

ILLUMINA INC
Form PRE 14A
March 30, 2017
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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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material 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):

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:

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April , 2017

Notice of Annual Meeting and Proxy Statement

Date: May 30, 2017

Time: 2:00 p.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/ilmn2017.

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 December 31, 2017;**
- 3. Hold an advisory vote to approve the compensation paid to the named executive officers as disclosed in the proxy statement;**
- 4. Hold an advisory vote on the frequency of future advisory votes to approve the compensation of our named executive officers ;**
- 5. Hold a vote to approve an amendment to our certificate of incorporation to remove certain supermajority voting requirements; and**
- 6. Transact such other business as may properly come before the meeting and any adjournment or postponement.**

Stockholders as of the record date of April 7, 2017, 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 29, 2017.

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 29, 2017.

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 29, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be held on May 30, 2017: The proxy statement and annual report to Stockholders are available at www.proxyvote.com.

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illumina, Inc.

2017 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: Tuesday, May 30, 2017

Time: 2:00 p.m. (Pacific time)

Location: Internet webcast only at:

www.virtualshareholdermeeting.com/ilmn2017.

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

Record Date: April 7, 2017

Stock Symbol: ILMN

Exchange: The NASDAQ Global Select Market

Common Stock Outstanding: 145,987,497 as of March 17, 2017

Registrar & Transfer Agent: Computershare

State of Incorporation: Delaware

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

CORPORATE GOVERNANCE

(see pages 19 to 34)

Director Nominees: 3

Caroline D. Dorsa (independent)

Robert S. Epstein (independent)

Philip W. Schiller (independent)

Director Term: Three years

Director Election Standard: Majority voting standard for uncontested elections

Term Limits: 10 years for non-employee directors joining after December 31, 2015

Board Meetings in 2016: 8

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

Standing Board Committees (meetings in 2016):

Audit (11)

Public Company Since: 2000

Compensation (7)

Nominating/Corporate Governance (6)

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

All Standing Board Committees Comprised Entirely of Independent Directors: Yes

Corporate Website: www.illumina.com

Investor Relations Website: investor.illumina.com

Stockholder Rights Plan: No

Proxy Access: Yes

EXECUTIVE COMPENSATION

(see pages 44 to 65)

ITEMS TO BE VOTED ON

(see pages 10 to 18)

CEO: Francis A. deSouza (age 46; CEO since 2016)

CEO 2016 Total Direct Compensation:

Salary: \$799,558

Long-Term Incentives: \$7,500,177

All other compensation: \$109,098

CEO Employment Agreement: No

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

Stock Ownership Guidelines: Yes

Hedging Policy: Yes

The election of the three nominees named in this proxy statement

Ratification of appointment of independent registered public accounting firm

Advisory vote to approve compensation paid to the named executive officers as disclosed in this proxy statement

Advisory vote on frequency of future advisory votes to approve the compensation paid to named executive officers

Vote to approve an amendment to our certificate of incorporation to remove certain supermajority voting requirements

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General Information

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Illumina, Inc. for the Annual Meeting of Stockholders. This proxy statement and accompanying proxy are being mailed to our stockholders on or about April 10, 2017, concurrently with the mailing of our annual report on Form 10-K for the fiscal year ended January 1, 2017.

Can I attend the annual meeting?

We will be hosting the 2017 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/ilmn2017. The webcast will start at 2:00 p.m. (Pacific time) on May 30, 2017.

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 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/ilmn2017.

If you do not have your 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, 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 five 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 2020 annual meeting of stockholders;
2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
3. Hold an advisory vote to approve the compensation paid to the named executive officers as disclosed in this proxy statement;
4. Hold an advisory vote on the frequency of future advisory votes to approve the compensation paid to named executive officers ; and
5. Hold a vote to approve an amendment to our certificate of incorporation to remove certain supermajority voting requirements.

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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 2017 fiscal year (Proposal 2);

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

FOR approval, on an advisory basis, of an annual advisory vote on the compensation paid to named executive officers (Proposal 4); and

FOR an amendment to our certificate of incorporation to remove certain supermajority voting requirements (Proposal 5).

Who can vote at the annual meeting?

Only holders of our common stock as of April 7, 2017, 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/ilmn2017.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

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 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.

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<p>How do I vote and what are the voting deadlines?</p>	<p><u>Stockholders of Record.</u> If you are a stockholder of record, there are several ways for you to vote your shares.</p>
	<p>Via the Internet. You may vote at www.proxyvote.com, 24 hours a day, seven days a week. You will need the 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 29, 2017.</p>
	<p>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 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 29, 2017.</p>
	<p>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 29, 2017, to be voted at the annual meeting.</p>
	<p>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/ilmn2017. 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.</p>
	<p><u>Beneficial Owners.</u> 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.</p>

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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 29, 2017, 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 29, 2017.

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, 4, and 5. 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 held by such clients on certain matters (discretionary matters) but do not have discretion to vote uninstructed shares as to certain other matters (non-discretionary matters). Under current NYSE interpretations, Proposals 1, 3, 4, and 5 are considered non-discretionary matters and Proposal 2 is considered a discretionary matter.

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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 non-discretionary matters. 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 Proposals 1, 3, 4, and 5.

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 14, 2017, we will mail the Notice of Internet Availability of Proxy Materials to stockholders who held shares at the close of business on the record date, other than those stockholders who previously requested paper delivery or other forms of electronic 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 1, 2017. 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

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

**the Notice of Internet
Availability of Proxy
Materials?**

marking the Notice of Internet Availability of Proxy Materials and 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.

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

Under applicable state law and our governing instruments, we may only 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 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?**

<u>Proposal</u>	<u>Vote Required</u>	<u>Votes that May be Cast</u>	<u>Board of Directors Recommendation</u>
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 December 31, 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

<p>Proposal 4 Advisory vote on the frequency of holding an advisory vote to approve the compensation of named executive officers</p>	<p>Majority of the shares present in person or represented by proxy and entitled to vote</p>	<p>FOR Every Year</p> <p>FOR Every Two Years</p>	<p>FOR Every Year</p>
	<p>If none of the frequency alternatives (one year, two years, or three years) receive a majority vote, we will consider the frequency that receives the highest number of votes by stockholders to be the frequency that has been selected by stockholders, on an advisory basis</p>	<p>FOR Every Three Years</p> <p>ABSTAIN</p> <p>If you abstain from voting on this proposal, the abstention will have no effect on the frequency that is selected by the Board</p>	

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<u>Proposal</u>	<u>Vote Required</u>	<u>Votes that May be Cast</u>	<u>Board of Directors Recommendation</u>
Proposal 5 Vote to approve an amendment to our certificate of incorporation to remove certain supermajority voting requirements	Majority of the outstanding shares of the company's common stock must vote FOR in order for this proposal to pass	FOR AGAINST ABSTAIN	FOR
		If you abstain from voting on this proposal, the abstention will have the same effect as an AGAINST vote	

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 by Illumina 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 by Illumina for their reasonable

out-of-pocket expenses incurred in sending proxy materials to beneficial owners.

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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 10 directors, having terms expiring at the respective annual meetings of stockholders noted below:

<u>2017 Annual Meeting</u>	<u>2018 Annual Meeting</u>	<u>2019 Annual Meeting</u>
Daniel M. Bradbury**	A. Blaine Bowman	Frances Arnold, Ph.D.
Caroline D. Dorsa	Jay T. Flatley	Francis A. deSouza
Robert S. Epstein, M.D.	John W. Thompson*	Karin Eastham, CPA
Philip W. Schiller		
Roy A. Whitfield**		

* As announced in February 2017, John W. Thompson will join the Board of Directors effective May 3, 2017.

** Messrs. Bradbury and Whitfield will retire from the Board of Directors, effective immediately before this year's annual meeting.

Election of Three Directors to Hold Office for Three Years until the 2020 Annual Meeting of Stockholders

Upon the recommendation of the Nominating/Corporate Governance Committee of the Board, 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 2020 and until their successors are duly elected and qualified:

Director			
Name	Age	Since	Principal Occupation
Caroline D. Dorsa	57	2017	Former Executive Vice President and CFO of Public Service Enterprise Group; Former Senior Vice President, Global Human Health, Strategy and Integration of Merck & Co., Inc.
Robert S. Epstein, M.D.	61	2012	Former Chief R&D Officer and President of Medco-UBC
Philip W. Schiller	56	2016	Senior Vice President, Worldwide Marketing of Apple Inc.

Ms. Dorsa and Mr. Schiller were appointed to the Board of Directors in January 2017 and July 2016, respectively, to fill newly created positions. 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 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.

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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. 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 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 of the Board is directly responsible for the appointment, compensation (including advance approval of the audit fee), retention, and oversight of the independent registered public accounting firm that audits our financial statements and our internal control over financial reporting. Ernst & Young LLP has served as Illumina's independent registered public accounting firm since 1999. The Audit Committee annually reviews Ernst & Young's independence and performance in deciding whether to retain Ernst & Young or engage a different independent auditor. At the annual meeting, our stockholders are being asked to ratify the appointment of Ernst & Young as Illumina's independent registered public accounting firm for the fiscal year ending December 31, 2017.

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 1, 2017, and January 3, 2016, the aggregate fees billed or accrued by Ernst & Young LLP for professional services were as follows:

	Year Ended	
	January 1, 2017 (\$)	January 3, 2016 (\$)
Audit Fees	3,089,447	3,901,500
Audit-Related Fees	5,194	6,338
Tax Fees	24,392	390,543
Total	3,119,033	4,298,381

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 1, 2017, and January 3, 2016, audit-related fees were primarily incurred for accounting consultations. Tax fees for the fiscal years ended January 1, 2017, and January 3, 2016, related to services rendered for the preparation of foreign tax filings. For the fiscal years ended January 1, 2017, and January 3, 2016, 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 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.

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Vote Required for Approval

Although ratification is not required by our bylaws or otherwise, the Board of Directors is submitting this proposal as a matter of good corporate governance practices. If stockholders do not ratify the appointment of Ernst & Young LLP, the Audit Committee and the Board of Directors would consider such a negative vote in their consideration of what, if any, action to take. 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 fiscal year if it is determined that such a change would be in the best interests of Illumina 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

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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. 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 44 of this proxy statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our business objectives, as well as the Summary Compensation Table and other related compensation tables and narrative, appearing on pages 62 through 65, which provide detailed information on the compensation of our named executive officers. The Board of Directors and the Compensation Committee of the Board 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 vote is advisory and not binding on Illumina, the Board of Directors, or the Compensation Committee. 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

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Proposal 4: Advisory Vote on the Frequency of Holding an Advisory Vote to Approve Compensation of our Named Executive Officers

Pursuant to Rule 14a-21(b) of the Exchange Act, we periodically request stockholders vote on whether future advisory votes to approve compensation of our named executive officers should occur every year, every two years, or every three years pursuant to the following advisory resolution:

RESOLVED, that the voting choice of once every year, once every two years, or once every three years that receives the highest number of votes cast in connection with this resolution will be considered to be the frequency preferred by stockholders on an advisory basis for Illumina to hold a non-binding vote to approve the compensation of the named executive officers.

The Board of Directors has determined that, consistent with past practice, holding an advisory vote on executive compensation every year (annually) is the most appropriate policy for Illumina at this time, and recommends that stockholders vote to hold annual advisory votes on executive compensation. In formulating its recommendation, the Board considered that an annual advisory vote on executive compensation will allow our stockholders to provide direct input on our compensation philosophy, policies, and practices as disclosed in our proxy statement every year. Additionally, an annual advisory vote on executive compensation is consistent with our desire to seek input from, and engage in discussions with, our stockholders on corporate governance matters and our executive compensation philosophy, policies, and practices. We understand that our stockholders may have different views as to what is the best approach for Illumina, and we look forward to hearing from our stockholders on this proposal.

Vote Required for Approval

The vote is advisory and not binding on Illumina or the Board of Directors. Although not binding, the Board of Directors will consider the outcome, along with other relevant factors, in determining how often to conduct advisory votes on executive compensation. Notwithstanding the Board's recommendation and the outcome of the stockholder advisory vote, the Board may in the future decide to conduct advisory votes on a more or less frequent basis and may vary its practice based on factors such as discussions with stockholders and the adoption of material changes to compensation programs. Approval of the advisory resolution set forth above with respect to holding an advisory vote once every year, once every two years, or once every three years, as applicable, requires the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy for one of the foregoing options. If none of the frequency alternatives (one year, two years, or three years) receive a majority vote, we will consider the frequency that receives the highest number of votes to be the frequency that has been selected by stockholders, on an advisory basis.

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Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE, ON AN ADVISORY BASIS, FOR THE ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS TO OCCUR ONCE EVERY YEAR

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Proposal 5: Vote to Approve an Amendment to our Certificate of Incorporation to Remove Certain Supermajority Voting Requirements

Currently, Article XI of Illumina's certificate of incorporation requires an affirmative vote of 66 2/3% of the company's then outstanding voting securities, voting together as a single class, to amend, repeal, or modify the following provisions of the company's certificate of incorporation and bylaws (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 director's term of office.

Having reviewed and considered the results of the company's 2016 annual meeting, at which stockholders voted not to ratify the Supermajority Provisions pursuant to the non-binding advisory resolution presented at that meeting, the Board of Directors has approved the following amendment to Article XI:

ARTICLE XI

No action shall be taken by the stockholders of the corporation except at an annual or special meeting of the stockholders called in accordance with the Amended and Restated Bylaws, no special meetings of the stockholders shall be called by stockholders without approval of the Board of Directors, and no action, including the removal of directors without cause shall be taken by stockholders by written consent. The affirmative vote of ~~sixty-six and two-thirds percent (66 2/3%)~~ a majority of the then outstanding voting securities of the corporation, voting together as a single class, shall be required for the amendment, repeal or modification of the provisions of Article IX,

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Article X or Article XII of this Amended and Restated Certificate of Incorporation or Sections 2.3 (Special Meeting), 2.4 (Notice of Stockholders Meeting), 2.4 (Advanced Notice of Stockholder Nominees and Stockholder Business), 2.8 (Voting), or 2.10 (Stockholder Action by Written Consent Without a Meeting), or 3.2 (Number of Directors) of the corporation's Amended and Restated Bylaws.

The Board of Directors seeks stockholder approval for the amendment to our certificate of incorporation to require the affirmative vote of only a majority of the company's then outstanding voting securities, voting as a single class, in order to amend, repeal, or modify the Supermajority Provisions. Exhibit A to this proxy statement sets forth an amended certificate of incorporation that includes the amendment of the Supermajority Provisions noted above.

Vote Required for Approval

Approval of the vote set forth above requires the affirmative FOR vote of a majority of the company's outstanding shares.

Recommendation

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPROVAL OF THE AMENDMENT TO OUR CERTIFICATE OF INCORPORATION TO REMOVE CERTAIN SUPERMAJORITY VOTING REQUIREMENTS

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The following table sets forth the names, ages, committee assignments, and positions of our directors as of April 1, 2017. As announced in February 2017, John W. Thompson will join the Board of Directors effective as of May 3, 2017. 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	Other Public Company Boards
Jay T. Flatley	64	Executive Chairman				1
A. Blaine Bowman	70	Lead Independent Director				0
Francis A. deSouza	46	President & CEO				0
Frances Arnold, Ph.D.	60	Director				0
Daniel M. Bradbury (1)	55	Director				4
Caroline D. Dorsa	57	Director				3
Karin Eastham, CPA	67	Director				3
Robert S. Epstein, M.D.	61	Director				2
Philip W. Schiller	56	Director				0
Roy A. Whitfield (1)	63	Director				1
Number of Meetings in 2016			11	7	6	
Chair	Member	Audit Committee Financial Expert (for purposes of Section 407 of Sarbanes-Oxley Act)				

(1) Messrs. Bradbury and Whitfield will retire from the Board of Directors, effective immediately before this year's annual meeting.

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The following figures reflect the current independence status and tenure of our Board:

Director	Director
Independence	Tenure
<p>Jay T. Flatley</p> <p>Director since: 1999</p> <p>Executive Chairman since: 2016</p> <p>Management: Executive Chairman</p>	<p>Mr. Flatley has served as our Executive Chairman since July 2016 and as a director since October 1999. He served as our Chief Executive Officer from December 2013 through July 2016, and as our President and Chief Executive Officer 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 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 directorship noted below, Mr. Flatley serves as a director of Denali Therapeutics, Inc., a privately-held biotechnology company, and as a director of our majority owned subsidiary, Helix Holdings I, LLC. 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.</p>

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

Past Public Company Board Service (since 2012): None

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.

Table of Contents**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 2012): Altera Corporation (2012 to 2015)

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.

Francis A. deSouza

Director since: 2014

**Management: President
and CEO**

Mr. deSouza has served as President and Chief Executive Officer since July 2016 and as a director since January 2014. He served as President from December 2013 until July 2016. Prior to joining Illumina, Mr. deSouza was President, Products and Services, of Symantec Corporation, a NASDAQ-listed 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

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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: None

Past Public Company Board Service (since 2012): Citrix Systems, Inc. (2014 to 2016)

In selecting Mr. deSouza as a past 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.

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 the Millennium Technology Prize, 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 Academies of Science, Medicine, and Engineering, as well as the American Academy of Arts and Sciences. Dr. Arnold serves as a director of Provivi, Inc., a privately-held biopesticide company. 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

Past Public Company Board Service (since 2012): None

In selecting Dr. Arnold as a past 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.

Table of Contents**Caroline D. Dorsa****Director since: 2017****Independent**

Ms. Dorsa has been a director since January 2017. Ms. Dorsa served as Executive Vice President and Chief Financial Officer of Public Service Enterprise Group Incorporated, a NYSE-listed diversified energy company, from April 2009 until her retirement in October 2015, and served on its Board of Directors from 2003 to April 2009. From February 2008 to April 2009, she served as Senior Vice President, Global Human Health, Strategy and Integration at Merck & Co., Inc., a NYSE-listed pharmaceutical company. From November 2007 to January 2008, Ms. Dorsa served as Senior Vice President and Chief Financial Officer of Gilead Sciences, Inc., a NASDAQ-listed life sciences company. From February 2007 to November 2007, she served as Senior Vice President and Chief Financial Officer of Avaya, Inc., a NYSE-listed telecommunications company. From 1987 to January 2007, Ms. Dorsa held various financial and operational positions at Merck & Co., Inc., including Vice President and Treasurer, Executive Director of U.S. Customer Marketing, and Executive Director of U.S. Pricing and Strategic Planning. Ms. Dorsa received her M.B.A. from Columbia University and a B.A. from Colgate University.

Other Public Company Board Service: Biogen, Inc. (2010 to present); Intellia Therapeutics (2015 to present); Goldman Sachs ETF Trust, the Goldman Sachs MLP and Energy Renaissance Fund and the Goldman Sachs MLP Income Opportunities Fund, investment funds within the Goldman Sachs fund complex (2016 to present)

Past Public Company Board Service (since 2012): None

In selecting Ms. Dorsa as a nominee for election to the Board of Directors, the Board considered, among other things, Ms. Dorsa's significant financial and accounting expertise and deep knowledge of clinical markets. As our technology and products are increasingly utilized in clinical settings, Ms. Dorsa'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.

Karin Eastham, CPA**Director since: 2004**

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.

Independent

From 1999 to 2004, Ms. Eastham served as Senior Vice President, Finance, Chief Financial Officer and Secretary of Diversa Corporation, a NASDAQ-listed 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.

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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 2012): Amylin Pharmaceuticals, Inc. (2005 to 2012); 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 2012): AVEO Pharmaceuticals, Inc. (2012 to 2014)

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In selecting Dr. Epstein as a 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 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.

Philip W. Schiller**Director since: 2016****Independent**

Mr. Schiller has been a director since July 2016. Mr. Schiller rejoined Apple Inc. in April 1997 and assumed his current position as Senior Vice President, Worldwide Marketing in February 2002 and is a member of Apple's executive team responsible for the company's product marketing, developer relations, business marketing, education marketing, international marketing, and App Store programs. He has helped Apple create and market some of the best-selling products in the world including the Mac, iPod, iTunes, iPhone, the App Store, Apple TV, and the Apple Watch. Prior to rejoining Apple, Mr. Schiller was Vice President of Product Marketing at Macromedia, Inc. from 1995 to 1997 and Director of Product Marketing at FirePower Systems, Inc. from 1993 to 1995. Prior to that, Mr. Schiller spent six years at Apple in various marketing positions. Mr. Schiller received a B.S. in biology from Boston College.

Other Public Company Board Service: None**Past Public Company Board Service (since 2012):** None

In selecting Mr. Schiller as a nominee for election to the Board of Directors, the Board considered, among other things, his track record and global experience in bringing world-class products to market. The Board of Directors believes that Mr. Schiller's marketing expertise will provide the company and the Board with important insights into communicating the benefits of the company's products and technology

to customers and other stakeholders. Mr. Schiller's extensive senior management experience in one of the world's leading consumer technology

companies, particularly in key marketing positions, provide the appropriate skills to serve on our Board of Directors.

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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. Dorsa, Ms. Eastham, Dr. Epstein, Mr. Schiller, and Mr. Whitfield, are independent directors under the rules of NASDAQ.

The Board 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 1, 2017 (fiscal 2016), 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 the Board of Directors approval. The Board of Directors held eight meetings during fiscal 2016. 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 2016, 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. We reimburse the travel expenses of any director who travels to attend the annual meetings. Two members of the Board of Directors attended our 2016 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.

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 Conduct, and charters for each of the committees of the Board of Directors, including the Audit Committee, the

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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, an Executive Chairman, and committee chairs. Our CEO also serves as a director of the Board. This structure allows our Executive Chairman, who served as our CEO from 1999 until 2016, to lead our Board and continue to be a critical resource for our executive management team, while also providing for effective independent board oversight through a Lead Independent Director. We believe that, in a time of business and leadership growth and transition, Illumina is extraordinarily well served by having our Board led by an Executive Chairman who is intimately familiar with our business, culture, and opportunities, and who liaises regularly with our CEO, acting as a critical link between management and our independent directors. Our Executive Chairman is able to focus the independent directors' attention on the issues of greatest importance to the company and our stockholders.

Term Limits

Absent special circumstances agreed to by a majority of the Board (excluding the affected member(s)), no non-employee Board member joining the Board after December 31, 2015, may serve for more than a total of 10 years, and no non-employee Board member serving as of December 31, 2015, may stand for reelection after serving for more than a total of 10 years as a non-employee director.

Proxy Access

In January 2017, the Board of Directors amended and restated the company's bylaws to implement a proxy access bylaw that permits a stockholder, or a group of up to 20 stockholders, owning 3% or more of the company's outstanding capital stock continuously for at least three years, to nominate and include in the company's proxy materials the greater of two directors or 20% of the number of directors currently serving on the Board, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in the bylaws.

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, security, 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.

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Each of the Board's committees oversees the management of company risks that fall within that committee's areas of responsibility. In performing this function, each committee has full access to management and may engage advisors. For example, the Nominating/Corporate Governance Committee is responsible for overseeing governance risks facing the company, while the Compensation Committee oversees the company's executive compensation program and considers the impact of the program and of the incentives created by the compensation awards on the company's risk profile.

Our senior executives provide the Board of Directors and its committees with regular updates about our strategies and objectives and associated risks 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.

Compensation Programs

The Compensation Committee, together with senior management and external compensation consultants, 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.

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Audit Committee

Purpose Oversee the company's accounting and financial reporting processes and audits of its financial statements

Responsibilities Ensure the integrity of the company's financial statements and disclosures

Review and confirm the independent auditor's qualifications and independence

Monitor the performance of the company's internal audit function and independent registered public accounting firm

Evaluate the adequacy and effectiveness of the company's internal controls

Oversee the company's compliance with legal and regulatory requirements

Supervise 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 satisfy the additional independence requirements that apply to Audit Committee members under NASDAQ listing standards, are financially literate under 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.

Compensation Committee

Purpose Discharge the Board's duties and responsibilities relating to compensation of our non-employee directors and executive officers

Responsibilities

Oversee the design and management of our equity and other compensation plans

Report annually to our stockholders on executive compensation matters

Administer our equity and other compensation plans

Recommend to the Board the amount and form of CEO compensation, taking into account 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

Oversee our compensation practices for all other non-executive employees

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

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Encourage executives to manage from the perspective of owners with an equity stake in the company

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 Board of Directors has unanimously determined that all Compensation Committee members satisfy the additional independence requirements that apply to Compensation Committee members under NASDAQ listing standards, qualify as non-employee directors for the purposes of Section 16 of the Exchange Act, and qualify as outside directors for the purposes of Section 162(m) of the Internal Revenue Code of 1986.

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

The CEO has been delegated limited authority to grant equity incentive awards 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.

Nominating/Corporate Governance Committee

Purpose Oversee matters of corporate governance, including the evaluation of the performance, composition, and practices of the Board of Directors

Responsibilities Identify individuals qualified to serve as members of the Board of the company

Select nominees for election as directors of the company

Evaluate the performance of the Board and its Committees

Develop and recommend to the Board corporate governance guidelines

Provide oversight with respect to corporate governance and ethical conduct

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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 2016, 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 Conduct

We have adopted a Code of Conduct that applies to all of our directors, officers, and employees, including our principal executive officer and principal financial officer. Our Code of Conduct is reviewed by the Nominating/Corporate Governance Committee on an annual basis and modified as deemed necessary. Our Code of Conduct is available for download from our website, www.illumina.com under Corporate Governance. A copy of the Code of Conduct may also be obtained free of charge, from us upon a request directed to Illumina, Inc., 5200 Illumina Way, San Diego, California 92122, Attention: Corporate Secretary. We will disclose within four business days any substantive changes in or waivers of the Code of Conduct 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 NASDAQ listing standards, that members of our Audit Committee meet the financial literacy and sophistication requirements under NASDAQ listing standards, 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

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among the most important by the Nominating/Corporate Governance Committee in concluding that the nominee should serve as a director. The Nominating/Corporate Governance Committee considers diversity as one of many 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 or dispositive in any specific instance.

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 members of the Nominating/Corporate Governance Committee. Candidates meriting serious consideration will meet with each member 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.

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,

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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 2018 Annual Meeting** below.

Communications with the 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 the Audit Committee.

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 hav