

# NATIONAL INSTRUMENTS CORPORATION

## CORPORATE GOVERNANCE GUIDELINES

The corporate governance standards established by the Board of Directors (the “**Board**”) of National Instruments Corporation (the “**Company**”) are intended to provide a structure within which directors and management can pursue the Company’s objectives for the benefit of its stockholders. To that end, the Board adopted the following Corporate Governance Guidelines.

### **I. FUNCTIONS OF THE BOARD OF DIRECTORS**

#### **To Monitor the Effectiveness of the Governance Practices under which the Board Operates:**

The Nomination and Governance Committee of the Board shall periodically review and evaluate the effectiveness of the governance practices under which the Board operates and make changes to such practices as needed.

The Board maintains, and the Audit Committee works together with management to assure compliance with, a Code of Ethics for directors, officers, and all employees that shall address, at a minimum, conflicts of interest, compliance with laws, and financial reporting. The Code of Ethics currently in effect shall be reviewed by the full Board from time to time.

#### **To Monitor and Manage Potential Conflicts of Interests of Management and Board Members:**

The non-employee directors must comply with the Conflicts of Interest Policy for non-employee directors and the Code of Ethics. Any waiver of the Conflicts of Interest policy for Directors or executive officers may be made only by the Audit Committee. Any such waiver reported to the Board shall be promptly disclosed to stockholders.

All members of the Board must inform the Audit Committee of the Board or the full Board of all types of transactions between them (directly or indirectly) and the Company or any related parties, prior to their conclusion. The Audit Committee of the Board shall review and approve all related party transactions for which audit committee approval is required by applicable law or the rules of the Nasdaq Stock Market.

#### **To Review Management Succession Planning:**

The Board plans for succession to the position of Chief Executive Officer as well as certain other senior management positions. The Board encourages the Company’s management to bring senior managers with high potential into Board meetings to provide insight into items being discussed. The Board reviews the development programs of senior managers with high potential and meets from time to time with groups of senior managers to exchange information and foster development of future Company leadership.

### **To Evaluate the Chief Executive Officer:**

The Board of Directors shall be responsible for the evaluation of the Company's Chief Executive Officer.

### **To Review Management Performance and Compensation:**

The Compensation Committee annually reviews and approves the compensation, including equity compensation, for the Chief Executive Officer and the Company's executive officers. The Compensation Committee will obtain the Board's assessment of the Chief Executive Officer's performance. The Compensation Committee will use the Board's evaluation in its deliberations when considering the compensation of the Chief Executive Officer.

The Compensation Committee evaluates the compensation plans, standards and programs for the Company's executive officers and other employees to ensure they are appropriate, competitive and properly reflect the Company's objectives and performance.

## **II. BOARD STRUCTURE AND COMPOSITION**

### **Selection and Evaluation of Board Candidates:**

The Board should have a majority of directors who meet the criteria for independence established by applicable law, including the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Securities and Exchange Commission and the Nasdaq Stock Market.

The Nomination and Governance Committee periodically reviews and recommends the size of the Board. It is currently the opinion of the Board that six to nine directors is the optimum size for the Board of Directors. Changes in the number of Directors are approved by the full Board.

The Nomination and Governance Committee will recommend to the Board nominees for membership on the Board, including the slate of director nominees to be proposed by the Board to the Company's stockholders for election or any director nominees to be elected or appointed by the Board to fill interim director vacancies on the Board. The Nomination and Governance Committee develops guidelines for director qualifications for nominees to the Board.

The Nomination and Governance Committee will annually oversee the review and evaluation of the Board's performance and effectiveness.

### **Voting for Directors**

Beginning with the Company's annual meeting of stockholders to be held in 2013, 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 (a "Majority Withheld Vote") shall promptly tender his or her resignation following certification of the shareholder vote.

The Nominating and Governance Committee (the "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 Committee will consider all factors deemed relevant by its members including, without limitation, the underlying reasons why shareholders "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 the Company, whether by accepting such resignation the Company will no longer be in compliance with any applicable law, rule, regulation or governing document (including, for example, the impact the director's resignation would have on the Company's compliance with the requirements of the Securities and Exchange Commission, NASDAQ and these Corporate Governance Guidelines), and whether or not accepting the resignation is in the best interests of the Company and its shareholders.

The Board will promptly act on the Committee's recommendation no later than 90 days following its receipt of such recommendation. In considering the Committee's recommendation, the Board will consider the factors considered by the Committee and such additional information and factors the Board believes to be relevant. The Company will publicly disclose the Board's decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

Any director who tenders his or her resignation pursuant to this provision will not participate in the Committee recommendation or Board consideration regarding whether or not to accept the tendered resignation. However, such director shall remain active and engaged in all other Committee and Board activities, deliberations and decisions during this Committee and Board process.

These corporate governance guidelines will be posted on the Company's website.

#### **Orientation of New Directors:**

New directors should participate in an orientation process that includes presentations and materials regarding the Company's business and operations and meetings with key personnel.

#### **Directors' Continuing Education:**

The Board believes that ongoing education is important for maintaining a current and effective Board. Accordingly, the Board encourages directors to attend a formal director education program at least once per term.

#### **Director Job Change:**

A non-employee Director is deemed to tender his or her resignation at the next meeting of the Nomination and Governance Committee in the event of a change in job status from the status held at the time of election to the Board. The Nomination and Governance Committee

will review whether the new occupation, or retirement, of the non-employee Director is consistent with the needs and composition of the Board at that time. The Nomination and Governance Committee will recommend whether to accept such resignation or take any other action to the full Board based on the results of the review.

#### **Other Board Seats:**

A director should engage in discussion with the Chairman of the Board prior to accepting an invitation to serve on an additional public company board.

Directors are encouraged to limit the number of public company boards on which they serve. Directors should advise the Chairman of the Board and the Chairman of the Nomination and Governance Committee in advance of accepting an invitation to serve on another public company board. No director may serve on the Audit Committee of more than three other public company boards.

#### **Retirement Age:**

The normal retirement policy for directors is that a director is not to stand for re-election after he or she attains age 72, but a director elected before age 72 may complete his or her term. Exceptions to this policy can be made with the unanimous approval of the Board. The director in question will not participate in the Board's decision. The Board may make exception for any additional 3-year terms.

#### **Selection of Chair and Chief Executive Officer:**

The Board does not have a standard regarding whether or not the roles of the Chairperson of the Board and Chief Executive Officer should be separate. The Board believes it should be free to determine what is best for the Company at a given point in time.

### **III. BOARD OPERATIONS AND MEETINGS**

Generally, members of the Board receive information in advance of meetings of the Board so they will have an opportunity to prepare for discussion of the items at the meeting. Information may include summaries, reports and other materials prepared by management and/or third parties.

At meetings of the Board, ample time should be scheduled to allow for discussion of important matters. Management presentations should be scheduled to permit sufficient Board meeting time to be available for discussion and comments.

Members of the Board are expected to prepare for and participate in all meetings of the Board and applicable meetings of committees of the Board. Each member of the Board is expected to ensure that other commitments do not materially interfere with the member's service as director. To facilitate participation, directors may attend in person, via telephone conference or via video-conference.

The Board's practice is to have a separate meeting time scheduled for the independent directors on a quarterly basis.

The Board is to have an executive session with the Chief Executive Officer twice per year.

#### **IV. BOARD INTERACTION**

##### **Board Access to Management:**

Members of the Board shall have access to the Company's management for the purpose of obtaining information regarding the Company's activities and business and to enable them to fulfill their duties as directors. Furthermore, the Board encourages the management to, from time to time, bring managers into meetings of the Board who: (a) can provide additional insight into the items being discussed, and/or (b) are managers with future potential for the purpose of exposure to the Board.

##### **Board Interaction with Other Parties:**

The Board believes that management speaks for the Company. Individual members of the Board may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company, but it is expected that members of the Board would do this with the knowledge of the Chairman of the Board, and in most instances, at the request of senior management.

#### **V. COMMITTEES**

The Board has at least the following three standing committees: an Audit Committee, a Compensation Committee and a Nomination and Governance Committee.

All of the members of the Audit, Compensation and Nomination and Governance Committees will meet the criteria for independence established by applicable law, including the rules and regulations of the Securities and Exchange Commission and the Nasdaq Stock Market. The members of these committees will also meet any other membership criteria specified in the respective charters of such committees.

Each Committee Chairman reports to the full Board on the activities of his or her Committee.

##### **Assignment and Rotation of Committee Members:**

The Nomination & Governance Committee after consultation with the Chairman recommends to the Board the members of the committees taking into account their particular experience and knowledge and the preferences of individual Board members. The Board designates the Chair and the members of the committees.

While rotating committee members should be considered periodically, the Board does not believe rotation should be mandated as a policy since there are significant benefits attributable to

continuity, experience gained in service on particular committees, and utilizing most effectively the individual talents of Board members.

Members of the Audit and Compensation Committees are appointed by the Board after being recommended by the Nomination and Governance Committee. Members of the Nomination and Governance Committee are appointed by the Board.

Each of the Audit, Compensation and Nomination and Governance Committees has its own charter. Such charters set forth the standards and responsibilities of the respective committees in addition to the qualifications for membership on such committees.

The Chair of each committee of the Board will, in consultation with appropriate committee members and members of management, and in accordance with the committee's charter, determine the frequency and length of committee meetings and develop the committee's agenda.

The Board and each committee of the Board shall have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisers and shall have the power to hire independent legal, financial and other advisers as they may deem necessary.

The Board may, from time to time, form new committees as it deems appropriate. The Board may, to the fullest extent permitted by law, delegate any of its functions and responsibilities to a committee of the Board.

## **VI. DIRECTOR COMPENSATION**

The Nomination & Governance Committee will review and recommend to the Board for its approval the cash and equity compensation for members of the Board in accordance with the Nomination & Governance Committee's charter.