

NATIONAL INSTRUMENTS CORP  
Form DEF 14A  
April 01, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**National Instruments Corporation**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**NATIONAL INSTRUMENTS CORPORATION**

**Notice of 2019 Annual Meeting of Stockholders**

- Date and Time:** Tuesday, May 14, 2019
- 9:00 A.M., local time
- Place:** NI's principal executive offices
- 11500 North Mopac Expressway, Building C
- Austin, Texas 78759
- Business:**
1. To elect each of James E. Cashman, III and Liam K. Griffin to the Board of Directors for a term of three years.
  2. To increase the number of shares reserved under the Company's 1994 Employee Stock Purchase Plan by 3,000,000 shares.
  3. To ratify the appointment of Ernst & Young LLP as NI's independent registered public accounting firm for the fiscal year ending December 31, 2019.
  4. To consider and approve an advisory (non-binding) proposal concerning our executive compensation program.
  5. To transact such other business as may properly come before the meeting or any adjournment thereof.
- Record Date:** Only stockholders of record at the close of business on March 15, 2019, are entitled to receive notice of and to vote at the meeting.
- Voting By Proxy:** All stockholders are cordially invited to attend the Annual Meeting in person. However, whether or not you plan to attend the Annual Meeting, we hope that you will vote as soon as possible. You may vote on the Internet or by telephone by following the instructions provided in the Notice of Internet Availability of Proxy Materials you received in the mail. If you received a paper copy of a proxy card by mail in response to your request for a hard copy of the proxy materials for the Annual Meeting, you may also vote by Internet, telephone, or by completing, signing and dating your proxy card and mailing it in the postage-prepaid envelope enclosed for that purpose, in each case by following the instructions on the proxy card. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting, if you do not attend in person. For specific instructions on how to vote your shares, please review the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail or the proxy card if you received a paper copy of the proxy materials.

Stockholders attending the Annual Meeting may vote in person even if they have submitted a proxy. However, if you have submitted a proxy and wish to vote at the Annual Meeting, you must notify the inspector of elections of your intention to revoke the proxy you previously submitted and instead vote in person at the Annual Meeting. If your shares are held in the name of a broker, trustee, bank or other nominee, please bring a proxy from the broker, trustee, bank or other nominee with you to confirm you are entitled to vote the shares.

Sincerely,

/s/ R. Eddie Dixon, Jr.

Vice President, General Counsel and Secretary

April 1, 2019

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**NATIONAL INSTRUMENTS CORPORATION**

**PROXY STATEMENT**

**INFORMATION CONCERNING SOLICITATION AND VOTING**

**General**

The Board of Directors (the **Board**) of National Instruments Corporation, a Delaware corporation ( **NI** ), has made proxy materials available to you on the Internet or, upon your request, has delivered printed versions of proxy materials to you by mail, in connection with the Board's solicitation of proxies for use at NI's 2019 Annual Meeting of Stockholders (the **Annual Meeting**) to be held on May 14, 2019, at 9:00 a.m., local time, or at any adjournments or postponements thereof, for the purposes set forth in this Proxy Statement and in the accompanying Notice of Annual Meeting of Stockholders. The Annual Meeting will be held at NI's principal executive offices at 11500 North Mopac Expressway, Building C, Austin, Texas 78759. NI's telephone number is (512) 683-0100.

Under rules adopted by the U.S. Securities and Exchange Commission (the **SEC**), NI is furnishing proxy materials to NI's stockholders on the Internet, rather than mailing printed copies of those materials to each stockholder. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a printed copy of the proxy materials unless you request one. Instead, the Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review the proxy materials on the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. We anticipate that the Notice of Internet Availability of Proxy Materials will be mailed to stockholders on or about April 1, 2019.

**Householding of Annual Meeting Materials**

Some brokers and other nominee record holders may be participating in the practice of **householding** notices of Internet availability of proxy materials, proxy statements and annual reports. This means that only one copy of the Notice of Internet Availability of Proxy Materials may have been sent to multiple stockholders living in the same household. We will promptly deliver a separate copy of the Notice of Internet Availability of Proxy Materials and, as applicable, any additional proxy materials to any stockholder who contacts our investor relations department at 11500 North Mopac Expressway, Austin, Texas 78759-3504, (512) 683-8092, requesting such copies. If stockholders living in the same household are receiving multiple copies of the Notice of Internet Availability of Proxy Materials or the printed versions of such other proxy materials and would like to receive a single copy of these documents in the future, the stockholders should contact their broker, other nominee record holder, or our investor relations department to request mailing of a single copy of any of these documents.

**Record Date; Outstanding Shares**

Stockholders of record at the close of business on March 15, 2019 (the **Record Date**) are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, 132,899,759 shares of NI's common stock, \$0.01 par value, were issued and outstanding.

**Voting and Solicitation**

Every stockholder of record on the Record Date is entitled, for each share held, to one vote on each proposal that comes before the Annual Meeting. In the election of directors in Proposal One, each stockholder will be entitled to



vote for two nominees and the two nominees with the greatest number of votes will be elected. However, any nominee for director in an uncontested election who receives a greater number of votes withheld from his or her election than votes for such election shall promptly

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tender his or her resignation following certification of the stockholder vote. See Proposal One: Election of Directors Vote Required; Recommendation of Board of Directors for additional information on these guidelines.

The affirmative vote of the holders of a majority of the votes cast on the proposal at the Annual Meeting will be required to approve Proposals Two, Three and Four.

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may vote on the Internet, by telephone or, if you received a paper copy of the proxy materials, by completing, signing and mailing the proxy card enclosed therewith in the postage-prepaid envelope provided for that purpose. Voting over the Internet, by telephone or by written proxy will ensure your representation at the Annual Meeting, if you do not attend in person. For specific instructions on how to vote your shares, please review the instructions on the Notice of Internet Availability of Proxy Materials you received in the mail or the proxy card if you received a paper copy of the proxy materials.

The cost of this solicitation will be borne by NI. NI may reimburse expenses incurred by brokerage firms and other persons representing beneficial owners of shares in forwarding solicitation materials to beneficial owners. Proxies may be solicited by certain of NI's directors, officers and other employees, without additional compensation, personally, by telephone or by email.

## **Treatment of Abstentions and Broker Non-Votes**

Abstentions will be counted for purposes of determining (i) either the presence or absence of a quorum for the transaction of business and (ii) the total number of votes cast with respect to a proposal (other than the election of directors). Accordingly, abstentions will have no effect on the election of directors in Proposal One, and abstentions will have the same effect as a vote against Proposals Two, Three and Four.

While broker non-votes will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, broker non-votes will not be counted for purposes of determining the number of votes cast with respect to the particular proposal on which the broker has expressly not voted. Thus, broker non-votes will not affect the outcome of the voting on Proposals One, Two, Three or Four.

A broker will vote your shares only if the proposal is a matter on which your broker has discretion to vote (such as the ratification of our independent registered public accounting firm in Proposal Three), or if you provide instructions on how to vote by following the instructions provided to you by your broker.

## **Tabulation and Reporting of Voting Results**

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be tallied by the inspector of election after the taking of the vote at the Annual Meeting. NI will publish the final voting results in a Current Report on Form 8-K filed with the SEC within four business days following the Annual Meeting.

## **Revocability of Proxies**

Proxies given pursuant to this solicitation may be revoked at any time before they have been used. You may change or revoke your proxy by entering a new vote by Internet or by telephone or by delivering a written notice of revocation to the Secretary of NI or by completing a new proxy card bearing a later date (which automatically revokes the earlier proxy instructions). Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request by notifying the inspector of elections of your intention to revoke your proxy and

vote in person at the Annual Meeting.

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**DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS**

Stockholders of NI may submit proper proposals for inclusion in NI's Proxy Statement and for consideration at the annual meeting of stockholders to be held in 2020 by submitting their proposals in writing to the Secretary of NI in a timely manner. In order to be considered for inclusion in NI's proxy materials for the annual meeting of stockholders to be held in 2020, stockholder proposals must be received by the Secretary of NI no later than December 3, 2019, and must otherwise comply with the requirements of Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Under NI's amended Bylaws a stockholder (or a group of not more than 20 stockholders) that has held at least 3% of NI's outstanding common stock continuously for at least three years may nominate and include in our proxy materials for our 2020 annual meeting, director nominees constituting up to the greater of 20% of the number of persons serving on the Board or two directors, provided that such nominees do not exceed half of the directors to be elected at an annual meeting and that the requirements set forth in the Bylaws are satisfied. To utilize such proxy access nomination process, among other things, the electing stockholder(s) and proposed nominee(s) must comply with the detailed requirements set forth in our Bylaws, including the provision of the proposing stockholder information, various other required information, representations, undertakings, agreements and other requirements as set forth in the Bylaws and as required by law. One such requirement is that the nomination(s) must be received in a timely manner between 120 days and 150 days prior to the anniversary of the date our proxy statement was first sent to stockholders in connection with the last annual meeting, which for our proxy materials for the 2020 annual meeting would be no earlier than November 3, 2019 and no later than December 3, 2019.

NI's bylaws establish an advance notice procedure with regard to business to be brought before an annual meeting, including stockholder proposals not included in NI's Proxy Statement. For director nominations or other business to be properly brought before NI's 2020 annual meeting by a stockholder, such stockholder must deliver written notice to the Secretary of NI at NI's principal executive office no later than February 1, 2020 and no earlier than January 2, 2020. If the date of NI's 2020 annual meeting is advanced or delayed by more than 30 calendar days from the first anniversary date of the 2019 Annual Meeting, your notice of a proposal will be timely if it is received by NI by the close of business on the later of (i) the 90th day prior to the 2020 annual meeting and (ii) the 10th day following the day NI first publicly announces the date of the 2020 annual meeting.

The proxy grants the proxy holders discretionary authority to vote on any matter raised at the Annual Meeting. If a stockholder fails to comply with the foregoing notice provisions, proxy holders will be allowed to use their discretionary voting authority on such matter should the stockholder proposal come before the 2020 annual meeting.

The description of certain provisions of the Bylaws above is intended as a summary and is qualified in its entirety by reference to the relevant Bylaw provisions regarding the requirements for making stockholder proposals and nominating director candidates. A copy of the full text of the bylaw provisions governing the notice requirements set forth above may be obtained by writing to the Secretary of NI. All notices of proposals and director nominations by stockholders should be sent to National Instruments Corporation, 11500 North Mopac Expressway, Building C, Austin, Texas 78759, Attention: Corporate Secretary.

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**PROPOSAL ONE: ELECTION OF DIRECTORS**

**General**

NI's Board of Directors is divided into three classes, with the term of the office of one class expiring each year. The authorized number of directors which constitutes the entire Board of Directors is currently nine, with three directors in Class I, three directors in Class II, and three directors in Class III.

The terms of office of Class I directors Mr. John M. Berra, Mr. James E. Cashman, III and Mr. Liam K. Griffin will expire at the 2019 annual meeting. On September 19, 2018, Mr. Berra informed the Board that he will not stand for re-election as a director at the Annual Meeting. Mr. Berra's decision was taken in consideration of the retirement policy provisions of NI's Corporate Governance Guidelines. There was no disagreement or dispute between Mr. Berra and NI that led to his decision not to stand for re-election. Upon completion of Mr. Berra's current term as a director, the Board intends to reduce the size of the board to eight members. NI's Board of Directors has nominated Mr. James E. Cashman, III and Mr. Liam K. Griffin for election at the Annual Meeting as Class I directors to serve for a term of three years. The terms of office of Class II directors Mr. Jeffrey L. Kodosky, Mr. Michael E. McGrath, and Mr. Alexander M. Davern will expire at the 2020 annual meeting. The terms of office of Class III directors Mr. Charles J. Roesslein, Ms. Duy-Loan T. Le, and Dr. Gerhard P. Fettweis will expire at the 2021 annual meeting.

Under the listing requirements of the Nasdaq Stock Market (Nasdaq), a majority of the Board of Directors must be comprised of independent directors. The Board of Directors has determined that each of Mr. Roesslein, Ms. Le, Mr. Berra, Mr. McGrath, Dr. Fettweis, Mr. Cashman and Mr. Griffin is independent under applicable Nasdaq listing standards and Rule 10A-3 of the Securities Exchange Act of 1934.

**Vote Required; Recommendation of Board of Directors**

The nominees receiving the highest number of affirmative votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote in the election of directors shall be elected to the Board of Directors. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum, but have no legal effect under Delaware law. Cumulative voting is not permitted by NI's Certificate of Incorporation.

Under NI's Corporate Governance Guidelines, any nominee for director in an uncontested election (i.e., an election where the only nominees are those recommended by the Board) who receives a greater number of votes withheld from his or her election than votes for such election shall promptly tender his or her resignation following certification of the stockholder vote. In such event, the Nomination and Governance Committee will promptly consider the tendered resignation and will recommend to the Board whether to accept the tendered resignation or to take some other action, such as rejecting the tendered resignation and addressing the apparent underlying causes of the withheld votes. In making this recommendation, the Nomination and Governance Committee will consider all factors deemed relevant by its members including, without limitation, the underlying reasons why stockholders withheld votes for election from such director (if ascertainable), the length of service and qualifications of the director whose resignation has been tendered, the director's contributions to NI, whether by accepting such resignation NI will no longer be in compliance with any applicable law, rule, regulation or governing document, and whether or not accepting the resignation is in the best interests of NI and its stockholders.

The Board will promptly act on the Nomination and Governance Committee's recommendation no later than 90 days following its receipt of such recommendation. In considering the Nomination and Governance Committee's recommendation, the Board will consider the factors considered by the Nomination and Governance Committee and such additional information and factors the Board believes to be relevant.



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Unless otherwise instructed, the proxy holders will vote the proxies received by them for NI's nominees named below. If any nominee of NI is unable or declines to serve as a director at the time of the Annual Meeting, the proxies will be voted for any nominee who is designated by the present Board of Directors to fill the vacancy. It is not expected that any nominee will be unable or will decline to serve as a director.

***The Board Of Directors unanimously recommends a vote FOR the nominees listed below.***

***Nominees for Election at the Annual Meeting***

The Nomination and Governance Committee, consisting solely of independent directors as determined under applicable Nasdaq listing standards, recommended the two individuals set forth in the table below for nomination by our full Board of Directors. Based on such recommendation, our Board of Directors nominated such directors for election at the Annual Meeting. The Board of Directors has determined that each of the two individuals set forth in the table below is independent under applicable Nasdaq listing standards and Rule 10A-3 of the Securities Exchange Act of 1934. The following sets forth information concerning the nominees for election as directors at the Annual Meeting, including information as to each nominee's age as of the Record Date, current principal occupation and business experience.

**James E. Cashman, III, 65 - Director since March 2019; Board Chairman of ANSYS, Inc; Former President and Chief Executive Officer of ANSYS, Inc.**

***Business Experience:*** Mr. Cashman is Chairman of ANSYS Inc, an engineering simulation software company. Prior to becoming Chairman of ANSYS in January 2017, Mr. Cashman was the Chief Executive Officer and a director of ANSYS from February 2000 through December 2016. Prior to his general management role with ANSYS, Mr. Cashman served as Senior Vice President of Operations of ANSYS from September 1997 to April 1999. He also served from 1995 to 1997 as Vice President of Marketing and International Operations at PAR Technology Corporation, a computer software and hardware company, and from 1992 to 1994 he was Vice President of Product Development and Marketing at Metaphase Technology, Inc., a product data management company, which was a joint venture of Structural Dynamics Research Corporation and Control Data Systems. From 1976 to 1992 he worked in various sales and technical positions at Structural Dynamics Research Corporation, a computer-aided design company. Mr. Cashman holds a bachelor's degree in Mechanical Engineering and a master's degree in Business Administration, both from the University of Cincinnati.

The Board concluded that Mr. Cashman should be nominated and serve as a director because he brings a wealth of experience in the areas of technical, financial, operations and sales management and has been key to the success of numerous computer-aided design, product data management, transaction processing, and computer-aided engineering companies. In each role, Mr. Cashman has focused on developing clarity-of-vision and giving appropriate guidance to provide strong leadership.

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**Liam K. Griffin, 52 - Director since March 2019; President, Chief Executive Officer and Director of Skyworks Solutions, Inc.**

***Business Experience:*** Mr. Griffin is President and Chief Executive Officer and a director of Skyworks Solutions, Inc. Prior to his appointment as Chief Executive Officer and to the board of directors of Skyworks in May 2016, he had served as President of Skyworks since May 2014. Mr. Griffin also served in the following positions at Skyworks: from November 2012 to May 2014, as Executive Vice President and Corporate General Manager, from May 2011 to November 2012, as Executive Vice President, High Performance Analog, and from August 2001 to May 2011, as Senior Vice President of Sales and Marketing. He also served from 1995 to 2001 as Vice President of North American Sales and then Vice President of Worldwide Sales at Vectron International, a division of Dover Corporation. Prior to that, Mr. Griffin was a Marketing Manager at AT&T Microelectronics, Inc. and a Product and Process Engineer at AT&T Network Systems. Mr. Griffin holds a bachelor's degree in Mechanical Engineering from the University of Massachusetts-Amherst and a master's degree in Business Administration from Boston University. He is currently a director of Vicor Corporation, a publicly traded company.

The Board concluded that Mr. Griffin should serve as a director because of his breadth of leadership experience and in-depth understanding of the semiconductor industry and its competitive landscape gained through serving in several different executive positions at Skyworks over the past 15 years. His service as a director for Vicor Corporation gives Mr. Griffin added perspective as to the challenges confronting public technology companies. In considering the independence of Mr. Griffin, it was noted that Mr. Griffin is Chief Executive Officer, President and a director of Skyworks and that NI has a commercial relationship with Skyworks and received revenue of approximately \$3.6 million (\$3.4 million net of credits) from sales to Skyworks in the ordinary course of business for the year ended December 31, 2018. Given the relative size of the businesses of NI and Skyworks, it was determined that such relationship was not a material interest under applicable SEC and Nasdaq regulations.

**INCUMBENT DIRECTORS WHOSE TERMS OF OFFICE**

**CONTINUE AFTER THE ANNUAL MEETING**

The following sets forth information concerning the directors whose terms of office continue after the Annual Meeting, including information as to each director's age as of the Record Date, current principal occupation and business experience.

**Jeffrey L. Kodosky, 69 - Director since 1976; Fellow of NI.**

***Business Experience:*** Mr. Kodosky co-founded NI in 1976. He was appointed Vice President of NI in 1978 and served as Vice President, Research and Development from 1980 to 2000. Since 2000, he has held the position of Business and Technology Fellow. Prior to 1976, he was employed at Applied Research Laboratories at the University of Texas at Austin. Mr. Kodosky received his bachelor's degree in Physics



from Rensselaer Polytechnic Institute.

The Board concluded that Mr. Kodosky should serve as a director since he is a founder of NI, a highly respected mentor in the NI global R&D organization and he continues to chart new directions for NI's flagship product, LabVIEW. Mr. Kodosky has developed more than 30 patented LabVIEW technologies and his ongoing work has helped NI grow this software into an award-winning industry programming environment that addresses a variety of industries and application areas.

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**Michael E. McGrath, 69 - Director since May 2014; Former Chief Executive Officer of i2 Technologies and Pittiglio Rabin Todd & McGrath, Business Strategy Consultant.**

***Business Experience:*** Mr. McGrath is an experienced executive, director, entrepreneur and author. His areas of expertise include strategy, product development, decision-making techniques, supply chain, and autonomous vehicles. He served as a director of i2 Technologies, a supply chain management and software services company, from September 2004 to May 2008, and as its CEO and President from February 2005 to July 2007. He served on the board of directors of Entrust, Inc., from February 2007, and as Chairman of the Board starting in November 2008, until the company was sold in July 2009. He served as executive chairman of the board of The Thomas Group from February 2008 to March 2012, and as acting CEO for a period of time. The Thomas Group filed for bankruptcy protection in March 2012. He also served on the board of Sensable Technologies from 2000 until 2009 and served on the board of Revolution Analytics from 2014 until 2015. He was a founder and the Chief Executive Officer of Pittiglio Rabin Todd & McGrath, a global management consulting firm, for 28 years, retiring from the firm in July 2004. Mr. McGrath is the author of *Autonomous Vehicles: Opportunities, Strategies, and Disruptions*, *Product Strategy for High-Technology Companies*, *Business Decisions*, and other books. Mr. McGrath received his bachelor's degree in Computer Science from Boston College, and his master's degree in Business Administration from Harvard Business School.

The Board concluded that Mr. McGrath should serve as a director because he has an extensive background in product development strategy, strategic product marketing, and software services. Having served as CEO of i2 Technologies, a vendor of supply chain management software, he has knowledge of software systems, experience selling into corporate opportunities, and experience developing large accounts. In particular, he has experience with management functions including software marketing and sales force management activities, and software development. He is an experienced consultant and author with knowledge of cloud computing and smartmobile applications, which are relevant for NI's business. Mr. McGrath serves as the Chair of the Board of Directors. He serves as a member of the Audit Committee, a member of the Compensation Committee and a member of the Nomination and Governance Committee.

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**Alexander M. Davern, 52 - Director since January 2017; Chief Executive Officer of NI.**

***Business Experience:*** Mr. Davern joined NI in February 1994 and has served as Chief Executive Officer since January 2017. He previously served as President from January 2017 to October 2018. He served as Chief Operating Officer, Executive Vice President, Chief Financial Officer and Treasurer from October 2010 to December 2016. Mr. Davern served as NI's Chief Financial Officer, Senior Vice President, IT and Manufacturing Operations and Treasurer from December 2002 to October 2010; as Chief Financial Officer and Treasurer from December 1997 to December 2002; as Acting Chief Financial Officer and Treasurer from July 1997 to December 1997; and as Corporate Controller and International Controller. Prior to joining NI, Mr. Davern worked both in Europe and in the United States for the international accounting firm of Price Waterhouse, LLP. Mr. Davern received his bachelor's degree in Commerce and a diploma in professional accounting from University College in Dublin, Ireland. Mr. Davern is a director of Cirrus Logic, Inc., a publicly traded company.

The Board concluded that Mr. Davern should serve as a director because he is NI's Chief Executive Officer and has held other executive officer positions with NI for over 19 years. In these roles, Mr. Davern has gained extensive knowledge of NI's business, financial and operations matters, and the Board believes that Mr. Davern is well suited to help define and execute NI's corporate strategy. Mr. Davern also serves as a director for another publicly traded company and has strong expertise in governance matters.

**Charles J. Roesslein, 70 - Director since July 2000; Former Chief Executive Officer of Austin Tele-Services, LLC.**

***Business Experience:*** Mr. Roesslein was the co-founder and Chief Executive Officer of Austin Tele-Services, LLC, which is in the secondary market for telecom and IT assets, from 2004 until 2016 when his interests were sold. During 2000, Mr. Roesslein served as the Chairman of the Board of Directors and President of Prodigy Communications Corporation, an internet service provider. He served as President of SBC-CATV, a cable television service provider, from 1999 until 2000, and as President of SBC Technology Resources, the applied research division of SBC Communications Inc., from 1997 until 1999. Prior to 1997, Mr. Roesslein served in executive officer positions with SBC Communications, Inc. and Southwestern Bell. Mr. Roesslein holds a bachelor's degree in Mechanical Engineering from the University of Missouri-Columbia and a master's degree in Finance from the University of Missouri-Kansas City. Mr. Roesslein is currently a director of Atlantic Tele-Network, Inc., a publicly traded company.

The Board concluded that Mr. Roesslein should serve as a director because he brings a wealth of financial and executive experience to the Board including extensive experience in the development of large accounts while serving Southwestern Bell Corporation's customers. He also has a strong financial background, having served as Vice President and Chief Financial Officer of Southwestern Bell Publications and as Vice President and Chief Financial Officer of Southwestern Bell Telephone Company. Mr. Roesslein has an

extensive high level background in the telecom industry and in telecom technologies. He serves as a member of the Audit Committee and a member of the Nomination and Governance Committee.

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**Table of Contents****Duy-Loan T. Le, 56 - Director since September 2002; Former Senior Fellow of Texas Instruments, Inc.**

**Business Experience:** Ms. Le retired in July 2017 from Texas Instruments Inc. ( TI ), one of the leading semiconductor companies in the world. Ms. Le was elected Senior Fellow in 2002 and is the only woman in TI 's history elected to this highest Fellow rank. She held various leadership positions at TI, including Advanced Technology Ramp Manager for the Embedded Processing Division and worldwide project manager for the Memory Division. While at TI, Ms. Le led all aspects of execution for advanced technology nodes, including silica technology development, design, assembly and test, productization, qualification, release to market, high volume ramp, and quality and reliability assurance. She has experience opening international offices and developing engineering talent for the TI business. Ms. Le has been awarded 24 patents. She holds a bachelor 's degree in Electrical Engineering from the University of Texas at Austin and a master 's degree in Business Administration from the Bauer College of Business at the University of Houston. Ms. Le is currently a director of Ballard Power Systems, a publicly traded company, and of CREE, Inc., a publicly traded company.

The Board concluded that Ms. Le should serve as a director because she has extensive experience managing platform-based product development and is a results-oriented and highly accomplished technology executive with extensive experience in various aspects of semiconductor design and manufacture, including operations, research and development, product launch, customer interfacing, foundry partnership, and supply chain management while at TI. She also managed global R&D centers for TI, and these centers span multiple countries, disciplines, businesses, and organizations across TI. She has over 20 years of process manufacturing experience. These skills and knowledge are relevant for NI 's business. She serves as a member of the Audit Committee, a member of the Nomination and Governance Committee, and a member of the Compensation Committee.

**Gerhard P. Fettweis, PhD, 57 - Director since March 2016; Vodafone Chair Professor at the Technical University of Dresden.**

**Business Experience:** Since September 1994, Dr. Fettweis has served as the Vodafone Chair Professor of Electrical Engineering at the Technical University of Dresden, where his research focuses on next generation wireless systems. In connection with that role, he has spun-out twelve startup companies from the university. From August 2015 to February 2016, he served as a visiting professor at the University of California at Berkeley and as a senior researcher at the International Computer Science Institute. Dr. Fettweis is a member of the German National Academy of Science and Engineering and a fellow of the Institute of Electrical and Electronics Engineers ( IEEE ). He has received numerous awards recognizing his contributions in the field of electrical engineering. Dr. Fettweis has authored or co-authored two books and is listed as an inventor on over thirty issued patents. Dr. Fettweis received his Dipl.-Ing. in Electrical Engineering in 1986 and his PhD in Electrical Engineering in 1990, each from Aachen University of Technology.

The Board concluded that Dr. Fettweis should serve as a director because of his strong technical background and extensive knowledge in electrical engineering, as well as his experience in science, technology and business. Additionally, he is very involved in the scientific community and has leadership and management experience through his role as the Vodafone Chair Professor at the Technical University of Dresden. He serves as a member of the Compensation Committee and a member of the Nomination and Governance Committee.

There is no family relationship between any director, director nominee or executive officer of NI.

**Table of Contents****SECURITY OWNERSHIP**

The following table sets forth the beneficial ownership of NI's common stock as of the Record Date (i) by all persons known to NI, based on statements filed by such persons pursuant to Section 13(d) or 13(g) of the Exchange Act, to be the beneficial owners of more than 5% of NI's common stock, (ii) by each of the executive officers named in the Summary Compensation Table under Executive Compensation, (iii) by each director and director nominee, and (iv) by all current directors and executive officers as a group:

Name of Person or Entity	Number of Shares (1)	Approximate Percentage Owned (2)
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	11,636,381 (3)	8.76%
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10055	11,625,479 (4)	8.75%
Janus Henderson Group PLC 201 Bishopsgate United Kingdom EC2M 3AE	11,153,328 (5)	8.39%
James J. Truchard Marital Trust 3816 Hunterwood Point Austin, Texas 78746	10,770,347 (6)	8.10%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, Maryland 21202	8,219,712 (7)	6.18%

Jeffrey L. Kodosky	1,800,437 (8)	1.35%
Alexander M. Davern	192,649 (9)	*%
Eric H. Starkloff	43,124 (10)	*%
Karen M. Rapp	14,392 (11)	*%
Scott A. Rust	26,890 (12)	*%
John C. Roiko	19,720 (13)	*%
Charles J. Roesslein	102,575 (14)	*%
Duy-Loan T. Le	98,318 (15)	*%
John M. Berra	40,959 (16)	*%
Michael E. McGrath	23,663 (17)	*%
Gerhard P. Fettweis	12,145 (18)	*%
James E. Cashman, III		
Liam K. Griffin		
All executive officers and directors as a group (13 persons)	2,374,872 (19)	1.79%

\* Represents less than 1% of the outstanding shares of our common stock.

(1) Except as indicated in the footnotes to this table, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community



property laws where applicable.

- (2) For each individual and group included in the table, percentage owned is calculated by dividing the number of shares beneficially owned by such person or group as described above by the sum of the 132,899,759 shares of common stock outstanding on March 15, 2019 and the number of shares

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of common stock that such person or group had the right to acquire on or within 60 days of March 15, 2019, including restricted stock units ( RSUs ).

- (3) The information as to beneficial ownership is based on a Schedule 13G/A filed with the SEC on February 11, 2019, reflecting beneficial ownership as of December 31, 2018. The Schedule 13G/A states that The Vanguard Group and/or its subsidiaries have sole voting power with respect to 61,435 shares of common stock, shared voting power with respect to 16,983 shares of common stock, sole dispositive power with respect to 11,570,452 shares of common stock and shared dispositive power with respect to 65,929 shares of common stock.
- (4) The information as to beneficial ownership is based on a Schedule 13G/A filed with the SEC on February 6, 2019, reflecting beneficial ownership as of December 31, 2018. The Schedule 13G/A states that BlackRock, Inc. and/or its subsidiaries have sole voting power with respect to 10,923,467 shares of common stock and sole dispositive power with respect to 11,625,479 shares of common stock.
- (5) The information as to beneficial ownership is based on a Schedule 13G/A filed with the SEC on February 12, 2019, reflecting beneficial ownership as of December 31, 2018. The Schedule 13G/A states that Janus Henderson Group PLC and/or its subsidiaries have shared voting power with respect to 11,153,328 shares of common stock and shared dispositive power with respect to 11,153,328 shares of common stock.
- (6) The information as to beneficial ownership is based on a Schedule 13G filed with the SEC on February 24, 2015, reflecting beneficial ownership as of December 31, 2014. The Schedule 13G states that the James J. Truchard Marital Trust has sole voting power with respect to 10,770,347 shares of common stock and sole dispositive power with respect to 10,770,347 shares of common stock.
- (7) The information as to beneficial ownership is based on a Schedule 13G/A filed with the SEC on February 14, 2019, reflecting beneficial ownership as of December 31, 2018. The Schedule 13G/A states that T. Rowe Price Associates, Inc. and/or its subsidiaries have sole voting power with respect to 2,470,839 shares of common stock and sole dispositive power with respect to 8,219,712 shares of common stock.
- (8) Includes an aggregate of 874,600 shares held in two trusts for the benefit of Mr. Kodosky's daughters for which Mr. Kodosky is the trustee; includes 78,929 shares held by a non-profit corporation of which Mr. Kodosky is president and his wife, Gail T. Kodosky, is secretary; includes 80,000 shares held by a charitable remainder trust for the benefit of Mr. Kodosky and his wife; includes 6,000 shares held in a charitable remainder trust for the benefit of Mr. Kodosky's brother of which Mr. Kodosky is the sole trustee with investment power over the securities held therein; includes an aggregate of 55,620 shares held in three trusts for non-immediate family members of Mr. Kodosky of which Mr. Kodosky is the sole trustee with investment power over the securities held therein; and includes 352,373 shares owned by his wife. Mr. Kodosky disclaims beneficial ownership of the shares owned by his wife. Includes 544 shares subject to RSUs of Mr. Kodosky which vest within 60 days of March 15, 2019. Cumulatively, Jeffrey and Gail Kodosky control and/or beneficially own a total of 1,800,437 shares.

- (9) Includes 38,831 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (10) Includes 21,946 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (11) Includes 10,000 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (12) Includes 15,403 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (13) Includes 4,356 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (14) Includes 3,982 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (15) Includes 3,982 shares subject to RSUs which vest within 60 days of March 15, 2019.
- (16) Includes 3,982 shares subject to RSUs which vest within 60 days of March 15, 2019.

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(17) Includes 3,982 shares subject to RSUs which vest within 60 days of March 15, 2019.

(18) Includes 5,524 shares subject to RSUs which vest within 60 days of March 15, 2019.

(19) Includes 112,532 shares subject to RSUs which vest within 60 days of March 15, 2019.

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**CORPORATE GOVERNANCE**

**Board Meetings and Committees**

The Board of Directors of NI held a total of six meetings during 2018. The Board of Directors has a standing Audit Committee, Compensation Committee, and Nomination and Governance Committee.

During 2018, all directors attended 100% of the meetings of the Board of Directors and committees of the Board of Directors on which he or she served, other than Mr. Kodosky. Mr. Kodosky attended four of six Board meetings, one of which non-attended meetings was scheduled on short notice. NI encourages, but does not require, its board members to attend NI's annual meeting of stockholders. In 2018, six of our directors attended NI's annual meeting.

**Board Leadership Structure**

In September 2018, the Board appointed Mr. McGrath, an independent member of the Board, as Chair of the Board of Directors. In such role, Mr. McGrath is responsible for coordinating the activities of the Board, chairing all meetings of the Board, developing agendas for such meetings, building a productive relationship between the Board and the Chief Executive Officer ( CEO ), and assisting the Board in fulfilling its oversight responsibilities in NI's strategy, risk oversight and succession planning. The Board believes its current leadership structure best serves the objectives of the Board's oversight of management, the Board's ability to carry out its roles and responsibilities on behalf of NI's stockholders, and NI's overall corporate governance. The Board also believes that the separation of the Chair and CEO roles allows the CEO to focus his time and energy on operating and managing NI, while leveraging the Chair's experience and perspectives. The Board periodically reviews its leadership structure to determine whether it continues to best serve NI and its stockholders.

The NI Board oversees risk management in a number of ways. The Audit Committee oversees the management of financial and accounting related risks as an integral part of its duties. Similarly, the Compensation Committee considers risk management when setting the compensation policies and programs for NI's executive officers and other employees. The full Board of Directors receives reports on various risk related items at each of its regular meetings including risks related to NI manufacturing operations, intellectual property, taxes, products and employees. The Board also receives periodic reports on NI's efforts to manage such risks through safety measures, insurance or self-insurance.

**Communications to the Board of Directors**

Stockholders may communicate with members of the Board of Directors by mail addressed to the Chair, any other individual member of the Board, to the full Board, or to a particular committee of the Board. In each case, such correspondence should be sent to the following address: 11500 North Mopac Expressway, Building C, Austin, Texas 78759, Attention: Corporate Secretary. Correspondence received that is addressed to the members of the Board of Directors will be reviewed by NI's General Counsel or his designee, who will forward such correspondence to the appropriate members of the Board of Directors.

**Audit Committee**

The Audit Committee, which currently consists of directors Charles J. Roesslein (Chair), Duy-Loan T. Le, John M. Berra, and Michael E. McGrath, met five times during 2018. The Audit Committee appoints, compensates, retains and oversees the engagement of NI's independent registered public accounting firm, reviews with such independent registered public accounting firm the plan, scope and results of their examination of NI's consolidated financial

statements and reviews the independence of such independent registered public accounting firm. The Audit Committee maintains free and open

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communication with NI's independent registered public accounting firm and the internal audit department, overseeing the internal audit function and NI's management team. The Audit Committee inquires about any significant risks or exposures and assesses the steps management has taken to minimize such risks to NI, including the adequacy of insurance coverage and the strategy for management of foreign currency risk. The Audit Committee also reviews NI's compliance with matters relating to environmental, Equal Employment Opportunity Commission, export and SEC regulations. The Audit Committee has established procedures to promote and protect employee reporting of (i) suspected fraud or wrongdoing relating to accounting, auditing or financial reporting matters and (ii) complaints and concerns regarding a violation of the federal securities laws, including (A) receiving, retaining and addressing complaints received by NI relating to such matters, (B) enabling employees to submit on a confidential and anonymous basis any concerns regarding such matters; and (C) protecting reporting employees from retaliation. The Board of Directors believes that each member of the Audit Committee is an independent director as that term is defined by the Nasdaq listing standards and Rule 10A-3 of the Securities Exchange Act of 1934. The Board of Directors has determined that Mr. Roesslein is an audit committee financial expert within the meaning of SEC rules. The charter of the Audit Committee is available on NI's website at [http://www.ni.com/pdf/nati/us/audit\\_committee\\_charter.pdf](http://www.ni.com/pdf/nati/us/audit_committee_charter.pdf).

**Nomination and Governance Committee**

The Nomination and Governance Committee, which currently consists of directors John M. Berra (Chair), Charles J. Roesslein, Michael E. McGrath, Duy-Loan T. Le, and Gerhard P. Fettweis, each of whom was deemed to be an independent director as that term is defined by the Nasdaq listing standards, met five times during 2018. The Nomination and Governance Committee recommends to the Board of Directors the selection criteria for board members, compensation of outside directors, appointment of board committee members and committee chairpersons, and develops board governance principles. The Nomination and Governance Committee will consider nominees recommended by stockholders provided such recommendations are made in accordance with procedures described in this Proxy Statement under **Deadline for Receipt of Stockholder Proposals**. When considering a potential director candidate, the Nomination and Governance Committee looks for demonstrated character, judgment, relevant business, functional and industry experience, and a high degree of acumen. The Nomination and Governance Committee also considers issues of diversity, such as education, gender, professional experience and differences in viewpoints and skills. The Nomination and Governance Committee does not have a formal policy with respect to diversity; however, the Board of Directors and the Nomination and Governance Committee believe that it is important that the members of the Board of Directors represent diverse viewpoints. The Nomination and Governance Committee's process for identifying and evaluating nominees typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. There are no differences in the manner in which the Nomination and Governance Committee evaluates nominees for director based on whether the nominee is recommended by a stockholder. The Nomination and Governance Committee engaged SpencerStuart, an executive search firm, to assist the committee in identifying and evaluating potential nominees. As part of its engagement, SpencerStuart identified James Cashman and Liam Griffin as nominees for director. The charter of the Nomination and Governance Committee is available on NI's website at [http://www.ni.com/pdf/nati/us/n\\_and\\_g\\_charter\\_final.pdf](http://www.ni.com/pdf/nati/us/n_and_g_charter_final.pdf).

**Compensation Committee**

The Compensation Committee, which currently consists of directors Duy-Loan T. Le (Chair), John M. Berra, Michael E. McGrath, and Gerhard P. Fettweis, each of whom was deemed to be an independent director as that term is defined by applicable SEC rules, Nasdaq listing standards and other requirements, met five times during 2018. The charter of the Compensation Committee is available on NI's website at [http://www.ni.com/pdf/nati/us/comp\\_charter.pdf](http://www.ni.com/pdf/nati/us/comp_charter.pdf).

Under the terms of its charter, the Compensation Committee recommends the compensation of NI's Chief Executive Officer to the independent members of the Board for approval, evaluates the



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performance of NI's executive officers, and establishes the salaries and cash bonus compensation of the executive officers. When establishing the salaries and cash bonus compensation for the executive officers other than the Chief Executive Officer, the Compensation Committee considers the recommendations of the Chief Executive Officer. The Compensation Committee also periodically examines NI's compensation structure to evaluate whether NI is rewarding its officers and other personnel in a manner consistent with sound industry practices and makes recommendations on such matters to NI's management and Board of Directors. The Compensation Committee also has oversight responsibility for NI's 2015 Equity Incentive Plan (the "2015 Incentive Plan"), NI's 2010 Incentive Plan (the "2010 Incentive Plan"), and NI's Employee Stock Purchase Plan. The Board of Directors may by resolution prescribe additional authority and duties to the Compensation Committee.

The Compensation Committee obtains input from NI's Chief Executive Officer, Mr. Davern, when discussing the performance of, and compensation levels for, executives other than himself. The Compensation Committee also works closely with Mr. Davern and NI's Vice President of Global Human Resources and others as required in evaluating the financial, accounting, tax and retention implications of NI's various compensation programs. The Vice President of Global Human Resources regularly attends the meetings of the Compensation Committee and, at such meetings, provides advice on compensation matters to the Compensation Committee. The Vice President of Global Human Resources also provides guidance to the Compensation Committee concerning compensation matters as they relate to NI's executive officers. Neither Mr. Davern, the Vice President of Global Human Resources, nor any of NI's other executives participates in deliberations relating to his or her own compensation.

The Compensation Committee's charter does not contain a provision providing for the delegation of its duties to other persons. The Compensation Committee has not delegated any of its authority.

For a discussion of NI's utilization of compensation consultants, see "Executive Compensation" Compensation Discussion and Analysis.

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**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The members of the Compensation Committee are set forth in the Corporate Governance Compensation Committee section of this Proxy Statement and do not include any NI executive officers. During 2018, no NI executive officer served on the compensation committee (or equivalent), or the board of directors, of another entity whose executive officer(s) served on NI's Compensation Committee. During 2018, no NI executive officer served on the compensation committee (or equivalent) of another entity whose executive officer(s) served as a member of the NI Board of Directors.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Transactions with Related Persons**

NI had no related party transactions requiring disclosure under applicable SEC rules for the year ended December 31, 2018 and has no such related party transaction currently proposed.

**Policy and Procedures for Review, Approval, or Ratification of Related Party Transactions**

Pursuant to its written charter, the Audit Committee is responsible for reviewing NI's policies relating to the avoidance of conflicts of interests and past or proposed transactions between NI, members of the Board of Directors of NI, and management. NI considers related person transactions to mean all transactions involving a related person, which under SEC rules means an executive officer, director or a holder of more than five percent of NI's common stock, including any of their immediate family members and any entity owned or controlled by such persons. The Audit Committee determines whether the related person has a material interest in a transaction and may approve, ratify, rescind or take other action with respect to the transaction in its discretion.

In any transaction involving a related person, NI's Audit Committee would consider the available material facts and circumstances of the transaction, including: the direct and indirect interests of the related person; the risks, costs and benefits of the transaction to NI; whether any alternative transactions or sources for comparable services or products are available; and, in the event the related person is a director (or immediate family member of a director or an entity with which a director is affiliated), the impact that the transaction will have on such director's independence.

After considering such facts and circumstances, NI's Audit Committee determines whether approval, ratification or rescission of the related person transaction is in NI's best interests. NI's Audit Committee believes that all employees and directors should be free from conflicting interests and influences of such nature and importance as would make it difficult to meet their applicable fiduciary duties and loyalty to NI, and reviews all related party transactions against the foregoing standard.

NI's written policies and procedures for review, approval or ratification of transactions that pose a conflict of interest, including related person transactions, are set forth in its Code of Ethics, which contains, among other policies, a conflicts of interest policy for all employees, including NI's executives, and a conflicts of interest policy for non-employee directors.

Under NI's written conflicts of interest policy applicable to all employees, including NI's executives, every employee is required to report to NI's CEO any information regarding the existence or likely development of conflicts of interest involving themselves or others within NI. While NI provides examples of potential conflicts of interest, such as investments in enterprises that do business with NI, compensation for services to any person or firm which does business with NI, or gifts and loans and entertainment from any person or firm having current or prospective dealings

with NI, the policy applicable to employees expressly states that the examples provided are illustrative only and that each employee should report

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any other circumstance which could be construed to interfere actually or potentially with loyalty to NI. Transactions involving potential conflicts of interests for employees are reviewed by NI's CEO, who makes a determination as to whether there exists any conflict of interest or relationship which violates NI's policies and the appropriate actions to take with respect to such relationship. NI's General Counsel reports to the Audit Committee the conflict of interest reports received and acted upon by the CEO. In the event a report was received concerning a potential conflict of the CEO or a member of the Board of Directors, the Audit Committee would review such matter.

The written conflicts of interest policy applicable to all non-employee directors is substantially similar to the conflicts of interest policy applicable to NI employees, with the exception that every non-employee director is required to report potential conflict of interest situations to the Audit Committee, which is responsible for making the determination as to whether there exists any conflict of interest or relationship which violates such policy. If the Audit Committee determines that a conflict of interest exists, the non-employee director involved will be required to dispose of the conflicting interest to the satisfaction of the Audit Committee.

Table of Contents**BOARD COMPENSATION****Determining Compensation for Non-Employee Directors in 2018**

The Board of Directors, upon the recommendation of the Nomination and Governance Committee, sets non-employee director compensation with the goal of retaining NI's directors and attracting qualified persons to serve as directors. In developing its recommendations, the Nomination and Governance Committee considers director compensation at comparable publicly-traded companies and aims to structure director compensation in a manner that is transparent and easy for stockholders to understand.

The compensation of non-employee directors for the fiscal year ended December 31, 2018 is set forth in the table below.

**DIRECTOR COMPENSATION**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2018**

Name	Fees Earned or Paid in Cash	Stock Awards (1)	Option Awards	All Other Compensation	Total
James J. Truchard (2)	\$	\$	\$	\$	\$
Jeffrey L. Kodosky (3)					
Alexander M. Davern (4)					
Charles J. Roesslein	90,000	175,130			265,130
Duy-Loan T. Le	91,414	175,130			266,544
John M. Berra	92,500	175,130			267,630
Michael E. McGrath	128,696	175,130			303,826
Gerhard P. Fettweis	72,500	175,130			247,630

- (1) Amounts represent the dollar amount recognized for financial statement reporting purposes for 2018 in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 718 ( FASB ASC 718 ). These dollar amounts reflect the aggregate grant date fair value for these stock awards and may not correspond to the actual value that will be recognized by the directors. The grant date fair value of each award is expensed monthly based on the estimated vesting period of the corresponding grant, which is 36 months. Grant date fair value is calculated using the closing price of the day immediately preceding the date of grant multiplied by the number of RSUs granted. On April 25, 2018, Mr. Roesslein, Ms. Le, Mr. Berra, Mr. McGrath, and Dr. Fettweis were each granted 3,561 RSUs. The grant date fair value of each RSU grant was based on the April 24, 2018 closing price of \$49.18 per share. The RSUs granted to Mr. Roesslein, Ms. Le, Mr. Berra, Mr. McGrath, and Dr. Fettweis vest over a three-year period with 1/3rd of the RSUs vesting on each anniversary of the vesting commencement date, which is May 1 of each year. As of December 31, 2018, Mr. Roesslein, Ms. Le, Mr. Berra, and Mr. McGrath each had 7,609 outstanding and unvested RSUs. As of December 31, 2018, Dr. Fettweis had 9,151 outstanding and unvested RSUs.

- (2) On September 19, 2018, Dr. Truchard informed the Board that he was resigning from the Board as of such date in consideration of the retirement policy provisions of our Corporate Governance Guidelines. Dr. Truchard's decision was not the result of any disagreement with NI on any matter related to our operations, policies or practices. Dr. Truchard did not receive any compensation for his service as a director.
- (3) As an employee director, Mr. Kodosky does not receive any additional compensation for his service as a director. Mr. Kodosky is a Business and Technology Fellow, but not a named executive officer, as such term is defined under Item 402(a)(3) of Regulation S-K. Pursuant to SEC rules, the

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compensation that a director receives for services as a Business and Technology Fellow does not need to be reported in the table for Director Compensation.

- (4) As an employee director in 2018, Mr. Davern did not receive any additional compensation for his service as a director. His compensation as an NI named executive officer in 2018 is included in the Summary Compensation Table.

### **Discussion of Director Compensation**

In 2018, the annual compensation for NI's non-employee directors was comprised of cash compensation in the form of an annual retainer, committee chair retainer, committee membership retainer, lead independent director retainer and equity compensation in the form of RSUs. Each of these components is described below. An NI employee director does not receive any additional compensation for his service as a director. Thus, neither Mr. Davern nor Mr. Kodosky receives any compensation for his service as a director.

We last adjusted the cash compensation of our non-employee directors effective October 1, 2017 after consideration of data and advice provided by F.W. Cook, an independent compensation consultant. Based on data previously provided by F.W. Cook, which indicated that the compensation for our non-employee directors was at the lower end of the range of the comparable companies used for executive compensation purposes, non-employee director equity compensation was increased to \$175,000 per year on April 25, 2018.

### ***Annual Board/Committee Retainer Fees***

For 2018, our non-employee directors received cash compensation, payable quarterly, for membership on the board of directors and committees, committee chair positions, the lead independent director position and the independent board chair position. Specifically, non-employee directors receive an annual cash retainer of \$60,000 per year, plus \$10,000 per year for membership on the Audit Committee, \$7,500 per year for membership on the Compensation Committee, and \$5,000 per year for membership on the Nomination and Governance Committee. In addition, the chairpersons of the Audit Committee, Compensation Committee and Nomination and Governance Committee receive an additional \$25,000, \$20,000 and \$15,000 per year, respectively, and the Lead Independent Director receives an additional \$25,000 per year.

In September 2018, the Board appointed NI's first Independent Board Chair. In October 2018, after consideration of data provided by Compensia, an independent compensation consultant, the Board approved an annual cash retainer of \$100,000 per year for the Independent Board Chair effective September 19, 2018. In light of the appointment of an Independent Board Chair, NI no longer has a Lead Independent Director.

The Board in its discretion may pay an overnight meeting fee or special meeting fee for extended meetings, not to exceed \$2,000 per day. An NI employee director does not receive any additional compensation for service as a director.

### ***Non-Employee Director Reimbursement Practice***

Non-employee directors are reimbursed for travel and other out-of-pocket expenses connected to Board service.

### ***Restricted Stock Unit Awards***

Under NI's applicable Incentive Plan, non-employee directors are eligible to receive RSU grants. Specifically, each non-employee director receives an annual grant of RSUs equal to \$175,000 divided



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by the closing price of NI's common stock on the day immediately preceding the date of grant. Under the 2015 Incentive Plan, in 2018, Mr. Roesslein, Ms. Le, Mr. Berra, Mr. McGrath, and Dr. Fettweis were each granted 3,561 RSUs based on NI's closing stock price of \$49.18 per share on April 24, 2018. The RSUs granted to Mr. Roesslein, Ms. Le, Mr. Berra, Mr. McGrath, and Dr. Fettweis vest over a three-year period with one-third of the RSUs vesting on each anniversary of the vesting commencement date, which is May 1 of each year.

**Table of Contents****EXECUTIVE OFFICERS**

The following table sets forth information concerning the persons serving as executive officers of NI as of the Record Date, including information as to each executive officer's age, position with NI and business experience. Officers of NI serve at the discretion of the Board.

<b>Name of Executive Officer</b>	<b>Age</b>	<b>Position</b>
Alexander M. Davern	52	Chief Executive Officer
Eric H. Starkloff	44	President and Chief Operating Officer
Karen M. Rapp	51	Executive Vice President, Chief Financial Officer and Treasurer
Scott A. Rust	52	Senior Vice President, Global Product Research & Development
John C. Roiko	61	Vice President, Finance and Chief Accounting Officer

See Proposal One: Election of Directors for additional information with respect to Mr. Davern.

*Eric H. Starkloff* joined NI in July 1997 and has served as President and Chief Operating Officer since October 2018. He previously served as Executive Vice President, Global Sales and Marketing from February 2014 to October 2018; Senior Vice President of Marketing from April 2013 to January 2014; Vice President of Marketing from November 2010 to March 2013; as Vice President of Product Marketing from October 2008 to October 2010; as Director of Product Marketing from August 2004 to September 2008; and as Product Marketing Manager from January 1998 to July 2004. Mr. Starkloff received his bachelor's degree in Electrical Engineering from the University of Virginia.

*Karen M. Rapp* joined NI in May 2017 and has served as Executive Vice President, Chief Financial Officer and Treasurer since that time. Ms. Rapp served as Senior Vice President of Corporate Development of NXP Semiconductors N.V. ( NXP ), a Dutch global semiconductor manufacturer, after NXP acquired Freescale Semiconductor in December 2015. Ms. Rapp previously served in several positions at Freescale, including serving as Vice President and Chief Information Officer from April 2013 to December 2015 and as Director of Operations and Finance, Global Sales and Marketing from April 2010 to April 2013. Ms. Rapp holds a bachelor's degree in Finance from Northern Illinois University and a master's degree in Business Administration from the University of Texas at Austin. Ms. Rapp is currently a director of Plexus Corp., a publicly traded company.

*Scott A. Rust* joined NI in 1990 and has served as Senior Vice President, Global Product Research and Development since January 2019. He previously served as Senior Vice President, Global Research and Development from January 2014 to January 2019; as NI's Vice President of Research and Development Test Systems from July 2013 to January 2014; as NI's Vice President of Research and Development in Penang, Malaysia from January 2011 to July 2013; as Vice President of Research and Development of Modular Instruments from October 2008 to December 2010; as Director of Modular Instruments from March 2003 to September 2008; as Software Section Manager from October 2000 to March 2003; as Group Manager from October 1996 to October 2000; as Marketing Manager of Test and Measurement Software from August 1991 to September 1996; and as Applications Engineer from June 1990 to July 1991. Mr. Rust received his bachelor's degree in Electrical Engineering from Texas A&M University.

*John C. Roiko* joined NI in 1998 and has served as Vice President, Finance and Chief Accounting Officer since May 2017. From January to May 2017, he served as Interim Chief Financial Officer. He formerly served as Vice President of Finance from October 2008 to December 2016 and as worldwide Corporate Controller from March 1998 to September 2008. Prior to joining NI, Mr. Roiko worked as a product line controller for the defense division at Honeywell before moving to Emerson Process Management as the North Americas accounting manager. Mr. Roiko

then pursued start-up opportunities as the Chief Financial Officer for Columbia Scientific and director of accounting for Arrowsmith Technologies. Mr. Roiko holds a bachelor's degree in Finance with a minor in Accounting from St. Cloud State University and a master's degree from Minnesota State University.

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis provides information regarding the 2018 compensation program for our principal executive officer, our principal financial officer, and the three executive officers (other than our principal executive officer and principal financial officer) at fiscal year-end who were our most highly-compensated executive officers (our Named Executive Officers or NEOs). The following discussion and analysis should be read in conjunction with the compensation tables contained elsewhere in this Proxy Statement. For 2018, our Named Executive Officers were:

Alexander M. Davern, Chief Executive Officer;

Eric H. Starkloff, President and Chief Operating Officer;

Karen M. Rapp, Executive Vice President, Chief Financial Officer and Treasurer;

Scott A. Rust, Senior Vice President, Global Product Research and Development; and

John C. Roiko, Vice President, Finance and Chief Accounting Officer.

***Executive Officer Change during 2018***

Mr. Starkloff was appointed as our President and Chief Operating Officer effective October 23, 2018. Prior to his promotion, Mr. Starkloff had served as our Executive Vice President, Global Sales and Marketing since January 2014 and as our Senior Vice President, Marketing, from April 2013 to January 2014. Mr. Starkloff also previously served in the roles of Vice President, Marketing, Vice President, Product Marketing, Director of Product Marketing, Product Marketing Manager, and Applications Engineer.

This Compensation Discussion and Analysis describes the material elements of our executive compensation program during 2018. It also provides an overview of our executive compensation philosophy, including our principal compensation policies and practices. Finally, it analyzes how and why the Compensation Committee arrived at the specific compensation decisions for our Named Executive Officers, in 2018, and discusses the key factors that the Compensation Committee considered in determining their compensation.

**Executive Summary**

***Who We Are***

For over 40 years, NI has enabled engineers and scientists around the world to accelerate productivity, innovation and discovery. Our software-centric platform provides an advanced approach through integration of software and modular hardware to create automated test and automated measurement systems. We believe our long-term track record for innovation and our differentiated platform helps support the success of our customers, employees, suppliers, and

stockholders.

***Say-on-Pay Vote and Introduction of Performance-Based Restricted Stock Unit Awards***

We view the stockholder advisory vote on named executive officer compensation (the so-called "Say-on-Pay") as an opportunity to receive feedback from our stockholders about our executive compensation program. In addition, prior to our Annual Meeting of Stockholders we reach out to our major stockholders to engage with them on their views and concerns about our executive compensation

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policies and practices. Prior to our 2018 Annual Meeting of Stockholders, we engaged with several of our stockholders and specifically requested feedback on our executive compensation program. Specific to executive compensation, the feedback received was focused on three areas: (i) our CEO pay relative to total stockholder return, (ii) that our long-term incentive ( LTI ) program for our NEOs did not include performance-based RSUs, but instead only time-based RSUs, and (iii) a lack of transparency about our Annual Incentive Program ( AIP ) bonus goals. We listened to this feedback and have attempted to address all three concerns.

At our 2018 Annual Meeting of Stockholders, approximately 58% of the votes cast on the Say-on-Pay proposal were voted in favor of the compensation of our Named Executive Officers. While this represented more than majority support of the proposal, our Board of Directors recognized that these results were less than what it considered to be satisfactory, particularly in light of the fact that approximately 99% of the votes cast on our 2017 Say-on-Pay proposal were voted in favor of our Named Executive Officers' compensation. When considering the compensation trend of our CEO over the past several years, we note that our former CEO, Dr. James J. Truchard, was a founder and major stockholder of NI and, at his request, he received a nominal base salary of \$1.00 and did not participate in our bonus plans or receive equity awards. When Alex Davern became CEO on January 1, 2017, we moved to a market-based approach to compensating our CEO. Mr. Davern's compensation since becoming CEO is set forth in the Summary Compensation Table of this Proxy Statement. Since our former CEO was not paid any base salary, bonus or equity, we only have two years (i.e., 2017 and 2018) of meaningful compensation data for the CEO position.

In response to the stockholder feedback received in connection with our 2018 Annual Meeting of Stockholders, the Compensation Committee determined that we should add performance-based equity awards to our LTI compensation program. Accordingly, the Compensation Committee approved the introduction of performance-based restricted stock unit ( PRSU ) awards to be granted to our Named Executive Officers, beginning in January 2019. These PRSU awards represented 50% of the equity award value granted to our Named Executive Officers, with the other 50% of their award value consisting of time-based restricted stock unit ( RSU ) awards. In addition, based on stockholder feedback, we have included additional information in this Compensation Discussion and Analysis regarding the performance goals and calculation of the payouts under our AIP for executive officers for 2018.

The PRSU awards may be earned based on our total stockholder return ( TSR ) compared to the TSR of the Russell 2000 Index (the Index ) over a three-year performance period commencing on January 1, 2019 and ending on December 31, 2021 (using the average daily closing price over a 30-day lookback in each case). The number of shares of NI common stock subject to the awards will be earned from 0% to 200% of the target award based on our TSR compared to the Index as follows:

<b>Payout Level</b>	<b>TSR Percentile Rank Against the Russell 2000 Index</b>	<b>Payout Percentage of Target Number of Shares</b>
Maximum	380 <sup>th</sup> Percentile	200%
Stretch	65 <sup>th</sup> Percentile	150%
Target	55 <sup>th</sup> Percentile	100%
Threshold	25 <sup>th</sup> Percentile	50%
None	<25 <sup>th</sup> Percentile	0%

We believe that our use of performance-based LTI compensation is important to strengthen the alignment of our executive officers' compensation to stockholder value creation, as well as driving the achievement of NI's financial and operational goals. In light of this belief, in January 2019, the



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Compensation Committee granted PRSU awards and time-based RSU awards to our Named Executive Officers in the amounts set forth in the following table:

<b>Named Executive Officer</b>	<b>Target PRSUs</b>	<b>RSUs</b>
Alexander M. Davern	53,000	53,000
Eric H. Starkloff	16,625	16,625
Karen M. Rapp	13,006	13,006
Scott A. Rust	8,482	8,482
John C. Roiko	1,696	1,696

The overall LTI equity award value for our CEO and our other NEOs was determined after consideration of multiple factors as described in the Compensation Discussion and Analysis Compensation-Setting Process section of this Proxy Statement. Such factors include a competitive market assessment, the current retention incentive for each executive officer as determined by his or her current unvested equity holdings, and the amount of non-equity incentive plan compensation received by him or her. As indicated in the above table, the LTI award value in 2019 will be provided 50% in time-based RSUs and 50% in performance-based RSUs. As a result of the introduction of performance-based RSUs for 2019, the proportion of time-based RSUs as a percentage of total RSUs granted has been scaled back significantly relative to prior years.

One of the key tenets of our executive compensation program is to align the design of the program with the interests of our stockholders. Going forward, we will continue to carefully consider the views and concerns of our stockholders regarding our executive compensation program. Our stockholders are invited to express their views to the Compensation Committee as described under Corporate Governance Communications to the Board of Directors in this Proxy Statement.

***Stockholder Engagement Program***

NI values governance outreach as a way to keep a pulse on the topics which are most important to our stockholders. Previous outreach efforts included requests for calls to NI's top 25 institutional stockholders. As a result of this outreach, we successfully secured calls with 12 of our top 25 institutional stockholders in April 2018. Topics covered in these outreach discussions included the:

recommendation of the use of relative metrics such as TSR compared against an industry benchmark;

identification of a preference for performance-driven RSU grants over time-based awards;

desire to see AIP metrics for executive officers;

appreciation for focus on revenue growth, operating margin targets and retention;



acknowledgment of the need for a competitive compensation package for our CEO compared to the \$1.00 annual salary paid to NI's previous CEO and co-founder;

observation that the average tenure of NI's board was on the high end; and

shared desire to see more diversity on the board, but also recognition of the limited pool of candidates and the difficulty in attracting diverse candidates to a mid-size public company board.

Based on feedback from the stockholder engagement program, as noted above, we introduced PRSUs and we have also included additional information in this Compensation Discussion and Analysis regarding the performance goals and calculation of the payouts under our AIP for executive officers for 2018.

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In recognition of the value of our stockholder outreach program, we have continued our outreach efforts in early 2019 to engage in a dialogue regarding recent changes to our bylaws to allow for proxy access beginning in 2020 and changes to our executive compensation methodology where many of the recommendations from our prior outreach were implemented for 2019. In addition, effective March 2019, we will have two new independent board members with experience that maps closely to our corporate strategy. The addition of two new directors will also significantly reduce the average tenure of our Board members. We have described our Board search process (including the specific objective of identifying highly qualified diverse candidates) as a part of our outreach discussions and we will continue to focus on the diversity of our Board in the future.

We plan to continue to enhance our outreach program to drive consistent engagement and to listen and learn from our stockholders while forming strong relationships in the process.

## ***Business Highlights***

During 2018, we achieved record revenue and record operating income as illustrated in the charts below. We also achieved a number of other important financial and operational results as described below. We believe these achievements reflect the value that our platform-based approach provides to our customers and our execution on our commitment to financial and operational excellence.

In 2018, we achieved the following important financial and operational results:

***Revenue:*** We reported record net sales of \$1.359 billion, up more than 5% from the prior year. Since 2016, annual revenue has increased by \$131 million, a compounded annual growth rate of 5%.

***Financial Discipline:*** We reported record operating income of \$173 million in 2018, up 19% from the prior year and up 44% over two years.

***Cash Generation:*** We generated record annual cash flow from operations of \$275 million, a year-over-year increase of 22%. As of December 31, 2018, we held \$531 million in cash and short-term investments.

***Capital Deployment:*** We paid \$122 million in dividends to our stockholders. Our strategies for capital deployment remain the same: payment of our quarterly dividend, opportunistic share repurchases and acquisitions of strategic accelerators.

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***Flagship Software:*** We continued to introduce key features into LabVIEW NXG, the next generation of our flagship software platform.

***Product Portfolio:*** We continued to sharpen our focus on system-level automated test and automated measurement offerings in key growth areas, including semiconductor, transportation, and aerospace, defense, and government.