

# ILLUMINA, INC.

## Corporate Governance Guidelines

The Board of Directors (the “Board”) of Illumina, Inc. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in exercising its responsibilities. These Guidelines reflect the Board’s commitment to building long-term stockholder value with an emphasis on responsible corporate governance. These Guidelines are intended to comply with and to supplement those federal and state laws and regulations applicable to the Company, including the Delaware General Corporation Law, the Certificate of Incorporation and Bylaws of the Company, and any applicable rule or regulation of any stock exchange. The Board reserves the right to modify these Guidelines from time to time as it deems necessary or advisable.

### **BOARD COMPOSITION**

#### **1. Selection of Chair of the Board, Lead Independent Director, and Chief Executive Officer**

The Board is free to choose its Chair and/or Lead Independent Director (if one is designated) in any manner that is in the best interests of the Company at the time. The roles of the Chief Executive Officer and Chair of the Board may be separate. If the Chair of the Board is not an independent director, the independent members of the Board will elect, by majority vote, an independent director to serve in a lead capacity (“Lead Independent Director”). The Lead Independent Director may be removed or replaced at any time with or without cause by a majority vote of the independent members of the Board.

#### **2. Size of the Board**

The Board shall review its own size from time to time and determine the size that it believes is most effective toward future operations.

#### **3. Selection of New Directors**

The Nominating/Corporate Governance Committee is responsible for identifying, screening and nominating candidates for Board membership. When considering candidate nominations, the Nominating/Corporate Governance Committee shall also consider the advice and recommendations of the Chief Executive Officer, other directors and the stockholders of the Company.

#### **4. Board Membership Criteria**

The Nominating/Corporate Governance Committee is responsible for assessing the appropriate balance of experience, skills and characteristics required of the Board.

Nominees for director shall be selected on the basis of depth and breadth of experience, wisdom, integrity, ability to make independent analytical inquiries, understanding of the Company’s

business environment, the willingness of the candidate to devote adequate time to Board duties, the interplay of the candidate's experience and skills with those of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any Committees of the Board. In seeking Board members, the Company also seeks to achieve a mix of Board members that represents a diversity of background and experience, including with respect to age, gender, international background, race, and specialized experience.

Each director is expected to participate in director continuing legal education activities.

## **5. Service on Other Boards**

### *Conflicts of Interest*

Both directors and non-director employees should always be aware of the possibility of a conflict of interest and that conflicts of interest can arise at any time. Any director or non-director employee should, in any instance, at any time, where a conflict of interest could be possible, contact the Company's Office of General Counsel so that a full assessment of the situation can be reviewed.

### *Board Members*

A director seeking to serve on another board of directors should notify the Chair of the Nominating/Corporate Governance Committee in writing in advance of accepting such service and should defer final acceptance of such a position until advised by such Chair, as advised by the Company's legal counsel, that such service does not present a legal, competitive, or other issue of significance for the Company. In that regard, the Nominating/Corporate Governance Committee shall consider the nature of the director's potential service on such other board to determine whether such additional service conflicts with the current and contemplated business of the Company and thus the director's ability to serve effectively on the Board.

Service as a member of the Board is a significant commitment in terms of both time and responsibility. Accordingly, each Board member should be mindful of his or her other existing and planned future commitments when contemplating another directorship so that commitments do not materially interfere with his or her service as an effective and active member of the Board. Specifically, no Board member should sit on more than five public company boards (including Illumina); provided, that a Board member who is also a CEO of a public company should sit on, at most, one public company board other than Illumina and his or her own company board. In addition, the Company's CEO, if serving as a member of the Board, should sit on, at most, two other boards of directors or advisory boards (including non-profit organizations) only one of which may be another public company board.

### *Non-Board Member Employees*

Employees of the Company who are not members of the Board are permitted to serve on no more than one outside board of directors or advisory board (including non-profit organizations); provided, that service on one additional board (for a total of two) may be permitted in cases where the

service has substantial and direct benefits to the Company. Furthermore, any service by an employee on any outside board of directors or advisory board (including non-profit organizations) must be approved, in advance, by the Company's Chief Executive Officer or their delegate.

Employees of the Company seeking to serve on an outside board of directors or advisory board should first contact the Office of the General Counsel and provide, at a minimum, the following information: (i) name and business information of the entity; (ii) employee's connection to, or relationship with, the entity; (iii) expected annual time commitment; (iv) remuneration details; and (v) how this opportunity is expected to benefit the Company and/or the employee.

## **6. Percentage of Independent Directors on Board**

Independent directors shall constitute at least a majority of the Board.

Absent exceptional circumstances, no non-employee director may also serve as a consultant or service provider to the Company. The Nominating/Corporate Governance Committee is responsible for determining whether such exceptional circumstances exist and that the provision of such services would be in the best interests of the Company and its stockholders. Non-employee directors may, at any time however, also serve on the Company's Scientific Advisory Board.

## **7. Board Definition of Director Independence.**

In order to be independent directors of the Company, directors must meet the criteria for director independence established from time to time by the Nasdaq Stock Market. No director will qualify as "independent" unless the Board affirmatively determines that the director has no relationship that would interfere with the exercise of independent judgment as a director. The Company has adopted Director Independence Standards (attached as Annex A to these Guidelines) to aid the Board in determining director independence.

## **8. Chair of the Board**

If the Chair of the Board is an independent director, the Chair shall perform the following duties in addition to those specified in the Bylaws of the Company or by the Board, from time to time:

- Review the schedules and agendas for Board meetings as determined and prepared by the Chief Executive Officer;
- If appropriate, participate as an observer or member on Board Committees; provided that the Chair may not serve as a member of more than one standing Board Committee;
- Discuss the results of the Chief Executive Officer's performance evaluation with the Chair of the Compensation Committee; and

- Lead the Board in discussing and conveying to the Chief Executive Officer the results of the Chief Executive Officer's performance evaluation.

If the Chair of the Board is not an independent director, the Chair may, if appropriate, perform the following duties in addition to those specified in the Bylaws of the Company or by the Board, from time to time:

- Review the schedules and agendas for Board meetings as determined and prepared by the Chief Executive Officer;
- Discuss the results of the Chief Executive Officer's performance evaluation with the Chair of the Compensation Committee;
- Lead the Board in discussing and conveying to the Chief Executive Officer the results of the Chief Executive Officer's performance evaluation; and
- Participate as an observer or member on Board Committees; provided that the Chair may not serve as a member of the Audit Committee, Nominating/Corporate Governance Committee, or Compensation Committee.

In performing the duties described above, the Chair of the Board is expected to consult with the Chairs of the appropriate Board Committees and solicit their participation in order to avoid diluting the authority and responsibilities of such Committee Chairs.

## **9. Lead Independent Director**

If the Board has elected a Lead Independent Director, the Lead Independent Director shall perform the following duties in addition to those specified by the Board, from time to time:

- If appropriate, participate as an observer or member on Board Committees;
- Preside at all meetings of the Board of Directors at which the Chair of the Board is not present, including executive sessions of the independent directors;
- To call meetings of the independent directors, if appropriate; and
- Serve as the principal liaison between the Chair of the Board and the independent directors.

In performing the duties described in this section, the Lead Independent Director is expected to consult with the Chairs of the appropriate Board Committees and solicit their participation in order to avoid diluting the authority and responsibilities of such Committee Chairs.

## **10. 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 may stand for reelection after serving for more than a total of 10 years as a non-employee director.

## **11. Board Compensation**

The Company's executive officers shall not receive additional compensation for their service as directors.

Compensation for non-employee directors should allow the Company to recruit and retain qualified directors with the background and skills necessary for membership on the Board. The principles for setting the form and amount of such compensation shall be reviewed from time to time by the Board or a committee thereof composed of independent directors. Audit Committee and Compensation Committee members may not accept any consulting or advisory fees or any compensation from the Company or any of its subsidiaries, other than compensation for their services as members of the Board or any Board committee.

## **12. Director Resignation Policy**

### *Directors Receiving Majority Votes Withheld in Uncontested Elections*

In accordance with the Company's Bylaws, a nominee for director to the Board in an uncontested election is elected if he or she receives a majority of the votes cast in the election. The following procedures address the situation in which a nominee for the Board receives more votes "withheld" or "against" his or her election than votes "for" his or her election (a "Majority Against Vote"). The Board expects a director to tender a written offer of resignation to the Chair of the Board if he or she receives a Majority Against Vote in an uncontested election of directors. For purposes of this policy, an "uncontested election of directors" means that the number of persons properly nominated to serve as directors does not exceed the number of directors to be elected.

The Board shall nominate for election or re-election as director only candidates who agree to tender irrevocable resignations that will be effective upon (i) certification of the stockholder vote from the meeting at which the Majority Against Vote occurred and (ii) Board acceptance of such resignation. In addition, the Board shall fill director vacancies and new directorships only with candidates who agree to tender the same form of resignation tendered by other directors in accordance with this policy.

If an incumbent director fails to receive the required vote for re-election, the Nominating/Corporate Governance Committee will act on an expedited basis to determine whether to accept the director's resignation and will submit such recommendation for prompt consideration by

the Board. The Board expects the director whose resignation is under consideration to abstain from participating in any decision regarding that resignation. The Nominating/Corporate Governance Committee and the Board may consider any factors they deem relevant in deciding whether to accept a director's resignation.

#### *Change in Director's Employment or Occupation*

Employee directors shall offer to resign from the Board upon their resignation, removal, or retirement as an employee of the Company. The Nominating/Corporate Governance Committee will review the appropriateness of the director's continued service on the Board and recommend to the Board whether the director's continued service is in the best interest of the Company's stockholders.

Upon a change in a non-employee director's major job responsibilities, employer, or title, the director must notify the Chair of the Nominating/Corporate Governance Committee and offer to resign from the Board. The Nominating/Corporate Governance Committee will review the appropriateness of the director's continued service on the Board and recommend to the Board whether the director's continued service is in the best interest of the Company's stockholders.

### **FUNCTIONING OF THE BOARD**

#### **13. Frequency of Meetings**

There will be at least four regularly scheduled meetings of the Board each year. At least one of these meetings will include budgeting and long-term strategic planning.

Each director is expected to attend no fewer than 75 percent of the total of all Board meetings and meetings of committees on which he or she serves.

Unless required by illness or other extenuating circumstances, each director is expected to participate at regular non-telephonic Board and committee meetings in person.

#### **14. Regularly Scheduled Executive Sessions**

At least twice per year, the Board will schedule regular executive sessions in which the independent directors will meet without the non-independent directors or management.

#### **15. Selection of Agenda Items for Board Meetings; Meeting Materials**

In advance of each Board meeting, an agenda for such meeting will be sent to each director together with written materials pertaining to the matters to be presented for Board discussion at such meeting. In addition, before each regularly scheduled Board meeting, a set of approved minutes of the most recent Board meeting and of any committee meetings held since the distribution of materials for the most recent Board meeting will be sent to each director. Also, at such regularly scheduled Board meetings where quarterly financial performance of the Company is to be discussed, summary financial

information needed to understand the performance of the Company will be sent to each director. Written materials should be designed to provide a foundation for the Board's discussion of key issues and allow the Board to make the most efficient use of its meeting time. Each director is expected to review and understand the materials provided in advance of meetings and any other materials provided to the Board from time to time. Each Board member shall be free to suggest additional agenda items for a Board meeting or to raise at any Board meeting subjects that are not specifically on the agenda for consideration at subsequent meetings.

## **16. Board Evaluation**

At least annually, the Board shall conduct a self-evaluation of its performance, and the performance of each of the Board committees. The Nominating/Corporate Governance Committee is responsible for establishing the evaluation criteria and overseeing the evaluations.

## **17. Board Contact with Senior Management**

Board members shall have direct access to management. Board members shall use sound business judgment to ensure that such contact does not distract management from performing its duties.

Furthermore, the Board encourages the Chief Executive Officer, from time to time, to bring managers into Board meetings who: (a) can provide additional insight concerning the items being discussed because of personal involvement in these areas, and/or (b) represent managers with future potential that the Chief Executive Officer believes should be given exposure to the Board.

## **18. Board Interaction with Institutional Investors, Press and Customers**

Management speaks for the Company. Directors shall refer all inquiries from institutional investors, the press or customers to the Chief Executive Officer.

## **19. Board Access to Independent Advisors**

The Board has complete authority to retain and terminate such independent consultants, counselors or advisors to the Board as it shall deem necessary or appropriate, at the expense of the Company, including determining the fees and other terms of such retentions or terminations.

## **COMMITTEE MATTERS**

### **20. Number and Names of Board Committees**

The Company shall have at least three standing committees, including, but not limited to: Audit Committee, Compensation Committee, and Nominating/Corporate Governance Committee. The duties of these committees shall be set forth in their charters or in a resolution of the Board or the

Bylaws of the Company. The Board may consider or form a new committee or disband a current committee depending on circumstances and good business practices.

## **21. Independence of Board Committees**

All standing Board committees shall be chaired by independent directors. The Audit Committee, Nominating/Corporate Governance Committee, and Compensation Committee shall be composed entirely of independent directors. In addition, the Audit Committee shall be composed of independent directors that possess such accounting and financial expertise as the principal stock exchange or quotation service on which the Company's shares are listed or quoted shall require. Other standing Board committees may include non-independent directors.

Audit and Compensation Committee members (i) must meet the requirements for independence set forth above, (ii) may not accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Company, and (iii) may not be an affiliated person of the Company or any of its subsidiaries, in the case of clauses (ii) and (iii), in accordance with Rule 10A-3 under the Securities Exchange Act of 1934, as amended.

## **22. Assignment and Rotation of Committee Members**

The Nominating/Corporate Governance Committee shall review Committee assignments from time to time, and, in any event, at least every five years, and shall consider the rotation of Chairs and members with a view toward balancing the benefits derived from the diversity of experience and viewpoints of the various directors. The Nominating/Corporate Governance Committee shall be responsible, after consultation with the Chair of the Board and the Lead Independent Director, if any, for making recommendations to the Board with respect to the assignment of Board members to various committees. After reviewing the Nominating/Corporate Governance Committee's recommendations, the Board shall be responsible for appointing the Chairs and members to the committees.

## **23. Codes of Ethics and Conduct.**

The Nominating/Corporate Governance Committee shall cause to be prepared and recommend to the Board the adoption of appropriate codes of ethics and/or conduct and review and recommend changes from time to time.



## ANNEX A

### Director Independence Standards

Nasdaq requires that the board of directors (the “Board”) of Illumina, Inc. (the “Company”) make an affirmative determination as to which directors are independent. This determination must be made for existing directors and for new directors prior to their joining the board of directors. For purposes of this Board determination, the Nasdaq rules define “independent director” as a person other than a Section 16 reporting officer (an “executive officer”) or employee of the Company or its subsidiaries or any other individual having a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

The Company has adopted the following categorical standards to aid the Board in determining director independence under the subjective test:

#### Disqualifying Relationships

Generally a director will be ineligible to be determined to be independent if he or she has a relationship described below at the time of such determination:

- A director is, or at any time during the past three years was, employed by the Company or by any parent or subsidiary of the Company;
- A director accepted or has a family member who accepted any compensation from the Company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the determination of independence, other than compensation for board or board committee service; compensation paid to a family member who is an employee (but not an executive officer) of the Company or subsidiary of the Company; or benefits under a tax-qualified retirement plan, or non-discretionary compensation;
- A director is a family member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer;
- A director is, or has a family member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or service in the current or any of the past three fiscal years that exceed 5% of the recipient’s consolidated gross revenues for that year, or \$200,000, whichever is more, other than payments arising solely from investments in the Company’s securities or payments under non-discretionary charitable contribution matching programs;
- A director is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity; or

- A director is, or has a family member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during the past three years.

For purposes of these independence standards, a "family member" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

### **Immaterial Relationships**

The following relationships will be considered immaterial for purposes of the Board's independence determinations unless they otherwise conflict with the listing standards of the Nasdaq, the rules and regulations of the Securities and Exchange Commission, or any other legal or regulatory restrictions applicable to the Company at the time:

- A relationship arising solely from the Board member's position as a director, trustee, or similar position of another company that is a party to a transaction with the Company and the Board member is not involved in the negotiations of the terms of the transaction and does not receive any special benefits as the result of the transaction;
- A relationship arising solely from the Board member's (or his or her family member's) position as an executive officer or employee of another company or similar entity that is a party to a transaction with the Company where
  - the Board member, and his or her family members, own in the aggregate less than five percent of the equity or similar ownership interest in such company or entity,
  - the Board member (and his or her family members) is not involved in the negotiations of the terms of the transaction and does not receive any special benefits as the result of the transaction, and
  - the amount involved in the transaction does not exceed the greater of \$1 million or one percent of such other company's consolidated gross revenues;
- A relationship arising solely from the Board member's (or his or her family members) position as an officer, director, trustee, or similar position of a charitable or educational organization or similar entity that receives donations from the Company (excluding Company matches of charitable contributions made by employees or directors under the any matching gift program) where
  - the Board member (and his or her family members) is not involved in the negotiations of the terms of the donations and does not receive any special benefits as the result of the donations, and

- the amount of the donations does not exceed the greater of \$1 million or one percent of the organization's consolidated annual gross revenues;
- A relationship arising solely from the direct or indirect ownership by the Board member, and his or her family members, in the aggregate, of less than five percent of the equity or similar ownership interest in a company or similar entity that is a party to a transaction with the Company where the Board member (and his or her family members) is not involved in the negotiations of the terms of the transaction and does not receive any special benefits as the result of the transaction;
- A relationship arising solely from a transaction where the rates or charges involved in the transaction are determined by competitive bids;
- A relationship arising solely from the rendering of services as a common carrier or public utility at rates or charges fixed in conformity with law or governmental regulations;
- A relationship arising solely from membership in the same professional association, social, fraternal or religious organization or club as an executive officer of the Company;
- A relationship arising solely from service as an executive officer of a company that also uses the Company's independent registered public accountants; and
- A relationship that involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

All relationships that are deemed immaterial pursuant to this section will be reported to the Chair of the Nominating/Corporate Governance Committee annually for information purposes only.

### **Determination of Independence**

The Board will make annual assessments regarding director independence in accordance with the listing standards of the Nasdaq and the standards discussed above. In making such assessments, the Board will examine the independence of each of its members once per year, and more frequently when there are changed circumstances that may affect a Board member's independence. If a Board member has one or more relationships covered by Section I above, or the Board member otherwise does not meet the objective listing standards of the Nasdaq, then that Board member will not be independent.

If a Board member only has immaterial relationships as described above, then the Board will presume that director to be independent under these guidelines and the Nasdaq listing standards, unless the Board determines based on other facts and circumstances that the director is not independent. If a Board member has one or more relationships that are not described above, then the independent Board members may consider those relationships in determining whether they otherwise affect his or her independence under Nasdaq listing standards. Regardless of other circumstances, a

Board member will not be independent if he or she does not meet the Nasdaq independence standards, from time to time, or any applicable legal requirement.

**Disclosure**

The Board's independence determinations will be disclosed in the Company's proxy statement for the annual meeting of stockholders.