ILLUMINA INC
Form PRE 14A
March 14, 2016
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

x 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 Under Rule 14a-12

Illumina, Inc.

(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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) 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:

Table of Contents

April , 2016

Notice of Annual Meeting and Proxy Statement

Date: May 18, 2016
Time: 10:00 a.m. (Pacific time)
This year s annual meeting will be a completely virtual meeting of stockholders.

To participate, vote, or submit questions during the annual meeting via live webcast, please visit: *www.virtualshareholdermeeting.com/ilmn2016*.

There will not be a physical location for the annual meeting.

The agenda for this year s annual meeting includes the following items:

1. **Elect the three nominees named in the proxy statement to our Board of Directors;**
2. **Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2017;**
3. **Hold an advisory vote to approve the compensation of the named executive officers as disclosed in the proxy statement;**
4. **Hold an advisory vote to ratify certain supermajority voting provisions in our certificate of incorporation and bylaws; and**
5. **Transact such other business as may properly come before the meeting and any adjournment or postponement.**

Stockholders as of the record date of March 21, 2016, are entitled to notice of and to vote on the matters listed in the proxy statement.

By Order of the Board of Directors,

CHARLES E. DADSWELL

Senior Vice President, General Counsel and Secretary

You can vote in one of three ways prior to the meeting:

VIA THE INTERNET. You may vote at *www.proxyvote.com*, 24 hours a day, seven days a week, prior to 11:59 p.m. (Eastern time) on May 17, 2016.

BY TELEPHONE. You may vote using a touch-tone telephone by calling: 1-800-690-6903, 24 hours a day, seven days a week, prior to 11:59 p.m. (Eastern time) on May 17, 2016.

BY MAIL. If you received printed proxy materials, you may submit your vote by completing, signing, and dating each proxy card received and returning it in the prepaid envelope to be received no later than May 17, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 18, 2016: The proxy statement and annual report to Stockholders are available at *www.proxyvote.com*.

Table of Contents

Table of Contents

2016 PROXY STATEMENT SUMMARY	1
GENERAL INFORMATION	2
PROPOSAL 1: ELECTION OF DIRECTORS	10
PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	12
Fees Paid to Ernst & Young LLP	12
Pre-Approval Policies and Procedures	12
PROPOSAL 3: ADVISORY VOTE TO APPROVE THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS	14
PROPOSAL 4: ADVISORY VOTE TO RATIFY CERTAIN SUPERMAJORITY VOTING PROVISIONS IN OUR CERTIFICATE OF INCORPORATION AND BYLAWS	15
INFORMATION ABOUT DIRECTORS	18
BOARD OF DIRECTORS AND CORPORATE GOVERNANCE	25
Board of Directors	25
Attendance at Meetings	25
Corporate Governance	25
Board Leadership Structure	26
Board s Role in Risk Oversight	26
Committees of the Board of Directors	27
Compensation Committee Interlocks and Insider Participation	29
Code of Ethics	29
DIRECTOR NOMINATIONS	29
Criteria for Board Membership	29
Process for Identifying and Evaluating Nominees	30
Stockholder Nominees	31
COMMUNICATIONS WITH THE BOARD OF DIRECTORS	31
DIRECTOR AND OFFICER STOCK OWNERSHIP POLICY	32
DIRECTOR COMPENSATION	32
Cash Compensation	33
Equity Compensation	34
Additional Benefits	34
Non-Employee Director Compensation	35
STOCK OWNERSHIP AND SECTION 16 COMPLIANCE	36
EXECUTIVE OFFICERS	38
COMPENSATION DISCUSSION AND ANALYSIS	39
Recent Say-on-Pay Vote	39
Compensation Philosophy and Objectives	39
Use of Market Data and Benchmarking	40
Role of the Compensation Committee	42
Components and Analysis of Fiscal 2015 Executive Compensation	44

No Hedging of Company Stock 56
Tax and Accounting Considerations 57

Table of Contents

COMPENSATION COMMITTEE REPORT	57
EXECUTIVE COMPENSATION	58
Summary Compensation Table	58
Grants of Plan-Based Awards Table	59
Outstanding Equity Awards at Fiscal Year-End Table	60
Option Exercises and Stock Vested Table	61
Nonqualified Deferred Compensation for Fiscal 2015	61
AUDIT COMMITTEE REPORT	61
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	64
OTHER MATTERS	65
STOCKHOLDER PROPOSALS FOR OUR 2017 ANNUAL MEETING	65
HOUSEHOLDING	65
WHERE YOU CAN FIND MORE INFORMATION	65

Table of Contents

Illumina, Inc.

2016 Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider. You should read the entire proxy statement carefully before voting.

GENERAL INFORMATION

(see pages 2 to 9)

Meeting: Annual Meeting of Stockholders

Date: Wednesday, May 18, 2016

Time: 10:00 a.m. (Pacific time)

Location: Internet webcast only at:

www.virtualshareholdermeeting.com/ilmn2016.

There will not be a physical location for the annual meeting.

Record Date: March 21, 2016

Stock Symbol: ILMN

Exchange: The NASDAQ Global Select Market

Common Stock Outstanding: 147,041,238 as of February 28, 2016

Registrar & Transfer Agent: Computershare

State of Incorporation: Delaware

CORPORATE GOVERNANCE

(see pages 18 to 32)

Director Nominees: 3

Frances Arnold, Ph.D. (independent)

Francis A. deSouza (management)

Karin Eastham, CPA (independent)

Director Term: Three years

Director Election Standard: Majority voting standard for uncontested elections

Board Meetings in 2015: 8

All Directors Attended at Least 75% of Board and Committee Meetings: Yes

Standing Board Committees (meetings in 2015):

Audit (11)

Compensation (7)

Nominating/Corporate Governance (4)

Year of Incorporation: 1998 in California; reincorporated in Delaware in 2000

Public Company Since: 2000

Corporate Headquarters: 5200 Illumina Way, San Diego, California 92122

Corporate Website: ***www.illumina.com***

Investor Relations Website: ***investor.illumina.com***

EXECUTIVE COMPENSATION

(see pages 39 to 61)

CEO: Jay T. Flatley (age 63; CEO since 1999)

CEO 2015 Total Direct Compensation (70% performance-based and 76% long-term incentives):

Salary: $995,693

Annual Performance Cash Incentive: $1,158,750

Long-Term Incentives: $7,000,261

CEO Employment Agreement: No

Change-in-Control Agreement: Yes (double trigger)

Stock Ownership Guidelines: Yes

Hedging Policy: Yes

All Standing Board Committees Comprised Entirely of Independent Directors: Yes

Stockholder Rights Plan: No

OTHER ITEMS TO BE VOTED ON

(see pages 12 to 17)

Ratification of appointment of independent registered public accounting firm (Ernst & Young LLP)

Advisory vote to approve named executive compensation

Advisory vote to ratify certain supermajority voting provisions in our certificate of incorporation and bylaws

Table of Contents

General Information

This proxy statement is furnished in connection with the solicitation of proxies by our Board of Directors for the Annual Meeting of Stockholders. This proxy statement and accompanying proxy are being mailed to our stockholders on or about April , 2016, concurrently with the mailing of our annual report on Form 10-K for the fiscal year ended January 3, 2016.

Can I attend the annual meeting?	We will be hosting the 2016 annual meeting live via the Internet. **There will not be a physical location for the annual meeting.** Any stockholder can listen to and participate in the annual meeting live via the Internet at ***www.virtualshareholdermeeting.com/ilmn2016.*** The webcast will start at 10:00 a.m. (Pacific time) on May 18, 2016. Stockholders may vote and submit questions while connected to the annual meeting on the Internet.
What do I need in order to be able to participate in the annual meeting online?	You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials) in order to be able to vote your shares or submit questions during the meeting. Instructions on how to connect and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at ***www.virtualshareholdermeeting.com/ilmn2016.*** **If you do not have your 12-digit control number, you will be able to listen to the meeting only you will not be able to vote or submit questions during the meeting.**

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the matters described in this proxy statement. In addition, following the meeting, management will report on the performance of Illumina and respond to questions from stockholders.

What am I voting on at the annual meeting?

Stockholders will be asked to vote on four proposals. The proposals are to:

1. Elect as Directors the three nominees named in this proxy statement to hold office for three years until the 2019 annual meeting of stockholders;

2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2017;

3. Hold an advisory vote to approve named executive officer compensation as disclosed in this proxy statement; and

4. Hold an advisory vote to ratify certain supermajority voting provisions in our certificate of incorporation and bylaws.

Table of Contents

Could other matters be decided at the annual meeting?

Our bylaws require that we receive advance notice of any proposal to be brought before the annual meeting by our stockholders, and we have not received notice of any such proposals. If any other matter were to come before the annual meeting, the proxy holders appointed by the Board of Directors will have the discretion to vote on those matters for you.

What is the recommendation of the Board on each of the matters scheduled to be voted on at the annual meeting?

The Board of Directors recommends that you vote:

FOR each of the nominees to the Board of Directors (Proposal 1);

FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the 2016 fiscal year (Proposal 2);

FOR approval, on an advisory basis, of the compensation of the named executive officers as disclosed in this proxy statement (Proposal 3); and

FOR ratification of certain supermajority voting provisions in our certificate of incorporation and bylaws (Proposal 4).

Who can vote at the annual meeting?

Only holders of our common stock as of March 21, 2016, the record date, or such holders proxies are entitled to notice of and to vote on the matters listed in this proxy statement and the accompanying Notice of Annual Meeting of Stockholders.

At the close of business on the record date, there were shares of common stock outstanding and entitled to vote.

You have one vote for each share of common stock that you hold. A list of stockholders entitled to vote at the annual meeting will be available for examination at our principal executive offices at the address listed above for a period of 10 days prior to the annual meeting, and during the annual meeting such list will be available for examination at ***www.virtualshareholdermeeting.com/ilmn2016.***

What is the difference between holding shares as a

Stockholders of Record. You are a stockholder of record if at the close of business on the record date your shares were registered directly in your

stockholder of record and as a beneficial owner?	name with our transfer agent, Computershare Trust Company, N.A. Beneficial Owner. You are a beneficial owner if at the close of business on the record date your shares were held by a brokerage firm or other nominee and not in your name. Being a beneficial owner means that, like many of our stockholders, your shares are held in street name. As the beneficial owner, you have the right to direct your broker or other nominee how to vote your shares by following the voting instructions your broker or other nominee provides. If you do not provide your broker or other nominee with instructions on how to vote your shares, your broker or other nominee may be able to vote your shares with respect to some of the proposals, but not all. Please see What will happen if I do not vote my shares? below for additional information.

Table of Contents

How do I vote and what are the voting deadlines?

Stockholders of Record. If you are a stockholder of record, there are several ways for you to vote your shares.

Via the Internet. You may vote at ***www.proxyvote.com***, 24 hours a day, seven days a week. You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials). Votes submitted through the Internet must be received by 11:59 p.m. (Eastern time) on May 17, 2016.

By Telephone. You may vote using a touch-tone telephone by calling 1-800-690-6903, 24 hours a day, seven days a week. You will need the 12-digit control number included on your Notice of Internet Availability of Proxy Materials or your proxy card (if you received a printed copy of the proxy materials). Votes submitted by telephone must be received by 11:59 p.m. (Eastern time) on May 17, 2016.

By Mail. If you received printed proxy materials, you may submit your vote by completing, signing, and dating each proxy card received and returning it in the prepaid envelope. Sign your name exactly as it appears on the proxy card. Proxy cards submitted by mail must be received no later than May 17, 2016, to be voted at the annual meeting.

During the Annual Meeting. Instructions on how to vote while participating in our annual meeting live via the Internet are posted at ***www.virtualshareholdermeeting.com/ilmn2016***.

If you vote via the Internet or by telephone, your electronic vote authorizes the named proxies in the same manner as if you signed, dated, and returned your proxy card. **If you vote via the Internet or by telephone, do not return your proxy card.**

Beneficial Owners. If you are a beneficial owner of your shares, you should have received a Notice of Internet Availability of Proxy Materials or voting instructions from the broker or other nominee holding your shares. You should follow the instructions in the Notice of Internet Availability of Proxy Materials or voting instructions provided by your broker or nominee in order to instruct your broker or other nominee on how to vote your shares. The availability of telephone and Internet voting will depend on the voting process of the broker or nominee. Shares held beneficially may not be voted during our annual meeting.

Table of Contents

Can I revoke or change my vote after I submit my proxy?

Stockholders of Record. If you are a stockholder of record, you may revoke or change your vote at any time before the final vote at the annual meeting by:

- signing and returning a new proxy card with a later date;
- submitting a later-dated vote by telephone or via the Internet only your latest Internet or telephone proxy received by 11:59 p.m. (Eastern time) on May 17, 2016, will be counted;
- participating in the annual meeting live via the Internet and voting again; or
- delivering a written revocation to our Corporate Secretary at Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, to be received no later than May 17, 2016.

Beneficial Owners. If you are a beneficial owner of your shares, you must contact the broker or other nominee holding your shares and follow their instructions for revoking or changing your vote.

What will happen if I do not vote my shares?

Stockholders of Record. If you are the stockholder of record and you do not vote by proxy card, by telephone, via the Internet before the annual meeting, or during the annual meeting via live webcast, your shares will not be voted at the annual meeting.

Beneficial Owners. If you are the beneficial owner of your shares, your broker or nominee may vote your shares only on those matters on which it has discretion to vote. Under the rules of the New York Stock Exchange, or NYSE, your broker or nominee does not have discretion to vote your shares on non-routine matters such as Proposals 1, 3, and 4. However, your broker or nominee does have discretion to vote your

shares on routine matters such as Proposal 2. The broker s inability to vote on non-discretionary matters for which the broker has not received instructions from the beneficial owner is referred to as a broker non-vote. Please see What is a broker non-vote ? below for more information.

What is a broker non-vote ?

The NYSE has rules that govern brokers who have record ownership of listed company stock (including stock such as ours that is listed on The NASDAQ Global Select Market) held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters (discretionary matters) but do not have discretion to vote uninstructed shares as to certain other matters (non-discretionary matters). A broker may return a proxy card on behalf of a beneficial owner from whom the broker has not received instructions that casts a vote with regard to discretionary matters but expressly states that the broker is not voting as to non-discretionary matters. Under current NYSE interpretations, Proposals 1, 3, and 4 are considered non-discretionary matters and Proposal 2 is considered a discretionary matter.

Table of Contents

What is the effect of a broker non-vote?

Broker non-votes will be counted for purposes of calculating whether a quorum is present at the annual meeting but will not be counted for purposes of determining the number of votes present in person or represented by proxy and entitled to vote with respect to a particular proposal. Thus, a broker non-vote will not impact our ability to obtain a quorum and will not otherwise affect the outcome of the vote on any non-discretionary matter (Proposals 1, 3, and 4).

Why did I receive a Notice of Internet Availability of Proxy Materials in the mail regarding the Internet availability of proxy materials instead of a full set of printed proxy materials?

Pursuant to rules adopted by the Securities and Exchange Commission, or the SEC, we are making this proxy statement available to our stockholders electronically via the Internet. On or about April , 2016, we will mail the Notice of Internet Availability of Proxy Materials to our stockholders who held shares at the close of business on the record date, other than those stockholders who previously requested electronic or paper delivery of communications from us. The Notice of Internet Availability of Proxy Materials contains instructions on how to access an electronic copy of our proxy materials, including this proxy statement and our annual report on Form 10-K for the fiscal year ended January 3, 2016. The Notice of Internet Availability of Proxy Materials also contains instructions on how to request a paper copy of the proxy statement. We believe that this process will allow us to provide you with the information you need in a timely manner, while conserving natural resources and lowering the costs of printing and distributing our proxy materials.

What does it mean if I receive more than one proxy card or Notice of Internet Availability of Proxy Materials?

If you receive more than one proxy card or Notice of Internet Availability of Proxy Materials, your shares are registered in more than one name or are registered in different accounts. To make certain all of your shares are voted, please follow the instructions included on the Notice of Internet Availability of Proxy Materials on how to access each proxy card and vote each proxy card over the Internet or by telephone. If you received paper proxy materials by mail, please complete, sign, and return each proxy card to ensure that all of your shares are voted.

Can I vote my shares by filling out and returning the Notice of Internet

No. The Notice of Internet Availability of Proxy Materials only identifies the items to be voted on at the annual meeting. You cannot vote by marking the Notice of Internet Availability of Proxy Materials and

Availability of Proxy Materials?	returning it. The Notice of Internet Availability of Proxy Materials provides instructions on how to cast your vote. For additional information please see How do I vote and what are the voting deadlines? above.

Table of Contents

How is a quorum obtained, and why is a quorum required?

We will hold the annual meeting if a quorum is present. A quorum will be present if holders of a majority of the outstanding shares of common stock entitled to vote on a matter at the annual meeting are present or represented by proxy at the meeting. As of the close of business on the record date, we had shares of common stock outstanding and entitled to vote at the annual meeting, meaning that shares of common stock must be represented in person or by proxy to have a quorum. If a quorum is not present at the annual meeting, the meeting may be adjourned from time to time until a quorum is obtained. If you are a stockholder of record and submit a proxy, your shares will be counted to determine whether we have a quorum even if you abstain or fail to provide voting instructions on any of the proposals described in this proxy statement and listed on the proxy card. If your shares are held in the name of your broker or other nominee, and you do not tell your broker or other nominee how to vote your shares, these shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business.

Table of Contents

How many votes are required to approve each proposal?

Proposal	Vote Required	Votes that May be Cast	Board of Directors Recommendation
Proposal 1 Election of three nominees to the Board of Directors	A nominee for director will be elected if the votes cast FOR such nominee exceed the votes cast AGAINST such nominee	FOR, each nominee AGAINST, each nominee ABSTAIN, each nominee Shares voted ABSTAIN will have no effect on the election of directors	FOR, each nominee
Proposal 2 Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2017	Majority of the shares present in person or represented by proxy and entitled to vote on the proposal must vote FOR in order for this proposal to pass	FOR AGAINST ABSTAIN If you abstain from voting on this proposal, the abstention will have the same effect as an AGAINST vote	FOR
Proposal 3 Advisory vote to approve the compensation of the named executive officers as disclosed in this proxy	Majority of the shares present in person or represented by	FOR	FOR

statement		proxy and entitled to vote on the proposal must vote FOR in order for this proposal to pass	AGAINST ABSTAIN If you abstain from voting on this proposal, the abstention will have the same effect as an AGAINST vote	
Proposal 4	Advisory vote to ratify certain supermajority voting provisions in our certificate of incorporation and bylaws	Majority of the shares present in person or represented by proxy and entitled to vote on the proposal must vote FOR in order for this proposal to pass	FOR AGAINST ABSTAIN If you abstain from voting on this proposal, the abstention will have the same effect as an AGAINST vote	FOR

Table of Contents

How can I find the voting results of the annual meeting?	Preliminary results will be announced at the annual meeting. Final results also will be published in a current report on Form 8-K to be filed with the SEC within four business days after the annual meeting. If the official results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.
Who is conducting this proxy solicitation?	Illumina s Board of Directors is soliciting your vote for matters being submitted for stockholder approval at the annual meeting. Solicitation may be made by our Directors, officers, and other Illumina employees telephonically, electronically, or by other means of communication. Directors, officers, and employees who help us in the solicitation will not be separately compensated for those services, but they may be reimbursed for their out-of-pocket expenses incurred in connection with the solicitation. Brokerage houses, nominees, fiduciaries, and other custodians will be requested to forward soliciting materials to beneficial owners and will be reimbursed for their reasonable out-of-pocket expenses incurred in sending proxy materials to beneficial owners.

Table of Contents

Proposal 1: Election of Directors

General

Our certificate of incorporation and bylaws provide for a classified Board of Directors consisting of three classes of Directors with staggered three-year terms. The Board of Directors currently consists of the following nine Directors, having terms expiring at the respective annual meetings of stockholders noted below:

2016 Annual Meeting	2017 Annual Meeting	2018 Annual Meeting
Frances Arnold, Ph.D.	Daniel M. Bradbury	A. Blaine Bowman
Francis A. deSouza	Robert S. Epstein, M.D.	Karin Eastham, CPA**
David R. Walt, Ph.D.*	Roy A. Whitfield	Jay T. Flatley***

* Dr. Walt will retire from the Board of Directors, effective immediately before this year s annual meeting. In light of Dr. Walt s decision to retire from the Board, the Board of Directors intends to reduce the number of authorized directors of the Company from nine to eight, effective as of immediately prior to the annual meeting.

** Ms. Eastham will stand for election at the annual meeting, to serve for a three year term, instead of standing for election at the 2018 annual meeting of stockholders.

*** Mr. Flatley will become Executive Chairman of the Board of Directors, effective July 5, 2016, in connection with his retirement as the Company s CEO.

Election of Three Directors to Hold Office for Three Years until the 2019 Annual Meeting of Stockholders

Upon the recommendation of the Nominating/Corporate Governance Committee, the Board of Directors has nominated for election at the annual meeting the following slate of three nominees to hold office for three years until the annual meeting of stockholders in the year 2019 and until their successors are duly elected and qualified:

Name	Age	Director Since	Principal Occupation
Frances Arnold, Ph.D.	59	2016	Dick and Barbara Dickinson Professor of Chemical Engineering, Bioengineering and Biochemistry at the California Institute of Technology and Director of the Donna and Benjamin M. Rosen Bioengineering Center
Francis A. deSouza	45	2014	President
Karin Eastham, CPA	66	2004	Former Executive Vice President and Chief Operating Officer, and member of the Board of Trustees, of Burnham

Institute for Medical Research

Dr. Arnold was appointed to the Board of Directors in January 2016 to fill a newly created position. In accordance with our Corporate Governance Guidelines, any new director appointed to fill a newly created position on the Board of Directors will stand for election at the first annual meeting of stockholders following such appointment. In accordance with our certificate of incorporation and bylaws, each director is to be elected for a term expiring at the third succeeding annual meeting of

Table of Contents

stockholders after such election. Accordingly, any new director appointed to fill a newly created position on the Board of Directors is assigned to the class of Directors that will stand for election at the first annual meeting of stockholders following such appointment.

Additional Information

For more information about each nominee and each of the other Directors serving on our Board of Directors, please see Information about Directors in this proxy statement. Each of the director nominees is currently serving as a director. These nominees have agreed to serve if elected, and management has no reason to believe that such nominees will be unable to serve. In the event any of these nominees is unable or declines to serve as a director at the time of the annual meeting, the proxies will be voted for any nominees who may be designated by the present Board of Directors to fill the vacancy. The persons designated as proxies on the form of proxy card attached to this proxy statement intend to vote such proxy **FOR** the election of each of the three nominees named above, unless the stockholder validly indicates otherwise on the proxy.

Vote Required for Approval

Our bylaws require that a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election in an uncontested election (that is, the number of shares voted FOR that nominee exceeds the number of votes cast AGAINST that nominee). Each of our director nominees currently serves on the Board of Directors. If a nominee who currently serves as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a holdover director. Under our Corporate Governance Guidelines, each director submits an advance, contingent, irrevocable resignation that the Board may accept if stockholders do not re-elect that director. In that situation, our Nominating/Corporate Governance Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES SET FORTH ABOVE

Table of Contents

Proposal 2: Ratification of the Appointment of Independent Registered Public Accounting Firm

The Audit Committee has selected Ernst & Young LLP as our independent registered public accounting firm to audit our consolidated financial statements for the fiscal year ending January 1, 2017, and the Board of Directors has determined that it would be desirable to request that the stockholders ratify such appointment. Before selecting Ernst & Young LLP, the Audit Committee considered the firm s qualifications as independent registered public accountants and concluded that, based on Ernst & Young LLP s prior performance and its reputation for integrity and competence, it was qualified. The Audit Committee also considered whether any non-audit services performed for us by Ernst & Young LLP would impair Ernst & Young LLP s independence and concluded that they did not. Even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the fiscal year if it determines that such a change would be in our best interests of our stockholders.

A representative of Ernst & Young LLP is expected to be present at the annual meeting, will have an opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to appropriate questions.

Fees Paid to Ernst & Young LLP

During the fiscal years ended January 3, 2016, and December 28, 2014, the aggregate fees billed or accrued by Ernst & Young LLP for professional services were as follows:

	Year Ended	
	January 3, 2016 ($)	**December 28, 2014 ($)**
Audit Fees	3,590,500	2,505,648
Audit-Related Fees	6,338	112,895
Tax Fees	390,543	74,500
Total	3,987,381	2,693,043

Audit fees consist of amounts for professional services rendered in connection with the integrated audit of our consolidated financial statements and related schedule and internal control over financial reporting, review of the interim condensed consolidated financial statements included in quarterly reports, and statutory audits required internationally. For the fiscal years ended January 3, 2016, and December 28, 2014, audit-related fees were primarily incurred for accounting consultations. Tax fees for the fiscal years ended January 3, 2016, and December 28, 2014, related to services rendered for the preparation of foreign tax filings. For the fiscal years ended January 3, 2016, and December 28, 2014, Ernst & Young LLP did not perform any professional services other than as stated under the captions Audit Fees, Audit-Related Fees, and Tax Fees.

Pre-Approval Policies and Procedures

The Audit Committee, as required by the Securities Exchange Act of 1934 (the Exchange Act), requires advance approval of all audit services and permitted non-audit services to be provided by our

Table of Contents

independent registered public accounting firm. The Audit Committee must approve the permitted service before the independent registered public accounting firm is engaged to perform it. The services listed as Audit Fees, Audit-Related Fees, and Tax Fees in the table above were pre-approved by our Audit Committee in accordance with this policy.

Vote Required for Approval

Stockholder ratification is not required to appoint Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2017, because the Audit Committee has responsibility for the appointment of our independent registered public accounting firm. Nevertheless, our Board of Directors is submitting this matter to stockholders in conformance with good corporate governance practices. No determination has been made as to what action the Board of Directors or the Audit Committee would take if stockholders do not approve the appointment of Ernst & Young LLP. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in the best interests of the Company and its stockholders. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm requires the affirmative FOR vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Table of Contents

Proposal 3: Advisory Vote to Approve the Compensation of our Named Executive Officers

As required by Section 14A of the Exchange Act, we are seeking an advisory vote to approve the compensation of the named executive officers as disclosed in the section of this proxy statement titled Executive Compensation. Following the 2011 annual meeting of stockholders, and consistent with results of the advisory vote on executive compensation taken by our stockholders at that meeting, the Board of Directors adopted a policy to submit this advisory vote to the stockholders on an annual basis. Accordingly, stockholders are being asked to vote on the following advisory resolution:

RESOLVED, that the compensation paid to Illumina s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion, is hereby APPROVED.

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 39 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our HR and talent objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 58 through 61, which provide detailed information on the compensation of our named executive officers. The Board of Directors and the Compensation Committee believe that the policies and procedures articulated in the Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our named executive officers reported in this proxy statement has contributed to our recent and long-term success.

Vote Required for Approval

The advisory resolution set forth above, commonly referred to as a say-on-pay resolution, is not binding on the Board of Directors. Although not binding, the Board of Directors and the Compensation Committee will review and consider the voting results when making future decisions regarding executive compensation. Approval of the advisory resolution set forth above requires the affirmative FOR vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE FOREGOING RESOLUTION TO APPROVE, ON AN ADVISORY BASIS, THE COMPENSATION OF ILLUMINA S NAMED EXECUTIVE OFFICERS

Table of Contents

Proposal 4: Advisory Vote to Ratify Certain Supermajority Voting Provisions in our Certificate of Incorporation and Bylaws

Introduction

The Board of Directors is seeking stockholder ratification of the retention of certain provisions of the Company s certificate of incorporation and bylaws that require a vote of 66 2/3% of the Company s outstanding stock in order to take certain actions (the Supermajority Provisions). The following is a summary of the Supermajority Provisions:

- Article IX of the certificate of incorporation, which relates to cumulative voting, the number and classes of directors, and the requirement of written ballots to elect directors;
- Article X of the certificate of incorporation, which relates to the power of the Board of Directors to amend or repeal the bylaws;
- Article XII of the certificate of incorporation, which relates to the ability of the Company to convene stockholder meetings outside of Delaware and to keep the books of the corporation outside of Delaware;
- Section 2.3 of the bylaws, which gives the Board of Directors the ability to call special meetings of the stockholders at any time and for any purpose;
- Section 2.4 of the bylaws, which sets out specific procedures for the provision of notice of meetings of stockholders;
- Section 2.8 of the bylaws, which relates to the ability of stockholders to vote, including by proxy;
- Section 2.10 of the bylaws, which establishes procedures for setting a record date and providing a default record date, including with respect to stockholders acting by written consent; and
- Section 3.2 of the bylaws, which relates to setting the number of directors, the size and term of the classes of directors, and defining each directors term of office.

The Board of Directors is submitting these provisions to the stockholders for ratification at the annual meeting.

Purpose of the Supermajority Provisions

Require Broad Stockholder Support for Key Actions

The existing requirements are sound corporate governance principles as they require that any significant changes on the topics listed above are made with broad stockholder support. With respect to the most fundamental aspects of the Company, these requirements ensure stockholders are not subject to the whims of a few large stockholders. Indeed, by requiring the support of a supermajority

in order to take these actions, we ensure that changes to our corporate structure truly reflect the stockholders as a group.

This prudent approach to stockholder votes on significant corporate changes is common many publicly-traded companies also require supermajority votes to take crucial actions.

Protect Minority Stockholders

Simple majority votes allow relatively few, large stockholders to dominate more numerous but smaller stockholders. Those large stockholders could act either unwisely or in outright self-interest if they go unchecked by higher vote requirements. Supermajority requirements demand consensus across many stockholders and protect small stockholders from being overwhelmed by large stockholders.

Furthermore, our bylaws require only that the holders of a majority of stock be present at a meeting in order to transact the business of the Company without these provisions, a simple majority of *that* majority (i.e., 25.1% of all outstanding shares) could impose radical changes on our corporate structure and functionality.

The Board of Directors has a fiduciary duty to pursue the best interests of all stockholders. By reserving certain fundamental functions for supermajority votes, these provisions insulate us from self-interested or misguided votes by a minority of stockholders holding a majority of shares present.

Promote Long-Term Corporate Management

Robust vote requirements enable stockholders, the Board of Directors, and third parties to make long-term plans and investments in the Company. Although changes to these provisions may be appropriate over time, by requiring a supermajority to make changes we ensure that such changes will not be sudden, nor will they be quickly reversed. Although this permanence is not necessary for all aspects of our structure and governance, it is beneficial and appropriate for these elements.

Limited Scope

The Board of Directors recognizes that a simple majority vote is appropriate for many stockholder actions. We do not require more than a simple majority unless it is appropriate and necessary to protect the interests of small stockholders. By requiring a supermajority vote only in these limited circumstances, we can empower stockholders to take many actions by a simple majority while ensuring that changes to certain sensitive provisions occur if and only if there is a broad consensus among stockholders that such changes are beneficial. The existing provisions allow stockholders the power to make changes to our governing documents without concentrating that power in the hands of only the largest stockholders.

The Board of Directors regularly considers corporate governance developments and best practices, and discusses whether any changes are appropriate.

Table of Contents

Vote Required for Approval

Approval of the advisory resolution set forth above requires the affirmative FOR vote of a majority of the shares present in person or represented by proxy and entitled to vote on the proposal. Although not binding, the Board of Directors will review and consider the voting results when making future decisions regarding our corporate governance practices, including with respect to our certificate of incorporation and bylaws.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE SUPERMAJORITY VOTING PROVISIONS IN OUR CERTIFICATE OF INCORPORATION AND BYLAWS

Table of Contents

Information About Directors

The following table sets forth the names, ages, committee assignments, and positions of our Directors as of April , 2016. Our Directors respective backgrounds and a discussion of the specific experience, qualifications, attributes, or skills of our Directors that led the Board of Directors to conclude that each such person should serve as a director are described following the table.

Name	Age	Position with the Company	Audit Committee	Compensation Committee	Nominating/ Corporate Governance Committee
Jay T. Flatley(1)	63	Chairman and CEO			
A. Blaine Bowman	69	Lead Independent Director			
Francis A. deSouza	45	President			
Frances Arnold, Ph.D.	59	Director			
Daniel M. Bradbury	54	Director			
Karin Eastham, CPA	66	Director			
Robert S. Epstein, M.D.	60	Director			
David R. Walt, Ph.D.(2)	63	Director			
Roy A. Whitfield	62	Director			
Number of Meetings in 2015			11	7	4

Chair Member Audit Committee Financial Expert (for purposes of Section 407 of Sarbanes-Oxley Act)

(1) Mr. Flatley will become Executive Chairman of the Board of Directors, effective July 5, 2016, in connection with his retirement as the Company s CEO.

(2) Dr. Walt will retire from the Board of Directors, effective immediately before this year s annual meeting. In connection with Dr. Walt s retirement, the Board of Directors intends to reduce the number of authorized directors of the Company from nine to eight, effective as of immediately prior to the annual meeting.

Jay T. Flatley

Director since: 1999

Mr. Flatley has served as our CEO and as a director since October 1999 and has served as Chairman since January 2016. Mr. Flatley also served as our President from October 1999 through December 2013. Prior to joining Illumina, Mr. Flatley was co-founder, President, CEO, and a director of Molecular Dynamics, Inc., a NASDAQ-listed life sciences company focused on genetic discovery and analysis, from 1994 until its sale to Amersham Pharmacia Biotech Inc. in 1998. He served in various other

Chairman since: 2016	positions of increasing responsibility with Molecular Dynamics from 1987 to 1994. From 1985 to 1987, Mr. Flatley was Vice President of Engineering and Vice President of Strategic Planning at Plexus Computers, a UNIX computer company. In addition to the public company directorships noted
Management: Chief Executive Officer	below, Mr. Flatley serves as a director of Denali Therapeutics, Inc., a privately-held biotechnology company, and

Table of Contents

as a director of our majority owned subsidiaries, Helix Holdings I, LLC and GRAIL, Inc. Mr. Flatley holds a B.A. in economics from Claremont McKenna College and a B.S. and M.S. in industrial engineering from Stanford University.

Other Public Company Board Service: Coherent, Inc. (2011 to present)

In selecting Mr. Flatley as a past nominee for election to the Board of Directors, the Board considered, among other things, Mr. Flatley s experience in leading and managing our growth and development. The Board of Directors believes that Mr. Flatley, through his long experience with the Company and his prior executive and board experience with Molecular Dynamics, Inc., contributes to the Board s understanding of the needs of our customers, the markets in which we compete, and the risks and opportunities associated with our product development and technological advances.

A. Blaine Bowman

Director since: 2007

Lead Independent Director since: 2016

Independent

Mr. Bowman has been a director since January 2007 and has served as our Lead Independent Director since March 2016. Mr. Bowman was formerly the Chairman, President, and CEO of Dionex Corporation, a NASDAQ-listed manufacturer of analytical instruments. Mr. Bowman retired as President and CEO of Dionex in 2002 and as Chairman of the Board in 2005, and he remained a director of Dionex until its sale to Thermo Fisher Scientific Inc. in 2011. He joined Dionex in 1977 and was named President and CEO in 1980. Before joining Dionex, Mr. Bowman was a management consultant with McKinsey & Company, a management consulting firm, and a product engineer with Motorola Semiconductor Products Division, a communication equipment company. Mr. Bowman also served as a past director of Solexa, Inc. from 2006 until its sale to Illumina in 2007. Mr. Bowman serves as a director of IO Informatics, Inc., a privately-held biotechnology software and services company. Mr. Bowman received his B.S. in physics from Brigham Young University and an M.B.A. from Stanford University.

Other Public Company Board Service: None

Past Public Company Board Service (since 2011): Altera Corporation (2012 to 2015); Dionex Corporation (1980 to 2011)

In selecting Mr. Bowman as a past nominee for election to the Board of Directors, the Board considered, among other things, Mr. Bowman s understanding of highly technical manufacturing processes associated with scientific instruments, his business leadership experience, and his deep understanding of operational financial issues. We design and manufacture our products, many of which are sophisticated scientific instruments used by scientists and researchers. The Board of Directors believes that Mr. Bowman contributes to the Board s understanding of the needs of our customers and the risks associated with our manufacturing processes. In addition, Mr. Bowman s experience as a management consultant and CEO of a scientific equipment manufacturer contributes to the Board s strategic understanding and review of our business opportunities. Mr. Bowman also served as a director of Solexa, Inc. at the time we acquired Solexa, and through this position he gained an understanding of the DNA sequencing market and associated product development issues.

Table of Contents

Frances Arnold, Ph.D.

Director since: 2016

Independent

Dr. Arnold has been a director since 2016. Dr. Arnold manages a research group at the California Institute of Technology and is the Dick and Barbara Dickinson Professor of Chemical Engineering, Bioengineering and Biochemistry at the California Institute of Technology and Director of the Donna and Benjamin M. Rosen Bioengineering Center. She joined the California Institute of Technology in 1986 and has served as a Visiting Associate, Assistant Professor, Professor, and Director. Dr. Arnold s laboratory focuses on protein engineering by directed evolution, with applications in alternative energy, chemicals, and medicine. She is the recipient of numerous honors, including induction into the National Inventors Hall of Fame, Fellow of the National Academy of Inventors, the ENI Prize in Renewable and Nonconventional Energy, the U.S. National Medal of Technology and Innovation, and the Charles Stark Draper Prize of the U.S. National Academy of Engineering. Dr. Arnold is an elected member of all three U.S. National Academics of Science, Medicine, and Engineering, as well as the American Academy of Arts and Sciences. Dr. Arnold received a B.S. in mechanical and aerospace engineering from Princeton University and a Ph.D. in chemical engineering from the University of California, Berkeley.

Other Public Company Board Service: None

In selecting Dr. Arnold as a nominee for election to the Board of Directors, the Board considered, among other things, Dr. Arnold s scientific and technical expertise in biological engineering. Our continued growth is dependent on scientific and technical advances, and the Board believes that Dr. Arnold offers both strategic and technical insight into the risks and opportunities associated with our business. In addition, Dr. Arnold s academic and research experience provides the Board of Directors with valuable insight into the needs of our customers, many of which are scientific research institutions, and the opportunities associated with serving the research market.

Daniel M. Bradbury

Director since: 2004

Mr. Bradbury has been a director since January 2004. Mr. Bradbury is Managing Member of BioBrit, LLC, a life sciences consulting and investment firm. Mr. Bradbury served as CEO of Amylin Pharmaceuticals, Inc., a NASDAQ-listed biopharmaceutical company, from 2007 until its acquisition by Bristol-Myers Squibb Company in 2012. From 2006 until 2012, he was a member of Amylin s board of directors and served on its Finance and Risk Management Committee. Mr. Bradbury also served as Amylin s President (2006-2007), Chief Operating Officer (2003-2006), and

Independent	Executive Vice President (2000-2003). He joined Amylin in 1994 and also held officer-level positions in Corporate Development and Marketing. From 1984 to 1994, Mr. Bradbury held a number of sales and marketing positions at SmithKline Beecham Pharmaceuticals, a global pharmaceutical manufacturer. In addition to the public company directorships noted

below, Mr. Bradbury serves as a director of the following privately-held companies: Castle Biosciences Inc., a molecular diagnostics company; DiaVacs, a biotechnology company; Freedom Meditech, Inc., a medical device company; Liquid Grids, Inc., a healthcare focused social media health intelligence and marketing company; MicroDermis Corporation, a life sciences company; Profil Institute for Clinical Research, Inc., a clinical research company; Renova Therapeutics, a gene therapy company; Sensulin LLC, a biotechnology company; and Troia Therapeutics Inc., a therapeutics company. Mr. Bradbury also serves on the BioMed Ventures Advisory Committee, the Investor Growth Capital Advisory Committee, the Keck Graduate Institute s Board of Trustees, and the UCSD Rady School of Management s Advisory Council. He received a Bachelor of Pharmacy from Nottingham University and a Diploma in Management Studies from Harrow and Ealing Colleges of Higher Education.

Other Public Company Board Service: Biocon Ltd. (2013 to present, Bombay Stock Exchange-listed); Corcept Therapeutics Incorporated (2012 to present); Geron Corporation (2012 to present); Syngene International Limited (2015 to present, Bombay Stock Exchange-listed)

Past Public Company Board Service (since 2011): Amylin Pharmaceuticals, Inc. (2006 to 2012); BioMed Realty Trust, Inc. (2013 to 2016)

In selecting Mr. Bradbury as a past nominee for election to the Board of Directors, the Board considered, among other things, Mr. Bradbury s management and governance experience in the biopharmaceutical industry gained primarily through his involvement in leading the rapid growth and development of Amylin. The Board of Directors believes that Mr. Bradbury contributes to the Board s understanding of the risks and opportunities faced by a rapidly growing global business. In addition, Mr. Bradbury s experience successfully commercializing pharmaceutical products contributes to the Board s understanding of the risks and opportunities associated with new product development in an industry regulated by the U.S. Food and Drug Administration.

Francis A. deSouza

Mr. deSouza has served as President since December 2013 and as a director since January 2014. Prior to joining Illumina, Mr. deSouza was President, Products and Services, of Symantec Corporation, a NASDAQ-listed

Director since: 2014

Management: President

software technology company, from 2011 to 2013, and Mr. deSouza served as Symantec s Senior Vice President, Enterprise Security Group, from 2009 to 2011. Prior to joining Symantec, from 2001 to 2006, he was Founder and CEO of IMlogic, Inc., an enterprise instant messaging software company that was acquired by Symantec in 2006, and Mr. deSouza served as Product Unit Manager, Real-time Collaboration Group, at Microsoft Corporation from 1998 to 2001. Prior to joining Microsoft, from 1997 to 1998, Mr. deSouza was co-founder and CEO of Flash Communications, an enterprise instant messaging company that was acquired by Microsoft in 1998. Mr. deSouza received a B.S. in electrical engineering and computer science with a minor in economics and a M.S. from Massachusetts Institute of Technology.

Other Public Company Board Service: Citrix Systems, Inc. (2014 to present)

Table of Contents

In selecting Mr. deSouza as a nominee for election to the Board of Directors, the Board considered, among other things, Mr. deSouza s extensive experience with entrepreneurial companies experiencing rapid growth and maturation. The Board of Directors believes that Mr. deSouza s experience directly managing a growing portfolio of products and services contributes to the Board s understanding of the risks and opportunities faced by a rapidly growing global business, such as Illumina, as it develops and introduces an increasing number of products and services.

Karin Eastham, CPA

Director since: 2004

Independent

Ms. Eastham has been a director since July 2004. Ms. Eastham serves on the boards of directors of several life science companies. From 2004 to 2008, she served as Executive Vice President and Chief Operating Officer, and as a member of the Board of Trustees, of Burnham Institute for Medical Research, a non-profit corporation engaged in basic biomedical research. From 1999 to 2004, Ms. Eastham served as Senior Vice President, Finance, Chief Financial Officer and Secretary of Diversa Corporation, a biotechnology company. She previously held similar positions with CombiChem, Inc., a computational chemistry company, and Cytel Corporation, a biopharmaceutical company. Ms. Eastham also held several positions, including Vice President, Finance, at Boehringer Mannheim Corporation, a biopharmaceutical company, from 1976 to 1988. Ms. Eastham received a B.S. and an M.B.A. from Indiana University and is a Certified Public Accountant.

Other Public Company Board Service: Geron Corporation (2009 to present); MorphoSys AG (2012 to present, Frankfurt Stock Exchange-listed); Veracyte, Inc. (2012 to present)

Past Public Company Board Service (since 2011): Amylin Pharmaceuticals, Inc. (2005 to 2012); Genoptix, Inc. (2008 to 2011); Trius Therapeutics, Inc. (2009 to 2013)

In selecting Ms. Eastham as a nominee for election to the Board of Directors, the Board considered, among other things, Ms. Eastham s understanding of biomedical research institutions combined with her business leadership and finance experience. Our customers include biomedical research institutions, and the Board of Directors believes that Ms. Eastham provides the Board with greater insight into the needs of such

institutions. Ms. Eastham also contributes to the Board s understanding of governance and strategy for life sciences companies through her experience as a director in our industry. Additionally, Ms. Eastham s extensive senior management experience in the biopharmaceutical industry, particularly in key corporate finance and accounting positions, also provide the appropriate skills to serve on our Board of Directors.

Robert S. Epstein, M.D.

Director since: 2012

Independent

Dr. Epstein has been a Director since November 2012. Dr. Epstein is an epidemiologist who worked in public health and academia before joining the private sector. From 2010 to 2012, Dr. Epstein was Chief R&D Officer and President of Medco-UBC, a 2,400 person global research organization focused on conducting personalized medicine, health economics, drug safety, outcomes, and comparative effectiveness research on behalf of the biopharmaceutical, medical

device, and diagnostics industries. Prior to this role, Dr. Epstein was Medco s Chief Medical Officer for 13 years, where he led formulary development, clinical guideline development, drug information services, personalized medicine program development, and client analytics and reporting. Dr. Epstein is also the former President of the International Society of Pharmacoeconomics and Outcomes Research (ISPOR), and has served on the boards of directors of the Drug Information Association (DIA) and the International Society of Quality of Life. In addition to the public company directorships noted below, Dr. Epstein serves as a director of the following privately-held companies: Intellos LLC, a diagnostics company; and Proteus Digital Health, a healthcare technology company. Dr. Epstein has published more than 75 peer-reviewed medical articles and book chapters and serves as a reviewer for several influential medical journals, including the New England Journal of Medicine and JAMA (The Journal of the American Medical Association). Dr. Epstein received his M.D. and B.S. in biomedical science from the University of Michigan and an M.S. in preventative medicine from the University of Maryland.

Other Public Company Board Service: Fate Therapeutics, Inc. (2014 to present); Veracyte, Inc. (2015 to present)

Past Public Company Board Service (since 2011): AVEO Pharmaceuticals, Inc. (2012 to present)

In selecting Dr. Epstein as a past nominee for election to the Board of Directors, the Board considered, among other things, Dr. Epstein s in-depth experience and practical knowledge of how molecular diagnostic tests are reimbursed and the issues raised by payors and other evidentiary authorities. As our technology and products are increasingly utilized in molecular diagnostics and clinical settings, Dr. Epstein s experience will contribute to the Board s understanding of these markets and the risks and opportunities associated with operating in markets regulated by the U.S. Food and Drug Administration.

Roy A. Whitfield

Director since: 2007

Mr. Whitfield has been a director since January 2007. Mr. Whitfield is the former Chairman of the Board and CEO of Incyte Corporation (formerly Incyte Genomics), a NASDAQ-listed drug discovery and development company he co-founded in 1991. From 1993 to 2001, Mr. Whitfield served as its CEO and, from November 2001 until his retirement in June 2003, as

Independent	its Chairman. Mr. Whitfield remained on the board of Incyte Corporation until 2014. From 1984 to 1989, Mr. Whitfield held senior operating and business development positions with Technicon Instruments Corporation, a medical instrumentation company, and its predecessor company, Cooper Biomedical, Inc., a biotechnology and medical diagnostics company. Earlier, Mr. Whitfield spent seven years with the Boston Consulting Group s international consulting practice. In addition to the public company directorships noted below, Mr. Whitfield also serves as a director of Station X Inc., a privately-held developer of software products for analyzing large-scale human genome information. Mr. Whitfield also served as a past director of Solexa, Inc. from 2006 until its sale to Illumina in 2007. Mr. Whitfield received a B.S. in

Mathematics from Oxford University and an M.B.A. from Stanford University.

Other Public Company Board Service: Incyte Corporation (1991 to present); Nektar Therapeutics (2000 to present)

In selecting Mr. Whitfield as a past nominee for election to the Board of Directors, the Board considered, among other things, Mr. Whitfield s management and governance experience in the biotechnology and genomics industries gained primarily through his involvement in leading the growth and development of Incyte Corporation. The Board of Directors believes that Mr. Whitfield contributes to the Board s understanding of the risks and opportunities faced by a rapidly growing global business. In addition, Mr. Whitfield s experience as a management consultant contributes to the Board s strategic understanding and review of our business opportunities. Mr. Whitfield also served as a director of Solexa, Inc. at the time we acquired Solexa, and through this position he gained an understanding of the DNA sequencing market and associated product development issues.

Table of Contents

Board of Directors and Corporate Governance

Board of Directors

Our business is managed under the direction of the Board of Directors. Our certificate of incorporation and bylaws provide for a classified Board of Directors consisting of three classes of Directors with staggered three-year terms. The Board has determined that a majority of the members of the Board, specifically Dr. Arnold, Mr. Bradbury, Mr. Bowman, Ms. Eastham, Dr. Epstein, Dr. Walt, and Mr. Whitfield, are independent Directors under the rules of The NASDAQ Global Select Market.

The Board of Directors intends to hold executive sessions of the non-management Directors following each regularly scheduled in-person meeting of the Board of Directors. Executive sessions do not include any employee Directors of the Company. At its meetings during the fiscal year ended January 3, 2016 (fiscal 2015), the Board of Directors regularly met in executive sessions of non-employee Directors.

The Board of Directors has adopted Corporate Governance Guidelines outlining its duties. These guidelines can be viewed on our website at ***www.illumina.com*** under Corporate Governance. The Board of Directors meets regularly to review significant developments affecting the Company and to act on matters requiring Board of Directors approval. The Board of Directors held eight formal meetings during fiscal 2015. Board members are requested to make attendance at Board and Board committee meetings a priority, to come to meetings prepared, having read any materials provided to the Board of Directors prior to the meeting, and to participate actively in the meetings.

Attendance at Meetings

During fiscal 2015, each director attended, in person or by telephone, at least 75% of the total number of meetings of both the Board of Directors and Board committees on which such director served during the period. Board members are invited to attend our annual meetings of stockholders, but they are not required to do so. We reimburse the travel expenses of any director who travels to attend the annual meetings. Two members of the Board of Directors attended our 2015 annual meeting of stockholders.

Corporate Governance

The Board of Directors and our management believe that good corporate governance is an important component in enhancing investor confidence in the Company and increasing stockholder value. The imperative to continue to develop and implement best practices throughout our corporate governance structure is fundamental to our strategy to enhance performance by creating an environment that increases operational efficiency and ensures long-term productivity and growth. Sound corporate governance practices also ensure alignment with stockholder interests by promoting fairness, transparency, and accountability in business activities among employees, management, and the Board of Directors.

Table of Contents

We maintain a corporate governance page on our website that includes key information about our corporate governance initiatives, including our Corporate Governance Guidelines, Code of Ethics, and charters for each of the committees of the Board of Directors, including the Audit Committee, the Compensation Committee, and the Nominating/Corporate Governance Committee. The corporate governance page can be found on our website at ***www.illumina.com*** under Corporate Governance.

Board Leadership Structure

Currently, our Board leadership structure consists of a Lead Independent Director, a Chairman (who is also our CEO), and strong committee chairs. This structure allows one person to speak for and lead both the Company and the Board, while also providing for effective independent board oversight through an independent lead director. At a Company growing as rapidly as Illumina and serving increasingly diverse markets, we believe the CEO is in the best position to focus the independent directors attention on the issues of greatest importance to the Company and our stockholders. We also believe that our structure provides independent Board leadership and engagement while providing the benefit of having our CEO, the individual with primary responsibility for managing the Company s day-to-day operations, chair regular Board meetings as key business and strategic issues are discussed.

Board s Role in Risk Oversight

Risk Oversight Generally

The Board of Directors is responsible for overseeing our risk management. To assist its oversight function, the Board has delegated many risk oversight functions to the Audit Committee. Under its charter, the Audit Committee is responsible for providing advice to the Board with respect to our risk evaluation and mitigation processes, including, in particular, the processes utilized by management for identifying, evaluating, and mitigating strategic, financial, operational, regulatory, and external risks inherent in our business. The Audit Committee also oversees our internal audit function. In addition to the Audit Committee s work in overseeing risk management, our full Board regularly engages in discussions of the most significant risks that we face and how these risks are being managed, and the Board receives reports on risk management from our senior officers and outside consultants engaged to provide an enterprise-level review of the risks facing the Company.

Our senior executives provide the Board of Directors and its committees with regular updates about our strategies and objectives and the risks inherent within them at Board and committee meetings and in regular reports. Board and committee meetings also provide a venue for Directors to discuss issues of concern with management. The Board of Directors and committees call special meetings when necessary to address specific issues or matters that should be addressed before the next regularly scheduled meeting. In addition, our Directors have access to our management at all levels to discuss any matters of interest, including those related to risk. Those members of management most knowledgeable about the applicable issues attend Board meetings to provide additional insight into items being discussed, including exposures and mitigation strategies with respect to various risks. The Board of Directors believes that the work undertaken by the Audit Committee, together with the work of the full Board and the CEO, enables the Board to effectively oversee our risk management function.

Table of Contents

Compensation Programs

The Compensation Committee, together with senior management, reviews compensation programs and benefits plans affecting employees generally (in addition to those applicable to our executive officers), and we have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. We also believe that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond our ability to effectively identify and manage significant risks; are compatible with effective internal controls and our risk management practices; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

Committees of the Board of Directors

The Board of Directors has three standing committees to facilitate and assist the Board in the execution of its responsibilities. These committees are currently the Audit Committee, the Compensation Committee, and the Nominating/Corporate Governance Committee. All of the committees are composed solely of non-employee, independent Directors. Charters for each committee are available on our website at ***www.illumina.com*** under Committee Composition.

Audit Committee

The Audit Committee represents and assists the Board by providing oversight of the Company s accounting and financial reporting processes and audits of its financial statements on behalf of the Board of Directors and provides advice with respect to the Company s risk evaluation and mitigation processes. The Audit Committee s duties and responsibilities under its charter include monitoring and advising the Board on:

- the integrity of the Company s financial statements and disclosures;
- the independent auditor s qualifications and independence;
- the performance of the Company s internal audit function and independent registered public accounting firm;
- the adequacy and effectiveness of the Company s internal controls;
- the Company s compliance with legal and regulatory requirements; and
- the processes utilized by management for identifying, evaluating, and mitigating strategic, financial, operational, regulatory, and external risks inherent in the Company s business.

The Board of Directors has unanimously determined that all Audit Committee members are financially literate under current NASDAQ listing standards, and at least one member has financial sophistication under NASDAQ listing standards. In addition, the Board of Directors has unanimously determined that all Audit Committee members qualify

as an audit committee financial expert under SEC rules and regulations. Designation as an audit committee financial expert is an SEC disclosure requirement and does not impose any additional duties, obligations, or liability on any person so designated.

Table of Contents

Compensation Committee

The primary function of the Compensation Committee is to discharge the Board s duties and responsibilities relating to compensation of our non-employee Directors and executive officers, and oversee the design and management of our equity and other compensation plans. The Compensation Committee s duties and responsibilities under its charter with respect to the compensation of our Directors and executive officers include:

- reporting annually to our stockholders on executive compensation matters;
- administering our equity and other compensation plans; and
- taking or causing to be taken such other actions and address such other matters as the Board may from time to time authorize the committee to undertake.

The Compensation Committee s primary goal under its charter is to align closely the interests of our executive officers with those of our stockholders by its efforts to:

- offer compensation opportunities that attract and retain executives whose abilities are critical to the long term success of the Company;
- motivate executives to perform to their highest level and reward outstanding achievement;
- maintain appropriate levels of risk and reward, assessed on a relative basis at all levels within the Company in proportion to individual contribution and performance and tied to achievement of financial, organizational, and management performance goals; and
- encourage executives to manage from the perspective of owners with an equity stake in the Company.

The CEO may not participate in or be present during any deliberations or determinations of the Compensation Committee regarding his compensation or individual compensation objectives.

The CEO has been delegated limited authority to grant stock options and restricted stock units to any employee who has a title of or below the rank of Vice President, who is not designated as a Section 16 Officer, and who does not report directly to him. The CEO may exercise this authority without any further action required by the Compensation Committee; however, the Compensation Committee approves grant ranges based on employee job levels to guide the CEO in the exercise of his authority and sets maximum individual award values that may be granted under this authority. The purpose of this delegation of authority is to enhance the flexibility of equity administration and to facilitate the timely grant of equity awards to non-management employees, particularly new employees, within the specified limits approved by the Compensation Committee. At least annually, the Compensation Committee reviews this authority and grant guidelines to ensure alignment with market and good governance practices. The CEO reports

at least annually to the Compensation Committee on his exercise of this delegated authority. In addition, the Compensation Committee reviews our equity award usage forecast on a quarterly basis as part of its administration duties within our stockholder-approved 2015 Stock and Incentive Plan.

Table of Contents

Nominating/Corporate Governance Committee

The Nominating/Corporate Governance Committee is responsible for overseeing matters of corporate governance, including the evaluation of the performance and practices of the Board of Directors. In particular, the Nominating/Corporate Governance Committee s duties and responsibilities under its charter include:

- identifying individuals qualified to serve as members of the Board of the Company;
- selecting nominees for election as Directors of the Company;
- evaluating the Board s performance;
- developing and recommending to the Board corporate governance guidelines; and
- providing oversight with respect to corporate governance and ethical conduct.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee is, or ever has been, an officer or employee of the Company. Furthermore, during fiscal 2015, none of our current executive officers served as a member of a board of directors or compensation committee (or other board committee performing equivalent functions) of another entity where an executive officer of such entity served as a member of our Board of Directors or Compensation Committee.

Code of Ethics

We have adopted a code of ethics that applies to all of our Directors, officers, and employees, including our principal executive officer and principal financial officer. This code of ethics is reviewed by the Nominating/Corporate Governance Committee of our Board of Directors on an annual basis and modified as deemed necessary. Our code of ethics is available for download from our website, ***www.illumina.com*** under Corporate Governance. A copy of the Code of Ethics may also be obtained free of charge, from us upon a request directed to Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, Attention: Investor Relations. We will disclose within four business days any substantive changes in or waivers of the Code of Ethics granted to our principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions, by posting such information on our website as set forth above rather than by filing a Form 8-K with the SEC.

Director Nominations

Criteria for Board Membership

The Board of Directors has delegated to the Nominating/Corporate Governance Committee the responsibility for reviewing and recommending to the Board nominees for Board membership. In accordance with our Corporate Governance Guidelines, the Nominating/Corporate Governance Committee, in evaluating Board candidates, considers factors such as depth and breadth of

experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of our business environment, and willingness to devote adequate time to Board duties, all in the context of an assessment of the needs of the Board at the time. The Nominating/Corporate Governance Committee seeks to ensure that at least a majority of Directors are independent under the rules of The NASDAQ Global Select Market, that members of our Audit Committee meet the financial literacy and sophistication requirements under the rules of The NASDAQ Global Select Market, and at least one of them qualifies as an audit committee financial expert under the rules of the SEC.

The Nominating/Corporate Governance Committee s objective is to maintain a board of individuals of the highest personal character, integrity, and ethical standards, and that reflects a range of professional backgrounds and skills relevant to our business. For each of the nominees to the Board, the biographies shown above highlight the experiences and qualifications that were viewed as being among the most important by the Nominating/Corporate Governance Committee in concluding that the nominee should serve as a director of the Company. The Nominating/Corporate Governance Committee considers diversity as one of many, but not dispositive, factors in identifying nominees for director, including personal characteristics such as race and gender, as well as diversity in the experience and skills that contribute to the Board s performance of its responsibilities in the oversight of a complex and highly-competitive global business. The Nominating/Corporate Governance Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

Process for Identifying and Evaluating Nominees

The Nominating/Corporate Governance Committee believes we are well-served by our current Directors. In the ordinary course, absent special circumstances or a material change in the criteria for Board membership, the Nominating/Corporate Governance Committee will re-nominate incumbent Directors who continue to be qualified for Board service and are willing to continue as Directors. If an incumbent director is not standing for re-election, or if a vacancy on the Board occurs between annual stockholder meetings, the Nominating/Corporate Governance Committee will seek out potential candidates for Board appointment who meet the criteria for selection as a nominee and have the specific qualities or skills being sought. In addition, from time to time the Board may seek to expand its ranks to bring in new Board members with special skills or experience relevant and useful to us at our particular stage of development. Director candidates will be selected based on input from members of our Board of Directors, our senior management, and, if the Nominating/Corporate Governance Committee deems appropriate, a third-party search firm. The Nominating/Corporate Governance Committee will evaluate each candidate s qualifications and check relevant references; in addition, such candidates will be interviewed by at least one member of the Nominating/Corporate Governance Committee. Candidates meriting serious consideration will meet with all members of the Board of Directors. Based on this input, the Nominating/Corporate Governance Committee will evaluate which of the prospective candidates is qualified to serve as a director and whether the committee should recommend to the Board that this candidate be appointed to fill a current vacancy on the Board or presented for the approval of the stockholders, as appropriate.

Table of Contents

Stockholder Nominees

The Nominating/Corporate Governance Committee will consider written proposals from stockholders for nominees for director under the same criteria described above but, based on those criteria, may not necessarily recommend those nominees to the Board of Directors. Any such nominations should be submitted to the Nominating/Corporate Governance Committee, via the attention of our Secretary, and should include the following information:

- all information relating to such nominee that is required to be disclosed pursuant to the Exchange Act (including such person s written consent to a background check, to being named in the proxy statement as a nominee, and to serving as a director, if elected);
- the names and addresses of the stockholder(s) making the nomination and the number of shares of our common stock that are owned beneficially and of record by such stockholder(s); and
- appropriate biographical information and a statement as to the qualification of the nominee, including the specific experience, qualifications, attributes, or skills of the nominee, demonstrating the relevance and usefulness to our company of such experience, qualifications, attributes, or skills at our particular stage of development.

Nominations should be submitted in the timeframe described in our bylaws and under the caption Stockholder Proposals for our 2017 Annual Meeting below.

From time to time, we have retained and may in the future retain the services of an independent third-party search firm to assist the Nominating/Corporate Governance Committee in identifying and evaluating potential candidates.

Communications with Board of Directors

All interested parties who wish to communicate with the Board of Directors or any of the non-management Directors may do so by sending a letter to the Corporate Secretary, Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, and should specify the intended recipient or recipients. All such communications will be forwarded to the appropriate director or directors for review, except for spam, junk mail, mass mailings, product complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material.

In addition, you may send, in an envelope marked Confidential, a written communication to the Chair of the Audit Committee, via the attention of our Corporate Secretary, at Illumina, Inc., 5200 Illumina Way, San Diego, California 92122. All such envelopes will be delivered unopened to the Chair of our Audit Committee.

Table of Contents

Director and Officer Stock Ownership Policy

The Board of Directors, acting on the recommendation of the Compensation Committee, has adopted stock ownership guidelines that are applicable to each of our non-employee Directors, each of our executive officers who is subject to the restrictions of Section 16 of the Exchange Act, and each of our officers having a title of Senior Vice President or above. Under the ownership guidelines each individual subject to the guidelines is expected to own and hold shares of our common stock having an aggregate value at least equal to:

Title	Multiple
Non-employee director	3x annual retainer
Chief Executive Officer	5x base salary
President	3x base salary
Executive Vice President	2x base salary
Senior Vice President	1x base salary
Section 16 officer, if not covered above	1x base salary

Under the ownership guidelines, each individual subject to the guidelines is required to achieve compliance with the applicable ownership levels set forth above within three years from the date such individual director or officer first became subject to the guidelines, either as a result of a new hire or promotion.

Unvested performance stock units (PSUs) and unvested stock options do not count towards satisfaction of the ownership guidelines.

During such time as a covered officer or director is not in compliance with his or her applicable ownership guidelines, such officer or director:

- is required to retain an amount equal to 100% of the net shares of common stock received as a result of the vesting of restricted stock or restricted stock units (net shares are those shares that remain after shares are sold or netted to pay withholding taxes); and

- may not establish a qualified trading plan (i.e., a Rule 10b5-1 trading program) or modify an existing qualified trading plan to increase the number of shares of our common stock to be sold under such plan (under our Insider Trading Policy our Directors, executive officers, and each of our officers having a title of Senior Vice President or above may only sell shares of our common stock pursuant to a qualified trading plan).

Director Compensation

Our Directors play a critical role in guiding our strategic direction and overseeing the management of the Company. Ongoing developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors. The many responsibilities and risks and the substantial time commitment of being a director of a public

Table of Contents

company require that we provide adequate incentives for our Directors continued performance by paying compensation commensurate with our Directors workload. Our non-employee Directors are compensated based upon their respective levels of Board participation and responsibilities, including service on Board committees. Directors who are our employees, such as Messrs. Flatley and deSouza, receive no separate compensation for their services as Directors.

Our director compensation is overseen by the Compensation Committee of our Board of Directors, which makes recommendations to the Board of Directors on the appropriate amount and structure of our programs in light of then-current competitive practice. The Compensation Committee typically receives advice and recommendations from an independent compensation consultant with respect to its determination on director compensation matters.

We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on the Board of Directors.

Cash Compensation

Annual Retainer

During fiscal 2015, each of our non-employee Directors was eligible to receive an annual cash retainer of $55,000, and the Chairman of the Board, if not an employee of the Company, was eligible to receive an additional $50,000.

Committee Fees

In addition, during fiscal 2015 each of our non-employee Directors serving on one or more Board committees was eligible to receive the applicable fees set forth below.

	Fiscal 2015 Board Committee Fees ($)		
	Audit Committee	Compensation Committee	Nominating/Corporate Governance Committee
Chairperson	25,000	25,000	15,000
Member	15,000	15,000	10,000

Stock in Lieu of Cash Compensation

Non-employee Directors may elect to receive shares of our common stock in lieu of all, but not less than all, cash retainers and Board committee fees otherwise payable by the Company to such director in a given calendar year. Shares issued to an eligible director electing to receive cash compensation in the form of shares will not be subject to vesting or forfeiture restrictions and will be issued on a quarterly basis. The number of shares issued to an eligible director electing to receive shares in lieu of cash will equal the amount of cash compensation otherwise payable by the Company to such director for the immediately preceding calendar quarter, divided by the weighted average closing price of our common stock during the immediately preceding calendar quarter (calculated by reference to each trading day during such quarter). No fractional shares will be issued, and in lieu of fractional shares, the Company will pay to such electing director an amount of cash equal to any such fractional share multiplied by the weighted average closing price of our common stock during the immediately preceding calendar quarter (calculated by reference to each trading day during such quarter).

Table of Contents

Equity Compensation

Annual Awards

In connection with our annual meeting of stockholders, each of our non-employee Directors is eligible to receive a restricted stock unit (RSU) award having an award value of $400,000 (as determined based on the fair market value of the Company s common stock on the date of grant), which award is to be made automatically on the date of such annual meeting of stockholders. Such annual RSU awards will vest on the earlier of the first anniversary of the grant date or the day prior to the annual meeting of stockholders immediately following the annual meeting at which the award is granted, in both cases subject to continued service as a board member through the vesting date

Accordingly, in connection with our 2015 annual meeting of stockholders, on May 27, 2015, each of our non-employee Directors who were serving at the time of the 2015 annual meeting received an award of 1,910 RSUs (having an award value of $400,088 based on the closing price of our common stock on May 27, 2015, of $209.47). The RSUs will vest on the earlier of (i) the one year anniversary of the grant date of the award and (ii) the date immediately preceding the date of the 2016 annual meeting of stockholders.

Awards Upon First Joining the Board of Directors

During fiscal 2015 each non-employee director upon first joining the Board, whether through election by our stockholders or appointment by our Board to fill a vacancy, was eligible to receive a one-time RSU award having an award value of $1,070,000 (as determined based on the fair market value of the Company s common stock on the date of grant). An employee director who ceases to be an employee but remains a director will not receive this initial RSU award. Such initial RSU award will vest over a four-year period, with 25% of the RSU vesting on each of the first four anniversaries of the grant.

In January 2016, the Board of Directors, acting on the recommendation of the Compensation Committee, determined that each non-employee director upon first joining the Board after January 28, 2016, whether through election by our stockholders or appointment by our Board to fill a vacancy, would be eligible to receive a one-time RSU award having an award value of two times the annual RSU award (currently $800,000 based on an annual award value of $400,000), as determined based on the fair market value of the Company s common stock on the date of grant.

Additional Benefits

Directors who receive RSUs are given the opportunity, at the time they execute award agreements providing for the RSU grant, to elect to receive, at the time the RSU vests, a portion of the award in cash rather than in shares in order to enable the director to satisfy his or her obligation to pay the federal income tax that becomes due at the time of such vesting.

In addition to the cash and equity compensation described above, we reimburse our non-employee Directors for their expenses incurred in connection with attending Board and committee meetings. We do not provide Directors with additional compensation for attending Board or committee meetings.

Table of Contents

Non-Employee Director Compensation

The following table summarizes the total compensation paid by the Company to our non-employee Directors for fiscal 2015.

Name(1)	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)(4)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation ($)	Total ($)
William H. Rastetter(5)	120,000	400,088					520,088
A. Blaine Bowman	95,000	400,088					495,088
Daniel M. Bradbury	87,500	400,088					487,588
Karin Eastham	91,250	400,088					491,338
Robert S. Epstein	73,462	400,088					473,550
Jeffrey T. Huber(6)	55,000	400,088					455,088
Gerald Möller(7)	31,577						31,577
David R. Walt	66,250	400,088					466,338
Roy A. Whitfield	85,000	400,088					485,088

(1) Mr. Flatley, our Chief Executive Officer, and Mr. deSouza, our President, are not included in this table as both are employees and receive no additional compensation for service as a director. The compensation received by Messrs. Flatley and deSouza as employees is shown in the Summary Compensation Table on page 58.
(2) Includes the following number of shares received in lieu of cash payments: (a) 631 shares to Dr. Rastetter, (b) 287 shares to Mr. Huber, and (c) 160 shares to Dr. Möller.
(3) This reflects the grant date fair value of awards granted during fiscal 2015.
(4) Each of the then-serving Directors received an award of 1,910 RSUs on May 27, 2015 (the date of our 2015 annual meeting of stockholders), with a per share value of $209.47 (the closing price of our common stock on NASDAQ on May 27, 2015).
(5) Dr. Rastetter retired from the Board effective as of January 28, 2016.
(6) Mr. Huber retired from the Board effective as of February 7, 2016.
(7) Dr. Möller retired from the Board effective as of May 27, 2015.

The following table shows the total number of unvested RSUs and total stock options held by each of our non-employee Directors as of January 3, 2016:

Name	Unvested RSUs Outstanding	Vested Stock Options Outstanding	Unvested Stock Options Outstanding
William H. Rastetter(1)	1,910	108,700	
A. Blaine Bowman	1,910	57,700	

Daniel M. Bradbury	1,910	12,200	
Karin Eastham	1,910	23,400	
Robert S. Epstein	2,910	17,183	6,417
Jeffrey T. Huber(2)	6,773		
Gerald Möller(3)			
David R. Walt	1,910	108,700	
Roy A. Whitfield	1,910	46,450	

(1) Dr. Rastetter retired from the Board effective as of January 28, 2016.
(2) Mr. Huber retired from the Board effective as of February 7, 2016.
(3) Dr. Möller retired from the Board effective as of May 27, 2015.

Table of Contents

Stock Ownership and Section 16 Compliance

The following table sets forth the number of shares of our common stock beneficially owned by each of our directors and director nominees and each executive officer named in the Summary Compensation Table (the named executive officers), and by all of our directors, director nominees, and executive officers as a group.

The information set forth below is as of February 28, 2016, and is based upon information supplied or confirmed by the named individuals. The address of each person named in the table below is c/o Illumina, Inc., 5200 Illumina Way, San Diego, California 92122.

Name	Common Stock Beneficially Owned (Excluding Stock Options)(1)	Stock Options Exercisable Within 60 Days of February 28, 2016(2)	Total Common Stock Beneficially Owned(1)(2)	Percent of Common Stock(3)
Jay T. Flatley(4)	470,726	390,000	860,726	*
Francis A. deSouza	54,464		54,464	*
Marc A. Stapley	33,483	46,297	79,780	*
Christian O. Henry	44,190	18,000	62,190	*
Tristan B. Orpin	79,344	40,000	119,344	*
Frances Arnold	200		200	*
A. Blaine Bowman	12,573	57,700	70,273	*
Daniel M. Bradbury	12,466	8,800	21,266	*
Karin Eastham	8,425	23,400	31,825	*
Robert S. Epstein	4,025	20,516	24,541	*
David R. Walt(5)	666,890	108,700	775,590	*
Roy A. Whitfield	11,738	42,700	54,438	*
All directors, director nominees, and executive officers as a group (17 persons, including those directors and executive officers named above)	1,578,798	911,653	2,490,451	1.7%

* Represents beneficial ownership of less than one percent (1%) of the issued and outstanding shares of common stock.

(1) Includes shares of stock beneficially owned as of February 28, 2016. Also includes restricted stock units, or RSUs, vesting within 60 days of February 28, 2016. An RSU represents a conditional right to

receive one share of our common stock at a specified future date.

(2) Includes stock options that are exercisable as of February 28, 2016, and stock options that vest, or become exercisable, within 60 days of February 28, 2016.

(3) Percentage ownership is based on 147,041,238 shares of common shares of common stock outstanding on February 28, 2016.

(4) Includes 6,000 shares owned by Mr. Flatley s minor children.

(5) Includes 36,960 shares owned by Dr. Walt s spouse.

Table of Contents

As of February 28, 2016, the following are the only persons known to us to be the beneficial owner of more than five percent of our common stock:

Name and Address of Beneficial Owner	Common Stock Beneficially Owned	Percent of Common Stock(1)
Baillie Gifford & Co.(2) Calton Square, 1 Greenside Row Edinburgh EH1 3AN Scotland UK	17,495,160	11.9%
Capital Research Global Investors(3) 333 South Hope Street, 55th floor Los Angeles, CA 90071	11,828,195	8.0%
BlackRock, Inc.(4) 55 East 52nd Street New York, NY 10022	9,909,750	6.7%
The Vanguard Group(5) 100 Vanguard Blvd. Malvern, PA 19355	8,555,575	5.8%

(1) Percentage ownership is based on 147,041,238 shares of common shares of common stock outstanding on February 28, 2016.
(2) This information is based on a Schedule 13G/A filed with the SEC on February 3, 2016. Baillie Gifford & Co. reports that it has sole voting power with respect to 10,114,983 shares and sole dispositive power with respect to 17,495,160 shares.
(3) This information is based on a Schedule 13G/A filed with the SEC on February 16, 2016. Capital Research Global Investors reports that it has sole voting and sole dispositive power with respect to 11,828,195 shares.
(4) This information is based on a Schedule 13G/A filed with the SEC on February 10, 2016. BlackRock, Inc. reports that it has sole voting power with respect to 8,611,217 shares and sole dispositive power with respect to 9,909,750 shares.
(5) This information is based on a Schedule 13G filed with the SEC on February 11, 2016. The Vanguard Group reports that it has sole voting power with respect to 271,586 shares, shared voting power with respect to 14,500 shares, sole dispositive power with respect to 8,266,647 shares, and shared dispositive power with respect to 288,928 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of the our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Executive officers, directors, and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

To the our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended January 3, 2016, all Section 16(a) filing requirements applicable to our executive officers, directors, and greater than 10% beneficial owners were complied with, except the following:

A late Form 3 report was filed for Omead Ostadan on May 21, 2015, to report initial statement of holdings upon Mr. Ostadan becoming a Section 16(a) officer effective April 30, 2015.

A late Form 4 report was filed for Roy Whitfield on September 9, 2015, to report stock options exercised on August 5, 2015.

A late Form 4 report was filed for Tristan Orpin on December 14, 2015, to report awards granted on December 8, 2015. Mr. Orpin became a Section 16(a) officer effective December 7, 2015.

A late Form 4 report was filed for Michel Bouchard on March 31, 2015, to report sale of shares on March 12, 2015, and a Form 5 was filed on February 17, 2016 reporting late sales of shares on March 19, 2015 and August 5, 2015.

Table of Contents

Executive Officers

The following table sets forth the names, ages, positions, and business experience during the past five years of our executive officers as of February 28, 2016:

Name	Age	Position	Year Joined Illumina	Recent Business Experience
Jay T. Flatley	63	Chairman and CEO	1999	2016 present: Chairman and CEO 2013 2016: CEO 1999 2013: President and CEO
Paul L. Bianchi	54	Senior Vice President, Human Resources	2012	2012 present: present position 2009 2012: senior vice president human resources at Risk Management Solutions, Inc.
Charles E. Dadswell	57	Senior Vice President, General Counsel & Secretary	2013	2013 present: present position 2011 2013: vice president, general counsel for North and Latin America, and corporate director of global intellectual property at bioMerieux
Francis A. deSouza	45	President	2013	2013 present: present position 2011 2013: group president, enterprise products and services for Symantec Corporation 2009 2011: senior vice president, enterprise security group at Symantec Corporation
Christian O. Henry	48	Executive Vice President & Chief Commercial Officer	2005	2015 present: present position 2014 2015: Senior Vice President & Chief Commercial Officer 2012 2014: Senior Vice President & General Manager, Genomic Solutions

				2010 2012: Senior Vice President, Chief Financial Officer & General Manager, Life Sciences
Nicholas J. Naclerio, Ph.D.	54	Senior Vice President, Corporate and Venture Development	2010	2015 present: present position 2014 2015 : Senior Vice President, Corporate Development & General Manager, Enterprise Informatics 2010 2014: Senior Vice President, Corporate and Venture Development
Tristan B. Orpin	50	Executive Vice President, Clinical Genomics	2002	2015 present: present position 2014 2015: Senior Vice President & General Manager, Reproductive and Genetic Health 2010 2014: Senior Vice President & Chief Commercial Officer
Omead Ostadan	44	Executive Vice President, Operations, Products and Strategy	2007	2015 present: present position 2015 2015: Senior Vice President, Operations and Development 2011 2015: Senior Vice President, Product Development
Mostafa Ronaghi, Ph.D.	47	Senior Vice President & Chief Technology Officer	2008	2008 present: present position
Marc A. Stapley	46	Executive Vice President, Chief Administrative Officer & CFO	2012	2015 present: present position 2012 2015: Senior Vice President & CFO 2009 2012: senior vice president, finance at Pfizer, Inc.

Table of Contents

Compensation Discussion and Analysis

The Compensation Committee of the Board of Directors determines the compensation for our executive officers. The Compensation Committee considers, adopts, reviews, and revises executive officer compensation plans, programs, and guidelines, and reviews and determines all components of each executive officer s compensation. Compensation programs, and the compensation components, for the CEO are, additionally, subject to approval by the Board of Directors. The Compensation Committee also consults with management and Illumina s employee compensation and benefits group regarding both executive and non-executive employee compensation plans and programs, including administering our equity incentive plans.

This section of the proxy statement explains how our executive compensation programs are designed and operate with respect to Illumina s named executive officers, who are the CEO, CFO, and the three other most highly compensated executive officers in a particular year. For fiscal 2015, our named executive officers are:

Named Executive Officer	Position
Jay T. Flatley	CEO
Francis A. deSouza	President
Marc A. Stapley	Executive Vice President, Chief Administrative Officer & CFO
Christian O. Henry	Executive Vice President & Chief Commercial Officer
Tristan B. Orpin	Executive Vice President, Clinical Genomics

Recent Say-on-Pay Vote

In May 2015, we held a stockholder advisory vote to approve the compensation of our named executive officers, commonly referred to as a say-on-pay vote. We received favorable consideration, with over 96% of stockholder votes cast approving the proposal. As a result, the Compensation Committee decided to retain our general approach in the 2015 fiscal year. The Compensation Committee will consider the outcome of the annual say-on-pay votes when making future compensation decisions.

Compensation Philosophy and Objectives

Our executive compensation and benefit programs aim to encourage our executive officers to continually pursue strategic opportunities, while effectively managing our day-to-day operations. Specifically, we have created a compensation package that combines short- and long-term components (cash and equity, respectively) at the levels we believe are most appropriate to motivate and reward our executive officers. The Compensation Committee and our management believe that the proportion of at-risk, performance-based compensation should rise as an employee s level of responsibility increases.

Our executive compensation program is designed to achieve four primary objectives:

- attract, retain, and reward executives who contribute to our success;

provide economic incentives for executives to achieve business objectives by linking executive compensation with our overall performance;

Table of Contents

- strengthen the relationship between executive pay and stockholder value through the use of long-term compensation; and

- reward individuals for their specific contributions to our success.

Use of Market Data and Benchmarking

We strive to set executive compensation at competitive levels. This involves, among other things, establishing compensation levels that are generally consistent with levels at other companies with which we compete for talent.

During fiscal 2015, the Compensation Committee retained an independent compensation consultant from Radford, an Aon Hewitt Company, as the Compensation Committee s advisor reporting directly to the Chairperson. After considering all of the factors required by applicable NASDAQ rules, the Compensation Committee has concluded that no conflict of interest exists that would prevent Radford from serving as an independent consultant to the Compensation Committee. The Compensation Committee maintains sole authority to retain and determine the work to be performed by Radford. With respect to fiscal 2015 compensation, the Compensation Committee directed Radford to conduct a comprehensive formal review and analysis of our executive compensation and incentive programs relative to competitive benchmarks. This review consisted of a benchmarking analysis of our executive compensation philosophy and practices against prevailing market practices of identified peer group companies and broader industry trends. The analysis included the review of the total direct compensation (inclusive of salary, cash incentives, and equity awards) of our executive officers. It was based on an assessment of market trends covering available public information in addition to proprietary data provided by Radford.

As our product and industry roadmap evolves and diversifies, we compete increasingly with technology sector companies for talent with the experience of integrating hardware, software, and science. This trend led the Compensation Committee to consider broadening the Company s peer group to include companies whose talent reflect the next generation of leaders required to support the transformation, at the clinician level, in genomics cloud computing and real-time data. Also, in light of our significantly increased market capitalization, accelerating growth rate, and evolving business characteristics, the Compensation Committee asked Radford to conduct an analysis to inform the Committee s consideration of including relevant, high-growth companies as input for the compensation peer group for fiscal 2015.

The criteria used in the review included taking a broader industry view as well as emphasizing revenue growth, actual revenue (0.5x to 4x Illumina), market capitalization (0.5x to 4x Illumina), total shareholder return, and research and development investment as a percentage of revenues. The Compensation Committee also considers criteria applied by corporate governance groups. The revised criteria resulted in Illumina s placement between the 25th and 75th percentiles of peer group companies for both revenue and market capitalization, whereas the previous peer group resulted in Illumina being at the 25th percentile for revenue growth and above the market 75th for market capitalization. Radford compiled relevant companies from the Pharmaceutical, Biotech and Tools; Technology Hardware and Equipment; Semiconductor and Semiconductor Equipment; and Software and Software Services sectors. The result was 13 new additions to the peer group for fiscal 2015, with

four of these companies being outside our traditional industry group but whose executive officers manage similar strategic and operating complexities. Many of companies comprising the updated peer group are located in geographic areas in which we compete for talent, which includes high cost-of-living areas and therefore impacts rates of pay.

The Compensation Committee reviews compensation practices and program design at peer group companies to inform its decision-making process so it can set total compensation levels that it believes are commensurate with the Company s scope and performance. The Compensation Committee believes that market data is one factor, and its executive compensation determinations are the result of many factors, including the Compensation Committee s business judgment, which is informed by the experiences of the members of the Compensation Committee as well as input from, and peer group data provided by, the Compensation Committee s independent compensation consultant.

Generally, we target our total direct compensation, considering base salary and short- and long-term incentives, for executive officers between the 60th and 75th percentiles of compensation paid to executives within our compensation peer group. The Compensation Committee reviews on an annual basis each pay element, and total direct compensation, in a range between the 25th and 75th percentiles. This provides the Compensation Committee with an understanding of the distribution of pay in the market assuming similar levels of experience, as well as individual and company performance. We aim to deliver total direct compensation between the 60th and 75th percentiles assuming achievement of our business goals and performance under our long-term incentive plan. We have set this target above the 50th percentile as a reflection of the level of stretch in the business plan as approved by our Board of Directors. Our focus on pay for performance ensures that we then only provide above market pay if we outperform the market.

The largest component of total direct compensation is delivered through equity-based awards, which, at greater than 75%, represents a larger percentage of total direct compensation than that of our peer group and serves to retain our executives and align their interests with those of our stockholders such that higher compensation is realized only for exceptional performance. We believe that our targeted compensation percentiles appropriately reflect our position and historical and anticipated growth rates, in each case relative to those in our peer group. We may deviate from these general target levels to reflect the executive s experience, the executive s sustained performance level, and market factors as deemed appropriate by the Compensation Committee. The Compensation Committee reviews the information prepared by management from the Radford assessment, reviews each component of an executive s compensation during the current year and prior years, and considers an executive s contribution to the achievement of our strategic goals and objectives, the executive s overall compensation, and other factors to determine the appropriate level and mix of compensation. An executive s compensation is not determined by formula but, instead, in comparison to the market and within Illumina to positions with similar responsibility and impact on operations.

Table of Contents

Fiscal 2015 Compensation Peer Group

The following companies made up the compensation peer group for fiscal 2015:

Alexion Pharmaceuticals, Inc.	IDEXX Laboratories, Inc.	salesforce.com, inc.(a)
Biogen Inc.	Intuitive Surgical, Inc.	Thermo Fisher Scientific Inc.
C. R. Bard, Inc.	Jazz Pharmaceuticals plc	Varian Medical Systems, Inc.
CareFusion Corporation*	Juniper Networks, Inc.(a)	VMware, Inc.(a)
Celgene Corporation	QIAGEN N.V.	Waters Corporation
The Cooper Companies, Inc.	Regeneron Pharmaceuticals, Inc.	Workday, Inc.(a)
Edwards Lifesciences Corporation	ResMed Inc.	

* In March 2015, CareFusion Corporation was acquired by Becton, Dickinson and Company.

(a) Companies that are outside of our traditional industry group but whose executive officers manage similar strategic and operating complexities

The following 11 companies were removed from our prior compensation peer group for fiscal 2015:

Affymetrix, Inc.*	Cepheid	National Instruments Corporation
Alere Inc.	Covance, Inc.	NuVasive, Inc.
Bio-Rad Laboratories, Inc.	Hologic, Inc.	PerkinElmer, Inc.
Bruker Corporation	Life Technologies Corporation**	

* In January 2016, Affymetrix announced that it had entered into an agreement to be acquired by Thermo Fisher Scientific Inc.

** In February 2014, Life Technologies was acquired by Thermo Fisher Scientific Inc.

The following 13 companies were added to our compensation peer group for fiscal 2015:

Alexion Pharmaceuticals, Inc.	Jazz Pharmaceuticals plc	Thermo Fisher Scientific Inc.
Biogen Inc.	Juniper Networks, Inc.(a)	Varian Medical Systems, Inc.
C. R. Bard, Inc.	Regeneron Pharmaceuticals, Inc.	VMware, Inc.(a)
CareFusion Corporation*	salesforce.com, inc.(a)	Workday, Inc.(a)
Celgene Corporation		

* In March 2015, CareFusion Corporation was acquired by Becton, Dickinson and Company.

(a) Companies that are outside of our traditional industry group but whose executive officers manage similar strategic and operating complexities

Role of the Compensation Committee

The Compensation Committee has overall responsibility for approving and evaluating our executive officer compensation plans, policies, and programs. The Board of Directors has determined that each member of the Compensation Committee is independent within the meaning, and meets the requirements, of Rule 16b-3 of the Exchange Act and the rules of The NASDAQ Global Select Market. The Compensation Committee functions under a written charter, which was adopted by the Board of Directors. The charter is reviewed annually and updated as appropriate. A copy of the charter is available on our website at ***www.illumina.com*** under Committee Composition.

Table of Contents

The primary responsibilities of the Compensation Committee are to:

- recommend to the Board of Directors the amount and form of compensation to be paid to our CEO, taking into account the results of the Board s annual performance evaluation of the CEO;
- review and approve the amount and form of compensation to be paid to our other executive officers and senior, non-executive employees;
- exercise oversight of our compensation practices for all other non-executive employees;
- administer our equity compensation plans; and
- review and make initial (in the case of new hires) and periodic (in the case of then-current Company employees) determinations with respect to who is (i) an executive officer of the Company with reference to Rule 3b-7 of the Exchange Act and (ii) a Section 16 officer of the Company with reference to Rule 16a-1(f) of the Exchange Act.

The Compensation Committee meets as often as it considers necessary to perform its duties and responsibilities. The Compensation Committee held five meetings during fiscal 2015, and it has held two meetings so far in 2016 to review and finalize compensation elements related to fiscal 2015. The Chairperson works with the CEO and the head of our human resources department to establish the meeting agenda in advance of each meeting. The Compensation Committee typically meets with the CEO, CFO, General Counsel, head of our human resources department, our external counsel, and, on occasion, with an independent compensation consultant retained by the Compensation Committee. When appropriate, such as when the Compensation Committee is discussing or evaluating compensation for the CEO, the Compensation Committee meets in executive session without management. The Compensation Committee receives and reviews materials in advance of each meeting. These materials include information that the independent compensation consultant and management believe will be helpful to the Compensation Committee, as well as materials that the Compensation Committee has specifically requested, including benchmark information, historical compensation data, performance metrics and criteria, the Board of Directors assessment of our performance against our goals, and the CEO s assessment of each executive s performance against pre-determined, individual objectives.

Table of Contents

Components and Analysis of Fiscal 2015 Executive Compensation

For fiscal 2015, the principal elements of our executive compensation program are summarized in the following table and described in more detail below.

Compensation Element	Objective	Designed to Reward	Key Features
Base Salary	To provide a competitive, fixed level of cash compensation for the executive officers	Experience, expertise, knowledge of the industry, duties, scope of responsibility, and sustained (and expected) performance	Adjustments are based on an individual s current (and expected) future performance, base salary relative to our compensation peer group, and internal equity
Performance-Based Cash Compensation	To encourage and reward executive officers contributions in achieving strong financial and operational results by meeting or exceeding established goals	Success in achieving annual results	Annual performance-based cash compensation is based on a formula that includes achievement of corporate revenue and operating income goals and achievement of individual performance goals
Long-Term Equity Compensation	To retain executive officers and to align their interests with those of our stockholders in order to increase overall stockholder value	Success in achieving long-term results	Grants typically consist of both restricted stock units (RSUs) and performance stock units (PSUs) RSUs typically vest over a four-year period, with 25% of the RSU vesting annually, which helps with our talent retention goals PSUs vest at the end of a three-year performance period based on the achievement of pre-determined earnings per share targets at the end of the three-year period, which helps with our long-term stockholder value goals

Given our rapid growth and continued high growth profile, a majority of our executive officers compensation has been delivered, and is expected to be delivered, through long-term equity awards, with PSUs representing 75% of the total value of annual long-term equity awards granted for fiscal 2015 (as determined on the grant date)

Table of Contents

Compensation Mix

The following charts show the mix of base salary, cash incentives, and long-term equity compensation for each of our CEO and our other named executive officers (NEOs) for fiscal 2015:

The following charts show the mix of performance-based compensation (cash incentives and PSUs) and non-performance based compensation (base salary and RSUs) for each of our CEO and our other named executive officers (NEO) for fiscal 2015:

Base Salary

Base salary is the primary fixed component of our executive compensation program. In general, executive officers with the highest level of responsibility have a lower percentage of their compensation fixed as base salary and a higher percentage of their compensation at-risk, being tied to performance. Base salary represented a relatively small percentage of total compensation (14% in 2015) for the named executive officers.

Salary levels are considered as part of our annual executive performance review process, as well as upon promotion or other material change in job responsibility. Our CEO makes recommendations to the Compensation Committee for base salary changes for executive officers (excluding himself) based on performance and current pay relative to market practices for executive officers, other than himself. The Compensation Committee reviews these recommendations, makes any adjustments it considers necessary, and then approves the salary changes. The Compensation Committee

Table of Contents

recommends to the Board of Directors the base salary for our CEO based on performance and his current pay relative to other chief executives in our peer group. The Compensation Committee believes that increases to base salary should reflect the executive s performance for the preceding year and pay level relative to similar positions in our peer group. Base salary increases also reflect anticipated future contributions of the executive.

Fiscal 2015 Base Salaries

Named Executive Officer	Position	2014 Base Salary ($)	2015 Base Salary ($)	% Increase
Jay T. Flatley	Chief Executive Officer	860,000	1,000,000	16%
Francis A. deSouza	President	700,000	750,000	7%
Marc A. Stapley(1)	Executive Vice President, Chief Administrative Officer & CFO	463,700	500,000	8%
Christian O. Henry(1)	Executive Vice President & Chief Commercial Officer	475,100	500,000	5%
Tristan B. Orpin(1)	Executive Vice President, Clinical Genomics	440,900	461,000	5%

(1) Messrs. Stapley, Henry, and Orpin were each promoted to Executive Vice President effective as of December 1, 2015, and their base salaries were increased to $540,000 for fiscal 2016.

The increase in fiscal 2015 salaries reflects strong operational and financial performance during the prior fiscal year overseen by our executive management team. In addition, the increase in Mr. Flatley s and Mr. Stapley s salaries reflects the positioning of our CEO and CFO compensation, respectively, relative to market and the updated compensation peer group for fiscal 2015. The increase in Mr. deSouza s salary also reflects additional responsibilities assumed by Mr. deSouza with respect to our commercial operations during fiscal 2015.

Performance-Based Cash Compensation

Overview

In the first quarter of 2015, the Compensation Committee approved a performance-based cash compensation funding mechanism for executive officers that operates under the terms of the Illumina, Inc. 2015 Stock and Incentive Plan, approved by stockholders in May 2015, pursuant to which the Compensation Committee sets pre-established financial performance goals at the beginning of the fiscal year. The Compensation Committee then determines whether a cash incentive opportunity has been earned based on achievement of the pre-established performance goals following the filing of the applicable annual report on Form 10-K. This funding mechanism is intended to qualify cash incentive payments as performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986; however, the Company makes no assurances regarding final determinations under Section 162(m).

For fiscal year 2015, the Compensation Committee approved a funding mechanism goal for the executive officer cash incentive program of at least $719,000,000 in non-GAAP operating income. Additionally, the Compensation

Committee approved financial performance goals of at least $2,115,000,000 in revenue and $719,000,000 in non-GAAP operating income for our variable compensation program, which is the non-executive officer bonus program for eligible employees. The initial payout recommendations for the executive officer cash incentive program are based on the

Table of Contents

metrics of the non-executive officer bonus program. However, in no event would the actual payout recommendations exceed the maximum funded amounts as determined under the executive officer funding mechanism. Following the Compensation Committee s determination of achievement of the pre-established financial performance goal of non-GAAP operating income for fiscal 2015 under the executive officer cash incentive program, the Compensation Committee funded a maximum of $3,000,000 for the CEO and a maximum of $1,500,000 for each other named executive officer. The Compensation Committee then applied negative discretion to determine final payments considering such factors as (i) achievement of the financial performance goals set forth in the variable compensation program, (ii) the executive officer s target cash incentive amount, calculated as a percentage of each executive officer s base salary, and (iii) the executive officer s individual performance, contribution, and impact.

Our executive officer cash incentive program is an at-risk compensation program and is designed to foster a performance-oriented culture, where individual performance is aligned with corporate financial objectives. Any executive officer that is hired during the fiscal year on or prior to October 1 is eligible to participate for that fiscal year. Any cash incentive compensation received by such executive is prorated based on the amount of time the executive officer served during the fiscal year.

To formulate a recommendation for actual payout under the executive officer cash incentive program, the Compensation Committee considers pre-approved target amounts based on each executive officer s base salary and achievement of two separate financial performance goals that align with our non-executive officer bonus program, with the following weighting (as a % of the target cash incentive amount):

65% based on the achievement of pre-determined corporate revenue objectives (the revenue target); and

35% based on the achievement of pre-determined corporate operating income objectives (the operating income target).

If a minimum, pre-determined threshold is not met with respect to either the revenue target or the operating income target, then no cash incentive will paid.

At the end of the performance period, the amount of negative discretion, if any, applied to each executive officer s final cash incentive payout is based on the executive officer s contribution and personal performance, including achievement against goals and overall business impact.

Target Amounts

For fiscal 2015, the Compensation Committee established target cash incentive amounts under the executive officer cash incentive program, calculated as a percentage of each executive officer s base salary.

Table of Contents

Named Executive Officer	2014 Target Incentive %	2015 Target Incentive %
Jay T. Flatley	100%	125%
Francis A. deSouza	80%	80%
Marc A. Stapley	55%	65%
Christian O. Henry	55%	65%
Tristan B. Orpin	55%	55%

Weighted Components

Under the variable compensation program, which the Compensation Committee considers as part of approving actual cash incentive payouts for executive officers, the Compensation Committee approves minimum, commit, and maximum levels for each of the revenue and operating income targets. Payments of the applicable component of the annual cash incentive amounts to executive officers reflect the achievement of such objectives for the year. If the applicable minimum objective levels are not met for both the revenue target and the non-GAAP operating income target, then no executive officer cash incentive payouts would be recommended by management. The commit level represents a level of performance that the Compensation Committee and the Board of Directors believe is both attainable and practical based on a realistic estimate of our future financial performance. The maximum level is designed to motivate and reward realistically achievable superior performance.

At the beginning of each year, our CEO develops corporate objectives focused on financial performance and other critical corporate goals, such as new product introductions, market penetration, infrastructure investments, and consistency of operating results. The corporate objectives are based on our annual operating plan, which is approved by the Board of Directors. In addition, our CEO, together with each executive officer eligible to participate in the cash incentive program, develops a corresponding set of objectives to measure individual performance for the year. The Compensation Committee and the Board of Directors approve the corporate objectives and the individual objectives for our CEO.

Shortly following completion of the fiscal year, the Compensation Committee and the Board of Directors assess our performance against the non-GAAP operating income goal for the executive officer cash incentive program funding mechanism, and the revenue and non-GAAP operating income targets under the variable compensation program, comparing the actual fiscal year results to the pre-determined minimum, commit, and maximum levels for each objective, and an overall percentage amount for the corporate financial objectives is calculated to form the basis of the cash incentive recommendation. The Compensation Committee (and the Board of Directors with respect to our CEO) also reviews the performance of each named executive officer against such officer s individual objectives, and an overall percentage amount for the individual performance objectives is calculated. The Compensation Committee (and the Board of Directors with respect to the CEO) may exercise negative discretion to reduce the funded maximum amounts determined under the funding mechanism.

Table of Contents

Revenue Target

For fiscal 2015, the actual cash incentive payout for each executive officer may reflect a maximum of 150% of the revenue target under the non-executive variable compensation program based on the Company s performance against the following fiscal 2015 revenue objectives (with the cash incentive amount calculated as a linear ratio for points between the minimum, commit, and maximum revenue objective levels):

	Minimum	Commit	Maximum
Revenue Objective ($ in millions)	$2,115	$ 2,265	$2,415
% of Revenue Target Paid	50%	100%	150%

Operating Income Target

For fiscal 2015, the actual cash incentive payout for each executive officer potential may reflect a maximum of 150% of the non-GAAP operating income target under the non-executive variable compensation program based on the Company s performance against the following fiscal 2015 non-GAAP operating income objectives (with the cash incentive amount calculated as a linear ratio for points between the minimum, commit, and maximum non-GAAP operating income objective levels):

	Minimum	Commit	Maximum
Operating Income Objective ($ in millions)(1)	$719	$ 804	$889
% of Operating Income Target Paid	50%	100%	150%

(1) Non-GAAP operating income excludes the effect of certain items not deemed to represent core operating performance, such as stock-based compensation, acquired intangible asset amortization, merger and acquisition-related charges, and certain effects of consolidated non-wholly owned entities.

Example Calculation

We have included a hypothetical example to demonstrate the calculation on a general basis. For example, assume Executive A s base salary for fiscal 2015 was $400,000 and that Executive A s target cash incentive amount as a percentage of base salary was set at 55%. Executive A s target cash incentive amount would be $220,000 (i.e., 55% x $400,000). Following determination of the foregoing amount, the Compensation Committee may use its discretion to decrease (below the maximum funding amounts approved by the Compensation Committee) the actual cash incentive payment based on the executive officer s contribution and personal performance, including achievement against goals and overall business impact. Assuming that Executive A at least met all of his or her individual performance goals, Executive A s actual cash incentive below the minimum and at the minimum, commit, and maximum financial objective levels would generally range from between $0 and $330,000 and would be determined as follows:

	Below Minimum ($)	At Minimum ($)	At Commit ($)	At or Greater than Maximum ($)
Revenue Target		71,500	143,000	214,500

(65% x $220,000 = $143,000)			
Operating Income Target (35% x $220,000 = $77,000)	38,500	77,000	115,500
Total	110,000	220,000	330,000

Table of Contents

Performance-Based Cash Compensation Payments

The Compensation Committee met during the first fiscal quarter of 2016 to review fiscal 2015 corporate and executive goal performance, make determinations for fiscal 2015 executive officer performance-based incentive cash compensation awards based on the performance reviews, and establish the fiscal 2016 executive officer cash incentive program as well as the 2016 non-executive officer variable compensation program.

The following table presents the performance-based cash incentive targets as a percentage of base salary and the actual amounts earned by each named executive officer for fiscal 2015:

Named Executive Officer	2015 Target Incentive (% of Salary)	Actual Incentive Payout ($)(1)	Actual Incentive Payout (% of Salary)(1)
Jay T. Flatley	125%	1,158,750	116%
Francis A. deSouza	80%	556,200	74%
Marc A. Stapley(2)	65%	401,275	74%
Christian O. Henry	65%	301,275	56%
Tristan B. Orpin	55%	235,041	51%

(1) These performance-based cash incentives were paid in the first quarter of 2016 and are less than the maximum cash incentives expressed under our performance-based cash compensation funding mechanism operating under the terms of our 2015 Stock and Incentive Plan. Actual incentive payouts reflect fiscal 2015 revenue that exceeded the minimum objective and operating income that exceeded the commit objective. Accordingly, the actual incentive payouts reflect the revenue component (65% of target) having paid out at a level of 85% and the operating income component (35% of target) having paid out at a level of 107%.

(2) The Compensation Committee considered Mr. Stapley s leadership of the successful execution of a number of 2015 strategic initiatives across a broad number of corporate functions, including finance, facilities, and global information systems when applying its negative discretion to determine Mr. Stapley s actual incentive payout.

Performance-based cash incentive compensation awards made to named executive officers for performance in fiscal 2013 and 2014 are reflected in the column titled Non-Equity Incentive Plan Compensation of the Summary Compensation Table on page 58. These cash incentives were paid in the first fiscal quarters of 2014 and 2015, respectively.

Long-Term Equity Compensation

The Compensation Committee believes it is appropriate to align the interests of executives with those of stockholders. Accordingly, we award long-term incentives to reward performance and align executives with long-term stockholder interests by providing executives with an ownership stake in the Company, encouraging sustained long-term performance, and providing an important retention element to their compensation program. We believe that one of the most effective ways to accomplish this objective is to provide executive officers with a substantial economic interest in the long-term appreciation of our stock price through equity grants, which in fiscal 2015 were in the form of performance stock units (PSUs) and restricted stock units (RSUs).

Table of Contents

Fiscal 2015 Long-Term Compensation	Type	PSUs and RSUs
	Vesting for RSUs	25% annually over four years
	Vesting for PSUs	Single vesting date on the last day of the third fiscal year following grant
	PSU Metrics	100% tied to pre-determined EPS targets Minimum vest: zero Target vest: 100% Maximum vest: 150%

Performance Stock Units

During fiscal 2012, the Compensation Committee approved changes to the long-term equity incentive compensation program for our executive officers that placed greater emphasis on performance-based long-term incentives by replacing annual stock option grants with PSUs that vest at the end of a three-year performance period based on the achievement of pre-determined earnings per share targets at the end of the three-year period.

The PSU awards are intended to be an ongoing part of our long-term equity incentive compensation program. It is anticipated that the Compensation Committee will grant new PSU awards each year, based on earnings per share targets (or other appropriate financial metric as determined by the Compensation Committee) established for a new three-year performance period commencing each year; however, the Compensation Committee is not obligated to grant PSUs or any other equity incentive awards each year.

In keeping with our compensation philosophy to tie executive pay to stockholder value creation, executives realize full value from PSUs only to the extent that we achieve pre-determined earnings per share targets at the end of a three-year period. For instance, the number of shares issued will range from 0% to 150% of the number of shares specified in the PSU agreement based on performance relative to the earnings per share objectives approved by the Compensation Committee. If we fail to achieve the pre-determined earnings per share target at the end of the three-year performance period, then the number of shares issued will range from 0% to 100% of the award amount, depending on the actual earnings per share. If, however, we exceed the pre-determined earnings per share target at the end of the three-year performance period the number of shares issued will range from 100% to 150% of the award amount, depending on

the actual earnings per share.

Restricted Stock Units

Since fiscal 2008, long-term equity compensation packages to executives have included grants of time-based vesting RSUs. RSUs granted to executive officers for fiscal 2015 vest over a four-year period, with 25% of the RSU vesting annually. Vesting in all cases is subject to the individual s continued service to us through the vesting date.

Table of Contents

Like PSUs, RSUs also provide a long-term incentive for executives to remain with us; however, because RSUs do not have a performance component they provide some amount of value to recipients unless our stock price is zero. For fiscal 2015, we awarded 75% of our annual equity grants (not including new hire inducement grants) to our named executive officers in the form of PSUs and 25% in the form of RSUs.

Determination of Long-Term Equity Compensation

To determine the value for long-term incentives granted to an executive each year, we consider the following factors:

- the proportion of long-term incentives relative to base pay;
- the executive s impact on Company performance and ability to create value;
- long-term business objectives;
- awards made to executives in similar positions within our compensation peer group of companies;
- the market demand for the executive s particular skills and experience;
- the amount granted to other executives in comparable positions at the Company;
- prior grants and the retention value of outstanding grants;
- the executive s demonstrated performance over the past few years; and

the executive s leadership performance.

In addition, the new hire equity grant made to an executive officer upon first joining the Company is based primarily on competitive conditions applicable to the executive officer s specific position. The Compensation Committee also considers the number and type of equity awards owned by executive officers in comparable positions, including the executive s prior position. Subsequent equity grants to executive officers are generally considered and, if appropriate, awarded in connection with their annual performance review. Such subsequent grants serve to maintain a competitive position for us relative to new opportunities that may become available to our executive officers and to enhance the retention features of the program.

Fiscal 2015 Long-Term Equity Compensation

The following table presents the long-term equity compensation awarded to each named executive officer based on grant date fair value and as a multiple of base salary for fiscal 2015:

Named Executive Officer	PSUs (Grant Date Fair Value) ($)(1)	RSUs (Grant Date Fair Value) ($)(1)	Total ($)	Multiple of 2015 Base Salary
Jay T. Flatley	5,250,105	1,750,156	7,000,261	7.0
Francis A. deSouza	3,000,164	1,000,115	4,000,279	5.3
Marc A. Stapley	1,725,076	575,025	2,300,101	4.6
Christian O. Henry	1,725,076	575,025	2,300,101	4.6
Tristan B. Orpin	1,725,076	575,025	2,300,101	5.0

(1) Reflects the grant date fair value of awards granted during 2015.

Table of Contents

Potential Payments upon a Termination or Change in Control

Our executive management and other employees have built Illumina into the successful enterprise that it is today. We believe that the interests of stockholders will be best served if the interests of our executive management are aligned with them, and providing change-in-control benefits may eliminate, or at least reduce, the reluctance of executive management to pursue potential change-in-control transactions that may be in the best interests of stockholders. As such, we provide change-in-control severance benefits to our named executive officers that are subject to a double trigger (i.e., change in control and loss of employment). The change-in-control severance agreements automatically renew annually for additional one year periods unless a notice of non-extension is provided by either party. None of the named executive officers have an employment agreement with us.

For purposes of these benefits, in general, a change in control is deemed to occur in any of the following circumstances:

- any merger or consolidation in which we are not the surviving entity;
- the sale of all or substantially all of our assets to any other person or entity;
- the acquisition of beneficial ownership of a controlling interest in the outstanding shares of our common stock by any person or entity;
- a contested election of our Directors as a result of which or in connection with which the persons who were Directors before such election or their nominees cease to constitute a majority of the Board of Directors; or
- any other event specified by the Board of Directors.

Under the change-in-control severance agreements, the executive would receive benefits if he or she were terminated within two years following the change in control either:

- by the Company other than for cause, which is defined in each change-in-control severance agreement to include repeated failure or refusal to materially perform his duties that existed immediately prior to the change in control, conviction of a felony or a crime of moral turpitude, or engagement in an act of malfeasance, fraud, or dishonesty that materially damages our business; or
- by the executive on account of good reason, which is defined in each change-in-control severance agreement to include certain reductions in the executive s annual base salary, cash incentive, position, title, responsibility, level of authority, or reporting relationships that existed immediately prior to the change in control, or a relocation, without the executive s written consent, of the

executive s principal place of business by more than 35 miles from the executive s principal place of business immediately prior to the change in control.

Pursuant to the change-in-control severance agreements, if a covered termination of the executive s employment occurs in connection with a change in control, then the executive is generally entitled to the following benefits:

Mr. Flatley is entitled to a severance payment equal to twice the sum of his executive s annual base salary plus the greater of (a) the executive s then-current annual target cash

incentive or other target incentive amount or (b) the annual cash incentive or other incentive paid or payable to the executive for the most recently completed fiscal year;

for each other NEO, other than Mr. Flatley, a severance payment equal to one year of the executive s annual base salary plus the greater of (a) the executive s then-current annual target cash incentive or other target incentive amount or (b) the annual cash incentive or other incentive paid or payable to the executive for the most recently completed fiscal year;

a lump sum payment of the executive s earned but unpaid compensation, including any earned but unpaid cash incentive or other incentive payment from any completed fiscal year, and a pro rata portion of the executive s annual target cash incentive or other target incentive amount for the fiscal year in which the termination occurs;

payments of the executive s group health insurance coverage premiums under COBRA law, including coverage for the executive s eligible dependents enrolled immediately prior to termination, for a maximum period of one year; however, our obligation to pay such premiums ceases immediately upon the date the executive becomes covered under any other group health plan;

continuance of the executive s indemnification rights and liability insurance for a maximum of one year following termination;

continuation of the executive s perquisites to which the executive was entitled for a period of 12 months or, in the case of Mr. Flatley, 24 months;

automatic vesting of the executive s unvested stock options and equity or equity-based awards; and

certain professional outplacement services consistent with the executive s position for up to two years following termination.

The change-in-control severance agreements provide that each executive s total change-in-control payment may be reduced in the event such payment is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended, and such a reduction would provide a greater after-tax benefit for the executive. Additionally, change-in-control benefits are subject to limitations under IRC Section 280G golden parachute provisions. A full analysis of the financial impact of these limitations will be performed based on the facts and circumstances in the event a change in control were to occur.

Table of Contents

Based upon a hypothetical change in control date of December 31, 2015, the last trading day of fiscal 2015, the potential payments upon a termination following a change in control for our named executive officers would have been as follows:

Named Executive Officer	Multiplier for Base Salary and Cash Incentive	Nature of Benefit	Payment following Change in Control and Subsequent Loss of Employment (within 2 years)($)
Jay T. Flatley	2x	Salary Severance	2,000,000
		Cash Incentive Severance	2,500,000
		Earned Compensation(1)	1,177,981
		Equity Compensation Acceleration(2)	23,704,632
		Pension/NQDC(3)	2,271,238
		Perquisites/Benefits(4)	78,909
		Total Benefit	**31,732,760**
Francis A. deSouza	1x	Salary Severance	750,000
		Cash Incentive Severance	600,000
		Earned Compensation(1)	570,623
		Equity Compensation Acceleration(2)	10,957,180
		Pension/NQDC(3)	740,797
		Perquisites/Benefits(4)	53,954
		Total Benefit	**13,672,554**
Marc A. Stapley	1x	Salary Severance	500,000
		Cash Incentive Severance	401,275
		Earned Compensation(1)	410,890
		Equity Compensation Acceleration(2)	8,147,327
		Pension/NQDC(3)	
		Perquisites/Benefits(4)	53,954
		Total Benefit	**9,513,446**
Christian O. Henry	1x	Salary Severance	500,000
		Cash Incentive Severance	325,000
		Earned Compensation(1)	310,890
		Equity Compensation Acceleration(2)	6,565,863
		Pension/NQDC(3)	
		Perquisites/Benefits(4)	53,954
		Total Benefit	**7,755,707**
Tristan B. Orpin	1x	Salary Severance	461,000
		Cash Incentive Severance	253,550
		Earned Compensation(1)	243,906
		Equity Compensation Acceleration(2)	6,780,841
		Pension/NQDC(3)	770,710
		Perquisites/Benefits(4)	50,475
		Total Benefit	**8,560,482**

Table of Contents

(1) A lump sum payment of the executive s earned but unpaid compensation and a pro rata portion of the executive s annual target cash incentive or other target incentive amount. Earned compensation in the table above includes cash incentive payments for fiscal 2015, which were paid in the first quarter of fiscal 2016.
(2) The value of the RSUs and PSUs is based on the number of outstanding shares that would not ordinarily have vested by December 31, 2015, multiplied by $191.95 (the closing price of our common stock on December 31, 2015), with the number of shares issuable under each PSU award equal to 100% of the number of shares specified in the PSU agreement.
(3) As described below, under the deferred compensation plan upon a separation from service within 24 months of a change in control, each named executive officer will be entitled to his or her retirement benefit or termination benefit in a lump sum payment equal to the unpaid balance of all of his or her accounts. All of the amounts for all of the named executive officers consist of the termination benefits.
(4) Represents payment of (i) the executive s group health insurance coverage premiums under COBRA law, including coverage for executive s eligible dependents enrolled immediately prior to termination, for a maximum period of one year (two years for Mr. Flatley) and (ii) professional outplacement services for up to two years following termination ($14,500 per year for each executive officer).

Deferred Compensation Plan

Illumina s Deferred Compensation Plan effective December 1, 2007 (the Deferred Compensation Plan), provides key employees and Directors with an opportunity to defer a portion of their salary, annual cash incentive, and other specified compensation. The named executive officers participate in the Deferred Compensation Plan. The plan permits us to make discretionary contributions to the Deferred Compensation Plan on behalf of the participants, although we have not exercised such discretion. A participant is always fully vested in accounts under the plan attributable to a participant s contributions and related earnings on such contributions. Upon a change in control (as defined in the plan) a participant will receive his or her retirement benefit or termination benefit (each as defined in the plan) in a lump sum payment equal to the unpaid balance of all of his or her accounts if a separation from service (as defined in the plan) occurs within 24 months following a change of control.

Other Benefits and Perquisites

We do not provide pension arrangements or post-retirement health coverage for our executives or employees, other than the change-in-control severance benefits previously discussed. Our executive officers are eligible to participate in a Company-sponsored executive health screening program in addition to being offered medical and other benefits that are generally available to other full-time employees, including dental, vision, and group term life insurance, AD&D premiums, a 401(k) plan, and an Employee Stock Purchase Plan. Our discretionary contributions to the 401(k) plan on behalf of each employee participating in the plan are set at up to 50% of the first 6% of the employee s contributions to the plan, based on our meeting certain financial targets. Executives are treated in the same manner as all other eligible employees.

All of our named executive officers participated in our 401(k) plan during fiscal 2015 and received matching contributions.

No Hedging of Company Stock

Our Directors and executive officers, including named executive officers, are prohibited from engaging in short sales or entering into any transaction with put or call options or any other derivative security on our common stock.

Table of Contents

Tax and Accounting Considerations

Section 162(m) of the Internal Revenue Code of 1986 limits the deductibility of compensation payable in any tax year to the CEO and the other four most highly compensated executive officers. Section 162(m) stipulates that a publicly held company cannot deduct compensation to its top officers in excess of $1 million. Compensation that is performance-based compensation within the meaning of the Internal Revenue Code does not count toward the $1 million limit. We believe that compensation paid under the executive incentive plans is generally fully deductible for federal income tax purposes with the exception of RSUs. However, in certain situations, the Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executive officers.

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth above and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

RESPECTFULLY SUBMITTED BY THE COMPENSATION COMMITTEE:

A. Blaine Bowman (Chairperson)

Robert S. Epstein, M.D.

Roy A. Whitfield

Table of Contents

Executive Compensation

Summary Compensation Table

The following table provides information concerning the compensation of our CEO, CFO, and the three other most highly compensated executive officers for fiscal 2015 and, for those executive officers who were named in the 2015 and 2014 proxy statements, for fiscal 2014 and 2013. For a complete understanding of the table, please read the narrative disclosures that follow the table.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
Jay T. Flatley	2015	995,693		7,000,261	1,158,750	62,903	9,217,607
CEO; Chairman	2014	859,192		12,733,556	1,204,000	59,688	14,856,436
	2013	829,386	250,000	5,212,140	986,870	17,878	7,296,274
Francis A. deSouza	2015	748,462		4,000,279	556,200	97,070	5,402,011
President; Director	2014	689,231		4,800,210	784,000	100,079	6,373,520
	2013	13,462	140,000	6,573,787		240	6,727,489
Marc A. Stapley	2015	501,039		2,300,101	401,275	11,079	3,213,494
Executive Vice President, Chief	2014	463,310		3,300,415	357,073	16,331	4,137,129
Administrative Officer & CFO	2013	447,749		1,472,517	288,074	12,465	2,220,805
Christian O. Henry	2015	499,465		2,300,101	301,275	66,891	3,167,732
Executive Vice President & Chief	2014	467,497		3,025,440	365,839	62,821	3,921,597
Commercial Officer	2013	457,111		1,472,517	295,146	19,592	2,244,366
Tristan B. Orpin(5)	2015	460,381		2,300,101	235,041	60,964	3,056,487
Executive Vice President, Clinical Genomics							

(1) Reflects discretionary one-time cash bonuses paid to: (a) Mr. Flatley in recognition of his extraordinary contribution toward increasing stockholder value and leading new product introductions, and (b) Mr. deSouza as a hire bonus.

(2) This reflects the grant date fair value of awards granted.

(3) Reflects performance-based cash incentives earned during fiscal 2015, fiscal 2014, and fiscal 2013 under Illumina s executive officer cash incentive program, which were paid in the first fiscal quarters of 2016, 2015, and 2014, respectively. The cash incentive program is described in the Compensation Discussion and Analysis, under the caption Performance-Based Cash Compensation.

(4) These amounts represent Company contributions to 401(k) plans, Company-paid physical exams, compensation paid in lieu of paid time-off, and long-term disability premiums. These amounts also

include commuting expenses reimbursed to Mr. deSouza ($85,872) in 2015. In addition, these amounts also include costs covered by the Company for Messrs. Flatley ($42,865), Henry ($45,556), Orpin ($43,063), and their spouses, in 2015 in connection with their participation in a sales incentive trip. In 2014, $89,927 was reimbursed to Mr. deSouza for reimbursed commuting expenses. Sales incentive trip expenses in 2014 were $40,495 and $41,914 for Messrs. Flatley and Henry, respectively.

(5) Mr. Orpin became a named executive officer in fiscal 2015.

Table of Contents

Grants of Plan-Based Awards Table

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards (Annual Cash Incentive) ($ in thousands)(1)			Estimated Future Payouts Under Equity Incentive Plan Awards (PSUs): Number of Shares(2)			All Other Stock Awards: Number of Shares or Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards ($)(4)
Name	Award	Grant Date	Threshold	Target	Maximum	At Threshold	Target	Maximum		
J. Flatley	Cash		625	1,250	1,875					
	PSU(5)	Dec. 8, 2015				14,444	28,888	43,332		5,250,105
	RSU	Dec. 8, 2015							9,630	1,750,156
F. deSouza	Cash		300	600	900					
	PSU(5)	Dec. 8, 2015				8,254	16,508	24,762		3,000,164
	RSU	Dec. 8, 2015							5,503	1,000,115
M. Stapley	Cash		163	325	488					
	PSU(5)	Dec. 8, 2015				4,746	9,492	14,238		1,725,076
	RSU	Dec. 8, 2015							3,164	575,025
C. Henry	Cash		163	325	488					
	PSU(5)	Dec. 8, 2015				4,746	9,492	14,238		1,725,076
	RSU	Dec. 8, 2015							3,164	575,025
T. Orpin	Cash		127	254	380					
	PSU(5)	Dec. 8, 2015				4,746	9,492	14,238		1,725,076
	RSU	Dec. 8, 2015							3,164	575,025

(1) Non-equity incentive plan awards consist of performance-based cash incentives that were earned during fiscal 2015 under Illumina s executive officer cash incentive program and paid during the first quarter of fiscal 2016. Our performance-based cash compensation funding mechanism maximum is $3,000,000 for the CEO and $1,500,000 for the other named executive officers. Amounts that were paid to the named executive officer are reflected in the column titled Non-Equity Incentive Plan Compensation of the Summary Compensation Table on page 58. No further payouts will be made under non-equity incentive plan awards made during fiscal 2015.

(2) Equity incentive plan awards consist of PSUs. The number of shares issuable will range from 0% to 150% of the shares approved in the award based on the Company s performance relative to pre-determined earnings per share targets at the end of the three-year performance period. No shares will be issued if the threshold earnings per share target is not met at the end of the three-year performance period. All PSU awards were granted from the 2015 Stock and Incentive Plan. Vesting is subject to the individual s continued service to us through the vesting date.

(3)

Stock awards consist of RSUs. RSUs vest 25% per year on each of the first four anniversaries of the grant date. All RSU awards were granted from the 2015 Stock and Incentive Plan. Vesting is subject to the individual s continued service to us through the vesting date.

(4) This reflects the grant date fair value of awards granted during fiscal 2015.

(5) PSUs will vest in their entirety on December 30, 2018, based on the achievement of pre-determined earnings per share targets for the fiscal year ending December 30, 2018.

Table of Contents

Outstanding Equity Awards at Fiscal Year-End Table

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Un-exercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(2)	Market Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(1)
J. Flatley							168,875	32,415,556
					21,910 (3)	4,205,625		
					16,542 (4)	3,175,237		
	215,000		36.30	1/28/2020				
	225,000		70.82	2/1/2021				
F. deSouza							90,709	17,411,593
					7,426 (3)	1,425,421		
					8,169 (4)	1,568,040		
M. Stapley							48,447	9,299,402
					10,900 (3)	2,092,255		
					4,793 (4)	920,016		
	43,453	2,844 (5)	36.30	1/20/2022				
C. Henry							47,361	9,090,944
					6,324 (3)	1,213,892		
					4,522 (4)	867,998		
	12,500		37.04	1/27/2020				
	5,500		69.34	1/31/2021				
T. Orpin							48,447	9,299,402
					6,087 (3)	1,168,400		
					4,793 (4)	920,016		
	35,000		37.04	1/27/2020				
	5,000		69.34	1/31/2021				

(1) Market value of stock awards was determined by multiplying the number of unvested shares by $191.95, which was the closing market price of our common stock on The NASDAQ Global Select Market on December 31, 2015, the last trading day of fiscal 2015.

(2) These stock awards consist of PSUs. PSUs vest at the end of a three-year performance period and the number of shares issuable will range from 0% to 150% of the shares approved in the award based on the

Company s performance relative to pre-determined earnings per share targets at the end of the three-year performance period.

(3) These stock awards consist of RSUs that vest 25% on each anniversary of the grant date over four years.

(4) These stock awards consist of RSUs that vest 25% on anniversary one month prior to grant date over 47 months.

(5) 25% of these options vest on the first anniversary of the grant, and the remaining options vest monthly over the next 36 months.

Table of Contents

Option Exercises and Stock Vested Table

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
J. Flatley	555,000	91,811,801	176,683	34,818,928
F. deSouza			4,602	831,607
M. Stapley	13,422	2,197,139	8,706	1,696,555
C. Henry	21,500	2,804,514	49,524	9,794,116
T. Orpin	50,000	7,506,888	1,856	337,492

(1) Value realized on exercise of option awards is computed by determining the difference between the closing market price of our common stock on The NASDAQ Global Select Market on the dates of exercise and the exercise price per share exercised.

Nonqualified Deferred Compensation for Fiscal 2015

Name	Executive Contributions in Last Fiscal Year ($)(1)	Illumina Contributions in Last Fiscal Year ($)	Aggregate Losses in Last Fiscal Year ($)(2)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)(3)
J. Flatley	250,000		(30,214)	479,785	2,271,238
F. deSouza	766,017		(25,220)		740,797
M. Stapley					
C. Henry					
T. Orpin	331,513		(30,914)	6,638	770,710

(1) Amounts included in the Summary Compensation Table in the Salary and Non-Equity Incentive Plan Compensation columns.
(2) These amounts are not included in the Summary Compensation Table because plan earnings were not preferential or above market.
(3) The Company made no contributions towards the deferred compensation plan for the participants in fiscal 2015 or prior years.

Audit Committee Report

The following report of the Audit Committee, the report of the Compensation Committee under Compensation Committee Report, along with statements in this proxy statement regarding the Audit Committee s charter, are not considered soliciting material and are not considered to be filed with the SEC as part of this proxy statement. Any current or future cross-references to this proxy statement in filings with the SEC under either the Securities Act of 1933 or the Exchange Act will not include such reports or statements, except to the extent that we specifically incorporate it by reference in such filing.

The Audit Committee oversees our financial reporting process on behalf of the Board of Directors and provides advice with respect to our risk evaluation and mitigation processes. In fulfilling its oversight role, the Audit Committee monitors and advises the Board of Directors on:

- the integrity of our consolidated financial statements and related schedule and disclosures;
- the independent registered public accounting firm s qualifications and independence;

- the performance of our internal and independent audit functions;
- the adequacy of our internal controls;
- our compliance with legal and regulatory requirements; and
- the processes utilized by management for identifying, evaluating, and mitigating strategic, financial, operational, regulatory, and external risks inherent in our business.

The Audit Committee meets with the independent registered public accounting firm, internal auditor, and our outside counsel, with and without our management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

The Audit Committee, in its oversight role, has reviewed and discussed the consolidated financial statements and related schedule with management and Ernst & Young LLP, our independent registered public accounting firm. Management is responsible for the preparation, presentation, and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Ernst & Young LLP is responsible for performing an independent audit of the consolidated financial statements and related schedule and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles, as well as expressing an opinion on the effectiveness of internal control over financial reporting.

During the course of fiscal 2015, management completed the documentation, testing, and evaluation of our system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates from management and Ernst & Young LLP at each regularly scheduled Audit Committee meeting. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of our internal control over financial reporting. The Audit Committee also reviewed the report of management contained in our annual report on Form 10-K for the fiscal year ended January 3, 2016, filed with the SEC, as well as Ernst & Young LLP s Reports of Independent Registered Public Accounting Firm included in our annual report on Form 10-K related to its audit of (i) the consolidated financial statements and related schedule and (ii) the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee our efforts related to our internal control over financial reporting and management s preparations for the evaluation for the fiscal year ending January 1, 2017.

The Audit Committee has reviewed and discussed the consolidated audited financial statements with management, discussed with the independent registered public accounting firm the matters required

to be discussed by SAS 61 (Codification of Statements of Auditing Standards), has received the written disclosures and the letter from Ernst & Young LLP required by Rule 3526 of the Public Company Accounting and Oversight Board (communication with Audit Committees Concerning Independence), and has had discussions with the independent registered public accounting firm regarding their independence. Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our annual report on Form 10-K for the fiscal year ended January 3, 2016, for filing with the SEC.

RESPECTFULLY SUBMITTED BY THE AUDIT COMMITTEE:

Karin Eastham (Chairperson)

A. Blaine Bowman

Daniel M. Bradbury

Roy A. Whitfield

Table of Contents

Certain Relationships and Related Party Transactions

In January 2016, we formed GRAIL, Inc. Utilizing our sequencing technology, GRAIL will seek to develop a pan-cancer screening test by directly measuring circulating nucleic acids in blood. In connection with GRAIL s formation, two former members of our Board of Directors, Mr. Huber and Dr. Rastetter, made personal investments in GRAIL, with Mr. Huber investing $7.5 million and Dr. Rastetter investing $2 million.

Mr. Flatley, our current Chairman and Chief Executive Officer, Richard Klausner, M.D., our former Chief Opportunity Officer, Dr. Rastetter, and Mr. Huber, were each appointed as members of GRAIL s board of directors. As members of GRAIL s board of directors, Drs. Rastetter and Klausner will receive compensation in the form of a GRAIL equity grant with a value to be determined, vesting over a four-year period. Mr. Flatley, as an employee of Illumina, will not be compensated for his service as a member of GRAIL s board of directors.

In addition to serving as a member of GRAIL s board of directors, Mr. Huber was appointed as GRAIL s chief executive officer. As chief executive officer, Mr. Huber will receive a salary of $500,000 per year, in addition to an annual cash bonus opportunity based on performance objectives pre-established by GRAIL s board of directors as well as the right to acquire additional GRAIL equity, some of which will be based on the achievement of certain qualifying events.

The foregoing GRAIL-related transactions were approved by a majority of the independent and disinterested members of our Board of Directors.

We entered into a license agreement with Tufts University in 1998 in connection with the license of patents filed by Dr. David Walt, one of our Directors. Dr. Walt is the Robinson Professor of Chemistry at Tufts University. Under that agreement, we pay royalties to Tufts University upon the commercial sale of products based on the licensed technology. Tufts University pays a portion of the royalties received from us to Dr. Walt, the amount of which is controlled solely by Tufts University. During fiscal 2015, the portion of royalties received from us that Tufts University shared with Dr. Walt was approximately $200,000.

Tristan Orpin, our Executive Vice President, Clinical Genomics, has a brother who is currently serving as General Manager, Asia Pacific Commercial Operations, and has been employed by the Company in various capacities since December 2, 2002. In fiscal 2015, he received compensation in an amount consistent with the compensation paid to other employees at the general manager level (base salary generally ranging between $250,000 and $350,000) and consistent with the Company s overall compensation principles based on his years of experience, performance, and positions within the Company.

All future transactions between us and our officers, Directors, principal stockholders, and affiliates will be subject to approval by a majority of the independent and disinterested members of our Board of Directors, and will be on terms determined by such members of the Board of Directors to be no less favorable to us than could be obtained from unaffiliated third parties.

Table of Contents

Other Matters

As of the date of this proxy statement, we know of no other matters that will be presented for consideration at the annual meeting. If any other matters properly come before the meeting, it is the intention of the proxy agent named in the enclosed form of proxy to vote the shares represented as the Board of Directors may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed proxy.

Stockholder Proposals for our 2017 Annual Meeting

Stockholder proposals that are intended to be presented at our 2017 annual meeting of stockholders must be received at our principal executive offices no later than , 2016, in order to be included in the proxy statement and form of proxy relating to that meeting, and must meet all other requirements as specified in our bylaws and Rule 14a-8 under the Exchange Act. In addition, the proxy solicited by the Board of Directors for the 2017 annual meeting will confer discretionary authority to vote on any stockholder proposal presented at that meeting, unless we receive notice of such proposal not later than February 17, 2017.

Householding

Our annual report on Form 10-K for the fiscal year ended January 3, 2016, including our audited financial statements for fiscal 2015, is being mailed to you along with this proxy statement. In order to reduce printing and postage costs, in certain circumstances only one annual report, proxy statement, or Notice of Internet Availability of Proxy Materials, as applicable, will be mailed to multiple stockholders sharing an address unless we receive contrary instructions from one or more of the stockholders sharing an address. If your household has received only one annual report, proxy statement, or Notice of Internet Availability of Proxy Materials, as applicable, we will deliver promptly a separate copy of the annual report, proxy statement, or Notice of Internet Availability of Proxy Materials, as applicable, to any stockholder who sends a written or oral request to Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, Attention: Corporate Secretary. If your household is receiving multiple copies of our annual reports, proxy statements, or Notices of Internet Availability of Proxy Materials and you wish to request delivery of a single copy, you may send a written request to Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, Attention: Corporate Secretary.

Where You Can Find More Information

We maintain an Internet site at ***www.illumina.com***. We use our website as a channel of distribution of material company information. Our website and the information posted on it or connected to it shall not be deemed to be incorporated by reference into this proxy statement

Table of Contents

ILLUMINA, INC.

5200 ILLUMINA WAY

SAN DIEGO, CA 92122

ATTN: REBECCA CHAMBERS

VOTE BY INTERNET

Before The Meeting - Go to **www.proxyvote.com**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

During The Meeting - Go to **www.virtualshareholdermeeting.com/ILMN2016**

You may attend the Meeting via the Internet and vote during the Meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E04129-P75446 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

ILLUMINA, INC.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors with Terms Expiring in 2018

Nominees:	**For**	**Against**	**Abstain**
1a. Frances Arnold, Ph.D.	¨	¨	¨
1b. Francis A. deSouza	¨	¨	¨
1c. Karin Eastham, CPA	¨	¨	¨

The Board of Directors recommends you vote FOR proposals 2, 3 and 4.	**For**	**Against**	**Abstain**
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending January 1, 2017.	¨	¨	¨
3. To approve, on an advisory basis, the compensation of the named executive officers as disclosed in the Proxy Statement.	¨	¨	¨
4. To approve, on an advisory basis, the ratification of certain supermajority voting provisions in our certificate of incorporation and bylaws.	¨	¨	¨

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Table of Contents

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Form 10-K are available at www.proxyvote.com.

E04130-P75446

ILLUMINA, INC.

Annual Meeting of Stockholders

May 18, 2016, 10:00 AM Pacific Time

This proxy is solicited by the Board of Directors

The stockholder(s) hereby appoint(s) Jay T. Flatley, Francis A. deSouza, and Marc A. Stapley as proxies, and each of them with power to act without the other and with full power of substitution, and hereby authorizes them to represent and to vote, as designated herein, all of the shares of common stock of ILLUMINA, INC. that the stockholder(s) is/are entitled to vote at the Annual Meeting of Stockholders to be held via live webcast at *www.virtualshareholdermeeting.com/ILMN2016* at 10:00 AM Pacific Time on Wednesday, May 18, 2016, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors recommendations.

Continued and to be signed on reverse side