

Supplemental Non-GAAP Financial Information (unaudited)

In addition to disclosing results in accordance with GAAP, in this annual report, NI has disclosed its non-GAAP net income that excludes, as applicable, charges related to stock-based compensation expense, amortization of acquisition intangibles, acquisition-related fair value adjustments, acquisition transaction costs, restructuring charges, foreign exchange loss on acquisitions, taxes levied on the transfer of acquired intellectual property, tax reform charges, and impairment of minority cost basis investments. Management believes that including these non-GAAP results assists investors in assessing NI's operational performance and its performance relative to its competitors. NI presents these non-GAAP results as a complement to its GAAP results, and these results should not be regarded as a substitute for GAAP. Management uses non-GAAP measures to manage and assess the profitability and performance of its business and considers non-GAAP results to be an important supplemental measure of its performance. When presenting non-GAAP results, NI includes a reconciliation of the non-GAAP results to the GAAP results. Such reconciliation is set forth in the following table.

Reconciliation of GAAP to Non-GAAP Net Income (in thousands)

	2017	2016	2015	2014
Net income, as reported	\$52,411	\$82,734	\$95,262	\$126,333
Adjustments to reconcile net income to non-GAAP net income:				
Stock-based compensation, net of tax effect	18,823	18,444	18,198	18,344
Amortization of acquisition intangibles, net of tax effect	6,970	15,234	9,951	9,828
Acquisition-related fair value adjustments, net of tax effect	–	1,018	–	–
Acquisition transaction costs, restructuring charges, and other, net of tax effect	12,202	2,812	4,893	1,487
Tax reform charge	69,902	–	–	–
Non-GAAP net income	\$160,308	\$120,242	\$128,304	\$155,992