in the NI employees who are able to see their actions provide positive life changes.

In 2009, NI branch offices initiated the following Planet NI projects.

NI Arabia

Planet NI initiated the sponsorship of a land-mine detection robotics contest to help clear active land mines located in rural areas of the country. This contest is being implemented in collaboration with the United Nations Development Program and the Lebanon Mine Action Centre. Applications will be collected through 2011, with the winning submission receiving funding to execute design in the field.

NI India

- SME Benefit Program to provide training and access to LabVIEW software to 109 SMEs through a flexible pricing program
- Student incubation support to help newly graduated students create their own technology-based companies
- Many programs like "Train the Trainer" that enhance the teaching experience and support the technical advancement of professors and educators through internships and doctorate programs

NI Mexico

To increase the success rate of SMEs in Mexico, the branch office launched Planet NI to specifically support SMEs that are developing new products and services. Start-up enterprises accepted to the program receive access to NI technologies, training, and support to ensure their first projects are successful.

U.S. Corporate Headquarters 866 463 5417

Worldwide Offices (Please note that these phone numbers do not include their respective country codes): **Andean and Caribbean** 212 503 5310 • **Argentina** 0800 666 0037 • **Australia** 0 2 9491 4000 **Austria** 0 662 457990 0 • **Belgium** 0 2 757 0020 • **Brazil** 011 3149 3149 • **Canada** 450 510 3056 • **Chile** 0 800 532 951 • **China** 0 21 5050 9800 • **Colombia** 01 800 913 3092 • **Costa Rica** 0 800 052 1749 **Czech Republic, Slovakia** 420 224 235 774 • **Denmark** 45 76 26 00 • **Dominican Republic** 800 433 3488 • **Ecuador** 1800 999119 (pedir enlace a 1 800 433 3488) • **El Salvador** 800 6271 • **Finland** 0 9 725 72511 **France** (0) 8 20 20 04 14 • **Germany** 0 89 7413130 • **Guatemala** 2450 1685 • **Honduras** 0 504 3646 • **Hungary** 36 23 448 900 • **India** 0 80 41190000 • **Ireland** 0 1867 4374 • **Israel** 0 972 3 6393737 **Italy** 02 41309277 • **Japan** 0120 527196 • **Korea** 0 2 3451 3400 • **Lebanon** 0 1 33 28 28 • **Malaysia** 1800 887710 • **Mexico** 01 800 010 0793 • **Netherlands** 0 348 433 466 • **New Zealand** 0800 553 322 **Norway** 66 90 76 60 • **Panama** 008000 521166 • **Peru** 0 800 50614 • **Philippines** 2 659 1722 • **Poland** 0 22 3289010 • **Portugal** 210 311 210 • **Puerto Rico** 1 800 433 3488 • **Russia** 7 495 783 6851 **Singapore** 1800 226 5886 • **Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia** 3 425 42 00 • **South Africa** 0 11 805 8197 • **Spain** 91 640 0085 • **Sweden** 0 8 587 895 00 **Switzerland** 0 56 2005151 • **Taiwan** 2 2377 2222 • **Thailand** 0 2 278 6777 • **Turkey** 0 212 279 3031 • **Uruguay** 0004 055 114 • **U.K.** 0 1635 523545 • **Venezuela** 0 212 503 5310