



Emerson
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May 25, 2022

STRICTLY PRIVATE AND CONFIDENTIAL

SENT VIA EMAIL PDF

Eric Starkloff
President and Chief Executive Officer
National Instruments Corporation
11500 N Mopac Expwy
Austin, TX 78759-3504

Dear Eric:

Further to my recent discussions with you, I am excited to present you with this proposal (the “Proposal”) for the acquisition of all outstanding shares of National Instruments Corporation (“NI”) by Emerson Electric Co. (“Emerson”).

We are very excited about the combination of our two firms and the potential we can achieve together. Emerson has long admired NI as a technology leader in the electronic test and measurement industry, a complementary adjacency to our Automation Solutions business with a similar technology stack of intelligent devices, controls, and software. We have been particularly impressed with NI’s portfolio including modular intelligent devices and the LabVIEW suite of offerings, as well as NI’s industry stewardship over many decades in this space. Combining NI with Emerson would lead to significant opportunities for both of our teams and further develop our position as a premier global automation company.

In addition to the immediate value created for your shareholders as outlined in the Proposal, Emerson has demonstrated long term stewardship and investment in acquired businesses over many decades. Our industry leading Automation Solutions platform was built through a combination of sustained organic investments as well as strategic acquisitions of highly innovative businesses including Rosemount, Micro Motion, Fisher, and most recently our acquisition of majority control in AspenTech. All of these businesses have thrived under Emerson ownership and are leaders in their respective markets. With the potential acquisition of NI, we are looking to continue our long history of stewardship and commitment to growth, development, and engineering leadership.

With that backdrop, I am pleased to present you and your Board with this Proposal:

Valuation

Emerson proposes to purchase 100% of the outstanding common stock of NI for \$48 in cash per common share, which implies an equity value of \$6.49 billion and an enterprise value of \$6.67 billion. We believe our Proposal provides significant value to your shareholders:

- A 39% premium to NI's closing share price as of May 24, 2022;
- A 36% premium to the volume weighted average price for the last 30 trading days ending May 24, 2022;
- A 4% premium to the 52 week high trading price as of May 24, 2022

Financing

Our Proposal is not subject to any financing condition and would be financed from cash on hand, committed lines of credit and/or other available sources of financing.

Regulatory

While applicable regulatory approvals will be required, we do not expect there to be substantive impediments to closing. We note the complementary nature of our respective businesses.

Due Diligence

This Proposal is based on publicly available information under the assumption that it presents fairly and completely NI and its businesses and its outstanding debt and share count. It is subject to the completion of customary and confirmatory due diligence (e.g., tax, environmental, legal, etc.). We are prepared to move quickly to complete such due diligence when appropriate.

Timing

Emerson is prepared to proceed immediately to work with NI and its advisors to complete due diligence and to negotiate a mutually agreeable merger agreement (the "Definitive Agreement") in parallel. It is our expectation that the signing of the Definitive Agreement and announcement can be achieved in 4-6 weeks.

We have no current plan to disclose this letter and assume that you do not intend to either. Our strong preference is to work constructively and expeditiously with you and your board to announce a Definitive Agreement.

Board Review

This Proposal has been reviewed with Emerson's board of directors who support the proposed transaction. The final approval of Emerson's board of directors would be required prior to entering into the Definitive Agreement.

Other

The Definitive Agreement would be negotiated and executed by Emerson and NI and closing would be conditioned upon required NI shareholder approval, required regulatory approvals and other customary conditions. Emerson shareholder approval will not be required.

To reiterate, our Proposal – all cash consideration with no financing contingency and no substantive regulatory impediments – provides both significant value and certainty to NI’s shareholders. We are prepared to move very quickly to complete our due diligence and sign definitive agreements.

We are highly enthusiastic about the prospects of what we can achieve together. On behalf of Emerson, I thank you again for the dialogue thus far and for your consideration of this Proposal. We look forward to hearing from you.

Sincerely,

Lal Karsanbhai
President and Chief Executive Officer

This Proposal constitutes neither an offer nor evidence of the existence of an offer, and is not intended to be and does not create a binding legal obligation on any party and no party will have any obligation or liability with respect to the Proposal, unless and until the execution of the Definitive Agreement by the parties hereto and then subject to the terms thereof.